

## Finnair Group interim report January 1 – March 31, 2012

**Turnover up 10.9% in the first quarter and operational loss reduced by nearly half, totalling -25.0 million euros**

### Key figures

		1-3/ 2012	1-3/ 2011	Change %	2011
<b>Turnover and result</b>					
Turnover	EUR million	591.8	533.7	10.9	2,257.7
Operational result, EBIT*	EUR million	-25.0	-43.1	42.0	-60.9
Operational result, % of turnover	%	-4.2	-8.1	3.9%-p	-2.7
Operating result, EBIT	EUR million	-20.2	-43.1	53.1	-87.8
EBITDAR	EUR million	24.9	3.6	-	139.6
Result before taxes	EUR million	-26.2	-46.2	43.3	-111.5
Net result	EUR million	-20.4	-33.8	39.6	-87.5
<b>Balance sheet and cash flow</b>					
Equity ratio	%	31.0	34.7	3.9%-p	32.6
Gearing	%	44.4	30.0	14.4%-p	43.3
Adjusted gearing	%	111.8	80.6	31.2%-p	108.4
Capital expenditure, CAPEX	EUR million	7.4	30.9	-76.1	203.9
Return on capital employed, ROCE, 12 months rolling	%	-4.07	-1.5	-	-5.20
Return on equity, ROE, 12 months rolling	%	-9.32	-4.2	-	-10.90
Net cash flow from operating activities	EUR million	-7.9	-33.9	76.7	50.8
<b>Share</b>					
Share price at end of quarter	EUR	2.30	3.84	-40.1	2.30
Earnings per share (EPS)	EUR	-0.18	-0.28	35.7	-0.75
<b>Traffic data, unit costs and revenue</b>					
Passengers	1,000	2,076	1,885	10.1	8,013
Available seat kilometres (ASK)	million	7,643	7,353	3.9	29,345
Revenue passenger kilometres (RPK)	million	5,825	5,339	9.1	21,498
Passenger load factor (PLF)	%	76.2	72.6	3.6%-p	73.3
Unit revenue per available seat kilometre (RASK)	cents/ASK	6.04	5.56	8.7	6.03
Unit revenue per revenue passenger kilometre, yield	cents/RPK	6.92	6.78	2.1	7.24
Unit cost per available seat kilometre (CASK)	cents/ASK	6.51	6.39	2.0	6.43
CASK excluding fuel	cents/ASK	4.48	4.70	-4.7	4.67
Available tonne kilometres (ATK)	million	1,195	1,133	5.4	4,571
Revenue tonne kilometres (RTK)	million	755	688	9.7	2,823
Cargo and mail	tonnes	37,892	34,447	10.0	145,883
Cargo traffic unit revenue per available tonne kilometre	cents/RTK	25.48	26.29	-3.1	27.00
Overall load factor	%	63.2	60.7	2.5%-p	61.8
Flights	number	18 346	20,502	-10.5	78,916
<b>Personnel</b>					
Average number of employees		7,212	7,470	-3.5	7,467

\* Operational result: Operating result (EBIT), excluding non-recurring items, capital gains and changes in the fair value of derivatives and in the value of foreign currency denominated fleet maintenance reserves

### CEO Mika Vehviläinen on Q1 2012:

Finnair's sales showed positive development in the first quarter: our turnover increased by 10.9% year-on-year and the passenger load factor rose to 76.2% from the corresponding figure of 72.6% last year. The comparison period in 2011 was exceptional, largely due to the effects of the Japanese tsunami of March 2011. However, sales growth in the period under review was primarily achieved in European markets through more efficient capacity utilisation and successful campaign pricing. The market situation has been slightly better than we anticipated, with the exception of the predicted rise in fuel costs. Fuel costs in January-March increased by 26.2% compared to the first quarter of 2011.

While we can be satisfied with the growth of our business in the first quarter, our operating result was still negative at -25.0 million euros. This means that we must achieve significant improvements in profitability. Our

aim is to return to profitability as quickly as possible through a strategy focused on Asian traffic, leadership in the Nordic region and partnerships. As part of the execution of this strategy, in the first quarter of 2012 we continued the implementation of the necessary and inevitable structural reform that was initiated last year. Our cost savings programme has progressed as planned and it remains our goal to achieve cost savings of 140 million euros by 2014.

In March we signed a memorandum of understanding on transferring our Catering operations to LSG Sky Chefs, a German operator, and in April we announced our plan to transfer our engine and equipment maintenance operations to SR Technics of Switzerland. If implemented, the latter will mean discontinuing Finnair's own engine and equipment maintenance operations. However, we will continue to carry out line maintenance operations in-house. If implemented, both of the memorandums of understanding signed with major world-class operators will provide us with cost savings and flexibility that Finnair could not, as a small airline, achieve on its own.

Throughout the current changes, it is important for us to look after employees who continue working for Finnair as well as those whose positions in the company have been discontinued due to restructuring. Finnair is committed to further developing its human resource policy to ensure that the company continues to be a good workplace in the future.

I am particularly pleased that Finnair's customer satisfaction continued to improve in the first quarter of the year. The credit for this, and for the other important steps we have taken in implementing our strategy, lies with the people of Finnair who have made tremendous efforts in the interests of all of our stakeholders, even through this challenging period of change.

## **Business environment**

The global airline industry is undergoing a similar structural reform as that already faced by many other sectors. Typical for this change process are market liberalisation, increasing competition, overcapacity, consolidation, alliances and specialisation. The global consolidation of the industry is predicted to continue. The intense competition is reflected in the major cost savings and structural reform programmes implemented by several European airlines, as well as bankruptcies. Finnair's goal is to take advantage of the opportunities presented by the changes in its industry and strengthen its position in traffic between Europe and Asia.

The first three months of 2012 were marked by continuously rising oil prices, which have now reached record levels. In January-March, the market price for fuel was 14% higher than in the corresponding period in 2011. However, at the same time demand for air travel has exceeded expectations, with many European airlines reporting improved passenger revenues and load factors despite the uncertain economic prospects in the eurozone. Airlines have also been conservative in increasing capacity, which has also contributed to higher load factors. During the period under review, Finnair benefited from certain competitors discontinuing their flights on a number of routes. In the domestic and Nordic regional markets, the Finnair-Flybe joint venture Flybe Nordic has launched several new routes and strengthened its competitive position.

Corporate sales grew compared to the previous year, largely as a result of increased business travel on Asian routes. Cargo demand remained stable in the first quarter of 2012.

The Finnish package tour market suffered from overcapacity in the first quarter, resulting in passenger demand and the load factor in the leisure travel segment being lower than last year. In the comparison period, operations were negatively influenced by the effects of the Arab Spring.

## **Strategy implementation and partnerships**

Finnair's vision is to be the top airline in the Nordic region and the most desired option for travel between Europe and Asia. The company's objective is to double its revenue from Asian traffic by 2020, using the 2010 revenues as the baseline.

