



Economics of airline operations

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COO



We are 4 star network airline with a distinctive brand...

- Packaging
- Corporate market
- Segmentation in pricing



- Hub & spoke
- Business schedules
- Asian expansion
- Scandinavia
- Alliance

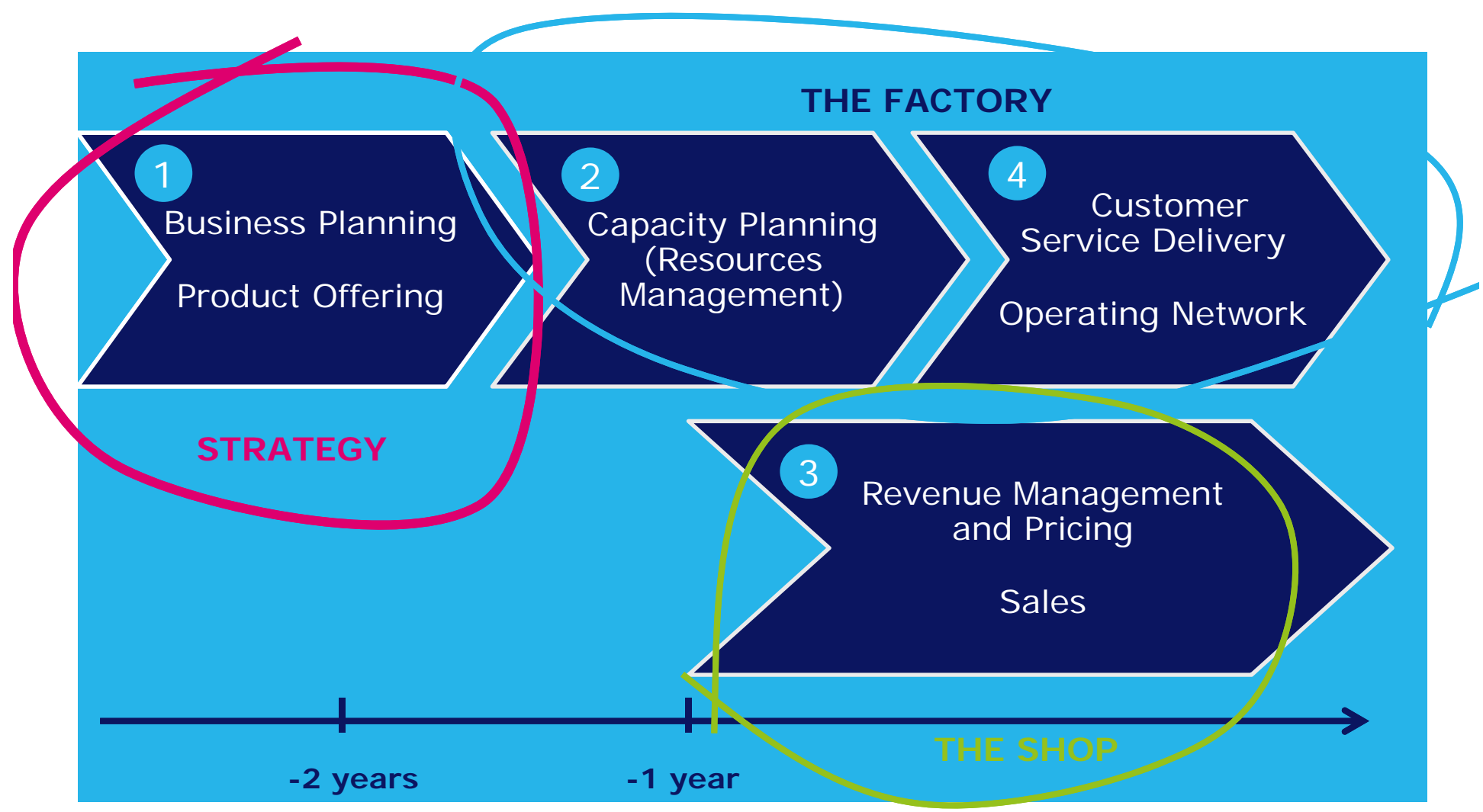
- 4 star
- Customer experience
- Design



- Fresh
- Quality
- Design



...and this is how we function as a business



Operations executes Finnair's flight operations

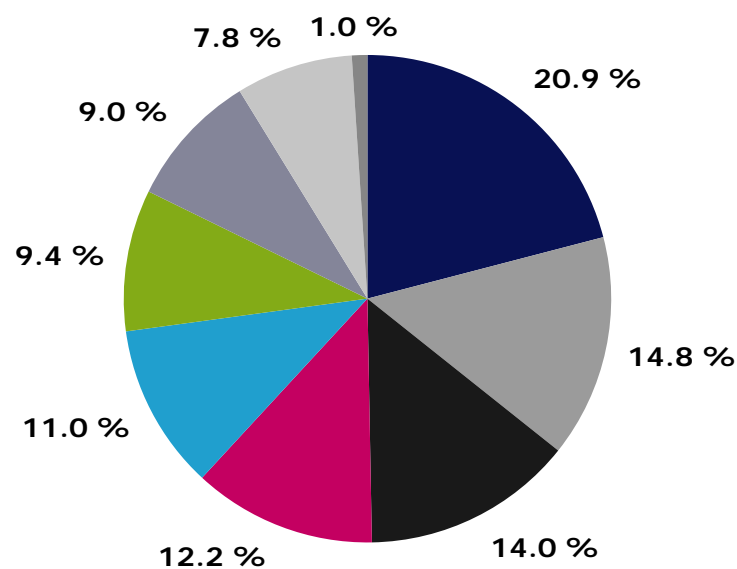
safely, economically and reliably



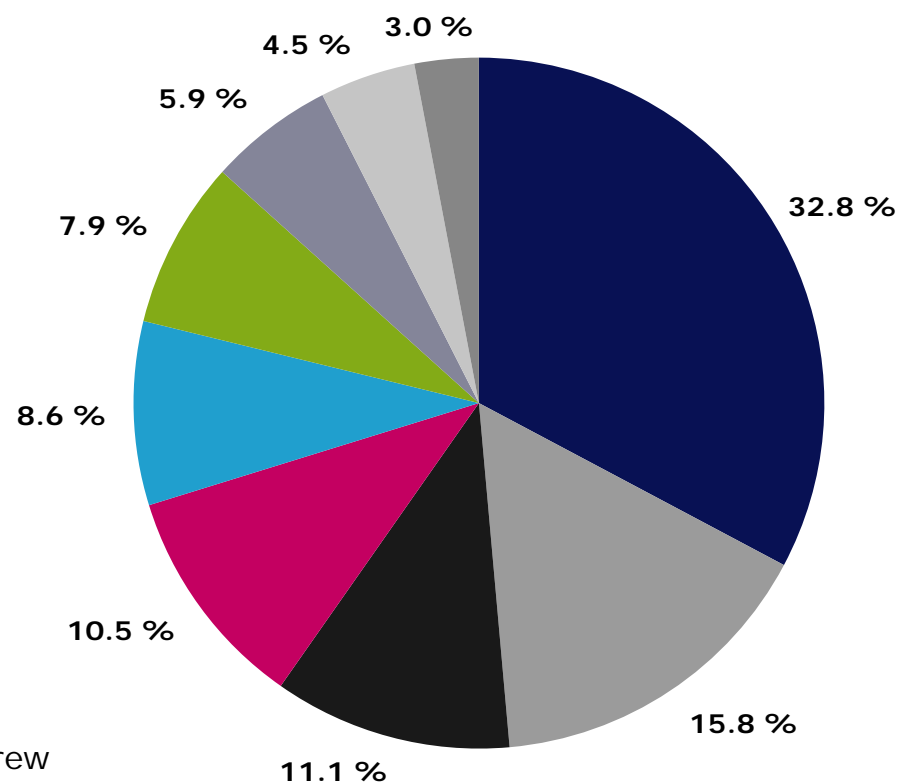


We have to succeed in two traffic categories with very different cost structures

SHORT HAUL: Helsinki-Oulu



LONG HAUL: Helsinki-Tokio



- Fuel
- Aircraft
- Management
- Maintenance
- Handling
- Passenger related
- Crew
- Traffic
- Catering



We have distinct production platforms for different traffic areas

LONG HAUL

Asia & North America



SHORT HAUL


Feeder traffic, European major routes
JV and/or tactical partnerships possible



Feeder traffic, European niche routes
Embraer contract flying /  *



REGIONAL TRAFFIC

Domestic and some Nordic routes
ATR contract flying /  *



* Finnair owns 40% of Flybe Nordic



We have restructured with success – and continue to drive down our in-house costs

Utilise external markets



Increase in-house productivity

Labour productivity

Fuel efficiency

Asset utilisation



We have continuously improved our fuel efficiency

Small things matter in saving fuel

- Change of approach altitude ~ 2 M€
- Light weight cargo containers ~ 1 M€
- Adjusting airspeed in European traffic according to traffic situation and connecting flights ~ 1 M€
- Taking off beacon lights when towing away from the gate ~ 200 000 €

Best in Europe

- CASK excl. fuel in Q3 2012: -1,1%
- Punctuality: 91%
- Regularity: 99,6%
- Baggage left behind: 5,6/1000
- Connection reliability: 99%

Our operations never stop!



Summary

- **We have a clear identity and competitive business model**
- **We compete in two very different arenas:**
 - A unique cost position in long haul
 - Short haul requires restructuring
- **We have an impressive track record and execution capability, work must continue**
- **So far, we have successfully**
 - implemented lower cost production platforms in regional and short haul traffic and
 - restructured our own production by partnering with world leading partners
 - driven up our internal productivity

In just one year, we executed full restructuring agenda – at the same time we reached excellent operational quality