



# Smartest traffic management services in the world

23.11.2022

Pertti Korhonen

Minna Kahri

Ilkka Virtanen

Traffic Management Company Fintraffic Ltd (Liikenteenohjausyhtiö Fintraffic Oy)

Excerpt of the presentation given to investors when launching the 100 m€ commercial paper programme



# Our presenters today



## **CEO Pertti Korhonen**

Fintraffic, CEO, 2020–

Outotec Oyj, CEO, 2010–2016

Elektrobit Oyj, CEO, 2006–2009

Nokia Corporation, member of the Executive Board, 2002–2006

Nokia Corporation, CTO, 2004–2006

Other executive positions at Nokia 1987-2004.

*Company Board Duties:* Infinited Fiber Company Ltd & Enerim Ltd, Chairman of the Board, Fastems Ltd., Board Member



## **CFO Minna Kahri**

Fintraffic, CFO, 2021–

Rototec Group, CFO, 2019–2021

Onvest Group & Conficap Oy, CFO, 2015–2019

Lindström Group, CFO, SVP Corporate Finances, 2006–2015, expert and controller positions, 1994–2006.



## **Director, Group Treasury Ilkka Virtanen**

Fintraffic, Director Group Treasury, 2021–  
Fintraffic, CFO, 2019–2021

Ministry of Transport and Communications, Senior Specialist, Ownership steering Unit/Ministerial Governance Department, 2017–2019

Business Consultant, 2012–2017

VTI Technologies (Murata Electronics), CFO, 2007–2010

Outokumpu Technology (Outotec), CFO, 2002–2006

Outokumpu Group, Other executive and expert positions, 1990–2002.



# In brief

Fintraffic is a 100% state owned special assignment company operating under the ownership steering of Finland's Ministry of Transport and Communications. The company was established in 2019.

Fintraffic combines four modes of transport in a unique way – providing high-quality and incident-free traffic management services, customer oriented digital services and world-class traffic information.

## Key figures from 2021

**209,7 M€**  
turnover

**6,1 M€**  
operating profit

**1126**  
personnel avg

**150**  
actors in the ecosystem

**>4 billion**  
API interface calls

**26000 tCO<sub>2</sub>**  
emission savings  
from the Finnish traffic



# Companies with State Ownership

Ownership steering by  
Ministry of Transport and  
Communications (LVM)

## Prime Minister's Office (valtionneuvoston kanslia)

## Other Ministries





# Our Board



Chair of the Board  
Tero Ojanperä



Member of the Board  
Kaisa Olkkonen



Member of the Board  
Kirsi Nuotto



Member of the Board  
Teemu Penttilä



Member of the Board  
Mari Puoskari



Member of the Board  
Karri Salminen



Member of the Board  
Seija Turunen



# Our Services Make Travelling and Logistics Safer, Smoother and more Environmentally Friendly

## Railway Traffic Management



- 500,000 trains per year
- 82 million passengers per year
- Rail network 6,000 km

**480 professionals**  
**77 m€ in sales**

## Air Navigation Services



- Air traffic control services at 22 airports
- More than 200,000 aircraft operations per year

**420 professionals**  
**63 m€ in sales**

## Road Traffic Management



- Roads carry 90% of passenger transport in Finland
- More than 120 million km driven in vehicles every day
- Road network 78,000 km

**90 professionals**  
**49 m€ in sales**

## Vessel Traffic Services



- Shipping carries 90% of exports and 80% of imports
- 30,000 visits by foreign vessels per year
- 29 ports

**100 professionals**  
**19 m€ in sales**

**Digital services & open source traffic data  
for operators and end users in the transport ecosystem.**



# Our Role on Land, in the Air and at Sea



## Vessel Traffic Services

- Vessel traffic services (VTS)
- Safety radio broadcasts and distress communications in the Saimaa region
- National Aeronautical Information Service and the maritime DGPS service