As part of the implementation of its growth strategy and structural reform, Finnair will focus on its core activities and build an even stronger partnership network around itself. In February, Finnair began analysing partnership opportunities to identify cost-effective alternatives for European traffic and to strengthen its position in Europe and the Nordic countries in particular. More efficient use of the narrow body fleet, more flexible route

alternatives and broader and lower-priced feeder traffic for Finnair's Asian flights would provide significant support for the company's growth strategy based on the Asian markets. Finnair is currently analysing and discussing its alternatives with potential partners and in-flight personnel. The company expects to make progress in resolving the challenges of European traffic by summer 2012.

In line with its strategic focus on Asia, during the period under review Finnair continued preparations for launching the Chongqing route in May 2012. Chongqing is one of China's most populous cities. Finnair has also carried out highly visible advertising campaigns at European airports to grow its Asian traffic. During the period under review, Finnair also continued the policy of attractive pricing for domestic and Scandinavian flights, which was first implemented in November 2011, while also optimising its fleet.

### **Structural reform and cost reduction programme**

Finnair's structural reform and cost reduction programme, which began in August 2011, progressed according to plan in the period under review. The aim of the programme is to achieve a permanent reduction in costs of 140 million euros by 2014. The programme is focused particularly on improving the profitability of short-haul flights.

In the first quarter, Finnair continued to optimise its flight schedules and route network. The implemented changes enabled the company to reduce its fleet size and improve load factors in European traffic in January-March 2012. In February, Finnair signed an agreement to lease four Embraer 170 aircraft to Estonian Air. The lease periods began in the first quarter and will end in 2015. In addition to the agreement with Estonian Air, Finnair has leased one Embraer 170 aircraft to Honeywell and announced plans to give up four Airbus A320 series aircraft as their leasing agreements expire in spring and autumn 2012. Fleet optimisation efforts are estimated to result in significant cost savings starting in 2012.

As part of the structural reform and cost savings programme and Finnair's partnership strategy, Finnair and LSG Sky Chefs signed a memorandum of understanding in March for LSG Sky Chefs to acquire Finnair's catering operations. Under the agreement, Finnair will purchase catering services from the entity currently operating as Finnair Catering Oy, which will be under the ownership of LSG Sky Chefs. The transaction is pending approval by Lufthansa, the parent company of LSG Sky Chefs, and by the Finnish competition authorities. The parties expect to sign the final agreement by the end of June. The pending divestment and other measures implemented to improve the efficiency of catering operations are expected to result in significant and permanent cost savings for Finnair. If realised, the transaction will result in approximately 650 current employees of Finnair Catering Oy and Finncatering Oy being transferred to LSG Sky Chefs. The transaction does not include Finnair Travel Retail, which was merged into Finnair's other operations on 1 January 2012.

Several reform projects launched in 2011 were concluded in the period under review. These include the improvements in the efficiency of sales, marketing and administration and the discontinuing of aircraft heavy maintenance. In addition to the published partnership projects, Finnair continued to assess its options regarding the future of equipment and engine maintenance operations and made an announcement on the progress of these plans in April.

Finnair estimates that the biggest cost reductions in the entire savings programme will be achieved in personnel and maintenance costs, which both account for approximately a quarter of the overall target of 140 million euros. The share of sales and distribution costs is approximately 15% and the combined share of IT, fleet and ground handling costs amounts to approximately 30% of the total reduction target. Finnair achieved approximately 10 million euros of the targeted savings in 2011 and expects to achieve further savings of 70 million euros this year. The aim is to achieve the remaining 60 million euros of the overall cost savings target in 2013.

### **Significant risks and uncertainties in the near future**

Due to the brevity of the reservation intake of passenger and cargo traffic, predicting business operations in the long term is difficult. In addition to operational activities, Finnair's result is largely affected by the development of the market price of fuel, as fuel costs are among the biggest expense items, in addition to personnel costs. The result is also affected by exchange-rate fluctuations of the US dollar and the Japanese

yen against the euro. Fuel costs, aircraft leasing costs and purchases of spare parts are dollar-denominated, whereas the yen is an important income currency in Finnair's strong Japanese operations.

The company protects itself against the risks of currency, interest rate and jet fuel positions by using different derivative instruments, such as forward contracts, swaps and options, according to the risk management policy verified by the executive board.

The implementation of Finnair's partnership projects and the achievement of the related strategic benefits also involve certain risks.

The extensive cost savings and structural change programme initiated by the company has inherent risks related to the content and scheduling of the programme: the company must implement an adequate number of structural changes, along with development, partnership and cost reduction measures as scheduled, in order to improve profitability as expected.

There are many strategic, financial and operational risks related to Finnair's operations. Risks and risk management are discussed extensively in the Finnair Financial Report released in March 2012.

### **Seasonal variation and sensitivities in business operations**

Due to the seasonal variation in the airline business, the Group's turnover and profit are generally very much at their lowest in the first quarter and at their highest in the third quarter of the year. The growing proportional share of Asian traffic increases seasonal fluctuation due to destination-specific seasons in Asian leisure and business travel.

The effect of a one-percentage-point change in the average returns of the passenger load factor or passenger traffic on the Group's operating result is approximately 15 million euros. The effect of a one-percentage-point change in the unit cost of scheduled passenger traffic on the operating result is approximately 17 million euros.

Fuel costs are a significant uncertainty factor in Finnair's business operations. A 10% change in the world market price of fuel has an effect of approximately 17 million euros on Finnair's operating result at annual level, taking hedging into account. A 10% change in the euro-dollar exchange rate has an effect of approximately 23 million euros on Finnair's operating result at annual level, taking hedging into account.

### **Outlook for 2012**

The continuing uncertainty in the world economy and the seasonal variation in demand as well as continuing high fuel prices are reflected in the operational result of the first half of the year, which is estimated to be significantly loss-making. It is expected that the operational result for the second half of the year, which is traditionally stronger due to seasonal variations, will reflect improved profitability compared to the first half of the year.

Finnair's passenger traffic capacity with its current structure is estimated to increase by around 5% in 2012. The growth will mainly come from Asian traffic, where Finnair will increase capacity in May by opening a new flight route to Chongqing, China.

Finnair's fuel costs are estimated to be significantly higher in 2012 compared to the previous year due to increased capacity and high fuel prices.

Cost reductions of approximately 80 million euros out of the structural reform and cost reduction programme's total target of 140 million euros are expected to be achieved by the end of 2012. The realisation of the cost reductions will mainly take place during the second half of the year.

