



GASUM GROUP FINANCIAL RESULT

Q2 2019

Gasum

EXPANSION OF GAS INFRASTRUCTURE – INCREASINGLY WIDE-SPREAD USE OF GAS-FUELED VEHICLES PROMOTES SIGNIFICANT TRAFFIC EMISSION REDUCTIONS

KEY FINANCIAL INDICATORS JANUARY 1 TO JUNE 30, 2019

- Group revenue increased by 6% and totaled €632.5 million (H1/2018: €597.5 million)
- Operating profit totaled €76.3 million, flat year on year (€76.3 million)
- Balance sheet total increased to €1,574.4 million (December 31, 2018: €1,526.6 million) following the introduction of the new IFRS 16 standard
- The Group's financial position remained strong in the reporting period, with the equity ratio being 43.9% (December 31, 2018: 43.7%)

KEY FIGURES

€ million	1-6/2019	1-6/2018	Change	2018
Revenue	632.5	597.5	5.9%	1,177.4
Operating profit	76.3	76.3	0.0%	124.2
Operating profit (%)	12.1%	12.8%		10.5%
Equity ratio (%)	43.9%	44.0%		43.7%
Return on equity (%) *	12.0%	13.3%		13.3%
Return on investment (%) *	8.6%	9.3%		9.2%
Balance sheet total	1,574.4	1,465.9	7.4%	1,526.6
Net interest-bearing debt	573.9	558.9	2.7%	562.7
Gearing ratio (%)	83.3%	86.7%		84.7%
Net debt/EBITDA ***	2.8	2.9		2.9
Personnel at the end of period	364	432	-15.7%	434

* Annualized

** Current period restated without the IFRS 16 effects

Reference period information does not include IFRS 16 effects



GASUM GROUP CEO JOHANNA LAMMINEN COMMENTS ON THE FIRST HALF OF 2019:

"Our financial performance was in line with our expectations during H1. Our revenue increased to €632.5 million, up 6% year on year (€597.5 million) and our operating profit for the period under review was €76.3 million (€76.3 million), which was flat compared to a year earlier.

During H1, we took our strategy steadfastly forward and together with our personnel updated our strategic targets for future years. Demand for cleaner energy solutions is showing strong growth in industry and total gas sales volumes are projected to further increase. As a low emission fuel, the role of gas will increase in the future, above all in maritime transport and heavy-duty road transport as action to curb climate change calls for a transition to cleaner solutions.

Gasum's associated company Manga LNG Oy's LNG terminal in Tornio, Finland was opened in early June. The new terminal is a response to growing demand for low-emission LNG and strengthens security of LNG supply in the northern parts of the Nordic countries. The terminal will significantly support the competitiveness of the region by ensuring the availability of an affordable, low-emission form of energy to meet the demands of local industry as well as maritime and heavy-duty road transport.

During the period under review, we entered into significant partnerships in different businesses, of which the most important are two liquefied natural gas supply contracts to industry: Forchem Oy's tall oil distillery in Rauma and Eastman Chemical Company Oy's production site in Oulu. Gas offers industrial operators a good alternative to achieve emissions targets.

Growing the road fuel gas market and increasing biogas production are key elements in Gasum's strategy. We have acquired the Mäkikylä biogas plant in Kouvola, Finland from Kouvola Vesi Oy. The transaction enables us to invest in the expansion of the Mäkikylä plant with the aim of increasing biogas production and modernizing the processes at the plant to bring them into line with today's requirements. During the period under review, we also made an investment decision to construct a biogas plant at Munkkaa in conjunction with the Lohja waste management center. On completion, the plant is expected to produce more than 40 GWh of biogas and 50,000 tonnes of organic fertilizers a year.

During the period under review, we opened three gas filling stations to meet the needs of heavy-duty transport and three filling stations for passenger cars. In addition, other operators are also building new gas filling stations, which will further complement the filling station network. Adding to the network of gas filling stations promotes the circular economy and supports national emissions reduction targets by helping Nordic transport to switch over to using cleaner fuel solutions."

