

Fingrid Oyj / Miscellaneous

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Major investments continued - finances on a stable foundation

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Fingrid Oyj

Financial Statement Release 26.2.2015 at 11.00 EET

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

October-December 2014

- Consolidated turnover in October-December was EUR 148 (155) million
- Consolidated operating profit for the fourth quarter of the year was EUR 27 (36) million

January-December 2014

- Turnover in January-December 2014 was EUR 567 (543) million
- Consolidated operating profit was EUR 143 million (115 million)
- Consolidated profit for the year was EUR 106 (91) million
- Cash flow from the Group's operations, after capital expenditure, was EUR 95 (-68) million
- Interest-bearing net borrowings amounted to EUR 1,046 (1,077) million
- Capital expenditure totalled EUR 129 (225) million
- The equity ratio was 31 (29.5) per cent
- Earnings per share totalled EUR 32,028 (27,278)

Key figures

		1-12/14	1-12/13	change	10-12/14	10-12/13	change
				' %			' %
Turnover	[Eur]M	567.2	543.1	4.4	148.2	155.1	
-4.5							
Capital	[Eur]M	129.5	225.3	-42.5	42.4	94.8	
-55.3							
expenditure, gross							
- of turnover	%	22.8	41.5		28.6	61.1	
Research and	[Eur]M	1.7	1.8	-2.7	0.5	0.6	
-14.0							
development expenses							
- of turnover	%	0.3	0.3		0.4	0.4	
Average number		305	277	10.0	314	287	9.4
of employees							
Number of		313	287	9.1			
employees at end of period							
Salaries and	[Eur]M	20.5	19.0	7.7	5.5	5.5	
0.3							
bonuses, total							
Operating profit	[Eur]M	142.8	115.3	23.9	26.5	36.5	
-27.2							
- of turnover	%	25.2	21.2		17.9	23.5	
Profit before	[Eur]M	132.9	87.3	52.4	23.8	30.3	
-21.5							
taxes							

- of turnover	%	23.4	16.1	16.1	19.6	
Profit for the -59.8 financial year	[Eur]M	106.5	90.7	17.4	19.1	47.5
Comprehensive -57.4 income for the period	[Eur]M	106.1	86.1	23.3	18.5	43.4
Return on investment (ROI)	%	7.6	6.3			
Return on equity (ROE)	%	16.3	15.0			
Equity ratio	%	31.0	29.5			
Interest-bearing net borrowings	[Eur]M	1,046.1	1,076.7	-2.8		
Gearing		1.6	1.7			
Earnings per -59.8 share	[Eur]	32,027.89	27,277.89	17.4	5,739.47	14,286.39
Dividend, Series A shares	[Eur]	21,655.44	29,788.26	-27,3		
Dividend, Series B shares	[Eur]	16,038.49	16,038.50	0,0		
Equity per share	[Eur]	200,568	193,293	3.8		
Dividend payout ratio, A shares	%	67.6*	109.2			
Dividend payout ratio series B shares	%	50.1*	58.8			
Number of shares at 31 Dec						
- 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 2014:

The financial year 2014 was a success for Fingrid. Despite major capital expenditure in recent years, Fingrid's finances are on a stable foundation. Profitability development was strong and, from an operational point of view, the year was excellent. The consolidated turnover amounted to EUR 567.2 (543.1) million and profit for the financial period to EUR 106.5 (90.7) million. Finland's national grid achieved excellent operational reliability.

Fingrid's credit ratings remain among the top company ratings in Finland. The creation of shareholder value and customer focus is well balanced. The company's dividend payout capacity complies with the targets set by the owners, while grid fees are among the lowest in Europe. Fingrid is one of the best Finnish companies as a payer of corporate income tax. Grid fees were lowered by nearly 50 per cent in December 2014, and for 2015, it was decided that grid fees will be decreased by an average of two per cent of the 2014 level. Overall, the customers were very happy with Fingrid's operations.

Cross-border connections have been a major focus of capital expenditure during the recent years. In 2014, Fingrid also invested heavily in the modernisation

of the Ostrobothnian grid system and East-West transmission connection. The growth of renewable energy in Finland is apparent in Fingrid as well, with a high number of wind-power-related substation projects under way.

As the electricity market continues to develop, Fingrid has, in addition to its traditional role as a wholesale market developer, assumed a more prominent role in the development of retail markets. These efforts include enhancing the exchange of information and developing balance services. A concrete example of this is the proposal of a Finnish data hub for future information exchange, the realisation of which would signify a major step in the digitalisation of electricity retail markets.

Accounting principles

The information published in this report is based on Fingrid's audited financial statements for 2014, published in connection with this bulletin.

Financial result

In preparing these consolidated financial statements, the Group has followed the same accounting principles as in 2013, except for hedge accounting for electricity derivatives which the company terminated as of 1 January 2014.

The consolidated turnover was EUR 567 (543) million. Other operating income was EUR 5 (4) million.

Grid service income was EUR 326 (321) million. Grid tariffs were raised by eight per cent at the beginning of 2014. In December, the tariffs were lowered by approximately 45 per cent, as market-driven profits were better than expected and costs were lower. Electricity consumption in Finland decreased by 0.8 per cent (1.5) compared with the previous year. Fingrid transmitted 67.1 per cent (64.6) terawatt hours of electricity in its grid. Sales of imbalance power decreased to EUR 151 (159) million due to lower imbalance power prices. Fingrid's congestion income on the interconnection between Finland and Sweden increased significantly, to EUR 49 (19) million, due to large differences in the area prices of electricity caused by the market situation. Between Finland and Estonia, the congestion income on the interconnection decreased to EUR 2 (4) million. Cross-border transmission income between Finland and Russia decreased to EUR 9 (13) million due to reduced Russian imports. ITC (Inter-Transmission System Operator Compensation) income increased to EUR 12 (8) million mainly due to exports to Estonia.

The costs of imbalance power decreased from the previous year, to EUR 107 (121) million, due to lowered imbalance power prices. Loss energy costs increased by EUR 7 million to EUR 66 (58) million as the transmission volume increased. The average price of loss energy procurement was EUR 49.98 (51.03) per megawatt hour. Depreciation costs increased by EUR 10 million, to EUR 92 (82) million, as new capital investment projects were completed. The total costs of reserves to safeguard the system security of the transmission grid, EUR 62 (62) million, remained at the level of the previous year. In the reserve costs, the procurement costs of frequency controlled reserves were lower than in the previous year due to decreased market prices and favourable market conditions. However, the cost of additional reserves for improving frequency quality and the maintenance costs of reserve power plants owned by Fingrid increased. Personnel costs were EUR 25 (23) million, maintenance management costs EUR 19 (20) million and ITC costs EUR 11 (12) million. The EUR 15 million increase in other costs was mainly due to higher counter-trade costs.