## Air Navigation Services

- Air traffic managing and controlling both on the ground and in the airspace
- Technical air navigation infrastructure
- Information and data management and distribution needed for aviation
- Contributing to the designing of airspace structure and flight procedures

## Railroad Traffic Management

- Railway traffic management
- Capacity planning
- Train platform displays
- Station announcements

## Road Traffic Management

- Operating traffic management systems, incl. tunnels, changing speed limits, traffic lights, road weather services and images
- Analysis on traffic situation and delivering it to users
- Incident management and cooperation with the authorities

\*Finnish Transport Infrastructure Agency (Väylävirasto) and Finavia are responsible of the traffic infrastructure in Finland



## Fintraffic's tasks commissioned by Finland

Providing and developing the necessary **traffic control and management services** required by society, the business community and the authorities e.g., defence and security.

**Building partnerships and co-operation networks** and promoting the development of **internationally competitive business ecosystems** in the transport sector in Finland.

Accelerating the **development of market-based products and services** in the sector and the business- and **export-driven growth** of the industry.

Creating new **platform solutions** that share and utilise traffic data more extensively and promoting new **data-based service business and value creation**.

## How does Finland measure our success?

More **efficient travel and transport**, streamlined traffic and improvement of road safety.

The **reliability** and **quality of service** received by the authorities from the company.

Promoting **new business opportunities** for business life.

Traffic development in line with the principles of **environmental sustainability**.