FOR FURTHER INFORMATION PLEASE CONTACT:

Johanna Lamminen,
Chief Executive Officer,
Gasum
Phone: +358 20 44 78 661
(Henna Walker,
Executive Assistant)
firstname.surname(a)
gasum.com

GASUM IN BRIEF

The energy company Gasum is a Nordic gas sector and energy market expert. Together with its partners, Gasum is building a bridge towards a carbon-neutral society on land and at sea. Gasum imports natural gas to Finland and promotes the circular economy by processing waste and producing biogas and recycled nutrients in Finland and Sweden. The company offers energy for heat and power production, industry as well as road and maritime transport. Gasum is the leading supplier of biogas in the Nordic countries. The company has a gas filling station network that also serves heavy-duty vehicles. Gasum is also the leading liquefied natural gas (LNG) player in the Nordic market. The company continues to strengthen the position and infrastructure of LNG and supplies LNG to maritime transport, industry and heavy-duty vehicles in Finland, Sweden and Norway. Gasum offers the most comprehensive expert services and solutions in the energy market.

www.gasum.com

OPERATING ENVIRONMENT

Gas is an affordable and low-emission source of energy that can help to achieve significant emissions reductions. Curbing climate change and keeping climate warming to below 2°C call for a fast and sharp reduction in emissions in all sectors. The goal of a carbon-neutral Europe by 2050 means emissions cuts of up to 80%. Gas is currently being used above all to replace coal and oil-based fuels.

Coal and natural gas prices have been falling driven by plentiful stocks, abundant supply and a seasonal slow in demand in Europe since the start of the year. Higher emission allowance prices and more ambitious emissions reduction targets have fueled interest in the use of gas.

During the current year, more abundant than normal precipitation and a clear fall in fuel prices have exerted pressure also on electricity prices. The downward pressure exerted by fuel prices has restricted the hike in emission allowance prices, which have continued to rise. During the spring, weaker than normal nuclear power production and the scant availability of wind power increased the price of electricity at times on the Finnish market. On the other hand, the availability at times of abundant hydropower and wind power was reflected also in low electricity prices.

There are several development projects relating to gas production and transport underway in the Group's operating environment. These projects increase competition while at the same time building confidence in the availability and market-based pricing of natural gas.

Maritime transport continues to show growing interest in LNG and order books for large LNG-fueled vessels have increased. In June, Gasum's bunker vessel Coralius completed its first ship-to-ship LNG bunkering in the Port of Rotterdam.

In May, the EU passed limits applying to emissions targets from new heavy-duty vehicles. Under the new standards, average carbon dioxide emissions from new heavy-duty vehicles must be 15% lower by 2025 and at least 30% lower by 2030 than in 2019. Sweden has also set a national target to reduce carbon dioxide emissions from traffic in Sweden by at least 70% by 2030, whereas the target in Finland is 50% by 2030. These targets strongly support LNG-fueled heavy-duty transport and the growth in its filling station infrastructure across the EU as well as growth of the traffic fuel gas market in different vehicle segments. Demand for environmental-friendly products and services is showing rapid growth among customers.

In road transport, the number of gas vehicles continues to grow in Finland, where the number of gas vehicles has doubled since the start of 2018. In H1/2019, there were around 1,400 first registrations of gas cars and, in addition, just under 800 used gas cars were imported. Finland has set the goal of 50,000 gas-fueled vehicles by 2030 and at the current rate this target will be achieved ahead of time.

Finland's new government formed in May has given much importance to actions to slow climate change. Biogas has an important position in the Government Programme since the Government is drawing up a national biogas programme which is intended to help Finland to achieve its climate targets and to strengthen the importance of biogas as an up-

holder of Finland's vitality. In addition, Finland will introduce a biogas production subsidy based on nutrient recycling in an attempt to direct primarily manure for biogas production. On top of this, the Government will continue to support new biogas investments.

The Government Programme also includes several policies that directly promote the use of road fuel gas. The Programme promotes the transition of heavy-duty transport to using sustainable biofuels, reinforces the introduction of low-emission vehicles in public transport and continues the conversion subsidy familiar from recent years at its present level. At some stage, sustainably produced biogas will be included in the obligation to distribute biofuels and expansion of the gas filling station infrastructure will be supported.

Sweden aims to be fossil free by 2045. The aim for road transport is to reduce greenhouse gas emissions by 70% from the 2010 level by 2030. Sweden's national freight transport strategy sets targets for continuously improving energy efficiency and reducing dependence on fossil fuels in order to reduce climate impacts of the transport system.

The Swedish Government has allocated almost SEK 2 billion (around €200 million) under the Climate Leap programme for local investments to reduce greenhouse gas emissions. National investment support has been granted for biogas production, filling station infrastructure and buying low-emission vehicles.

In Norway, the target is to cut greenhouse gas emissions by at least 40% by 2030 and to become a low-emission society by 2050, with greenhouse gas emissions 80–95% lower than in 1990. To reach these targets, national financial support is offered for initiatives that help to reduce greenhouse gas emissions and to develop new energy and climate technologies.

GASUM'S STRATEGY IS TO EXPAND THE GAS MARKET

In H1, Gasum moved steadfastly forward with its strategy in the Nordic countries.

The LNG terminal in Tornio in northern Finland was opened in early June in response to growing demand for low-emission LNG and to strengthen competitiveness by ensuring the availability of affordable, low-emission energy for the needs of local industry as well as maritime and heavy-duty transport.