Turnover and other operating income, [Eur] million

	1-12/14	1-12/13	Change %	10-12/14	10-12/13	Change %
Grid service income	326	321	1,7	83	93	-11,3
Imbalance power sales	151	159	-4,9	40	45	-10,6
Cross-border transmission income	9	13	-28,9	3	4	-1,8
Finland-Estonia congestion income*	2	4	-35,5	1	1	-44,8
Finland-Sweden congestion income	49	19	162,8	13	6	111,8
Peak load capacity income**	8	13	-40,1	2	2	17,4
ITC income	12	8	46,5	4	2	71,5
Other turnover	9	6	46,4	2	2	6,0

Other operating income	5	4	13,5	3	1	237,4
Turnover and other income total	572	547	4,5	151	156	-3,3

Costs, [Eur] million

	1-12/1 4	1-12/1 3	Change %	10-12/ 14	10-12/ 13	Change %
Purchase of imbalance power	107	121	-11,6	31	32	-2,3
Loss energy costs	66	58	12,8	17	15	11,3
Depreciation	92	82	12,0	23	22	6,2
Cost of reserves	62	62	-0,1	17	13	28,2
Personnel costs	25	23	9,4	7	6	14,5
Maintenance management costs	19	20	-4,1	7	5	49,4
Peak load capacity costs**	8	13	-40,7	2	2	21,5
ITC costs	11	12	-6,2	3	3	-9,4
EstLink grid rents*	0	4	-100,0		1	-100,0
Other costs	46	31	47,4	11	9	24,7
Costs total	435	425	2,3	119	108	10,1
Operating profit excluding the change in the fair value of commodity derivatives	137	122	12,2	32	48	-33,4
Consolidated operating profit	143	115	23,9	27	36	-27,2

* Fingrid's share of the congestion income between Finland and Estonia was EUR 2.4 million. There were no costs (Finland-Estonia grid rents) during the period under review because the EstLink connection has been under Fingrid's ownership since 30 December 2013. Before the ownership was transferred, congestion income between Finland and Estonia was paid as grid rents to the owners of the connection.

** 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 consolidated operating profit was EUR 143 (115) million. Of the changes in the value of electricity derivatives, EUR 6 (-6) million was recognised in the income statement.

Net financial costs in accordance with IFRS were EUR 11 (29) million, including an increase of EUR 11 (-10) million in the fair value of derivatives.

The consolidated profit for the year was EUR 106 (91) million. The return on investments (ROI) was 7.6 (6.3) per cent and the return on equity (ROE) was 16.3 (15.0) per cent. The equity ratio was 31.0 (29.5) per cent at the end of the review period.

The parent company's turnover was EUR 559 (530) million, profit for the financial year EUR 81 (65) million and the distributable reserves EUR 103 million.

Capital expenditure

Fingrid carried out its grid investment programme as planned to promote the national climate and energy strategy, improve system security, increase transmission capacity and promote the electricity markets. Fingrid's annual capital expenditure in the transmission system has been extensive for years.

The company's total capital expenditure in 2014 amounted to EUR 129 (225) million, including a total of EUR 118 (209) million invested in the transmission grid and EUR 1 (4) million for reserve power. At the end of 2014, Fingrid had seven 400 kilovolt substation sites and more than 400 kilometres of

400 kilovolt power line contracts as well as a significant number of 110 kilovolt projects under construction.

Investments in information systems amounted to EUR 11 (9) million. A total of EUR 1.7 (1.8) million was used for R&D projects during the year under review.

The EstLink 2 high-voltage DC connection between Estonia and Finland has been available for market use since the beginning of December 2013. The link was handed over to its owners, Fingrid and the Estonian Elering, in February 2014. The connection tripled the transmission capacity between Finland and Estonia and removed one of the worst transmission bottlenecks in the Baltic Sea region. The challenging major project was completed on schedule and on budget. Project Management Association Finland awarded EstLink 2 with an honourable mention in the Project of the Year competition, where the project came in second.

Fingrid will reinforce the ageing and insufficient transmission capacity, in terms of future needs, of the Finnish west coast by replacing 220 kilovolt connections with 400 kilovolt connections. The total cost of these investments, approximately EUR 220 million, will be spread over several years. Out of these projects, the Ulvila-Kristinestad transmission line was completed in 2014 at a cost of around EUR 90 million. The contract included nearly 120 kilometres of new transmission lines, renewal of the Ulvila substation and the construction of the entirely new Kristinestad substation. Reinforcing of the west coast transmission system will continue with the construction of the Hirvisuo-Pyhäselkä transmission line. The entire project to reinforce the west coast transmission system will be completed by the end of 2016.

The major project between Hikiä and Forssa progressed on schedule during 2014. In addition to building new power lines, the project involves dismantling parts of the historic 'Iron Lady' transmission line. In eastern Finland, the Varkaus-Kontiolahhti transmission line project proceeded as planned.

Finland's energy and climate strategy targets an increase to 9 terawatt hours in the production of wind power by 2025. Fingrid made several investment decisions which will help connect wind power to the grid. The total cost of the wind power investments to be completed in 2015-2016 is more than EUR 50 million.

In late 2014, Fingrid made procurement decisions on the basic maintenance of substations and transmission lines for 2015-2017. Nationwide grid basic maintenance contracts were put out to tender for both substations and power lines.

The operational reliability of transmission lines was improved by clearing approximately 5,000 hectares of land around the lines during the year and by pruning back trees in about 900 km of marginal zones.

The International Transmission Operations & Maintenance Study (ITOMS), published in spring 2014, named Fingrid amongst the best in the world in maintenance management in terms of both quality and costs. ITOMS measures the effectiveness of maintenance management by transmission companies and the reliability of the transmission network. A total of 28 transmission grid businesses with system responsibility from all over the world participated in the comparison study.

Lloyd's Register carried out the annual on-site audit for the PAS55 (Publicly Available Specification) certification at Fingrid. According to the audit results, Fingrid has further developed its asset management and it is at an excellent level.

In 2014, Fingrid started a strategic project of several years to improve the reliability of cross-border transmission connections. Fingrid has four high-voltage direct current (HVDC) connections: Fenno-Skan 1 and 2 with Sweden and EstLink 1 and 2 with Estonia. The reliability of these connections will improve during the next few years through several measures.

The initial stages of a grid information and ERP system were commissioned in late 2013 and early 2014.

Fingrid has paid particular attention to accident prevention at work sites. A specific focus area was the development of work-site T3 mobile reporting. Positive developments were achieved in the severity of accidents and frequency rate. Several projects in 2014 were completed with zero accidents. A total of eight accidents occurred with Fingrid's suppliers.

Power system

Electricity consumption in Finland totalled 83.3 (84.0) terawatt hours in 2014. A total of 67.1 (64.6) terawatt hours of electricity was transmitted in Fingrid's grid, representing 80.5 (77.0) 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 of the winter, amounting to a maximum of 14,288 (14,043)

megawatts. During the consumption peaks early in the year, electricity production in Finland totalled approximately 12,100 megawatts.

Electricity transmissions between Finland and Sweden consisted mostly of large imports to Finland. During 2014, 18.1 (12.8) terawatt hours of electricity was imported from Sweden to Finland, and 0.2 (0.7) terawatt hours were exported from Finland to Sweden. The import capacity was limited from time to time by defects in the Fenno-Skan DC connections. In technical investigations carried out on the Fenno-Skan 1 cable, it was determined that the cable can no longer be used for full-power transmission, and the maximum transmission power was permanently reduced to 400 megawatts.