Source: Fintraffic's ownership strategy 16 Oct 2019





# Strategy 2023-2027

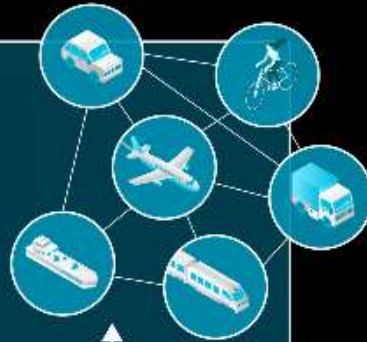
WHAT WE ARE AIMING FOR

SAFE, EFFICIENT, SMOOTH AND SUSTAINABLE  
TRAVEL AND TRANSPORT

COMPETITIVE FINLAND

GROWING TRAFFIC MARKET AND EXPORT  
OF SERVICES

SATISFIED CUSTOMERS



## TRANSPORT ECOSYSTEM

TRAFFIC SERVICE  
DEVELOPERS

TRAFFIC SERVICE  
PROVIDERS

### FINTRAFFIC'S STRATEGIC PROGRAMMES

A VALUE-CREATING TRAFFIC ECOSYSTEM

PRODUCTISED DIGITAL ECOSYSTEM SERVICES

TRAFFIC CONTROL DEVELOPMENT

DATA &  
SERVICES

CAPABLE ICT ARCHITECTURE

EFFICIENT AND RELIABLE PROCESSES

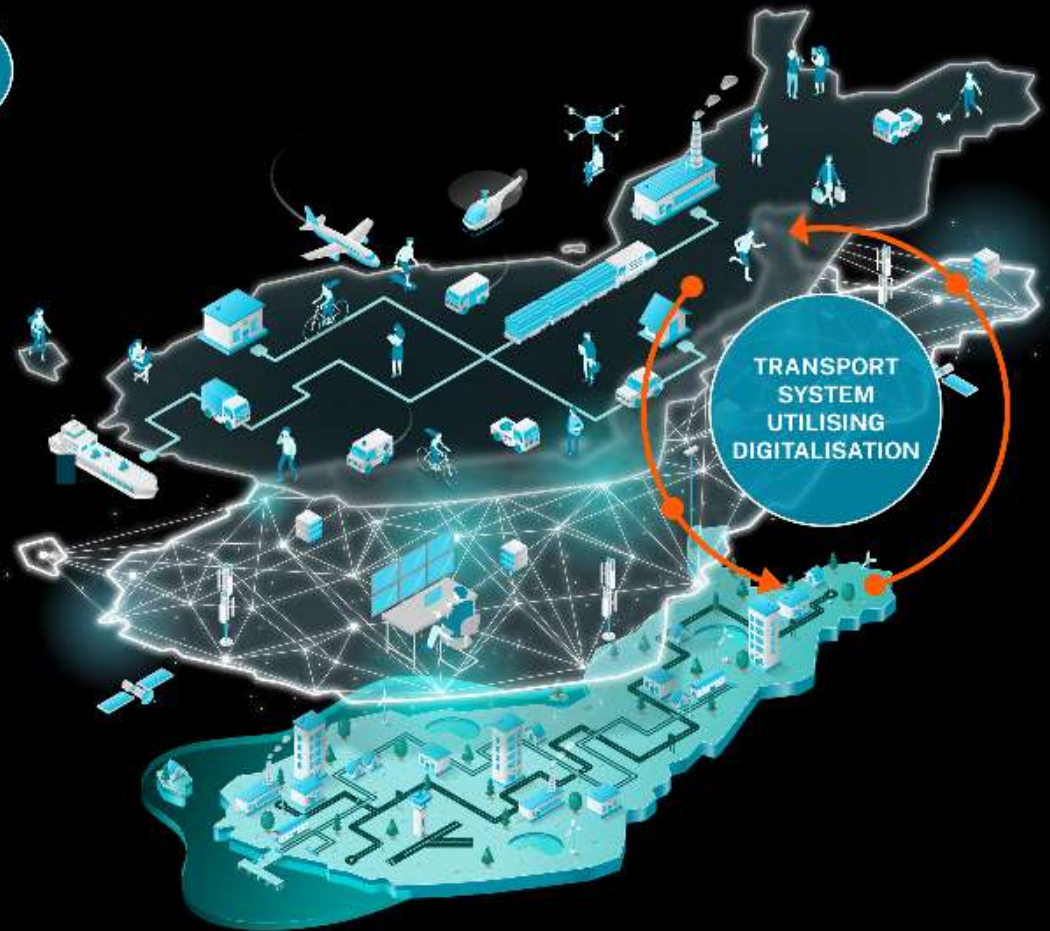
COMPETENCE, MANAGEMENT AND CORPORATE CULTURE

VALUES:

We secure, care and lead the way. Together.

VISION:

The safest, smoothest and most environmentally friendly traffic in the world.



MISSION:

The world's best traffic control and intelligent services for traffic. Together.

WHAT WE ARE BUILDING TOGETHER





# Traffic vision 2030

Watch  
the video  
[Link \(en\)](#)

The year is 2030.

# Sustainability as a Core of Our Every Day Business

- At Fintraffic, we are committed to operating honestly, responsibly and ethically.
- We are committed to the Finnish State's carbon neutrality objective and are ambitiously aiming to reduce the greenhouse gas emissions from our own operations to zero. We help the whole transportation sector to decrease its emissions.
- We take care on daily basis of safety, people, environment, economic and good governance.
- We report about our sustainability in line with the international guidance (GRI) and we support the UN's SDG's (Global Compact). The preparation of taxonomy legislation is followed carefully.

## Relevant topics for sustainability

### Safety

Continuous safety improvement

#### People

Happy, committed, motivated personnel

Versatile, equal and non-discriminatory working community

#### Environment

Energy and material efficiency and carbon neutrality

Environmentally effective traffic management

#### Economic

Societal impact

Economic added value and efficiency

### Good Governance

Good and transparent management & governance

## Fintraffic supports UN's Sustainable Development Goals







## We secure

We provide safety for people and the environment all hours of the day. We are constantly developing our ability to improve traffic safety. We are building a fair and transparent safety culture, where problems can also be reported openly. For us, safety always comes first.



## We care

We are a promoter of sustainable development. We want the everyday life of Finns to run smoothly, the environment to be in good shape, companies to be successful and the euros invested in transport to achieve as much good as possible. We value each other and we let it show. We want everyone to be met as just the person they are. With a big heart.