### **Financial result January 1 – March 31, 2012**

As a result of increased demand in passenger traffic, Finnair's turnover grew by 10.9% (10.8%) compared with the comparison period in 2011, totalling 591.8 million euros (533.7). The Group's operational result, which refers to the operating result excluding non-recurring items, capital gains and the change in the fair value of

derivatives and in the value of foreign currency denominated fleet maintenance reserves, was down by nearly half at -25.0 million euros (-43.1) despite a marked increase in fuel costs. The operating result amounted to -20.2 million euros (-43.1) and the result before taxes was -26.2 million euros (-46.2). The net result for the period was -20.4 million euros (-33.8).

Finnair's income statement includes the change in the fair value of derivatives and in the value of foreign currency denominated fleet maintenance reserves that took place during the period under review but will fall due later. This is an unrealised valuation result based on the IFRS financial reporting standard, where the result has no cash flow effect and is not included in the operational result. The change in the fair value of derivatives and in the value of foreign currency denominated fleet maintenance reserves improved the result reported for the first quarter by 9.2 million euros (19.6 million euros).

The exchange rate fluctuation between the US dollar and the euro did not affect the operational result significantly in the first quarter. At the end of March, the degree of hedging for a dollar basket over the following 12 months was 69%.

The euro-denominated operational costs in January-March increased to 621.7 (580.8) million euros. Fuel costs, including hedging, rose 26.2% from the comparison period, amounting to 167.6 million euros (132.8). Personnel costs amounted to 114.9 million euros (116.8). Other rental costs, which include rental payments for purchasing traffic, were 30.9 million euros (29.1). Fleet materials and overhaul costs increased to 40.4 million euros (30.2), primarily as a result of hand-over servicing for aircraft leased out. In total, operational costs excluding fuel increased by 1.4% from the comparison period while capacity increased by 3.9%.

### **Balance sheet March 31, 2012**

The Group's balance sheet totalled 2,423.0 million euros on March 31, 2012 (2,481.4 million euros on March 31, 2011). Equity amounted to 741.1 million euros (849.6), or 5.80 euros per share (6.65)

Equity includes a fair value reserve related to hedge accounting whose value is affected by variations in oil prices and exchange rates. The value of the item at the time of the review was 41.1 million euros after deferred taxes, and it includes fuel and exchange rate derivatives as well as other minor items (65.6).

### **Cash flow and financing**

Net cash flow from operating activities amounted to -7.9 million euros in January-March 2012 (-33.9 in January-March 2011). Cash flow from investments totalled 17.5 million euros (69.7) and net cash flow from financing was 3.8 million euros (-17.7). Financial expenses in the first quarter totalled 6.5 million euros (6.3) and financial income stood at 1.8 million euros (3.1).

Advance payments related to fixed asset investments were 17.7 million euros (31.4). At the end of the period, interest-bearing debt amounted to 736.2 million euros (742.6). The equity ratio was 31.0% (34.7) and gearing 44.4% (30.0). Adjusted gearing was 111.8% (80.6).

The Group's liquid funds stood at 407.0 million euros (488.2) at the end of the period. In addition to the liquid funds on the balance sheet, the Group has the option of re-borrowing employment pension fund reserves worth approximately 380 million euros from Ilmarinen Mutual Pension Insurance Company. Drawing these reserves requires a bank guarantee. The Group also has reserve funding available through a 200 million euro syndicated credit agreement, which was entirely unused at the end of the period. Financial flexibility is also available through a 200 million euro short-term commercial paper programme. At the end of the period under review, 45 million euros were in use under the programme.

### **Capital Expenditure**

In the first quarter, capital expenditure excluding advance payments totalled 7.4 million (30.9). Capital expenditure for the full year 2012 is estimated at 46 million euros, with investments in the fleet representing majority euros of this total.

## Fleet

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair Plc. The size of the fleet operated by Finnair is 58 aircraft, down by 7 in January-March 2012. Finnair leased four Embraer 170 series aircraft to Estonian Air and one to Honeywell and gave up two Airbus A32 series aircraft as their leasing agreements expired. Finnair is also planning to give up two more Airbus 32S series aircraft in autumn 2012. The average age of Finnair's entire fleet was eight years at the end of the period under review.

The deliveries of Airbus 350 XWB aircraft are expected to start at the beginning of 2015 at the earliest. The final schedule has yet to be confirmed. Finnair is evaluating alternatives to minimise the impacts delays in deliveries may have. Some of the aircraft will replace the A340 aircraft currently in use in long-haul traffic.

Finnair has the possibility to adjust the size of its fleet flexibly according to demand and outlook due to its lease agreements with different durations.

### Fleet operated by Finnair on March 31, 2012

	Seats	Quantity	Own*	Leased	Average age
Airbus A319	105–138	11	7	4	10.5
Airbus A320	111–159	10	6	4	9.6
Airbus A321	136–196	6	4	2	11.2
Airbus A330	297/271/263	8	7	1	2.4
Airbus A340	270/269	7	5	2	9.2
Boeing B757	227	4	0	4	14.2
Embraer 190	100	12	8	4	3.7
<b>Total</b>		<b>58</b>	<b>37</b>	<b>21</b>	<b>8.0</b>

\* Includes three Airbus 330 financial leasing aircraft

In addition to the aircraft operated by Finnair itself, the Group owns 11 ATR 72 aircraft as a result of the Flybe Nordic arrangement concluded in summer 2011. The aircraft have been leased to Finnair's affiliate Flybe Nordic. Also as part of the arrangement, Finnair has a delivery agreement for one more ATR 72 aircraft. The aircraft will be delivered in late 2012 and leased to Flybe Nordic.

## Business area development

The segment reporting of Finnair Group's financial statements is based on business areas. The reporting business areas are Airline Business, Aviation Services and Travel Services.

### Airline Business

This business area is responsible for scheduled passenger and charter traffic as well as cargo sales, customer service and service concepts, flight operations and activity connected with the procurement and financing of aircraft. The Airline Business segment comprises the Sales & Marketing, Operations, Customer Service and Resources Management functions as well as the subsidiaries Finnair Cargo Oy, Finnair Cargo Terminal Operations Oy, Finnair Flight Academy Oy and Finnair Aircraft Finance Oy.

### Key figures

		1–3/ 2012	1–3/ 2011	Change %	2011
<b>Turnover and result</b>					
Turnover	EUR million	509.9	452.3	12.7	1,970.5
Operating result, EBIT, % of turnover	%	-4.2	-5.9		-2.8
Operating result, EBIT	EUR million	-21.4	--26.6	19.5	-55.5
<b>Personnel</b>					
Average number of employees		3,551	3,505	1.3	3,565

In January-March, Finnair traffic measured in revenue passenger kilometres rose by 9.1%, and overall capacity showed a year-on-year increase of 3.9%. The passenger load factor for all traffic increased by 3.6% compared to the previous year, totalling 76.2%.