Gasum has signed two major liquefied natural gas supply contracts to industry: Forchem Oy's tall oil distillery in Rauma and Eastman Chemical Company Oy's production site in Oulu. Demand for clean gas solutions is growing in industry and gas offers industrial operators a good alternative to achieve emissions targets.

A key element in Gasum's strategy is to grow the biogas market and increase biogas production capacity. To this end, Gasum has been pursuing different partnerships to strengthen the availability of biogas. During the period under review, Gasum acquired the Mäkikylä biogas plant in Kouvola. The transaction enables investments to increase biogas production at the plant. Gasum is also working together with Oulun Energia to build a biogas plant in conjunction

with Oulun Energia's Laanila eco power plant. Modernization and deployment of an expansion project at the Turku biogas plant began in June and the plant is expected to enter commercial service in September. The company also embarked on several cooperation projects with different partners. The company began investments to utilize biogas in road use at the plants in Oulu and Huittinen as well as construction of a new biogas plant in Sweden at Nymölla at Stora Enso's pulp and paper mill. Also in Sweden, the modernization investment at the Västerås plant was completed.

Gasum is committed to the development of a low-emission road fuel gas market in the Nordic countries. The period under review saw the company expand its gas filling station network in Sweden with two new stations and added two new stations to its heavy-duty filling station network in Finland in response to rapidly growing from heavy-duty transport. In addition, Gasum opened three new filling stations in Finland for light transport vehicles.

BUSINESS DEVELOPMENT IN H1 OF 2019

Gasum Group's revenue for January 1 to June 30, 2019 totaled €632.5 million, up 6% year on year (H1/2018: €597.5 million). Group operating profit was €76.3 million (€76.3 million). Operating profit margin decreased slightly year on year and was 12.1% (12.8%). The decrease in the operating profit margin was affected by sales volumes during an exceptionally cold period at the beginning of the reference year. On the other hand, operating profit rose year on year due to a non-recurring write down on the Porvoo LNG production plant during the reference year.

Natural gas and LNG

Gas is a good option for industrial and maritime transport operators to reach their emissions targets. Natural gas consumption was 12.8 TWh (2018: 13.6 TWh) and LNG consumption was 3.6 TWh (3.2 TWh) during the period under review. Gas consumption decreased year on year because of higher gas consumption volumes triggered by a cold period at the beginning of the reference year.

During the period under review, Gasum entered into an agreement with cleantech company Forchem on the delivery of liquefied natural gas (LNG) to Forchem's tall oil distillery in Rauma. Deliveries will begin in September this year. Gasum also entered into a long-term partnership with Eastman Chemical Company to deliver LNG to Eastman's production site in Oulu. The LNG will be delivered from Manga's LNG terminal in Tornio and deliveries will start in 2020.

Manga LNG Oy's LNG terminal in Tornio was opened for commercial use in June 11. Gasum's associated company Manga LNG Oy is a joint venture also involving Outokumpu, SSAB and EPV Energia.

Under Finland's new Natural Gas Marketing Act, the gas transmission business will be unbundled from Gasum into a separate company (ownership unbundling). Relating to the transmission business, Gasum owns the Finnish natural gas transmission pipeline network and the gas inter-connector pipeline project (Baltic Connector) under construction between Finland and Estonia. Gasum will continue to act as the Transmission System Operator (TSO) with system responsi-

bility until the end of 2019. The name of the new company unbundled from Gasum will be Gasgrid Finland Oy and will begin operations on January 1, 2020.

The company's preparations for the open market progressed as planned during the period under review. The gas transmission tariffs effective in 2020 were published for comments by the market participants on February 15, 2019. Together with the Energy Authority, Gasum organized a public consultation relating to the tariffs. The consultation ended on March 31 and the new transmission tariffs for 2020 were published on June 28, 2019.

Portfolio Management and Trading

Trading provides access to the energy market and aims to generate added value in the energy market for Gasum's businesses and customers.

Also operating as part of Portfolio Management and Trading is Energy Market Services business through which Gasum provides comprehensive services to energy wholesale users and producers. The operational horizon extends long term from strategic planning and risk management of acquisition and production to 24-hour balance management at the time of use. Energy Market Services also operates in the risk management of and trading questions relating to emission allowances, electricity guarantees of origin and gas trading.

During the remainder of the year, Energy Market Services will focus, alongside achieving growth in the current business, on designing and selling services for the opening gas market and launching service production.

Biogas and Traffic

Developing the biogas market, increasing biogas production capacity and promoting cleaner traffic are key elements in Gasum's strategy.

Sales volumes in the Biogas business in H1/2019 totaled 206 GWh (249 GWh). The decrease in sales volumes was affected by the sale of biogas distribution sales contracts to Suomen Kaasuenergia Oy in June during the reference period.

