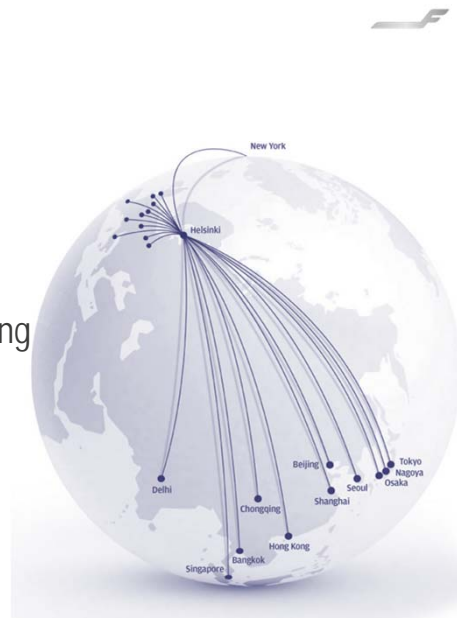




## Content

- Main events of 2011
- Business performance in Q4 / FY 2011
- Transformation and cost saving programme
  - Domestic and European traffic
- Outlook
  
- Appendices





## Main events 2011

Market environment	Strategy implementation	Structural change
<ul style="list-style-type: none"> <li>• Rapid growth of capacity in the markets in H1</li> <li>• Natural catastrophe in Japan</li> <li>• Arabic spring</li> <li>• Growing uncertainty in global economy in H2</li> <li>• High price of oil</li> </ul>	<p>Aasia</p> <ul style="list-style-type: none"> <li>• Singapore route launch</li> <li>• Chongqing preparations</li> <li>• Aasian corporate sales growth nearly 50 %</li> </ul> <p>Partnership strategy</p> <ul style="list-style-type: none"> <li>• Flybe Nordic, NGA, Swissport</li> </ul> <p>Smooth travel experience</p> <ul style="list-style-type: none"> <li>• Customer satisfaction, punctuality and speed of baggage handling among the best network carriers</li> </ul> <p>Significant improvement in cost efficiency:</p> <ul style="list-style-type: none"> <li>• Unit cost excl. fuel (CASK) down by 6.1 % in 2011</li> </ul>	<ul style="list-style-type: none"> <li>• Target of 140 M€ annual savings by 2014</li> <li>• Transformation and cost saving programme on track:                             <ul style="list-style-type: none"> <li>• 10 M€ of realised savings during 2011</li> </ul> </li> <li>• To improve cost efficiency Finnair will focus on core business and building a stronger partnership network around its business</li> </ul>

Finnair - Full year result 2011 9 Feb 2012

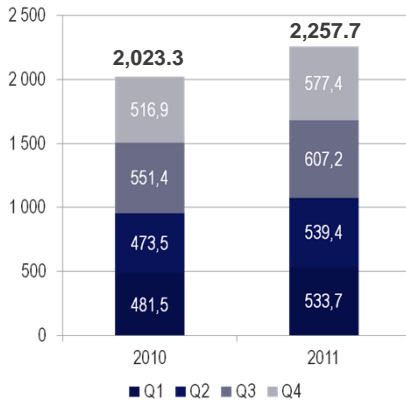


Business performance  
in Q4 / FY 2011

# Financial performance



## Turnover, M€



Turnover growth\*

+11.7% October–December

+11.6% Full Year 2011

Asian passenger traffic revenue\*

+29.3% October–December

+25.7% Full Year 2011

\* Change year-on-year

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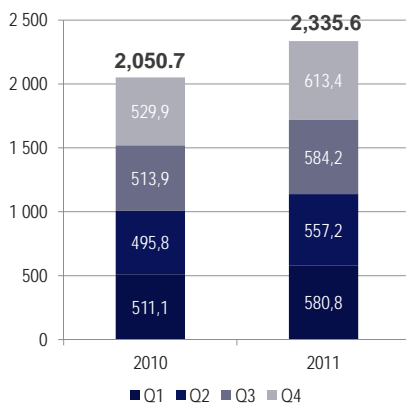
# Operating costs