The electricity transmissions between Finland and Estonia were dominated by exports from Finland to Estonia, amounting to 3.6 (1.6) terawatt hours. Finland imported 0.05 (0.5) terawatt hours of electricity from Estonia. The new EstLink 2 connection increased the transmission capacity available in the market by 650 megawatts. The export capacity to Estonia was increased to 1,000 megawatts in August 2014.

In line with the previous years, electricity imports from Russia were at a low level. Nearly the full transmission capacity was available, however. Electricity imports from Russia totalled 3.4 (4.7) terawatt hours. Fingrid and the Russian grid operator parties signed on 7 November 2014 agreements on two-way electricity trade between Finland and Russia beginning in December 2014.

With a transmission reliability rate of 99.99974 per cent, reliability of the transmission grid was at an excellent level during the year under review. The number of disturbances in the Finnish grid remained at the average level. The average duration of forced interruptions in connection points due to disturbances (SAIDI) was slightly above the average as a result of a few exceptional extended disturbances.

Counter trade	1-12/14	1-12/13	10-12/14	10-12/13
	4	3	4	3
Counter trade between Finland and Sweden, [Eur]M 0.0	7.6	0.4	1.1	
Counter trade between Finland and Estonia, [Eur]M 0.0	0.8	0.1	0.2	
Counter trade between Finland's internal connections, [Eur]M	1.7	0.4	0.0	0.3
Total counter trade, [Eur]M 0.3	10.1	0.9	1.3	

The principal disturbances in grid operations consisted of defects in DC connections and a single conductor defect in an AC connection between Finland and Sweden. As a result of the disruptions, reserve power plants were started up, special adjustments were made to the power system and an exceptional amount of emergency power was purchased from Russia. Additionally, the operational reliability of the power system was regionally safeguarded by purchasing for a significant sum start-ups of local power plants during the outages necessitated by the investments in Ostrobothnia. The so-called counter-trade costs due to disturbances amounted to EUR 10.1 million. The purpose of the counter trade was to ensure that customers experienced no outages in electricity distribution.

As a member of Finland's Power and District Heat Pool, Fingrid was one of the organisers in the VALVE (Valot verkkoon 2014) major disturbance exercise held in Rovaniemi by power companies and authorities. The exercise tested the nationwide restoration of electricity supply in the event of a major disturbance.

Power system operation	1-12/14	1-12/13	10-12/14	10-12/13
Electricity consumption in Finland, TWh	83.3	84.0	22.5	22.2
Fingrid's transmission volume, TWh	67.1	64.6	17.6	16.9
Fingrid's loss energy volume, TWh	1.3	1.1	0.3	0.3
Electricity transmission Finland-Sweden				
Exports to Sweden, TWh	0.15	0.7	0.05	0.04

Imports from Sweden, TWh	18.1	12.8	4.1	3.7

Electricity transmission Finland-Estonia				

Exports to Estonia, TWh	3.6	1.6	0.8	0.7

Imports from Estonia, TWh	0.05	0.5	0.01	0.1

Electricity transmission Finland-Russia				

Imports from Russia, TWh	3.4	4.7	1.5	1.3

Electricity market

The price level on the Nordic electricity market has decreased lately. The average market price of spot electricity on the electricity exchange (system price) was EUR 30 (38) per megawatt hour.

The reasons for this development include lower demand for electricity due to the current economy and high availability of hydroelectric power. The subsidised production of renewable energy in Northern Europe increasingly impacts the market as well.

Prices on the Finnish wholesale market were higher than in other Nordic countries in 2014; the average spot price per megawatt hour was around five euros higher in Finland than in Sweden. This was due to the significant deficit in electricity production in Finland, as the completion of Olkiluoto 3 has been delayed and other power plants have been closed down. The markets would have imported more electricity from the West than the cross-border transmission capacity allowed.

The transmission capacity limited cross-border trade with Sweden for half of all the hours in 2014, a historically high figure. As a result, Fingrid accrued EUR 49 (19) million in congestion income.

Exports to the Baltic countries increased thanks to the new Estlink 2 connection. Imports from Russia remained at a low level of 3.4 (4.7) terawatt hours due to the Russian capacity fees on exports. It became possible to export electricity from Finland to Russia in December when the related technical and commercial preconditions were met.

A major step was taken in the development of a single European market. The West European spot markets were merged in two stages, in February and May 2014. The new market area encompasses the Nordic and Baltic countries, western Central Europe, the UK and the Iberian Peninsula. This essentially means the creation of the world's largest electricity market, with price calculation and transmission capacity output combined in a single process. The market covers 75 per cent of total electricity consumption in the EU. A similar arrangement is under way to merge the intraday markets.

In connection with its Third Internal Energy Market Package, the EU approved the first of three key network regulations.

Fingrid is developing new market services to improve market functionality. The issuing of guarantees of origin for electricity, now the responsibility of Fingrid as a result of a change in legislation, reached full capacity towards the end of the year. More than 200 power plants with a total capacity of approximately 7,000 megawatts have joined the new register. The system makes it possible for the producers of renewable energy to provide a guarantee of origin for their electricity.

Fingrid has also initiated the development of an electronic exchange of information for the market, with the aim of standardising particularly retailers' and network operators' business operations and making them more efficient. In relation to this, Fingrid carried out, together with other industry players, an investigation into the centralisation of information exchange into a single data hub. The conclusion of the investigation was in favour of establishing the hub.

The Finnish, Norwegian and Swedish TSOs continued shared Nordic balance settlement under Fingrid's leadership. The jointly owned company eSett Oy, which Fingrid owns one third of, aims to start up operations in late 2015.

As the production of electricity increasingly becomes more diverse and more difficult to regulate, other means should be sought to guarantee the continued flexibility of the power system. The aim is to make new, flexible capacity available to the markets. Fingrid and stakeholders collaboratively started up five R&D projects during 2014 to test demand-side management of various co-operation partners both in SMEs and households.

Electricity market

	1-12/14	1-12/13	10-12/14	10-12/13
Nord Pool system price, average [Eur]/MWh 36		30	38	31
Area price Finland, average [Eur]/MWh 40		36	41	36
Congestion income between Finland and Sweden, [Eur]M*	97.7	37.2	26.3	12.4
Congestion hours between Finland and Sweden, %*	47.8	19.4	43.8	27.9
Congestion income between Finland and Estonia, [Eur]M*	4.8	7.4	1.0	1.9
Congestion hours between Finland and Estonia, %*	8.2	27.3	6.4	26.4

*The congestion income between Finland and Sweden as well as 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.

Financing

The Group's financial position remained satisfactory.

The Group's liquidity remained good. On 31 December 2014, financial assets and cash amounted to EUR 179 (217) million. The company additionally has an undrawn revolving credit facility of EUR 250 million to secure liquidity. Interest-bearing borrowings totalled EUR 1,225 (1,294) million and consisted of EUR 962 (975) million in non-current and EUR 263 (319) million in current debt. The counterparty risk arising from currency derivative contracts and interest rate derivative contracts (receivables) was EUR 28 (34) million. Fingrid's foreign exchange and commodity price risks are generally fully hedged.