The company strengthened the availability of Finnish renewable biogas with the acquisition of the Mäkikylä biogas plant. The transaction enables investments to significantly increase biogas production at the plant. Increased biogas production is necessary to enable ambitious traffic emissions reduction targets to be reached in the future.

Gasum's other biogas plant projects in Nymölla in Sweden and in Lohja and Turku in Finland progressed to plan during the period under review. All biogas plant projects have been granted investment subsidies. The Swedish Environmental Protection Agency has granted an investment subsidy of €12.7 million to the Nymölla biogas plant project. The Finnish Government has granted the Turku plant €7.97 million and the Lohja biogas plant project €7.83 million under the "Bioeconomy and clean solutions" key project.

During the period under review, modernization and expansion of the Turku biogas plant progressed to plan and a start was made on bringing the extension into use at the end of June. The modernized part of the plant was brought into use back in autumn 2018. The plant will be fully ready for produc-

tion use during Q3/2019. On completion, the plant will produce around 70 GWh of liquefied biogas a year from biowaste.

Gasum has launched partnership collaboration projects to explore the possibilities to increase biogas production capacity and to strengthen the availability of biogas. During the period under review, Gasum began working with waste management company Lounais-Suomen Jätehuolto and waste-to-energy company Lounavoima to study building a solution based on general waste whereby the biodegradable waste in general waste could be separated for use in biogas production to make fuel for transport.

Gasum is also working together with Oulun Energia on the basic design for a biogas plant to be located in conjunction with Oulun Energia's Laanila eco power plant. The planned biogas plant would use the biodegradable material mixed in with municipal general waste as a feedstock. In the joint venture, Oulun Energia is preparing to invest in a waste processing facility that would sort around 45,000 tonnes of biodegradable material from 130,000 tonnes of household general waste each year. Gasum would be responsible for processing the biodegradable waste into biogas and for processing it into a road fuel.

During the period under review, Gasum entered into a letter of intent with Valio to begin studies to find a collaboration model as to how animal manure could be used to produce renewable biogas road fuel. Besides this, Gasum also entered into an agreement with Tampere Regional Solid Waste Management whereby Gasum will buy the biogas produced by the new biogas plant to be built in 2020 in Koukkujärvi in Nokia.

Gasum's Traffic business develops the filling station network and sells compressed and liquefied natural gas and biogas for road transport in the Nordic countries. The sales volumes of the Traffic business were 56 GWh (37 GWh), up 53% year on year. The strong growth in sales volumes was driven by increased demand for cleaner transport solutions in different sectors and by expansion of the filling station network.

Gasum is investing in developing the road fuel gas market and business is in a strong phase of development. EU and national emissions targets are driving a fast reduction in traffic emissions. The company aims to build a network of 50 gas filling stations for heavy-duty vehicles in Finland, Sweden and Norway by the early 2020s. During the period under review, Gasum opened gas filling stations in Lahti, Oulu and Raisio in Finland as well as gas stations for heavy-duty vehicles in Oulu and Lahti in Finland and in Norrköping and Västerås in Sweden.

BALANCE SHEET AND FINANCIAL POSITION

The Group's balance sheet total at June 30, 2019 was €1,574.4 million (December 31, 2018: €1,526.6 million). The increase was influenced among other things by the IFRS 16 Leases standard, effective since the start of the year, and new investments in biogas production plants and gas filling stations.

The Group's interest-bearing debt at the balance sheet date totaled €633.4 million (December 31, 2018: €580.6 million), including borrowings from financial institutions and finance lease liabilities. The increase in interest-bearing

debt is due to the introduction of the new IFRS 16 standard and the comparative amounts for the reference year have not been restated. The Group's financial position remained strong during the reporting period, with the equity ratio being 43.9% (December 31, 2018: 43.7%).

CAPITAL EXPENDITURE AND ACQUISITIONS

Gasum Group's capital expenditure on tangible and intangible assets in H1/2019 totaled €53.3 million (€14.8 million) and focused largely on biogas plant expansion investments and the building of new filling stations as well as the interconnector pipeline under construction between Finland and Estonia.

Capital expenditure supports and promotes the implementation of Gasum's strategy, the key elements of which are developing the biogas market, increasing production capacity and expanding the filling station network.

The business transaction between Gasum Ltd and Kouvolan Vesi Oy closed on June 17, 2019. Under the transaction, Gasum acquired the business of the Mäkikylä biogas plant in Kouvola which includes the Mäkikylä wastewater treatment plant and biogas plant building and process equipment.