## Operating costs, M€

+15.8% October–December

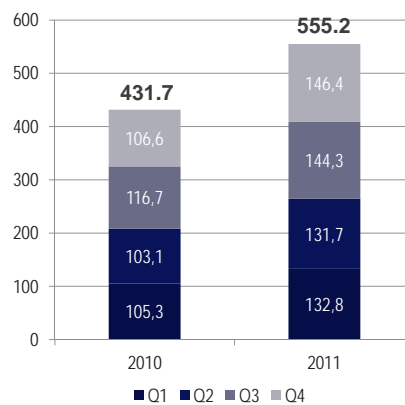
+13.9% Full year 2011



## Fuel cost, M€ \*\*

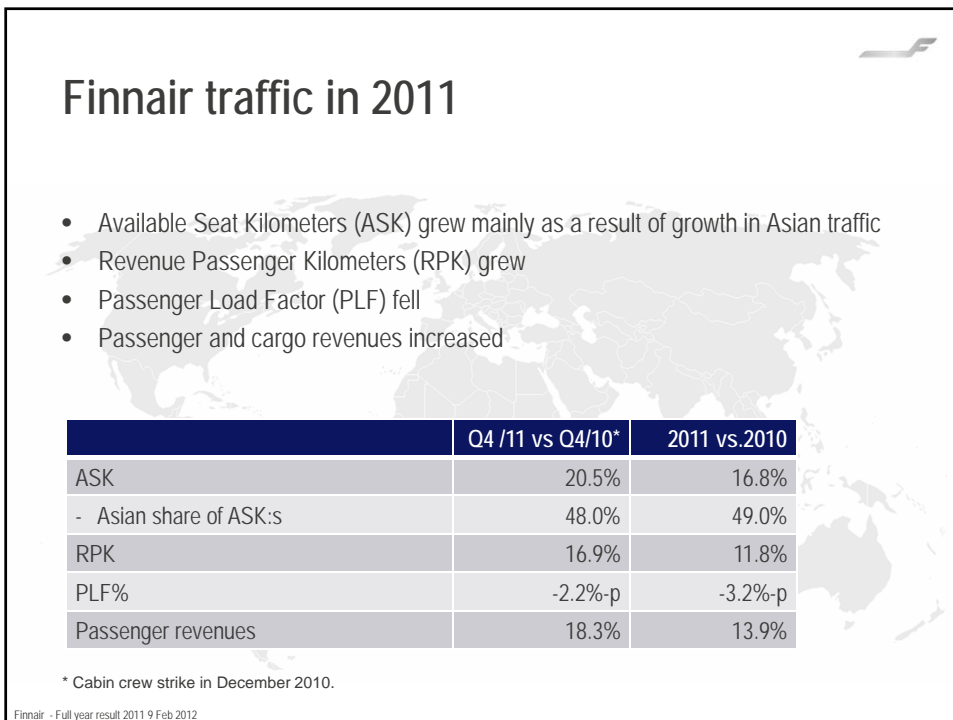
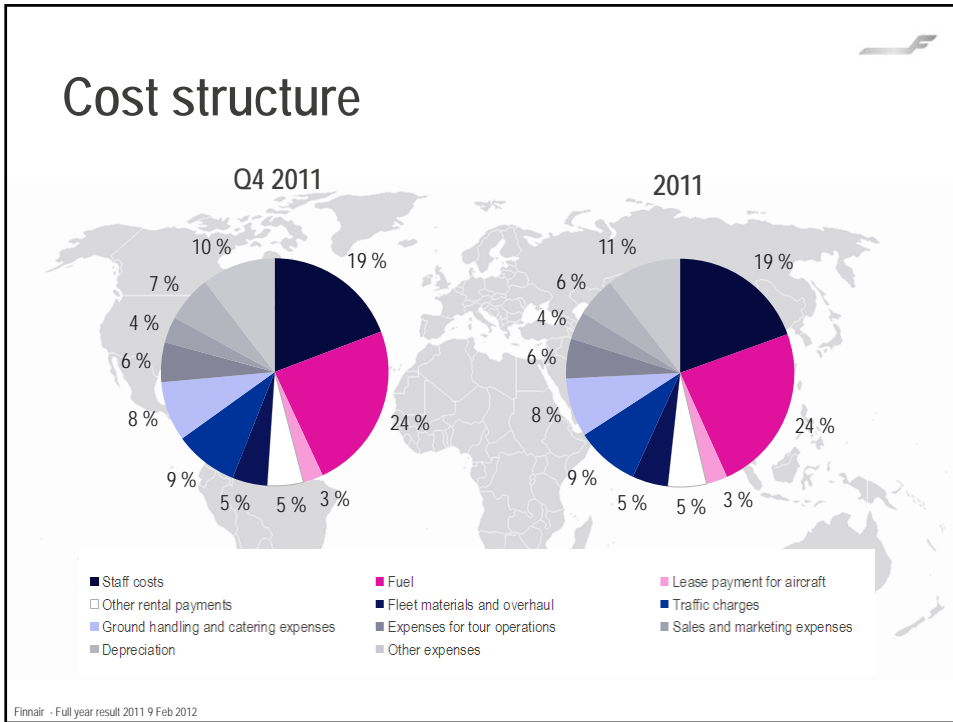
+37.3% October–December