International rating agencies updated the company's credit ratings as follows:

- On 9 December 2014, Moody's Investors Service (Moody's) affirmed the rating 'A1' for Fingrid Oyj's long-term debt (senior unsecured) and issuer rating and 'P-1' for its short-term debt (senior unsecured) and issuer rating, with a stable outlook.
- On 6 November 2014, Fitch Ratings (Fitch) affirmed the rating 'A+' for Fingrid Oyj's debt (senior unsecured), 'A' for its long-term issuer rating and 'F1' for its short-term issuer rating, with a stable outlook.
- On 14 October 2014, Standard & Poor's Rating Services (S&P) lowered Fingrid Oyj's debt (senior unsecured) and long-term global scale issuer rating to 'A+' (previously 'AA-') and its short-term global scale issuer rating to 'A-1' (previously 'A-1+'), with a stable outlook. The rating action was a direct consequence of the downgrade of the Republic of Finland's credit rating.

Share capital and shareholders

At present, the 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.

Suomi Mutual Life Assurance Company sold its Fingrid B shares (75 shares) to Pohjola Insurance Ltd on 10 October 2014. The Republic of Finland increased its ownership in the company, as Varma Mutual Pension Insurance Company, Mandatum Life Insurance Company Limited and If P&C Insurance Company Ltd sold their Fingrid B shares (484 shares) to The State Pension Fund. The transaction was finalised on 15 December 2014. After this transaction, the Republic of Finland owns 67.70 per cent of the shares and 77.33 per cent of the voting rights.

Personnel and remuneration systems

Fingrid Oyj employed 313 (287) persons, including temporary employees, at the end of the year. The number of permanent personnel was 282 (268).

Of the personnel employed by the company, 23.0 (25.4) per cent were women and 77.0 (74.6) per cent were men. The average age of the personnel was 44 (44).

During 2014, the personnel received a total of 9,797 (12,837) hours of training, with an average of 31.3 (46) hours per person. Employee absences on account of illness in 2014 accounted for 2 (2) per cent of the total working hours. In addition to a compensation system, which 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 6 June 2014. Helena Wallden, M.Sc. (Tech.) was elected Chairman of the Board. Juha Majanen, Budget Counsellor and Head of Fiscal Policy Unit of the Ministry of Finance, was elected Vice Chairman. Other members elected to the Board were Juhani Jarvi, Vice President, International Projects, Rautakesko Oy; Sirpa Ojala, M.Sc. (Tech.), and Esko Torsti, Head of Non-Listed Investments, Ilmarinen Mutual Pension Insurance Company.

The Board members until 6 June 2014 were Helena Wallden, Juha Majanen, Sirpa Ojala, Esko Torsti and Matti Rusanen, Ilmarinen Mutual Pension Insurance Company.

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

The Board of Directors has two committees: the Audit Committee and the Remuneration Committee. As of 6 June 2014, the Audit Committee consists of Juha Majanen (Chairman), Juhani Jarvi and Helena Wallden. The members of the Audit Committee until 6 June 2014 were Juha Majanen (Chairman), Esko Torsti and Helena Wallden.

As of 6 June 2014, the Remuneration Committee consists of Helena Wallden (Chairman), Sirpa Ojala and Esko Torsti. The members of the Remuneration Committee until 6 June 2014 were Helena Wallden (Chairman), Sirpa Ojala and Matti Rusanen.

Jukka Ruusunen serves as President & CEO of the company. Fingrid has an executive management group intended to support 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.

Internal control and risk management

Fingrid's internal control is a natural part of business operations. It encompasses all the procedures and methods intended to ensure that

- the company's operations comply with the strategy, are efficient and effective
- information used for management and other reporting is reliable and free of errors
- risk management is adequate
- applicable legislation, codes, regulations and the company's own procedural guidelines are complied with

Risk management is a part of internal control. Comprehensive risk management refers to systematic and consistent procedures to identify, assess and monitor risks caused by various threats related to the company's operations, environment, personnel and assets, and to protect the company from these risks. Continuity management is one area and method of risk management intended to improve the organisation's capabilities to react in the best possible way to the realisation of various risks and thus safeguard Fingrid's continued operations in such circumstances. In compliance with Fingrid's mission, the approach to risks, their impacts and risk management takes into account the point of view of society as a whole.

Well-functioning internal control is based on good leadership, a healthy corporate culture, appropriate procedures and processes, adequate control measures, open and transparent communication, continuous monitoring and development of functions and processes, as well as independent verification.

Board of Directors

Fingrid's Board of Directors is responsible for the organisation of internal control and risk management and annually approves the principles of internal control and risk management. The Board also decides on the corporate strategy and action plan, including the identification of strategic risks and the key measures to manage them, and monitors their implementation. The Board furthermore decides on the operational model of the company's internal audit.

The Board of Directors (Audit Committee) regularly receives internal audit and auditor reports and at least annually a situation report on the strategic risks relating to the company's operations and the management thereof, as well as a report on the realised risks.

Line management and the rest of the organisation

The CEO, assisted by the Executive Management Group, is in charge of specifying the company's policy for internal control and risk management and oversees the practical implementation of the policy and the assessment of company-level strategic risks and the related risk management. The different areas and functions implement internal control and risk management for their own area of responsibility. The heads of functions own the risks concerning operations in their areas of responsibility and are in charge of identifying, assessing and managing risks, and ensuring the adequacy and effectiveness of control measures and detailed instructions, and are responsible for reporting risks and non-conformities.

Specialists working in the company's support functions coordinate, support and monitor the implementation of internal control and risk management from various points of view and throughout functions. Each Fingrid employee is responsible for identifying and reporting the risks and control deficiencies in their area of responsibility and for implementing the agreed risk management measures.

Internal auditor and auditor

The internal audit is established by the Board of Directors, operates in compliance with the plans approved by the Board (Audit Committee) and reports on the results of its work to the Board (Audit Committee). Administratively, the internal audit reports to the CEO. The internal audit provides a systematic approach to assessing the efficiency of the company's risk management, control, management and governance processes, to developing them and, as an independent party, verifies their adequacy and effectiveness. The internal audit is authorised to carry out investigations and has access to all information relevant for its mission.

The company's auditor audits the accounting, financial statements and governance for each financial year and prepares the related reports for the Annual General Meeting as required by the Auditing Act or elsewhere in legislation. The auditor reports on their work, observations and recommendations to the Board of Directors and can additionally be assigned by the Board or the executive management to carry out other verification tasks.

Foremost risks and uncertainty factors for society and Fingrid

Since the company plays a vital role in Finnish society, the impact of risks is assessed from both the company's and society's perspective. The following have been identified as the foremost risks:

Common risks	Risks to society	Risks to Fingrid
- Major disturbance	- Unsuccessful timing of capital investments	- Unfavourable development of regulation
- Crisis of confidence in the electricity market	- Long-term transmission capacity restrictions	- Investments that have become unnecessary
- Environmental risks		- An unforeseen increase in costs or decrease in income
- Electricity and occupational safety risks		- Financing risks
		- Personnel risks
		- IT and telecommunications risks
		- Asset risks
		- Reputation risks

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 widespread disturbance in the power system may be caused by the following: several simultaneous faults in the grid, inoperability of Fingrid's operation control system, insufficient production capacity, external events, or problems related to operation support systems or data security, preventing grid operation entirely or partially. Through capital investments in the transmission grid and reserve power, Fingrid is prepared for a widespread disturbance affecting Finland or the Nordic power system. In its strategy, the company also focuses on the diverse utilisation of the operation control system, expedited disturbance clearing and management of power shortages.