QUALITY, THE ENVIRONMENT, SAFETY AND SECURITY AND RESPONSIBILITY

Gasum Group's integrated management system (IMS) covers occupational health, safety and security, sustainability, environmental, energy and quality management. The main focus in management system development is currently on harmonizing processes and ways of working to meet the needs of the new organization structure.

Safety is a key element in Gasum Group's strategy and operations. The company is constantly focusing on reaching its target of zero accidents involving its personnel, the environment or property. The company's lost time injury frequency has developed in the right direction and during H1/2019 there were 75% fewer accidents than a year earlier. All business units report monthly the impacts of their operations on safety and the environment and any improvements required are integrated into business processes.

The company's processes were audited during Q2 and the main audit focus was on choice of supplier as well as plant processes. Gasum's production plants have environmental certification and processes are constantly developed.

There was a good level of security of supply of natural gas, LNG and biogas during H1 and there were no disruptions in gas supplies.

During the period under review, the company continued energy efficiency measures introduced at the start of the year by among other things increasing energy efficiency in its own operations.

RESEARCH AND PRODUCT DEVELOPMENT

In H1/2019, the focus in the company's research and product development was on development of the Biogas business, particularly in Finland and Sweden.

The circular economy and recycled nutrients are at the core Gasum's research and product development. In collabo-

ration with its partners, the company has continued product development relating to new digestate processing solutions and potential uses of nutrient residues. The aim is to process nutrient residues originating in biogas production to meet the needs of industrial processes, for example.

During the period under review, Gasum, together with Helsinki Region Environmental Services Authority (HSY) and the Natural Resources Institute Finland (Luke), was also involved in the Sludge Derived Biochar project, which is studying sludge derived biochar produced by pyrolysis and the properties of this char. The Sludge Derived Biochar project aims to promote the safe and energy-efficient utilization of nutrients and carbon contained in sewage sludge.

During the period under review, the Gasum Gas Fund awarded grants totaling €62,200 for research and development in the gas sector. Gasum supports research and development in the gas sector through the Gasum Gas Fund. The objective of the Gas Fund is to support full-time research relating to energy solutions based on gas and to produce information supporting development in the gas sector. The Gas Fund is one of the special funds run and administered by the Finnish Foundation for Technology Promotion (TES).

PERSONNEL AND ORGANIZATION

As at June 30, 2019, Gasum Group had a total of 364 employees (December 31, 2018: 434). Of these, 72 worked in Sweden and 55 in Norway. The remaining 237 employees were based in Finland.

The decrease in the number of Group employees is due to Gasum selling the shares of Gasum Tekniikka Oy to Viafin Service Oyj earlier in the year. The employees of the company sold were transferred in conjunction with the transaction. On the other hand, employee numbers have risen following the new organization structure, the resource needs of new business operations and the hiring of summer employees.

OWNERSHIP STRUCTURE AND GOVERNANCE

Gasum is fully (100%) owned by the State of Finland. Of the shares, 73.5% are held by the state-owned Gasonia Oy and 26.5% directly by the State of Finland. There were no changes in shareholding during the period under review.

Gasum Ltd's Annual General Meeting was held in Helsinki on March 18, 2019. The AGM confirmed the number of Gasum's Board of Directors as being seven. The current members Juha Rantanen, Stein Dale, Elina Engman, Päivi Pesola, Elisabet Salander Björklund and Jarmo Väisänen were re-elected. Torbjörn Holmström was elected as a new member of the Board. Juha Rantanen was re-elected as the chairman of the Board of Directors. The Board's work is supported by the Audit and Risk Committee and the HR Committee.

RISK FACTORS AFFECTING FINANCIAL PERFORMANCE

Gasum operates in the energy sector and its financial performance entails financial, economic, operative, strategic and political risks.

The price of natural gas and associated products as well as demand for liquefied natural gas (LNG) are the most impor-

tant risks affecting the company's performance. In the long term, the economic environment and prices of alternative fuels affect demand for and price of natural gas, biogas and LNG. In the short term, above all the weather, prices of alternative fuels and the associated seasonal fluctuations affect the price of gas. Besides economic factors, energy policies and environmental factors also affect the demand for gas.

Energy policy aims as well as customers' need to switch to cleaner fuels is steadily increasing the interest in natural gas and its demand as an industrial, maritime transport and road traffic fuel. The lower carbon dioxide emissions from natural gas compared to other similar fuels, as well as the availability of gas technologies are contributing to the growing demand for gas solutions.

Gasum aims to expand the Nordic gas market, which will bring strategic risks relating to the operating environment, technology and customers. The political risk mainly relates to changes in EU and national legislation, energy subsidies and, in particular, taxation. The company prepares for these risks by monitoring and actively participating in debate taking place in its operating environment. In addition, Gasum seeks to constantly draw attention to the company's viewpoints as regards the impacts of proposed amendments to legislation or taxation.