Capacity in Asian traffic grew by 8.3% from the comparison period, mainly boosted by the Singapore route opened in May 2011. Asian traffic measured in revenue passenger kilometres grew by 11.5%, largely due to an increase in business travel. The load factor in Asian traffic rose slightly in the period under review despite increased capacity. Demand and the load factor in the comparison period were negatively influenced by the Japanese earthquake and tsunami of March 2011. The natural disaster in Japan was also reflected in European feeder traffic in the comparison period.

As a result of successful capacity planning and campaign pricing, domestic and European traffic showed a marked increase in the period under review, in terms of both revenue passenger kilometres and passenger load factor. Measured in revenue passenger kilometres, European traffic increased by 22.6% and domestic traffic by 13% compared to the same period in 2011. The corresponding increases in load factors were 9.4% and 10.6% respectively. In addition to actions taken by Finnair itself, the exit of certain competitors from several European routes during the period under review had an impact on the positive developments seen in the first quarter.

Corporate sales grew nearly 8% in January-March compared to the same period last year. The growth was mainly from Asian sales, which increased by over 14%. Corporate sales growth was strongest in Singapore, Korea, Hong Kong and China. Global corporate sales accounted for approximately 26% of total scheduled traffic sales volume.

In January-March, Finnair's market share was 4.9% (5.2) on operated route pairs in scheduled traffic between Europe and Asia. Finnair's market share of flights departing from Finland was approximately 41%, or 53% of passengers.

The overcapacity in the Finnish package tour market continued to be reflected in the leisure traffic segment, with passenger load factor falling to 88.7%. In January-March, Finnair's charter flights carried approximately 205,400 passengers, which is nearly 11% less than during the corresponding period of the previous year. Some of the previous leisure flights are now operated as scheduled services, showing a decline in the leisure traffic.

Increased fuel costs had a negative effect on the profitability of cargo traffic, as the increased costs were not passed on to cargo prices. In the first quarter, cargo flights were operated to Hong Kong, Seoul, Shanghai, New York, Mumbai and Frankfurt. Cargo demand remained stable in the first quarter of the year despite the challenging market conditions. In cargo traffic, available tonne kilometres rose by 9.6% in the period under review while revenue tonne kilometres increased by 11.2%. The total load factor of cargo traffic remained largely unchanged from the comparison period at 63.1%. Cargo traffic unit revenue per tonne kilometre remained close to the previous year's levels. The amount of cargo and mail carried grew by 10% from the corresponding period last year. Cooperation with World Airways ended in March 2012 as a result of adjusting capacity to market conditions.

Unit revenue per available seat kilometre rose by 8.7% to 6.04 euro cents (5.56) during the period. Unit costs per available seat kilometre, including fuel, increased by 2.0% to 6.51 euro cents (6.39) and unit costs excluding fuel fell by 4.7% to 4.48 euro cents (4.70).

The arrival punctuality of Finnair flights remained fairly good despite the wintery conditions in the period under review, with 77.5% of all scheduled flights (80.7% in January-March 2011) and 76.8% of all traffic (79.0%) arriving on time.

## **Air Traffic Services and Products**

### **Route Network**

During the summer season beginning at the end of March, Finnair will fly a record 81 flights per week to 11 Asian cities. Finnair offers the fastest connections in traffic between Europe and Asia, with more than 200

route pairs. In May, the company will begin year-round flights to Chongqing, a new destination in China. Finnair is the first airline to open direct scheduled flights from Europe to Chongqing. The company also flies to Tokyo up to 10 times per week. The summer season will also feature traditional summer destinations, additional flights on several Finnair routes as well as Dubrovnik as a new summer destination.

Finnair signed a codeshare agreement with Bangkok Airways during the period under review. Bangkok Airlines is the only Asian airline to win the Skytrax Best Regional Airline award for six consecutive years. The new codeshare flights will provide better connections from Bangkok, Hong Kong and Singapore to destinations in Thailand as well as the opportunity for passengers to visit to Asian destinations on a single trip. Finnair is the only European airline to offer the option of a layover in Hong Kong or Singapore en route to Thailand's most popular destinations, namely Koh Samui, Phuket and Chiang Mai.

Europe's sixth-largest airline, airberlin, joined the oneworld alliance in March. Finnair and airberlin have operated codeshare flights since 2010, which has expanded Finnair's range of destinations in German-speaking Europe and the Mediterranean and increased passengers on Asian routes. As airberlin joins the alliance, Finnair's network will continue to grow.

Finnair's and Flybe's cooperation flights in the Nordic countries will continue in the summer season. Flybe Nordic aims to serve markets outside existing route networks by opening new regional routes and flights.

In the period under review, Finnair's oneworld alliance partner Japan Airlines (JAL) announced it will begin operating flights from Tokyo to Helsinki four times per week in March 2013. Finnair has operated codeshare flights with JAL for several years, and the new route announced by JAL will also be a cooperation flight. JAL is planning to schedule its flights to allow passengers to continue on Finnair flights departing Helsinki-Vantaa Airport in the afternoon to optimise connections to Finnair's European routes.

### **Other Renewals and Services**

During the period under review, Finnair announced that it was to develop its pre-flight services to facilitate smoother departures for its customers and reduce unnecessary waiting times at the airport. Finnair is offering customers the opportunity to check in online or by mobile phone up to 36 hours before departure. The use of self-service check-in machines at Helsinki-Vantaa will also be increased later in spring 2012.

Starting in February 2012, economy class passengers have had the opportunity to select a seat at the time of booking their flight in exchange for a small fee. Seat reservations can also still be made during the online check-in procedure, free of charge.

These new services aim to improve the customer experience as well as the cost-effectiveness of Finnair's operations.

### **Awards**

Skytrax again confirmed Finnair's four-star classification as part of its World Airline Star Rating programme in the period under review. Finnair is the only Nordic airline in this category. The classification is based on an objective assessment of all services provided by an airline. In 2010 and 2011, passengers voted Finnair the best Northern European airline in the Skytrax World Airline Awards. World Airline Awards™ is the aviation industry's most comprehensive and respected classification of commercial airlines.

### **Aviation Services**

This business area consists of aircraft maintenance services, ground handling and the Group's catering operations. In addition, most of Finnair's property holdings, the procurement of office services and the management and maintenance of properties related to the company's operational activities also belong to the Aviation Services business area. Aviation Services' business consists mainly of intra-Group service provision. Approximately one quarter of the business area's turnover comes from outside the Group.

### **Key figures**



		1-3/ 2012	1-3/ 2011	Change %	1-12/ 2011
<b>Turnover and result</b>					
Turnover	EUR million	93.8	114.5	-18.1	424.1
Operating result, EBIT, % of turnover	%	3.0	-14.6		-3.9
Operating result, EBIT	EUR million	2.8	-16.7	116.8	-16.5
<b>Personnel</b>					
Average number of employees		2,419	2,646	-8.6	2,619

In the period under review, Finnair signed a memorandum of understanding on selling its catering operations to LSG Sky Chefs. In April, Finnair announced it had signed a memorandum of understanding on purchasing aircraft engine and equipment maintenance services from SR Technics. Both businesses have been recorded on the balance sheet as non-current assets held for sale. Finnair's ground services were transferred to Swissport already in autumn 2011.