Fingrid also prepares for disturbances through continuity management, building up various reserves, procedural guidelines, continuity plans, and exercises.

A loss of confidence in the electricity market is a significant risk for Fingrid and society. This risk may be realised, for example, as a result of insufficient transmission capacity, high electricity prices or long-term interruption of the wholesale electricity market. The company aims to contribute to the integration of the European electricity market and to secure the efficiency of market mechanisms by constructing new cross-border transmission connections whenever necessary and by publishing key market information that has a bearing on the transparency of the market.

From the point of view of society and Fingrid, the most significant environmental risks are related to environmental damage and the failure to anticipate the environmental obligations set for the company's operations. Among the most concrete risks faced by Fingrid are fuel and oil leaks and tank and transformer fires. From the company's point of view, a capital expenditure project that is delayed due to an environmental impact assessment can also be an environmental risk. The key contingency measures for these environmental risks are proactive assessment of environmental impacts, monitoring of changes in legislation, prevention of accidents by technical means, contractual terms related to environmental issues and auditing.

From the point of view of society and Fingrid, electrical and occupational safety risks are linked to the electrical safety of the transmission grid, especially in connection with construction and repair work. The reason for a risk being realised may be, for example, human error close to live components, an error or accident occurring in construction work, damage or vandalism to live structures or carelessness close to live components. The consequences of the realisation of a risk may be a serious hazardous situation or a hazardous situation endangering many people, serious injury, sick leave, working incapacity, disability or death. An event may also cause electricity outages. Fingrid is constantly improving the safety of the transmission grid by developing, for example, technical solutions, work methods, skills and communications.

The reasons for unsuccessful timing of capital investments may be, for example, changes in the economic situation or in consumption and production, a postponement of the permit process, lack of resources or strike. Such events may cause restrictions in the electricity market whereby the market fails to develop or operate efficiently. The company carefully plans and builds key projects to strengthen the cross-border transmission connections and the grid, and takes into account the long-term effects on the market.

Long-term transmission capacity restrictions may be caused by, for example, technical failures or problems with power system security. Restrictions or outages in power transmission may cause financial harm to customers and society. The risks are managed by securing the critical parts of the transmission grid and cross-border connections and by means of efficient outage planning. For example, outages are timed so that they have minimum financial harm to society.

Fingrid's operations are subject to official regulation and supervised by the Energy Authority. Risks related to the unfavourable development of official regulation, such as changes in Finnish or European regulation or legislation, can weaken the company's financial position or its opportunities to pursue the objectives related to the development of the electricity market. The company aims to establish effective co-operation and interaction models with the various stakeholders and to contribute actively to the reports and working groups of authorities. Fingrid works within ENTSO-E, the European Network of Transmission System Operators for Electricity, through which the company aims to prepare for and contribute to changes in regulation.

Investments that have become unnecessary may be the result of issues such as regional changes in electricity consumption, changes in electricity production, changes in the international situation, changes in regulation or technological changes. Fingrid aims to prevent potentially incorrect or unanticipated investments by means of continuous communication and close co-operation with customers, other transmission system operators and stakeholders. Fingrid draws up transparent, comprehensive and sustainable grounds for capital investments and updates the grid plans regularly. The company creates flexibility in the capital investment programme and executes the projects in a timely fashion.

Fingrid's major financial risks include an unforeseen increase in costs or decrease in income. This could be caused by unexpected changes in market-based costs. An increase in costs can be the result of the realisation of counterparty risk, an increase in reserve costs, unexpected faults or sudden changes in the area price of electricity. Correspondingly, a decrease in income may be the result of a sharp decline in electricity consumption, the realisation of a counterparty risk related to the service businesses or a reduction in transmission and congestion income. Unanticipated increases in costs or decreases in income are limited by enhancing financial control and forecasting in the Group and the assessment of financial latitude. Fingrid can make changes to the level and structure of grid pricing as necessary. Derivatives are used to hedge against changes in the price of electricity. The

counterparty risk related to obligations of parties having a contractual relationship with Fingrid is limited contractually, by defining limits and by regularly monitoring the financial position of the counterparties.

Financing risks include currency risks, interest rate risks, commodity price risks, liquidity and refinancing risks, and credit and counterparty risks. Financing risks can be caused by disturbances in the capital and money markets, by the realisation of counterparty risks in terms of derivatives or investments, by the realisation of credit risks in operations or disturbances in payment transactions. Risks are limited by maintaining a high credit rating, even maturity profile and a diverse structure. The financing risks are described in more detail in note 35 to the consolidated financial statements (IFRS).

Personnel risks concern the maintenance of competence. Personnel risks are limited by the company's strategic long-term personnel planning, targeted training programmes for personnel and high-quality communication with stakeholders. As part of the energy sector, Fingrid strives to enhance the level of competence throughout the sector.

Risks related to information technology and telecommunications may be caused by an accident in ICT hardware facilities, long-term inoperability of telecommunications or a serious failure in a critical ICT system where such a failure directly and significantly harms the company's operations. Such a situation may also be caused by a work error or breach of data security. The company aims to prepare for these risks through sufficient and solid ICT expertise and by ensuring that ICT is secured in terms of the facilities, telecommunications and systems. Contingency plans are drawn up for the critical systems, and the company monitors and forecasts potential data and cyber security threats.

Asset risks cover significant damage to Fingrid's assets, such as widespread failures or failures rendering significant assets beyond repair. Other asset risks can include significant and unanticipated factors, such as protests, earthquakes, natural disasters or war. Fingrid manages asset risks through preventive maintenance management, comprehensive insurance policies for the key grid components, detailed definition of projects and maintenance management, stringent quality control and the use of proven technology and suppliers.

Reputation risks can arise for a number of reasons; for example, serious disturbances or accidents, changes in prices, expropriation of land areas or delayed upgrades of the grid. These risks are reduced by means of effective risk and change management as well as responsible, transparent and impartial operations, high-quality communication and active stakeholder dialogue.

Fingrid's associated companies are long-term holdings and are covered by the company's overall risk management system. The associated companies only slightly increase the risks to Fingrid Oyj's financial position, result and cash flow, as their operations are minor compared to the operations of the parent company. Risks related to associated companies consist of the unfavourable development of official regulation, investments that have become unnecessary, an unexpected increase in costs or reduction in income, loss of confidence in the electricity market, and risks related to information technology and ICT risks.

Corporate responsibility

Fingrid's strategy and its various perspectives form the starting point also for its corporate responsibility. Corporate responsibility is managed at Fingrid as an integrated part of overall management, supported by the company's regular management system.

Key targets have been set by identifying matters that are essential to Fingrid's strategy and operations. Fulfilment of the targets serves as the basis for remuneration of the executive management and personnel. 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. During the year, a change was made to how responsibility is co-ordinated at the corporate level, better linking corporate responsibility to Fingrid's basic operations and the development thereof.