Gasum is exposed to operational risks which relate to the fact that the company uses a transmission pipeline, trucks and ships to distribute gas. Because the company's logistics operations take place both on land and at sea, the company is exposed to the operational risk of disruption to customers' energy supply. The company prepares for potential disruptions in the supply of natural gas by having reserve fuel arrangements in place. Gasum monitors its operations, production and logistics on a daily basis. Employee health and safety at work are important factors in mitigating operational risks. Oversight of compliance with environmental permits is also a continuous process in the company.

Gasum's general risk management development is described in Gasum Group's Enterprise Risk Management Policy, which has been adopted by the company's Board of Directors. The priority of the Enterprise Risk Management Policy is to help Gasum's businesses, management and employees to better safeguard the company's operations and support achievement of the company's growth strategy. The main principle of the company's risk management is to take responsibility for risks and to respond to risks where they arise. Each business unit and Group function is responsible for identifying, assessing and managing its own risks.

The company's Code of Conduct contains practices and principles to which Gasum Group's entire personnel are committed. Separate risk policies are used to monitor energy trading and risk management operations. The Audit and Risk Committee is responsible for oversight of the company's risk management system. The Risk Controller coordinates risk management processes and reports to the CFO. The Risk Controller is also responsible for monitoring all Group risks and for the instructions and tools to ensure a sufficiently effective risk management process in the company's business operations.

FUTURE OUTLOOK

As a low emission fuel, the role of gas will increase, particularly in maritime and heavy-duty road transport. Gas also offers industrial operators an excellent alternative in their efforts to achieve their emission targets. In addition, the role of gas as a regulating power will grow with the increased use of renewable energy sources such as solar and wind power, the supply of which varies. At the same time, the share of renewable gases will account for a significant share of total use.

Gasum's investments in the Nordic gas ecosystem and in new business facilitate significant future growth. The capacity to operate more broadly in the energy market strengthens Gasum's position comprehensively as an energy company of the future.

Total sales volumes of gas are anticipated to grow, which will also ensure the positive development of the company's revenue and profitability. Last year saw a rise in natural gas consumption in Finland for the first time since 2010 and the tax change in combined heat and power production entering into force at the start of 2019 also improved the competitiveness of gas especially compared to coal.

Gasum's transmission operations and other businesses will undergo ownership unbundling as from the beginning of 2020. Following that, the transmission business will operate in a separate company. Gasum will continue the purposeful development of its businesses in line with its strategy.

GASUM GROUP

Revontulenpuisto 2 C, P.O. Box 21
FI-02100 Espoo, Finland, phone +358 20 44 71
www.gasum.com

CONSOLIDATED STATEMENT OF INCOME

€ million	Note	1-6/2019	1-6/2018	1-12/2018
Revenue		632.5	597.5	1,177.4
Other operating income		12.1	12.2	12.9
Materials and services		-490.6	-450.9	-909.1
Personnel expenses		-19.4	-20.3	-40.1
Depreciations and amortization	3	-32.2	-40.1	-69.8
Other operating expenses		-27.3	-22.9	-47.3
Share of result from investments accounted for using the equity method		1.3	0.7	0.1
Operating profit		76.3	76.3	124.2
Finance items - net		-7.3	-6.1	-23.6
Profit before taxes		69.0	70.2	100.6
Taxes		-20.2	-18.3	-17.3
Profit for the period		48.8	51.9	83.2
Profit for the period attributable to:				
Owners of the parent		48.8	54.1	87.7
Non-controlling interest		0.0	-2.2	-4.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million	1-6/2019	1-6/2018	1-12/2018
Profit for the period	48.8	51.9	83.2
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefits	0.0	0.0	0.4
Taxes related to items that will not be reclassified	0.0	0.0	-0.1
Items that may be reclassified subsequently to profit or loss			
Translation differences	1.2	1.9	-1.0
Cash flow hedges	9.1	0.0	-2.7
Taxes related to items that may be reclassified	-1.8	0.0	0.5
Total comprehensive income for the period	57.2	53.8	80.4
Total comprehensive income for the period attributable to:			
Owners of the parent	57.2	56.0	84.7
Non-controlling interest	0.0	-2.2	-4.4