## We lead the way

We are dreaming of having the best transport system in the world. That is why we want to be a pioneer in the transport sector. This requires excellence and constant learning on our part. In our own role, each of us will be bold in building an even better future.



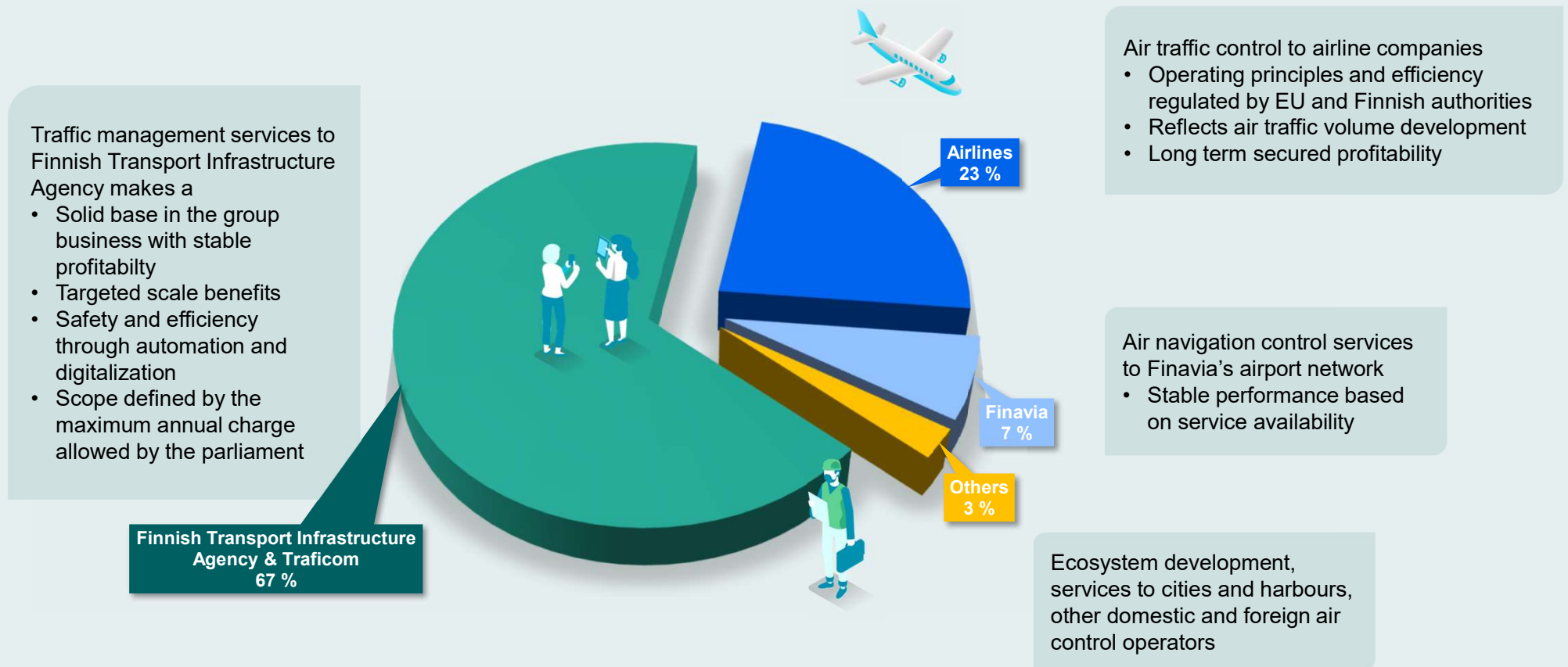
## Together

Every skilled employee is an asset. A team playing together is even more valuable. We operate in such a complex world that the development of the transport system can only be successful when we work on it together and with our partners. This is the only way for us to achieve our goals, and to make Finland a slightly better place to live and, at the same time, Fintraffic a great workplace. Together we are more.