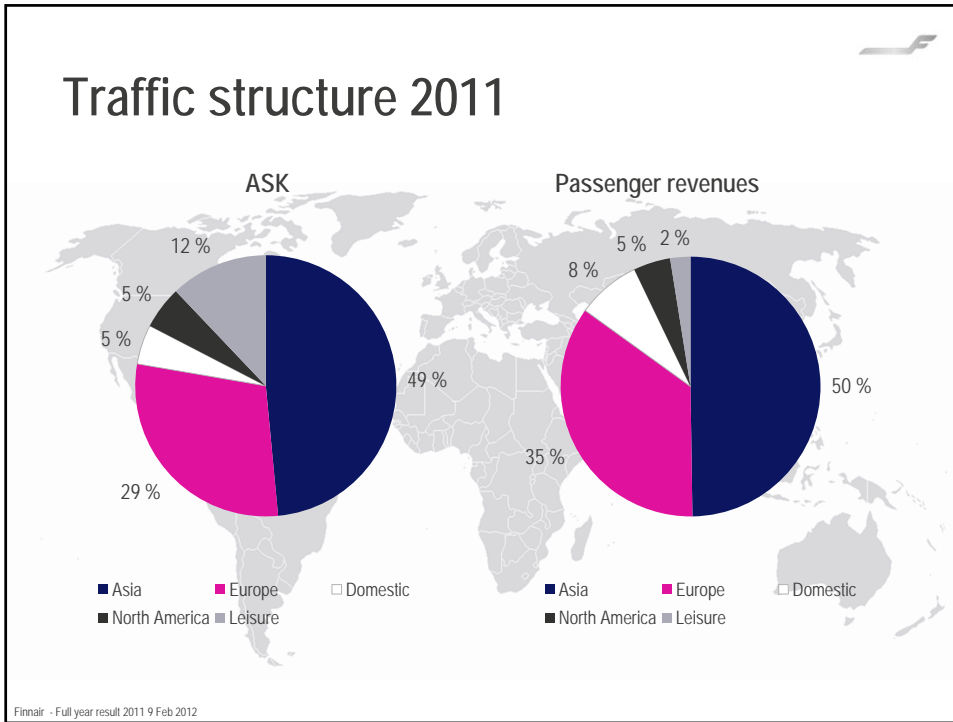
+28.6% Full year 2011




\* Change year-on-year \*\* Incl. hedging

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# The Future Finnair



**Profitable growth**  
Strengthening Asian presence, business travel and tailored ancillary services

**Focus on core business**  
Structural solutions and ongoing business improvement

**Cost competitiveness**  
140 M€ permanent reduction in cost level

**Number 1 in the Nordic countries**

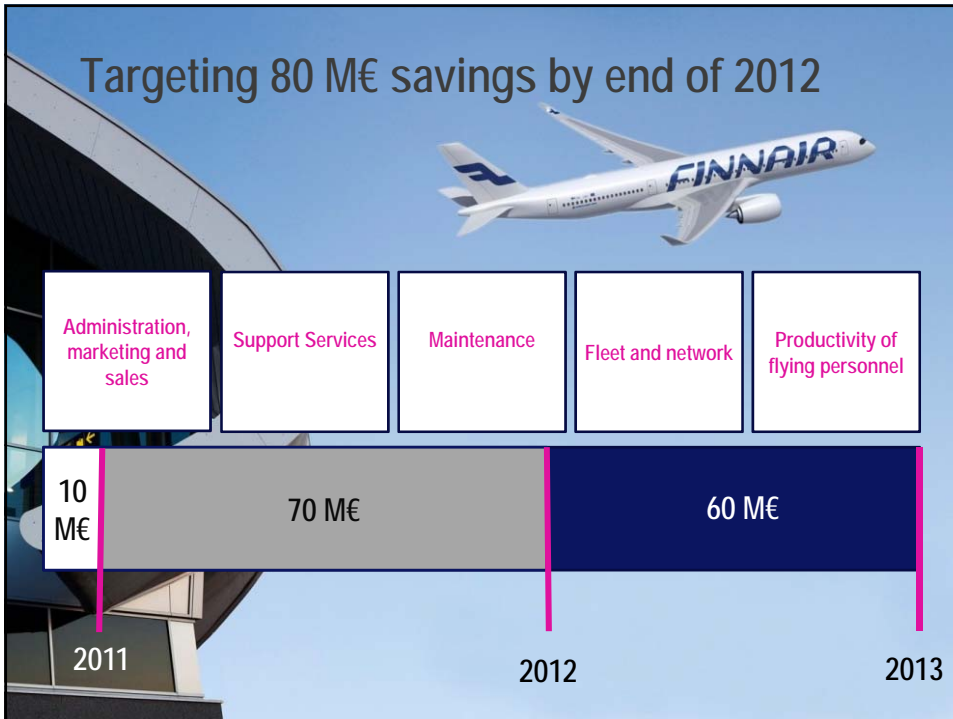
Among the top three in Asian traffic

Doubling of Asian turnover by 2020

**Service excellence**  
Finnair designed for you

**Partnership strategy**  
Partner network and alliances

Finnair - Full year result 2011 9 Feb 2012




## Finnair transformation progresses

Categories	Objectives	Status
Administration, Marketing and sales	Streamline administration, purchasing, sales and distribution	Personnel negotiations completed, headcount to be reduced by 150.
Maintenance	Cost savings in engine and component maintenance	Structural solutions and partnership alternatives under evaluation
Support Services	In-flight services and support services	Apron services to Swissport
Fleet and network	Optimising fleet size and route network	Fleet reduction of 9 aircraft during 2012; new cabin design for A32S fleet; unprofitable routes discontinued
Personnel productivity	Improving productivity of flying personnel	Significant improvements in productivity in CLAs, work continues to reach further improvements