CONSOLIDATED BALANCE SHEET

€ million	Note	30.6.2019	30.6.2018	31.12.2018
ASSETS				
Non-current assets				
Intangible assets	3	223.0	215.4	226.3
Tangible assets	3	1,074.2	995.2	1,013.0
Equity-accounted investments		11.7	11.2	10.5
Other investments at fair value through the statement of income		0.1	0.0	0.1
Derivative financial instruments	5	1.0	1.1	1.1
Other non-current assets		0.3	0.4	0.3
Total non-current assets		1,310.2	1,223.4	1,251.3
Current assets				
Inventories		25.4	98.5	24.2
Derivative financial instruments	5	14.5	2.5	6.4
Trade and other receivables	4	160.7	105.7	223.2
Current tax assets		0.7	0.4	0.3
Assets held for sale		3.3	0.0	3.3
Cash and cash equivalents		59.5	35.5	17.8
Total current assets		264.1	242.6	275.2
Total assets		1,574.4	1,465.9	1,526.6

CONSOLIDATED BALANCE SHEET

€ million	Note	30.6.2019	30.6.2018	31.12.2018
EQUITY AND LIABILITIES				
Share capital		178.3	178.3	178.3
Paid-up unrestricted equity fund		26.3	0.0	26.3
Fair value reserves		5.1	0.0	-2.1
Retained earnings		434.5	378.9	379.7
Profit (loss) for the period		48.8	54.1	87.6
Translation differences		-4.2	-2.5	-5.4
Total equity attributable to owners of the parent		688.8	608.8	664.3
Non-controlling interest		0.0	35.9	0.2
Total equity		688.8	644.7	664.5
Liabilities				
Non-current liabilities				
Loans	6	387.2	399.7	415.1
Other non-current liabilities		193.8	174.4	143.5
Derivative financial instruments	5	5.2	4.2	5.5
Deferred tax liabilities		71.2	78.1	63.9
Provisions		10.1	10.0	10.0
Post-employment benefits		5.5	7.4	6.7
Total non-current liabilities		673.1	673.8	644.8
Current liabilities				
Loans	6	45.8	19.8	19.8
Derivative financial instruments	5	11.5	2.5	9.7
Trade and other current liabilities	7	154.8	116.9	175.5
Current tax liabilities		0.4	8.3	12.3
Total current liabilities		212.5	147.5	217.3
Total liabilities		885.5	821.2	862.1
Total equity and liabilities		1,574.4	1,465.9	1,526.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Attributable to owners of the parent					Total	Non-controlling interest	Total equity
	Share capital	Paid-up unrestricted equity reserve	Fair value reserve	Retained earnings	Translation differences			
Equity at January 1, 2019	178.3	26.3	-2.1	467.3	-5.4	664.3	0.2	664.5
Profit for the period				48.8		48.8	0.0	48.8
Other comprehensive income								
Translation differences					1.2	1.2		1.2
Cash flow hedges			7.2			7.2		7.2
Total comprehensive income for the period			7.2	48.8	1.2	57.2	0.0	57.2
Transaction with the owners								
Profit distribution				-32.9		-32.9		-32.9
Other changes				0.1		0.1	-0.2	0.0
Equity at June 30, 2019	178.3	26.3	5.1	483.3	-4.2	688.8	0.0	688.8

€ million	Attributable to owners of the parent					Total	Non-controlling interest	Total equity
	Share capital	Paid-up unrestricted equity reserve	Fair value reserve	Retained earnings	Translation differences			
Equity at January 1, 2018	178.3	0.0	0.0	378.9	-4.4	552.8	38.0	590.9
Profit for the period				54.1		54.1	-2.2	51.9
Other comprehensive income								
Translation differences					1.9	1.9		1.9
Total comprehensive income for the period				54.1	1.9	56.0	-2.2	53.8
Equity at June 30, 2018	178.3	0.0	0.0	433.0	-2.5	608.8	35.9	644.7

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	1-6/2019	1-6/2018	1-12/2018
Cash flows from operating activities			
Profit before taxes	69.0	70.2	100.6
Adjustments			
Depreciation and amortization	32.2	40.1	69.8
Finance items - net	7.3	6.1	23.6
Unrealized gains/losses from financial instruments	0.1	-4.0	-2.4
Other non-cash items	-6.8	3.2	2.1
Change in working capital	44.5	18.2	34.0
Cash inflow from operating activities before financial items and taxes	146.4	133.7	227.7
Cash flow from financial items and taxes	-36.7	-35.1	-53.0
Net cash flows from operating activities	109.7	98.6	174.6
Net cash flows from investing activities	-26.6	-4.8	-30.6
Cash flows from financing activities			
Proceeds from borrowings	18.0	0.0	0.0
Repayments of borrowings	-21.5	-59.2	-91.9
Increase/decrease of finance lease liabilities	-5.0	-1.8	-4.1
Dividends paid	-32.9	0.0	-32.9
Net cash flows from financing activities	-41.4	-61.0	-128.9
Net decrease (-)/increase (+) in cash and cash equivalents	41.7	32.8	15.2
Cash and cash equivalents at the beginning of the period (Dec 31)	17.8	2.7	2.7
Cash and cash equivalents at the end of the period	59.5	35.5	17.8