### Travel Services (Tour Operators and Travel Agencies)

This business area consists of the tour operator Aurinkomatkat (Suntours), its subsidiaries operating in Estonia and Russia, and the business travel agencies Area and Finland Travel Bureau (FTB) and FTB's subsidiary Estravel, which operates in the Baltic countries. Amadeus Finland produces travel sector software and solutions. Aurinkomatkat serves leisure travellers, offering its customers package tours, tailored itineraries, flight and hotel packages, flights and cruises as well as golf, sailing and skiing holidays.

#### Key figures

		1-3/ 2012	1-13/ 2011	Change %	1-12/ 2011
<b>Turnover and result</b>					
Turnover	EUR million	100.8	106.6	-5.4	321.9
Operating result, EBIT, % of turnover	%	-1.6	0.2		-4.9
Operating result, EBIT	EUR million	-1.6	0.2	-	-15.8
<b>Personnel</b>					
Average number of employees		937	1,025	-8.6	980

In January–March, the operating result of the Travel Services business area showed a loss at -1.6 million euros (00.2). Aurinkomatkat sales grew considerably compared to late 2011. Nevertheless, the package tour market continues to have overcapacity and the company adjusted its production from the previous year. Aurinkomatkat-Suntours' customer satisfaction remained at a very high level.

The scaling down of Aurinkomatkat-Suntours' Russian operations continued as planned and consequently the result remained in the red. The focus of Russian sales is shifting to online sales and a Russian-language online shop will be launched in summer 2012. The Estonian subsidiary Horizon Travel changed its name to Aurinko Oü and redesigned its brand identity to correspond with the Aurinkomatkat-Suntours brand's visual identity in the Finnish market.

International online travel agencies continued to increase their market share in the airline ticket sales market in Finland. Demand for business travel in Finland decreased slightly in the first quarter, compared to the corresponding period last year. Area increased its sales and market share, while SMT's sales remained at the previous year's level. The sales and result of Estravel in the Baltic countries grew considerably compared to 2011. The result of the Travel Services segment was affected negatively by non-recurring items. Finland Travel Bureau adopted a virtual service model, closed down two branches in Finland and laid off 22 employees. Matkatoimisto Area continues to develop active cooperation with its international partner, the GlobalStar network, while Finland Travel Bureau is deepening its cooperation with American Express Business Travel.

### Personnel

At the end of the period under review, Finnair had approximately 7,212 employees (7,470). The number of employees decreased as a result of structural reforms initiated in the areas of technical services, sales, marketing and administration. The reforms were initiated in 2011 and implemented in the first quarter of 2012. The personnel were divided by business area as follows: Airline Business 3,551 (3,505), Aviation Services 2,419 (2,646) and Travel Services 937 (1,025). A total of 305 people were employed in other functions (294). The total number of Group employees on March 31 stood at 7,322 (7,627).

After the period under review, on April 11, 2012, Finnair announced it was initiating employee consultations concerning 350 technical services personnel. It is estimated that the number of employees needs to be reduced by approximately 280. Finnair is continuing to implement the Career Gate concept developed in 2011 to help Finnair personnel find employment as quickly as possible when it is necessary to reduce staff.

### **Share price development and trading**

At the end of March 2012, Finnair's market value stood at 294.7 million euros (492.0), and the closing price of the share was 2.30 euros. During the January-March period, the highest price for the Finnair share on the NASDAQ OMX Helsinki Stock Exchange was 2.64 euros (5.37), the lowest price 2.25 euros (3.74) and the average price 2.47 euros (4.66). Some 4.8 million (4.8) of the company's shares, with a value of 11.8 million euros (22.2), were traded on the NASDAQ OMX Helsinki Stock Exchange.

The number of shares recorded in Finnair's Trade Register entry was 128,136,115 at the end of the period under review. The Finnish State owned 55.8% (55.8) of Finnair's shares, while 11.9% (15.1) were held by foreign investors or in the name of a nominee.

On March 31, 2012, Finnair held a total of 410,187 of its own shares, representing 0.3% of the total share capital. There were no changes in the number of own shares held by Finnair in the period under review.

### **Resolutions of the Annual General Meeting**

Finnair Plc's Annual General Meeting, held on March 28, 2012, confirmed the financial statements for 2011 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting adopted the Board's proposal to not pay a dividend.

The Annual General Meeting re-elected Harri Sailas as the Chairman of the Board of Directors. Of the previous members of the Board of Directors, Harri Kerminen continues on the newly elected Board. The new members of the Board of Directors are Maija-Liisa Friman, Klaus Heinemann, Jussi Itävuori, Merja Karhapää and Gunvor Kronman. The term of office of the members of the Board of Directors ends at the close of the first Annual General Meeting following their election. The Annual General Meeting decided that the Chairman of the Board of Directors be paid an annual fee of 61,200 euros, the Deputy Chairman a fee of 34,200 euros and the ordinary members a fee of 30,000 euros each. Members of the Board of Directors will also receive fees for participating in Board and Board Committee meetings at the amount of 600 euros per meeting for members residing in Finland and 1,200 euros per meeting for members residing abroad.

Authorised Public Accountants PricewaterhouseCoopers continues as Finnair's auditor, with APA Mikko Nieminen acting as the principal auditor. Auditor's fees are paid in accordance with their reasonable invoice.

The Annual General Meeting authorised the Board of Directors to decide on the acquisition of the company's own shares and/or use of shares as collateral as follows. The authorisation applies to a maximum of 5,000,000 shares and is valid until 28 September 2013.

The Annual General Meeting decided to set in place an Appointment Committee to prepare proposals concerning Board members and their fees for the Annual General Meeting of 2013. Representatives from the three largest shareholders shall be elected to the Appointment Committee, which will also include the Chairman of the Board as an expert member.

### **Committees of the Board**

In its first meeting held after the Annual General Meeting, Finnair Plc's Board of Directors elected Harri Kerminen as the Deputy Chairman. Maija-Liisa Friman was elected Chairman of the Audit Committee, with Klaus Heinemann, Merja Karhapää and Harri Kerminen as ordinary members. Harri Sailas was elected Chairman of the Remuneration Committee, with Jussi Itävuori, Harri Kerminen and Gunvor Kronman as ordinary members.

### **Corporate Responsibility**

In April, after the period under review, Finnair published its annual corporate responsibility report. The report is based on the international Global Reporting Initiative (GRI) and includes metrics for financial, social and environmental responsibility for 2011. The report's themes are the impacts of aviation on society and economy, Finnair's actions to reduce greenhouse gases and the effects of structural reforms on personnel.