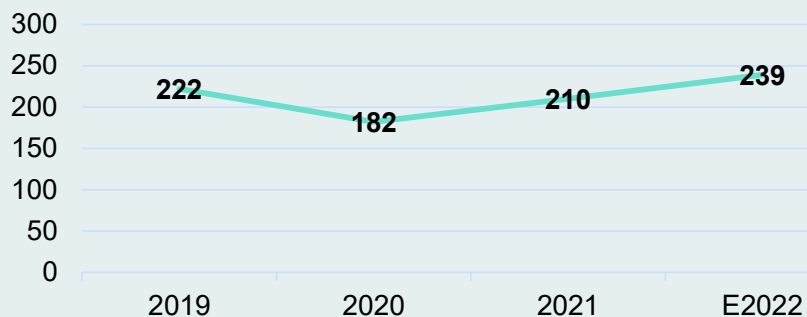


# Public Sector forms the Stable Core of the Customer Base



# Targeting High Effectiveness with Moderate Profitability

## Net sales (M€)



## EBT (%)



Focus in building effectiveness in Finnish traffic system

- Securing safety and transparency
- Support in emission reduction
- Interlinked and streamlined traffic
- Benefits gained in economies of scale

Growth in net sales doesn't play a crucial role – growth possible when introducing new services.

Moderate profitability, EBT 3-5%, secures ability to upgrade digitalization of Finnish traffic system.

Pricing of the majority of the business follows Cost plus

Recent fluctuations in net sales and profitability in air navigation services are caused by the Covid pandemic and Ukrainian war



# Modernization of Finnish Technological Infrastructure in Traffic Management requires Investments

Major part of the investments are carried out in partnership with Finnish Transport Infrastructure Agency (Väylävirasto). Promoting digital layer into railway, road and maritime traffic management infrastructure means:

- Automation
- Digitalization
- Data to support diverse end users

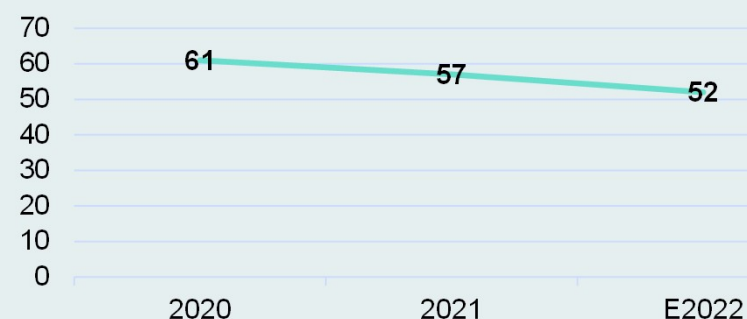
Significant CAPEX categories:

- Remote control systems
- Automation of traffic operators' duties
- Facilities to provide data to traffic end users
- Tunnel technology

Significant capital expenditure program was carried out also in air navigation services during 2020-21 regardless of challenging time due to Covid. Recovery in cash flow expected in 2025.

Next generation's digital railway control system will be launched gradually after 2026 requiring significant investments and financing.