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## Network optimisation enabled reduction in fleet size

Leases of 4 Airbus A320 Series aircraft discontinued in 2012



4 Embraer 170 aircraft sub-leased to Estonian Air



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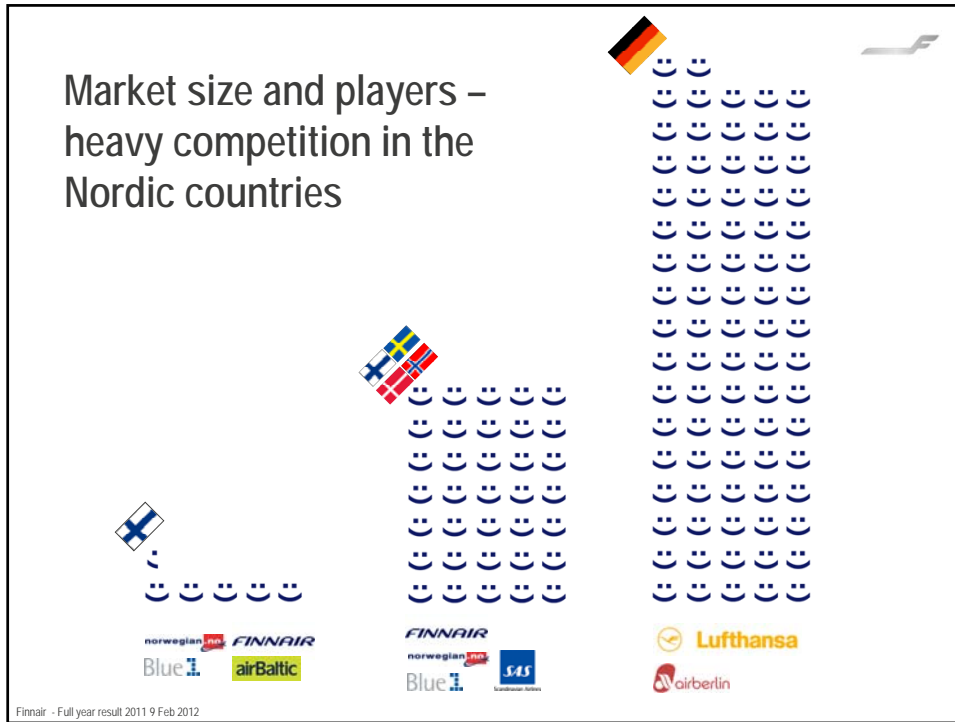
## We have two targets

1. Growth in Asia and in the Nordic countries
2. Improve competitiveness of our European traffic

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### We are assessing the possibilities to transfer a part or all our narrow-body fleet to the future JV

*Target is to return European traffic to black and form a cost competitive JV*

Alternatives:

# 1

**JV to expand our footprint in Nordic Countries**

Cost competitive own narrow-body traffic

# 2


**JV operates a part of Finnairs current narrow-body traffic**

# 3


**JV operates Finnair entire narrow-body traffic**


JV = joint venture


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In the future we have three distinct products,  
each with their own purpose


**FINNAIR** = 

**FINNAIR**  
JOINT VENTURE = 

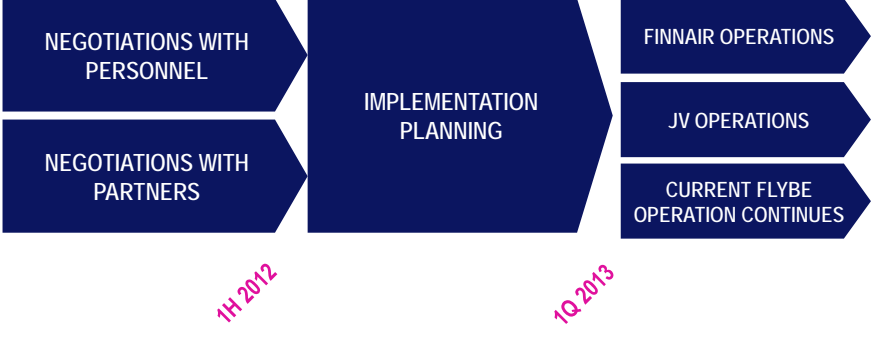
**flybe.\*** = 

\* Finnair owns 40% of Flybe Nordic.

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## Timeline



The timeline consists of three main stages represented by large blue arrows pointing from left to right:

- 1H 2012:** This stage includes two parallel processes: "NEGOTIATIONS WITH PERSONNEL" and "NEGOTIATIONS WITH PARTNERS".
- Implementation:** A central arrow labeled "IMPLEMENTATION PLANNING" receives input from the negotiations stage.
- 1Q 2013:** This stage includes three parallel operations: "FINNAIR OPERATIONS", "JV OPERATIONS", and "CURRENT FLYBE OPERATION CONTINUES".