Finnair has published reports on environmental responsibility since 1997. In 2008, Finnair became one of the first airlines to publish reports based on the GRI framework. GRI, which is supported by the UN Environment Programme, is the world's most broadly recognised international guideline for reporting on sustainable development.

### **Other events during the review period**

The police announced in March, that it has on its own initiative started preliminary investigation regarding the apartment transaction between CEO Mika Vehviläinen and Ilmarinen Mutual Pension Insurance Company. The transaction took place in January 2011. Finnair helps the police in its investigation in every possible way. The police will primarily communicate about the progress of the investigation.

### **Events after the Review Period**

Finnair and the Swiss operator SR Technics signed a letter of intent in April 2012 for Finnair to purchase aircraft engine and equipment maintenance services from SR Technics. If implemented, the partnership with SR Technics would result in Finnair discontinuing its own engine maintenance operations and making significant adjustments to equipment maintenance operations. Finnair has initiated employee consultations regarding these plans. Line maintenance that is closely linked to daily aviation operations will continue to be performed by Finnair.

The planned partnership is part of Finnair's structural reform programme launched in August 2011, which involves the goal of developing the Group's partnership network. Finnair estimates that the partnership would result in significant cost savings if implemented.

FINNAIR PLC  
Board of Directors

**Q1 Result briefings**

Finnair will hold a press conference on April 27, 2012 at 11:00 a.m. and an analyst briefing at 12:30 p.m. at Helsinki-Vantaa Airport's World Trade Center, located at the address Lentäjätie 3. An English-language telephone conference will begin at 3:30 p.m. Finnish time. The conference may be attended by dialling your local access number and using the Participant PIN code: 255856#

Finland - Toll:	+358 923101514
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Denmark - Toll Free:	8070 1618
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FINNAIR PLC  
Communications  
April 27, 2012

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Key Figures		Jan-Mar 2012	Jan-Mar 2011	Change %	Jan-Dec 2011
<b>Turnover and result</b>					
Turnover	EUR million	591,8	533,7	10,9	2 257,7
Operational result, EBIT	EUR million	-25	-43,1	42,0	-60,9
Operational result, % turnover	%	-4,2	-8,1	3,9 %-p	-2,7
Operating result, EBIT	EUR million	-20,2	-43,1	53,1	-87,8
EBITDAR	EUR million	24,9	3,6	-	139,6
Result before taxes	EUR million	-26,2	-46,2	43,3	-111,5
Net result	EUR million	-20,4	-33,8	39,6	-87,5
<b>Balance sheet and cash flow</b>					
Equity ratio	%	31,0	34,7	3,9 %-p	32,6
Gearing	%	44,4	30	14,4 %-p	43,3
Adjusted gearing	%	111,8	80,6	31,2 %-p	108,4
Capital expenditure, CAPEX	EUR million	7,4	30,9	-76,1	203,9
Return on capital employed, ROCE 12 months rolling	%	-4,07	-1,5	-	-5,2
Return on equity, ROE , 12 months rolling	%	-9,32	-4,2	-	-10,9
Net cash flow from operating activities	EUR million	-7,9	-33,9	76,7	50,8
<b>Share</b>					
Share price at end of quarter	EUR	2,30	3,84	-40,1	2,30
Earnings per share	EUR	-0,18	-0,28	35,7	-0,75
<b>Traffic data, unit costs and revenue</b>					
Passengers	1,000	2 076	1 885	10,1	8 013
Available seat kilometres, ASK	million	7 643	7 353	3,9	29 345
Revenue passenger kilometres, RPK	million	5 825	5 339	9,1	21 498
Passenger load factor, PLF	%	76,2	72,6	3,6 %-p	73,3
Unit revenue per available seat kilometre, RASK	cents/ASK	6,04	5,56	8,7	6,03
Unit revenue per revenue passenger kilometre, yield	cents/RPK	6,92	6,78	2,1	7,24
Unit cost per available seat kilometre, CASK	cents/ASK	6,51	6,39	2,0	6,43
CASK excluding fuel	cents/ASK	4,48	4,70	-4,7	4,67
Available tonne kilometres, ATK	million	1 195	1 133	5,4	4 571
Revenue tonne kilometres, RTK	million	755	688	9,7	2 823
Cargo and mail	tonnes	37 892	34 447	10,0	145 883
Cargo traffic unit revenue per tonne kilometre	cents/RTK	25,48	26,29	-3,1	27
Overall load factor	%	63,2	60,7	2,5 %-p	61,8
Flights	number	18 346	20 502	-10,5	78 916
<b>Personnel</b>					
Average number of employees		7212	7470	-3,5	7 467

## Consolidated income statement

in mill. EUR	Jan-March	Jan-March	Change %	Jan-Dec
	2012	2011		2011
<b>Turnover</b>	<b>591,8</b>	<b>533,7</b>	<b>10,9</b>	<b>2 257,7</b>
Work used for own purposes and capitalized	1,0	1,3	-23,1	3,1
Other operating income	3,9	2,7	44,4	13,9
Capital gains *	0,0	-1,2	-	-3,0
<b>Operating income</b>	<b>596,7</b>	<b>536,5</b>	<b>11,2</b>	<b>2 271,7</b>
<b>Operating expenses</b>				
Staff costs	114,9	116,8	-1,6	455,4
Fuel	167,6	132,8	26,2	555,2
Lease payment for aircraft	18,0	16,7	7,8	69,9
Other rental payments	30,9	29,1	6,2	128,0
Fleet materials and overhaul	40,4	30,2	33,8	117,8
Traffic charges	53,7	50,6	6,1	211,6
Ground handling and catering expenses	49,2	44,7	10,1	195,8
Expenses for tour operations	39,5	41,9	-5,7	131,2
Sales and marketing expenses	18,3	21,7	-15,7	93,3
Depreciation	31,9	30,0	6,3	130,6
Other expenses	57,3	66,3	-13,6	246,8
<b>Total</b>	<b>621,7</b>	<b>580,8</b>	<b>7,0</b>	<b>2 335,6</b>
<b>Operational result, EBIT</b>	<b>-25,0</b>	<b>-43,1</b>	<b>-42,0</b>	<b>-60,9</b>
Fair value changes of derivatives and foreign currency denominated fleet maintenance reserves	9,2	19,6	-53,1	-2,4
Non-recurring items	-4,4	-18,4	-76,1	-21,5
<b>Total Expenses</b>	<b>616,9</b>	<b>579,6</b>	<b>6,4</b>	<b>2 359,5</b>
<b>Operating result, EBIT</b>	<b>-20,2</b>	<b>-43,1</b>	<b>-53,1</b>	<b>-87,8</b>
Financial income	1,8	3,1	-41,9	9,0
Financial expenses	-6,5	-6,3	3,2	-30,6
Share of result in associates	-1,3	0,1	-	-2,1
<b>Result before taxes</b>	<b>-26,2</b>	<b>-46,2</b>	<b>-43,3</b>	<b>-111,5</b>
Direct taxes	5,8	12,4	-53,2	24,0
<b>Result for the period</b>	<b>-20,4</b>	<b>-33,8</b>	<b>-39,6</b>	<b>-87,5</b>
Earnings per share attributable to shareholders of the parent company	-20,5	-33,8		-87,7
Earnings per share to shareholders of the parent company	0,1	0,0		0,2
<b>Non-controlling interest</b>				
Earnings per share (basic, diluted)	-0,18	-0,28		-0,75