Responsible operations are ensured through shared values and, among other things, the company's Code of Conduct, which is based on the UN Global Compact Initiative and which all Fingrid employees must comply with in their work. During the year under review, the Code of Conduct was updated, a company-level online orientation programme was implemented, and the familiarisation of new employees with the Code of Conduct was assured. Planning of online orientation intended for all employees was additionally started, relating to the updated Code of Conduct.

The objective is to promote responsible behaviour also throughout the entire supply chain. Fingrid requires that its service and goods suppliers comply with a Supplier Code of Conduct or with their own similar code. Corporate

responsibility requirements are applied to contracts that have a value of at least EUR 30,000. The requirements cover such issues as business practices, human rights, workers' rights, occupational health and safety and environmental matters. During the year, responsibility requirements were also set as criteria for entry into Fingrid's supplier register. Fingrid is prepared to commit, through similar principles, to the corporate responsibility requirements set by its contractual partners on Fingrid's operations.

In its corporate responsibility reporting, Fingrid changed over to applying the international GRI G4 (Global Reporting Initiative) reporting guidelines such that standard disclosures required by the guidelines and indicators required by sector disclosures for the energy industry are reported. Requirements for corporate responsibility reporting by state-owned companies are also taken into account.

Responsibility continues to be developed in a balanced manner in all of Fingrid's strategic perspectives and processes. Characteristically for Fingrid, the aim is to engage the entire personnel in the continuous development of the company's operating practices also when it comes to responsibility issues.

Environmental matters

The transmission grid is part of the necessary basic infrastructure visible in our living environment. Power lines particularly impact land use and the landscape, and have both positive and negative impacts on nature and biodiversity. The most significant environmental perspectives at substations and reserve power plants concern the storage and handling of fuels and chemicals. When making improvements to the transmission system, Fingrid's goal is to achieve minimum electricity transmission losses in a cost-effective manner and thus enhance energy efficiency. Achieving a reduction in greenhouse gas emissions is also considered important. The efficient re-use and recycling of building and demolition waste is important in all construction work.

The commitment to minimising environmental impacts is anchored in Fingrid's land use and environmental policy. Environmental impacts are carefully assessed before a project is realised, and special attention is paid to controlling environmental risks. 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 matters are reported in the annual report and on the website.

During the year under review, the revised waste management model was shown to improve waste management and recycling at work sites. Environmental training was provided more frequently, both to construction project contractors and to new power line and substation maintenance providers. No significant environmental incidents took place in Fingrid's operations.

Fingrid's reserve power plants are subject to an environmental permit and covered by the EU's emissions trading scheme. A total of 10,993 (5,566) units (tCO₂) of emission allowances were returned, all of which consisted of acquired emission rights units. No emissions rights were purchased in 2014. Emissions trading had minor financial significance for Fingrid.

Fingrid has a total of 24,375 (24,872) tonnes of creosote-impregnated or CCA-impregnated wooden towers, which are categorised as hazardous waste. Impregnated wood categorised as hazardous waste is also used in cable trench covers. The related disposal costs of approx. EUR 1.7 (1.7) million have been entered in the financial statements under provisions, which in turn have been added correspondingly to property, plant and equipment. Equipment used in Fingrid's substations contains 33 (32) tonnes of sulphur hexafluoride (SF₆ gas), which is categorised as a greenhouse gas.

Legal proceedings and proceedings by authorities

The Energy Authority issued a decision on 14 March 2014 in which it confirmed that Fingrid fulfils the requirements referred to in section 32 of the Electricity Market Act concerning the impartiality of the grid owner, provided that Imatran Seudun Sähkö Oy renounces its control and rights in Fingrid Oyj.

Fingrid appealed to the Market Court against the decision of the Energy Authority on 23 November 2011: the confirmation of methods concerning the setting of the grid owner's income from grid operations and payments for transmission service for the regulatory period starting 1 January 2012 and ending on 31 December 2015. The Market Court rejected Fingrid's appeal on 21 December 2012. On 21 January 2013, Fingrid launched an appeal to the decision of the Market Court to the Supreme Administrative Court.

Events after the review period and estimate of future outlook

On 19 January 2015, the Energy Authority granted Fingrid a licence to operate the electricity transmission system in the national grid.

The company lowered its transmission grid tariffs by two per cent as of 1 January 2015; consequently, Fingrid Group's profit for the 2015 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to decline from the previous year. Uncertainty surrounding reserve costs, congestion income and cross-border income on the interconnections from Russia makes it difficult to anticipate Fingrid's financial result for the full year. The company's debt servicing capability is expected to remain stable.

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 this decision, however, the economic conditions, the company's investment and development needs for the near future, and the company's financial targets in effect at the time are always taken into account.

Fingrid Oyj's distributable funds in the financial statements total EUR 103,346,061.64. Since the closing of the financial year, there have been no essential 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 21,655.44 per share be paid for Series A shares and EUR 16,038.49 for Series B shares be paid, for a total of EUR 65,000,001.35.
- EUR 38,346,060.20 be retained in unrestricted equity.

Annual General Meeting 2015

Fingrid Oyj's Annual General Meeting is planned to take place on 14 April 2015 in Helsinki.

Helsinki, 26 February 2015
Fingrid Oyj
Board of Directors

Income statement

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		1 Jan-31	1 Jan-31
		Dec 2014	Dec 2013
	Notes	[Eur]1,000	
[Eur]1,000			
TURNOVER	2	567,155	543,088
Other operating income	3	4,619	4,071
Raw materials and consumables used	4	-264,304	-269,526
Employee benefits expenses	5	-24,993	-22,847
Depreciation	6	-91,511	-81,704
Other operating expenses	7, 8, 9	-48,149	-57,802
OPERATING PROFIT		142,817	115,280

Finance income	10	1,172	1,249
Finance costs	10	-11,910	-29,986
Finance income and costs		-10,738	-28,736
Share of profit of associated companies		854	709
PROFIT BEFORE TAXES		132,934	87,253
Income taxes	11	-26,441	3,446
PROFIT FOR THE FINANCIAL YEAR		106,493	90,699
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be transferred to profit or loss			
Cash flow hedges	12		-3,992
Translation reserve	12	-419	-646
Items related to non-current assets held for sale	12	16	-2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		106,090	86,059
Profit attributable to:			
Shareholders of the company		106,493	90,699
Comprehensive income attributable to:			
Shareholders of the company		106,090	86,059
Earnings per share, [Eur]	13	32,028	
27,278			
Earnings per share for profit attributable to shareholders of the parent company:			
Undiluted earnings per share, [Eur]	13	32,028	
27,278			
Diluted earnings per share, [Eur]	13	32,028	
27,278			

Income tax related to other comprehensive income is presented in note 12.

Notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

ASSETS	31 Dec 2014	31 Dec 2013
	Notes	[Eur]1,000
[Eur]1,000		

NON-CURRENT ASSETS

Intangible assets:

Goodwill	15	87,920	87,920
Other intangible assets	16	95,016	92,751
		182,937	180,671

Property, plant and equipment:

	17		
Land and water areas		14,974	14,224
Buildings and structures		156,541	142,061
Machinery and equipment		576,891	582,317
Transmission lines		798,120	788,389
Other property, plant and equipment		7,906	8,525
Prepayments and purchases in progress		86,023	87,910
		1,640,454	1,623,426

Investments:

	18		
Interests in associated companies		10,515	10,416
Available-for-sale investments		262	300
		10,777	10,716

Receivables:

Derivative instruments	30	42,063	42,337
Deferred tax assets	27	10,674	13,643
Loan receivables from associated companies	20	1,600	
Other receivables	20	991	4,313
		55,328	60,293

TOTAL NON-CURRENT ASSETS		1,889,496	1,875,107
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CURRENT ASSETS

Inventories	19	12,843	11,397
Derivative instruments	30	11,208	2,128
Trade receivables and other receivables	21	57,699	76,021
Financial assets recognised in the income statement at fair value	22	116,694	194,973
Cash and cash equivalents	23	62,566	22,339

TOTAL CURRENT ASSETS		261,010	306,858
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TOTAL ASSETS		2,150,507	2,181,965
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Notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES		31 Dec 2014	31 Dec 2013
	Notes	[Eur]1,000	[Eur]1,000

EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

Share capital	26	55,922	55,922
Share premium account	26	55,922	55,922
Revaluation reserve	26	-11,543	-11,559
Translation reserve	26	-422	-3
Retained earnings	26	567,009	542,416

TOTAL EQUITY		666,889	642,699
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NON-CURRENT LIABILITIES

Deferred tax liabilities	27	123,048	119,775
Borrowings	28	962,324	975,295
Provisions	29	1,685	1,735
Derivative instruments	30	44,974	38,757
		1,132,032	1,135,561

CURRENT LIABILITIES

Borrowings	28	263,033	318,695
Derivative instruments	30	16,968	15,508
Trade payables and other liabilities	31	71,585	69,500
		351,586	403,704

TOTAL LIABILITIES		1,483,617	1,539,265
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TOTAL EQUITY AND LIABILITIES		2,150,507	2,181,965
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Notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, [Eur]1,000

Equity attributable to
shareholders of the
parent company

	Notes	Share capital	Share premium account	Revaluatio n reserves	Translatio n reserve	Retained earnings	Total equity
1 Jan 2013		55,922	55,922	-7,565	643	464,865	569,788
Compre hensiv e incom e							
Profit or loss	26					90,699	90,699
Other compr ehensi ve incom e							
Cash flow hedge s	12			-3,992			-3,992
Transl ation reser ve	12				-646		-646
Items relat ed to non-c urrent asset s held for sale	12			-2			-2
Total other compr ehensi ve incom e adjus ted by tax effec ts				-3,994	-646		-4,640
Total compr ehensi ve incom e				-3,994	-646	90,699	86,059
Transa ctions with share holder s							
Divide nds relat ing to 2012	26					-13,148	-13,148
31 Dec 2013		55,922	55,922	-11,559	-3	542,416	642,699

1 Jan 2014	55,922	55,922	-11,559	-3	542,416	642,699
Compre hensiv e incom e						
Profit or loss	26				106,493	106,493
Other compr ehensi ve incom e						
Transl ation reser ve	12			-419		-419
Items relat ed to non-c urrent asset s held for sale	12		16			16
Total other compr ehensi ve incom e adjus ted by tax effec ts			16	-419		-403
Total compr ehensi ve incom e			16	-419	106,493	106,090
Transa ctions with share holder s						
Divide nds relat ing to 2013	26				-81,900	-81,900
31 Dec 2014	55,922	55,922	-11,543	-422	567,009	666,889

Notes are an integral part of the financial statements.

[Eur]1,000	Notes	[Eur]1,000	
Cash flow from operating activities:			
Profit for the financial year	26	106,493	90,699
Adjustments:			
Business transactions not involving a payment transaction	36	83,495	85,818
Interest and other finance costs		11,910	29,986
Interest income		-1,163	-1,243
Dividend income		-9	-7
Taxes		26,441	-3,446
Financial assets recognised in the income statement at fair value		-192	25
Changes in working capital:			
Change in trade receivables and other receivables		19,605	7,116
Change in inventories		-1,446	-954
Change in trade payables and other liabilities		974	-6,572
Change in provisions	29	-50	-134
Interest paid		-21,687	-21,597
Interest received		1,225	1,218
Taxes paid	11	-19,677	-22,071
Net cash flow from operating activities		205,919	158,838
Cash flow from investing activities:			
Purchase of property, plant and equipment	17	-124,479	-222,272
Purchase of intangible assets	16	-5,377	-4,699
Purchase of other assets	18	57	-2,001
Proceeds from sale of property, plant and equipment	17	1,389	3,980
Loans granted		-1,600	
Dividends received	10, 18	346	306
Contributions received		19,935	
Interest paid	10	-1,326	- 1,681
Net cash flow from investing activities		-111,055	-226,367
Cash flow from financing activities:			
Proceeds from non-current financing (liabilities)		110,000	77,546
Payments of non-current financing (liabilities)		-103,003	-119,968
Change in current financing (liabilities)		-58,012	126,573
Dividends paid	26	-81,900	-13,148
Net cash flow from financing activities		-132,915	71,003

Change in cash and cash equivalents (CCE) and financial assets	-38,051	3,474
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CCE and financial assets 1 Jan	217,311	213,837
CCE and financial assets 31 Dec	22, 23	179,261
		217,311

Notes are an integral part of the financial statements.

CONSOLIDATED KEY FIGURES	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS	2010 IFRS
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Extent of operations

Turnover 456.3	[Eur]	567.2	543.1	522.1	438.5
	milli on				

Capital expenditure, 144.1 gross	[Eur]	129.5	225.3	139.0	244.4
	milli on				

- of turnover	%	22.8	41.5	26.6	55.7	31.6
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Research and 1.6 development expenses	[Eur]	1.7	1.8	1.5	1.8
	milli on				

- of turnover	%	0.3	0.3	0.3	0.4	0.3
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Average number of employees		305	277	269	263	260
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Number of employees at end of period		313	287	275	266	263
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Salaries and bonuses, 17.2 total	[Eur]	20.5	19.0	18.2	17.2
	milli on				

Profitability

Operating profit 74.4	[Eur]	142.8	115.3	94.6	56.6
	milli on				

- of turnover	%	25.2	21.2	18.1	12.9	16.3
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Profit before taxes 56.3	[Eur]	132.9	87.3	88.3	34.2
	milli on				

- of turnover	%	23.4	16.1	16.9	7.8	12.3
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Return on investment (ROI)	%	7.6	6.3	5.6	3.6	5.1
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Return on equity (ROE)	%	16.3	15.0	12.4	6.5	8.7
Financing and financial position						
Equity ratio	%	31.0	29.5	27.3	25.7	28.6
Interest-bearing net borrowings	[Eur] milli on	1,046.1	1,076.7	1,030.3	1,020.2	
Share-specific key figures						
Earnings per share	[Eur]	32,027.9	27,277.9	20,159.2	9,924.1	
12,561.9						
Dividend, Series A	[Eur]	21,655.4	29,788.26	5,115.89	3,962.52	
2,018.26 shares		4*				
Dividend, Series B	[Eur]	16,038.4	16,038.50	2,018.26	2,018.26	
2,018.26 shares		9*				
Dividend payout ratio, A shares	%	67.6	109.20	25.4	39.9	16.1
Dividend payout ratio, B shares	%	50.1	58.8	10.0	20.3	16.1
Equity per share	[Eur]	200,568	193,293	171,365	152,573	
154,654						
Number of shares at 31 Dec						
- Series A shares	qty	2,078	2,078	2,078	2,078	2,078
- Series B shares	qty	1,247	1,247	1,247	1,247	1,247
Total	qty	3,325	3,325	3,325	3,325	3,325