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## Other actions in narrow-body traffic



- We optimise the size and utilisation of our narrow-body fleet
- A32S fleet's capacity increased with new cabin versions
- New competitive pricing for domestic and Scandinavian routes

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## Asia drives growth

- Increasing presence in high growth markets: POS shifting more towards Asia
  - *Huge market potential: 2.8 billion people\*, average GDP per capita \$8,269\* in Finnair's destination countries in Asia.*
  - *Finnair's focus on business and corporate travel.*
  - *Asian traffic to be doubled by 2020.*
  - *Chongqing route to be opened in 2012.*
  - *In 2011, Asia accounted for 50% of Finnair's passenger revenue.*
  
- Heavy competition in European markets
  - *Overcapacity with several players struggling.*



\*The World Factbook 2009. Washington, DC: Central Intelligence Agency, 2009.

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## Outlook for 2012

- Operational result in the first half of 2012 is estimated to be clearly loss-making.
- Passenger traffic capacity in its current structure and form is estimated to grow by around 5% in 2012.
- Fuel costs are estimated to be significantly higher in 2012 compared to the previous year.
- Costs reductions of 80 M€ out of the total of 140 M€ are estimated to be achieved by the end of 2012.

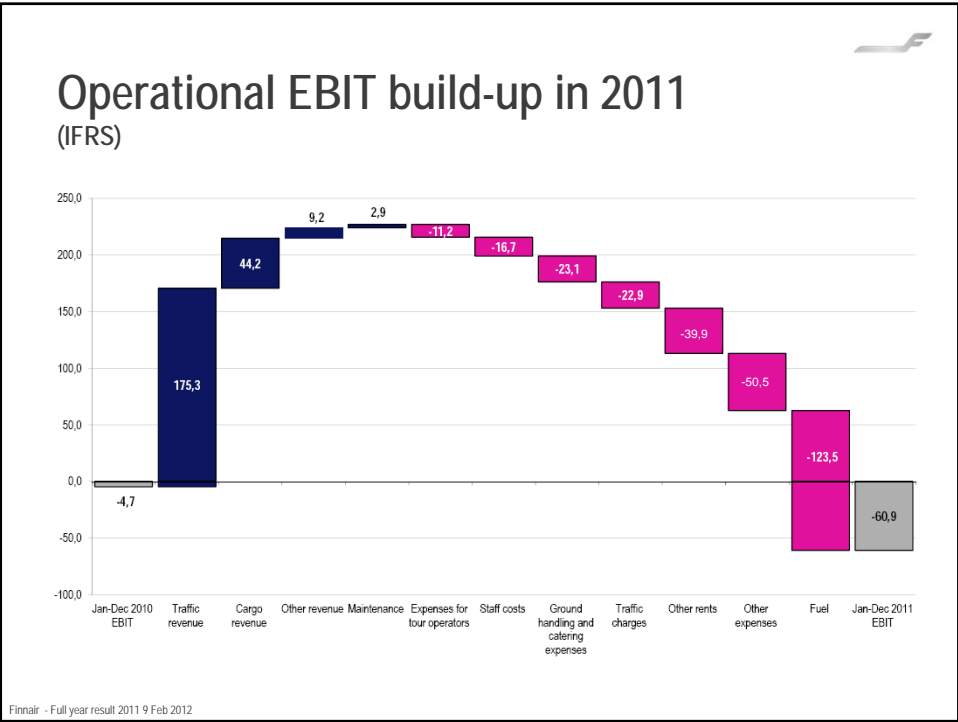
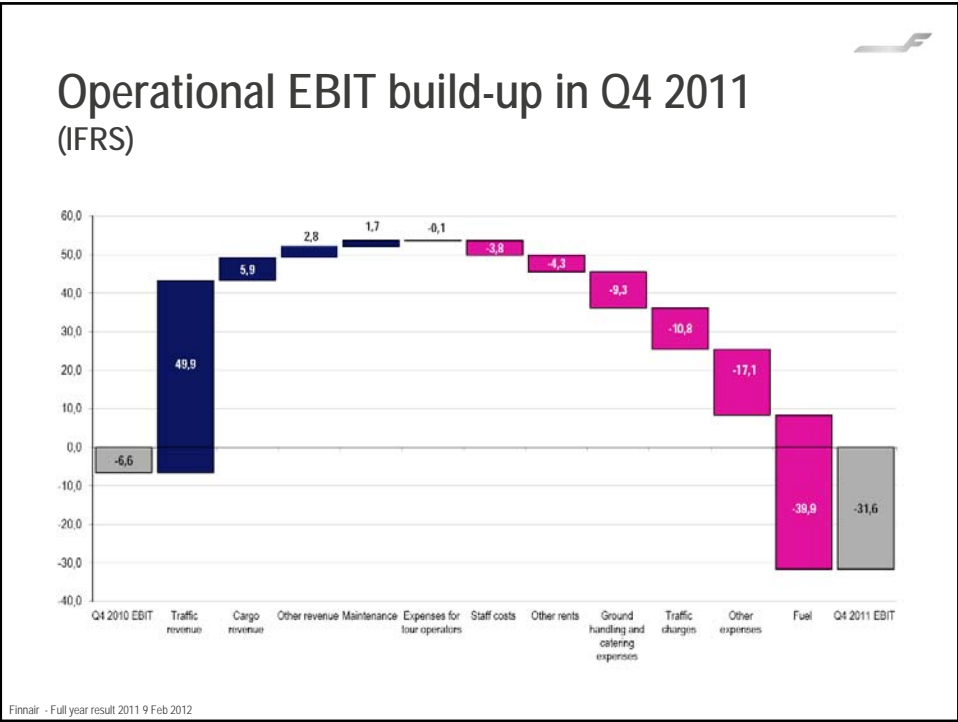
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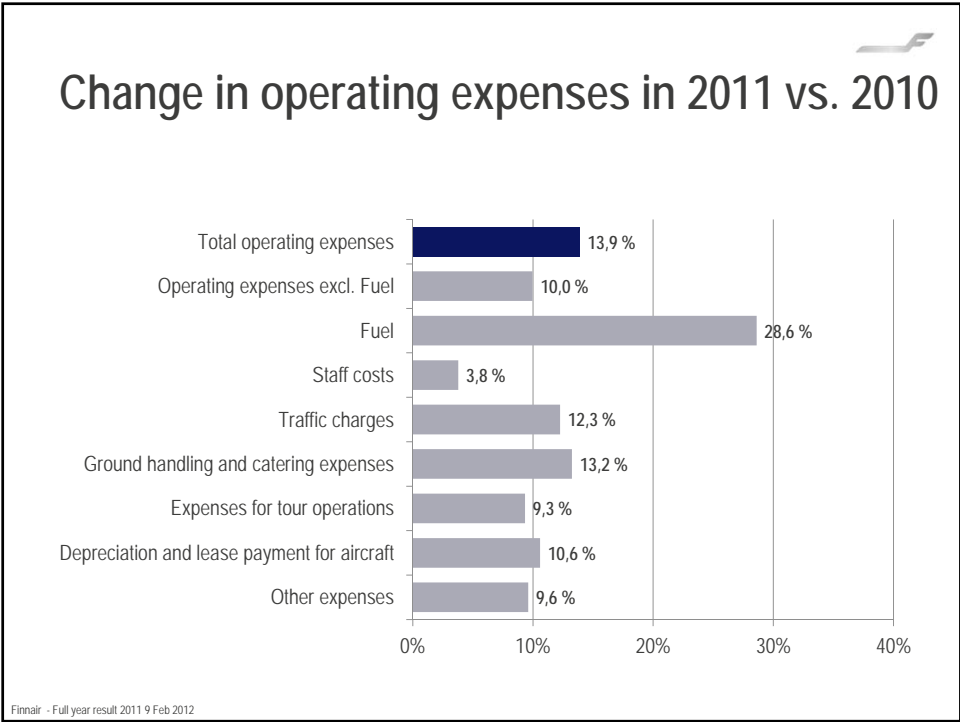
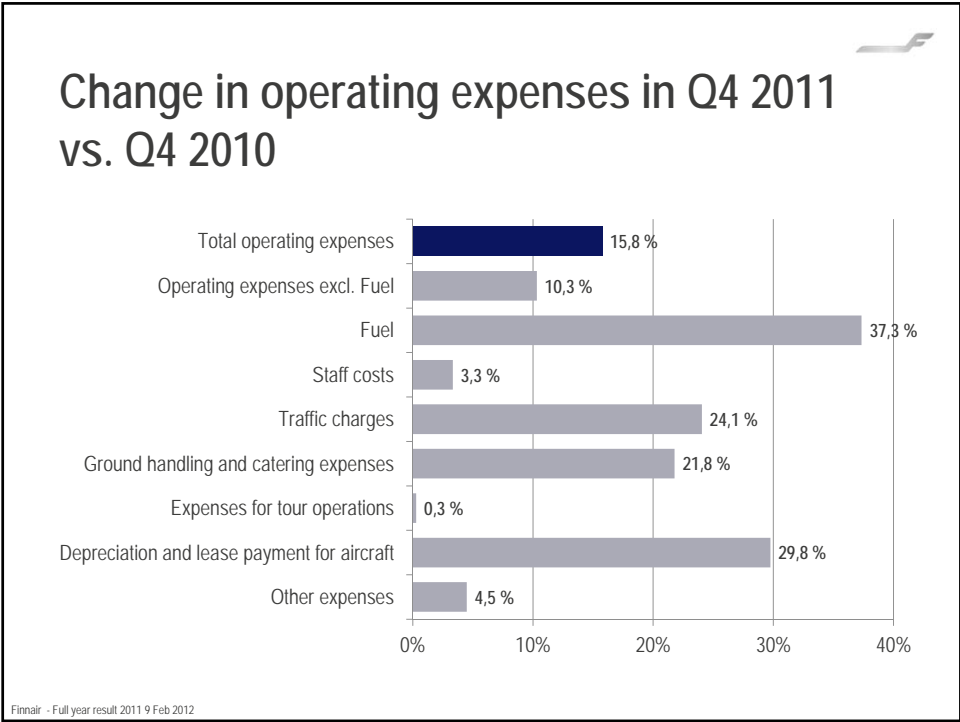