\* not included in the operational result, EBIT

**Consolidated balance sheet**

in mill. EUR	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	31,7	37,0	32,3
Tangible assets	1 416,4	1 420,0	1 468,2
Investments in associates	11,5	7,7	13,7
Financial assets	31,8	13,0	32,1
Deferred tax receivables	82,4	64,0	75,2
Total	1 573,8	1 541,7	1 621,5
<b>Short-term receivables</b>			
Inventories	19,0	45,9	48,9
Trade receivables and other receivables	339,8	378,3	283,3
Investments	363,9	434,3	353,8
Cash and cash equivalents	39,7	53,9	49,5
Total	762,4	912,4	735,5
Non-current Assets held for sale	86,8	27,3	0,0
<b>Assets total</b>	<b>2 423,0</b>	<b>2 481,4</b>	<b>2 357,0</b>
<b>Shareholders' equity and liabilities</b>			
<b>Capital and provisions attributable to equity holders of the parent company</b>			
Shareholders' equity	75,4	75,4	75,4
Other equity	665,0	773,6	676,4
Total	740,4	849,0	751,8
Non-controlling interest	0,7	0,6	0,7
Equity total	741,1	849,6	752,5
<b>Long-term liabilities</b>			
Deferred tax liability	103,5	113,9	98,5
Financial liabilities	497,6	646,6	516,0
Pension obligations	0,0	2,5	0,0
Provisions	88,3	71,9	86,9
Total	689,4	834,9	701,4
<b>Short-term liabilities</b>			
Current income and tax liabilities	0,0	0,0	0,0
Provisions	38,4	42,9	46,0
Financial liabilities	252,7	106,3	229,9
Trade payables and other liabilities	685,1	647,7	627,2
Liabilities of Non currents Assets held for sale	16,3	-	-
Total	992,5	796,9	903,1
Liabilities total	1 681,9	1 631,8	1 604,5
<b>Shareholders' equity and liabilities, total</b>	<b>2 423,0</b>	<b>2 481,4</b>	<b>2 357,0</b>

Shareholders' equity as of 31 March 2012

	Share capital	Share premium account	Bonus issue	Hedging reserve	Unrestricted equity	Translation difference	Retained earnings	Hybrid bond	Equity attributable to shareholders of the company	Non-controlling interest	Own equity, total
<b>Mill. EUR</b>											
<b>Shareholders' equity, 1 Jan 2012</b>	75,4	20,4	147,7	30,0	247,2	-0,2	111,9	119,4	<b>751,8</b>	0,7	<b>752,5</b>
Dividend and share based payments							0,0	0,0	0,0	0,0	<b>0,0</b>
Hybrid bond interest							-2,1		-2,1	0,0	<b>-2,1</b>
<b>Shareholders' equity related to owners, 31 Mar 2012</b>	75,4	20,4	147,7	30,0	247,2	0,0	109,8	<b>119,4</b>	<b>749,9</b>	<b>0,7</b>	<b>750,4</b>
Result for the period							-20,5		-20,5	0,1	-20,4
Items of Comprehensive income				11,1		0,0			11,1	0,0	11,1
Comprehensive income for the financial period	0,0	0,0	0,0	11,1	0,0	0,0	-20,5	0,0	-9,4	0,1	-9,3
<b>Shareholders' equity, 31 Mar 2012</b>	75,4	20,4	147,7	41,1	247,2	0,0	89,3	<b>119,4</b>	<b>740,5</b>	<b>0,8</b>	<b>741,1</b>

	Share capital	Share premium account	Bonus issue	Hedging reserve	Unrestricted equity	Translation difference	Retained earnings	Hybrid bond	Equity attributable to shareholders of the company	Non-controlling interest	Own equity, total
<b>Mill. EUR</b>											
<b>Shareholders' equity, 1 Jan 2011</b>	75,4	20,4	147,7	35,2	247,2	0,0	215,2	119,4	<b>860,5</b>	0,8	<b>861,3</b>
Dividend and share based payments							0,0	0,0	0,0	-0,2	<b>-0,2</b>
Hybrid bond interest							-8,0		-8,0	0,0	<b>-8,0</b>
<b>Shareholders' equity related to owners, 31 Mar 2011</b>	75,4	20,4	147,7	35,2	247,2	0,0	207,2	<b>119,4</b>	<b>852,5</b>	<b>0,6</b>	<b>853,1</b>
Result for the period							-33,8		-33,8	0,0	-33,8
Items of Comprehensive income				30,4		-0,1			30,3	0,0	30,3
Comprehensive income for the financial period	0,0	0,0	0,0	30,4	0,0	-0,1	-33,8	0,0	-3,5	0,0	-3,5
<b>Shareholders' equity, 31 Mar 2011</b>	75,4	20,4	147,7	65,6	247,2	-0,1	173,4	<b>119,4</b>	<b>849,0</b>	<b>0,6</b>	<b>849,6</b>