## CAPEX (M€)

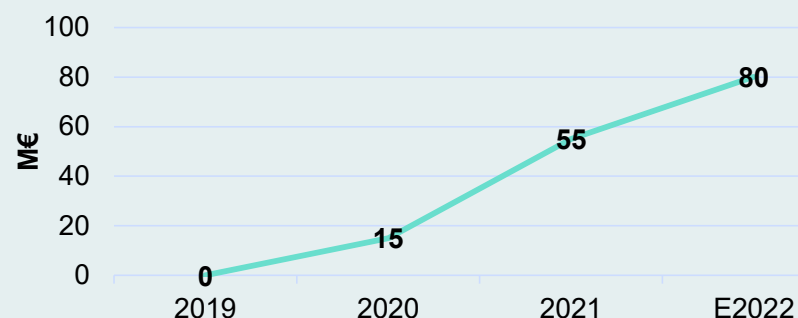


## Free Cash Flow (M€)

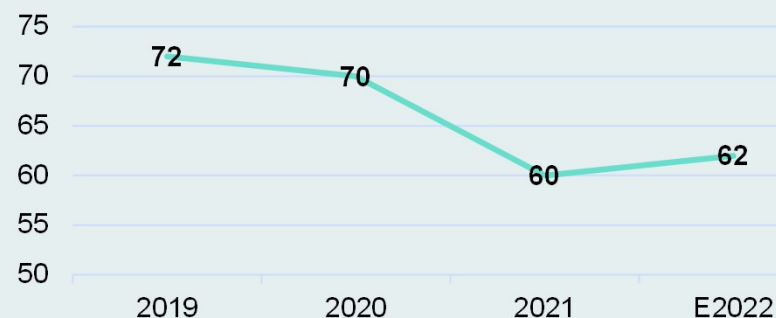


# Amount of debt increases but Balance sheet remains strong

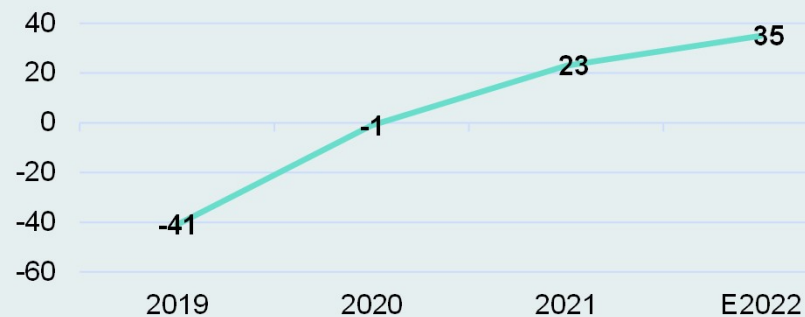
## Interest bearing Debt (M€)



## Equity to Assets (%)



## Net Gearing / %



- Interest bearing debt will increase in the next couple of years due to the air traffic volume's hit on cash flow and group's steady capex volumes.
- Balance sheet remains strong with moderate net gearing levels and equity to asset ratio remaining stable at approx 60%.
- Next generation's digital railway control system will be launched gradually after 2026 requiring significant investments and financing. This may also offer new investment opportunities for the investors





# Fintraffic's 100 million Commercial Paper Programme

- Fintraffic launched a 100 million euro commercial paper programme on 23rd of November 2022 in an investor presentation.
- The commercial paper programme will increase sources of funding and improve flexibility. It will be mainly used to finance short term financing needs.
- The programme will come on top of the current existing long term financing facilities consisting of term loan and revolving credit facilities.
- The arranging banks are OP (lead arranger), Nordea and SEB.
- **If you are an investor looking to invest into Fintraffic's commercial paper programme please contact the arranger banks for the full investor presentation and details of the programme. The contact details can be found on the next page.**





# Contact details of the arranger banks of the 100 million commercial paper programme

OP Yrityspankki Oyj (lead arranger)

[Instituutiomyynti@op.fi](mailto:Instituutiomyynti@op.fi)

+358102523137

Nordea Bank Oyj

[Moneymarket.finland@nordea.com](mailto:Moneymarket.finland@nordea.com)

+358 9 369 50950

Skandinaviska Enskilda Banken AB (publ)

Helsinki branch

[FICC@seb.fi](mailto:FICC@seb.fi)

+358 9 616 28523

# More information at fintraffic.fi:

Regularly disclosed information about governance and financials

- Annual Report, incl. ESG reporting
- Governance and Remuneration Report
- Financial information **Fintraffic Report of the Board of Directors and Financial Statement**
  - H1/2022 report <https://www.fintraffic.fi/en/news/traffic-management-company-fintraffic-ltds-half-year-report-january-june-2022>
  - Fintraffic's Report of the Board of Directors and Financial Statement  
<https://www.fintraffic.fi/en/tmfg/annualreport>  
<https://www.fintraffic.fi/en/fintraffic/financial-information>

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