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

This interim report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. Excluding the below changes to accounting policies, the accounting policies and accounting methodology used for the Group's previous annual financial statements are applied to the interim financial statements. The information published in the interim report is unaudited. The following new standards were taken into use on January 1, 2019:

- IFRS 16 Leases. The standard applies to the classification of leases and has expanded the requirements set for lessees as well as lessors regarding the classification of leases. It has resulted in almost all leases being recognized on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The standard has been applied from January 1, 2019. The Group applies the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. The transition has affected the balance sheet and items in the income statement, although the most important leases have already been classified as on balance sheet under IAS 17. Following the introduction, fixed assets on the balance sheet at June 30, 2019 have increased by €56.8 million and lease liabilities by €57.0 million. The introduction of the standard has also affected items in the income statement. As the treatment of leases transfers the effect on profit and loss from lease costs to financial items and depreciation, the Gasum Group's EBITDA improved by €2.4 million due to the impact of the standard. In the cash flow statement, the change in leasing liabilities is presented as financing cash flows.

2. TREASURY SHARES

The Group does not hold any treasury shares of the parent.

3. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

€ million	30.6.2019	30.6.2018	31.12.2018
Net book value at the beginning of the period	1,239.3	1,166.6	1,166.6
Depreciation and amortization	-32.2	-40.1	-69.8
Additions	116.6	82.2	121.1
Investment subventions	-26.5	-0.8	-2.4
Business acquisitions	1.5	0.0	33.1
Business disposals	-0.7	0.0	0.0
Reclassifications	0.0	-1.0	-4.3
Disposals (incl. accumulated depreciation)	-4.5	-0.2	-1.4
Effect of movements in exchange rates	3.7	4.0	-3.5
Net book value at the end of the period *	1,297.2	1,210.6	1,239.3

*At June 30, 2019 new leases under the IFRS 16 Leases standard (effective from the start of the year) have been recognized under tangible assets at 56.8 million euros.

4. TRADE AND OTHER RECEIVABLES

€ million	30.6.2019	30.6.2018	31.12.2018
Trade receivables	104.1	97.2	171.5
Accrued income	42.4	4.3	7.2
Other receivables	8.7	2.7	42.2
Receivables from associated companies	5.3	1.5	2.3
Total	160.7	105.7	223.2

5. DERIVATIVE FINANCIAL INSTRUMENTS

€ million	30.6.2019		31.12.2018	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	0.0	4.0	0.0	3.0
Commodity derivatives	24.3	10.3	6.4	8.6
Currency derivatives	-8.8	2.3	1.1	3.5
Total	15.5	16.7	7.5	15.2
Less non-current portion:				
Interest rate derivatives	0.0	4.0	0.0	2.8
Commodity derivatives	0.8	0.6	0.4	1.0
Currency derivatives	0.2	0.7	0.8	1.6
Non-current portion	1.0	5.2	1.1	5.5
Current portion	14.5	11.5	6.4	9.7

6. LOANS

€ million	30.6.2019	30.6.2018	31.12.2018
Non-current			
Loans from financial institutions	387.2	399.7	415.1
Total	387.2	399.7	415.1
Current			
Loans from financial institutions	45.8	19.8	19.8
Total	45.8	19.8	19.8
Total loans	433.1	419.5	434.9

7. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

€ million	30.6.2019	30.6.2018	31.12.2018
Trade payables	74.5	57.6	69.6
Other liabilities	34.3	29.9	56.6
Accrued expenses	37.5	25.6	44.9
Finance lease liabilities	8.6	3.8	4.4
Total	154.8	116.9	175.5

FORMULAS FOR KEY FINANCIAL INDICATORS

Equity ratio (%) =	100 x	$\frac{\text{Total equity}}{\text{Balance sheet total} - \text{advances received}}$
Return on equity (%) =	100 x	$\frac{\text{Profit for the period (12m rolling)}}{\text{Total equity (average for the period)}}$
Return on investment (%) =	100 x	$\frac{\text{Profit for the period} + \text{Finance costs (12m rolling)}}{\text{Total equity} + \text{Interest-bearing debt (average for the period)}}$
Net interest-bearing debt =		Interest-bearing debt - Cash and cash equivalents
Gearing ratio (%) =	100 x	$\frac{\text{Interest-bearing debt} - \text{Cash and cash equivalents}}{\text{Total equity}}$
Net debt/EBITDA =	100 x	$\frac{\text{Interest-bearing debt} - \text{Cash and cash equivalents}}{\text{EBITDA (12m rolling)}}$

GASUM GROUP

Revontulenpuisto 2 C, P.O. Box 21

FI-02100 Espoo, Finland

Phone +358 20 44 71

www.gasum.com