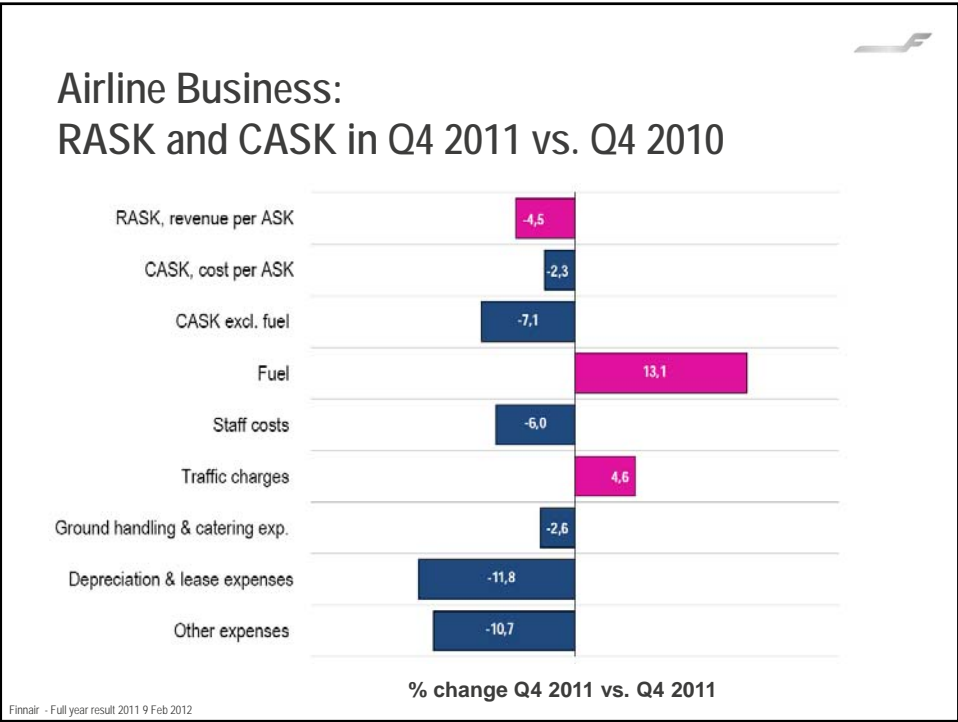
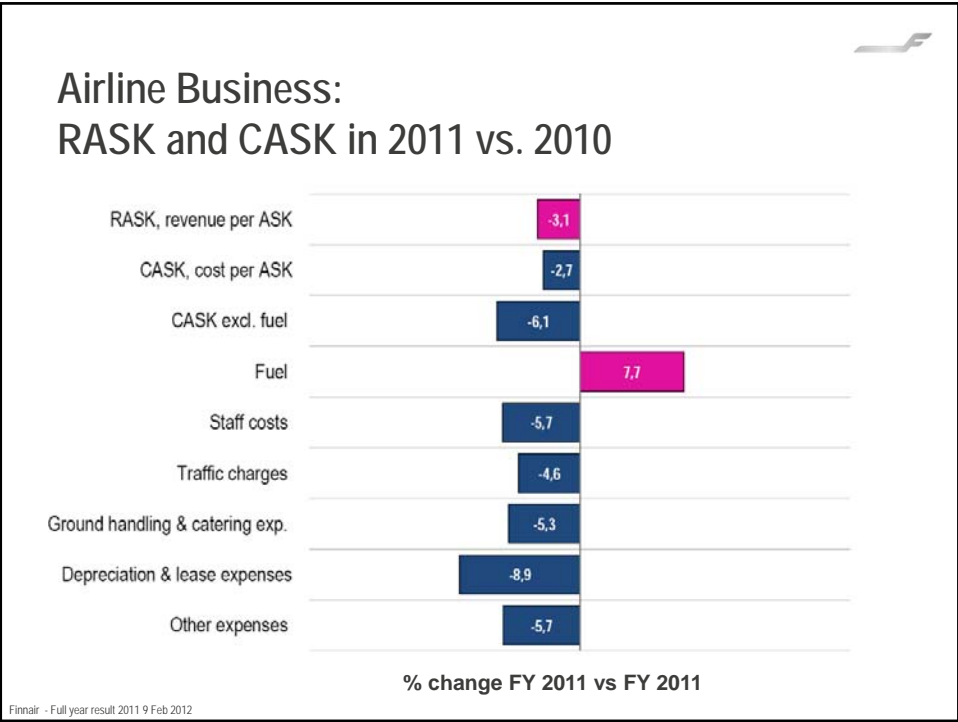
## Key figures