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

CALCULATION OF KEY INDICATORS

Return on investment, % = (profit before taxes + interest and other finance costs) / ((balance sheet total - non-interest bearing liabilities (average for the year)) x 100

Return on equity, % = profit for the financial year / shareholders' equity (average for the year) x 100

Equity ratio, % = shareholders' equity / (balance sheet total - advances received) x 100

Earnings per share, [Eur] = profit for the financial year / average number of shares

Dividends per share, [Eur] = dividends for the financial year / average number of shares

Dividend payout ratio, % = (dividend / share) / (earnings / share)

Equity per share, [Eur] = shareholders' equity / number of shares at closing date

Interest-bearing net borrowings, [Eur] = interest-bearing borrowings - cash and cash equivalents

Gearing = (interest-bearing borrowings - cash and cash equivalents) / shareholders' equity x 100

QUARTERLY FIGURES

		Q4/2014	Q3/2014	Q2/2014	Q1/2014
Turnover	[Eur]M	148.2	113.6	114.1	191.3
Operating profit	[Eur]M	26.5	17.3	19.7	79.3
Operating profit	%	17.9	15.2	17.2	41.5

		Q4/2013	Q3/2013	Q2/2013	Q1/2013
Turnover	[Eur]M	155.1	107.8	109.5	170.6
Operating profit	[Eur]M	36.5	9.9	-10.2	79.1
Operating profit	%	23.5	9.2	-9.3	46.4

		Q4/2012	Q3/2012	Q2/2012	Q1/2012
Turnover	[Eur]M	153.7	106	92.7	169.6
Operating profit	[Eur]M	38.5	7.1	-5.1	54.2
Operating profit	%	25	6.7	-5.5	32

		Q4/2011	Q3/2011	Q2/2011	Q1/2011
Turnover	[Eur]M	107.9	88	91	151.6
Operating profit	[Eur]M	17.1	-4.3	2	41.7
Operating profit	%	15.8	-4.8	2.2	27.5

INVESTMENTS, [Eur]M

	1-12/2014	1-12/2013
Grid investments	117.5	208.5
Substations	63.0	95.3
Transmission lines	54.6	113.2

Gas turbine investments	0.8	4.2
Current gas turbine plants	-0.2	0.4
New gas turbine plants	1.0	3.8

Other investments	11.2	12.6
ICT	11.1	9.4
Other	0.0	3.2
Total Investments	129.5	225.3

RESEARCH AND DEVELOPMENT EXPENSES, [Eur]M

	1-12/2014	1-12/2013
Research and development expenses	1.7	1.8

PERSONNEL

	1-12/2014	1-12/2013
Average	305	277
At end of period	313	287

COMMITMENTS AND CONTINGENT LIABILITIES, [Eur]1,000

	2014	2013
Pledges		
Pledge covering property lease agreements	9	9
Pledge covering customs credit account	280	280
Pledge covering electricity exchange purchases	991	4,313
	1,279	4,601

Unrecorded investment commitments	143,527	137,441
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Other financial commitments

Counter-guarantee in favour of an associated company	1,700	1,700
Rent security deposit, guarantee	38	38
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	355	565
Commitment fee for subsequent years	815	1,170
	2,907	3,473

DERIVATIVE INSTRUMENTS, [Eur]1,000

	2014				2013			
Interest rate	Fair value Pos.	Fair value Neg.	Net fair value	Nominal value 31.12.	Fair value Pos.	Fair value Neg.	Net fair value	Nominal value 31.12.
-								

and currency derivatives	31.12. 2014	31.12. 2014	31.12. 2014	2014	31.12. 2013	31.12. 2013	31.12. 2013	2013
Currency swaps	28,599	-19,758	8,841	321,383	39,830	-9,225	30,605	366,033
Forward contracts	3,308		3,308	55,401		-872	-872	135,347
Interest rate swaps	27,480	-11,894	15,585	365,000	11,939	-8,036	3,904	471,000
Interest rate options bought				310,000				350,000
Total	59,386	-31,652	27,734	1,051,783	51,770	-18,133	33,637	1,322,381

Electricity derivatives	Fair value Pos. 31.12. 2014	Fair value Neg. 31.12. 2014	Net fair value 31.12. 2014	Volume TWh 31.12. 2014	Fair value Pos. 31.12. 2013	Fair value Neg. 31.12. 2013	Net fair value 31.12. 2013	Volume TWh 31.12. 2013
Electricity forward contracts designated as hedge accounting NASDAQ OMX Commodities						-18,091	-18,091	1.76
Electricity forward contracts not designated as hedge accounting NASDAQ OMX Commodities		-32,165	-32,165	4.19		-20,117	-20,117	2.21
Total		-32,165	-32,165	4.19		-38,208	-38,208	3.97

The reference rate for interest rate options is the 6-month Euribor. The option premium is paid in full to the counterparty at the contract date.
The company uses electricity derivatives to hedge the price risk of future loss energy purchases.

The net fair value of derivatives indicates the realised profit/loss if they had been reversed on the last trading day of 2014.

Maturity of derivative contracts:

Nominal value, [Eur]1,000	2015	2016	2017	2018	2019	2019+	Total
Interest rate swaps	30,000	70,000		105,000	60,000	100,000	365,000
Interest rate options	220,000	90,000					310,000
Currency swaps	87,485	144,809	52,852		23,725	12,512	321,383
Forward contracts	55,401						55,401
Total	392,886	304,809	52,852	105,000	83,725	112,512	1,051,783

TWh	2015	2016	2017	2018	2019	2019+	Total
Electricity derivatives	1.38	1.24	0.79	0.53	0.26		4.19
Total	1.38	1.24	0.79	0.53			4.19

Shareholders by category on 31 Dec 2014	Number of shares, qty	Of all shares, %	Of votes, %
Public entities	2,251	67.70	77.33
Financial and insurance institutions	1,074	32.30	22.67
Total	3,325	100.00	100.00

Shareholders on 31 Dec 2014	Number of shares, qty	Of all shares, %	Of votes, %
Republic of Finland	1,382	41.56	55.42
Mutual Pension Insurance Company Ilmarinen	661	19.88	17.15
The State Pension Fund	484	14.56	6.47
National Emergency Supply Agency	385	11.58	15.44
Elo Mutual Pension Insurance Company	150	4.51	2.01
Pohjola Insurance Ltd	150	4.51	2.01
LocalTapiola General Mutual Insurance Company	50	1.50	0.67
LocalTapiola Mutual Life Insurance Company	47	1.41	0.63
Imatran Seudun Sähkö Oy	10	0.30	0.13
Fennia Life Insurance Company	6	0.18	0.08
	3,325	100.00	100.00

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