		Oct-Dec 2011	Oct-Dec 2010	Change %	Jan-Dec 2011	Jan-Dec 2010	Change %
<b>Turnover and result</b>							
Turnover	€ million	577,4	516,9	11,7	2 257,7	2 023,3	11,6
Operational result, EBIT	€ million	-31,6	-6,7	-	-60,9	-4,7	-
Operational result, % turnover	%	-5,5	-1,3	-	-2,7	-0,2	-
Operating result, EBIT	€ million	-30,1	-4,7	-	-87,8	-13,3	-
EBITDAR	€ million	26,4	38,0	-30,5	139,6	176,6	-21,0
Result before taxes	€ million	-38,2	-9,6	-	-111,5	-33,0	-
Net result	€ million	-32,6	-5,7	-	-87,5	-22,8	-
<b>Balance sheet and cash flow</b>							
Equity ratio	%				32,6	36,2	-3,6 %-p
Gearing	%				43,3	27,8	15,5 %-p
Adjusted gearing	%				108,4	79,6	28,8 %-p
Capital expenditure, CAPEX	€ million	21,1	27,1	-22,1	203,9	183,5	11,1
Return on capital employed, ROCE 12 months rolling	%			-	-5,2	-0,4	-4,8 %-p
Return on equity, ROE , 12 months rolling	%			-	-10,9	-2,7	-8,2 %-p
Net cash flow from operating activities	€ million	8,5	16,4	-48,2	50,8	76,0	-33,2
<b>Share</b>							
Share price at end of quarter	€	2,30	5,04	-54,4	2,30	5,04	-54,4
Earnings per share	€	-0,27	-0,06	-	-0,75	-0,24	-

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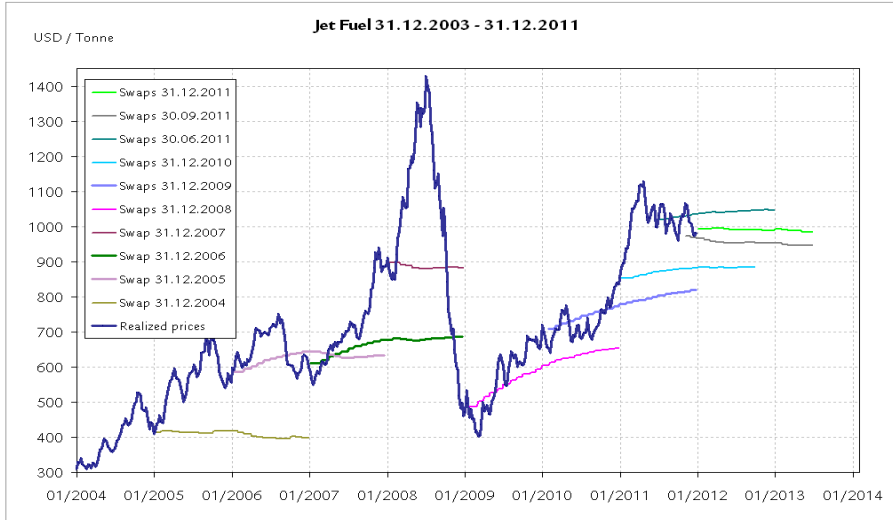






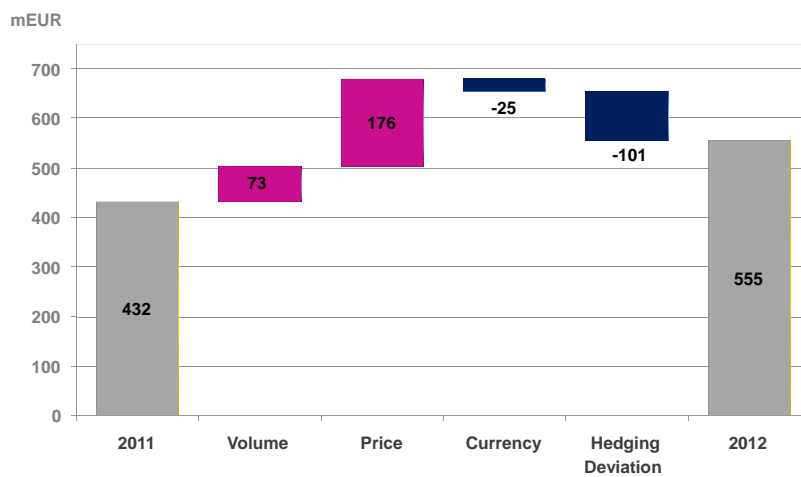


## Jet fuel spot price development



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## Change in fuel costs FY 2011 vs. FY 2010



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