## Consolidated cash flow statement

	Jan-Mar 2012	Jan-Mar 2011
in mill. EUR		
<b>Cash flows from operating activities</b>		
Profit for the financial year	-18,5	-33,8
Operations for which a payment is not included *	25,5	28,1
Interest and other financial expenses	5,2	6,3
Interest income and other financial income	-1,2	-3,0
Dividend income	0,0	-0,1
Taxes	0,0	-12,4
Changes in working capital	-14,8	-14,8
Interest paid	-3,2	-4,5
Paid financial expenses	-2,1	-0,9
Received interest	1,2	0,9
Received financial income	0,0	0,3
Taxes paid	0,0	0,0
<b>Net cash flow from operating activities</b>	<b>-7,9</b>	<b>-33,9</b>
<b>Cash flows from investing activities</b>		
Investments in intangible assets	-3,1	-0,8
Investments in tangible assets	-0,8	-28,0
Net change of financial interest bearing assets at fair value through profit and loss	21,3	54,5
Net change of shares classified as available for sale	0,0	0,0
Sales of tangible fixed assets	0,0	43,3
Received dividends	0,1	0,1
Change in non-current receivable	0,0	0,6
<b>Net cash flow from investing activities</b>	<b>17,5</b>	<b>69,7</b>
<b>Cash flows from financing activities</b>		
Loan withdrawals and changes	35,2	0,3
Loan repayments and changes	-31,4	-18,0
<b>Net cash flow from financing activities</b>	<b>3,8</b>	<b>-17,7</b>
<b>Change in cash flows</b>		
	<b>13,4</b>	<b>18,1</b>
Liquid funds, at beginning	254,5	294,0
Change in cash flows	13,4	18,1
<b>Liquid funds, at end</b>	<b>267,9</b>	<b>312,1</b>
<b>Notes to consolidated cash flow statement</b>		
* Operations for which a payment is not included		
Depreciation	31,9	30,0
Employee benefits	0,6	0,0
Fair value changes in derivatives and changes in exchange rates of fleet overhauls	-9,2	-19,6
Other adjustments**	2,2	17,7
Total	25,5	28,1
Financial asset at fair value	363,9	434,3
Liquid funds	43,1	53,9
Short-term cash and cash equivalents in balance sheet	407,0	488,2
Maturing after more than 3 months	-114,6	-152,2
Shares held to trading purposes	-24,5	-23,9
Total in cash flow statement	267,9	312,1

\*\* The paid items related to financial lease agreements 2011 have been classified so that they are part of financing activities cash flow instead of operating activities cash flow

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASICS OF PREPARATION

This consolidated interim report has been prepared according to the International (IAS) Standard 34: Interim Financial Reporting.

### 2. ACCOUNTING PRINCIPLES

The accounting principles adhered to in the interim report are consistent with the principles adhered to in the 2011 consolidated financial statements.

The standards and interpretations published by the IASB to be introduced by the Group in 2013 and 2014 will be introduced in the accounting principles of 2012 financial statements.

### 3. CRITICAL FINANCIAL STATEMENT ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements bulletin requires the company's management to make estimates and assumptions that influence the levels of reported assets and liabilities as well as of revenue and expenses. The actual outcomes may differ from the estimates and assumptions made. The main estimates and assumptions used are the same as used while preparing the financial statements 2011.

### 4. SEGMENT INFORMATION

The reported segment of the Group are business segments. The business segments are Airline Business, Aviation Services and Travel Services. Pricing between segments takes place at the going market price.

#### Business segment data Jan - Mar 2012

in mill. EUR	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
External turnover	456,7	34,6	100,5			591,8
Internal turnover	53,2	59,2	0,3	-112,7		0,0
Turnover	509,9	93,8	100,8	-112,7	0,0	591,8
Operating profit	-21,4	2,8	-1,6		0,0	-20,2
Share of results of associated undertakings					-1,3	-1,3
Financial income					1,8	1,8
Financial expenses					-6,5	-6,5
Income tax					5,8	5,8
Non-controlling interest					-0,1	-0,1
Result for the period						-20,5
Depreciation	27,8	3,8	0,3	0,0	0,0	31,9

#### Business segment data Jan - Mar 2011

in mill. EUR	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
External turnover	401,0	26,4	106,3			533,7
Internal turnover	51,3	88,1	0,3	-139,7		0,0
Turnover	452,3	114,5	106,6	-139,7	0,0	533,7
Operating profit	-26,6	-16,7	0,2		0,0	-43,1
Share of results of associated undertakings					0,1	0,1
Financial income					3,1	3,1
Financial expenses					-6,3	-6,3
Income tax					12,4	12,4
Non-controlling interest					0,0	0,0
Result for the period						-33,8
Depreciation	24,7	4,8	0,3	0,0	0,2	30,0

**Turnover**

Mill. EUR	Jan-March 2012	Jan-March 2011	Change %	Jan-Dec 2011
Airline Business	509,9	452,3	12,7	1 970,5
Aviation Services	93,8	114,5	-18,1	424,1
Travel Services	100,8	106,6	-5,4	321,9
Group eliminations	-112,7	-139,7	19,3	-458,8
<b>Total</b>	<b>591,8</b>	<b>533,7</b>	<b>10,9</b>	<b>2 257,7</b>

**Operating profit**

Mill. EUR	Jan-March 2012	Jan-March 2011	Change %	Jan-Dec 2011
Airline Business	-21,4	-26,6	19,5	-55,5
Aviation Services	2,8	-16,7	116,8	-16,5
Travel Services	-1,6	0,2		-15,8
<b>Total</b>	<b>-20,2</b>	<b>-43,1</b>	<b>-53,1</b>	<b>-87,8</b>

Unallocated items in 2011 have been allocated to segments.

**Employees average by segment**

	Jan-March 2012	Jan-March 2011	Change %	Jan-Dec 2011
Airline Business	3 551	3 505	1,3	3 565
Aviation Services	2 419	2 646	-8,6	2 619
Travel Services	937	1 025	-8,6	980
Other functions	305	294	3,7	303
<b>Total</b>	<b>7 212</b>	<b>7 470</b>	<b>-3,5</b>	<b>7 467</b>

## 5. MANAGEMENT OF FINANCIAL RISKS

No significant changes have been made to the Group's risk management principles in the reporting period. The objectives and principles of risk management are consistent with information presented in the Group's 2011 Financial Report. The tables below present the nominal value or the amount and net fair value of derivative contracts used in Group's hedge accounting.

Derivatives	Mar 31, 2012		Mar 31, 2011		Dec 31, 2011	
	Nominal value	Fair net value	Nominal value	Fair net value	Nominal value	Fair net value
<b>Currency derivatives, in Mill. EUR</b>						
Hedge accounting items						
Forward contracts, Jet Fuel currency hedging	360,1	8,6	291,6	-9,1	373,5	22,9
Forward contracts, Hedging of Aircraft purchase price						
Fair value hedging	320,0	14,3	295,5	2,2	330,0	25,2
Cash flow hedging	0,0					
Forward contracts, Currency hedging of lease payments	44,8	1,0	40,9	-2,1	45,7	2,8
<b>Total</b>	<b>724,9</b>	<b>23,9</b>	<b>628,0</b>	<b>-9,0</b>	<b>749,2</b>	<b>50,9</b>
Currency derivatives at fair value through profit or loss						
Operating cash flow hedging (forward contracts)	165,4	3,1	173,1	-1,3	187,2	8,7
Operational cash flow hedging (options)	137,3	2,8				
Call options			40,7	1,4	109,7	2,4
Put options	181,3	0,1	6,8	-0,1	162,5	-2,2
Balance sheet hedging (forward contracts)	69,2	0,7	89,4	-2,0	78,8	3,6
<b>Total</b>	<b>553,2</b>	<b>6,7</b>	<b>310,0</b>	<b>-2,0</b>	<b>538,2</b>	<b>12,5</b>
<b>Currency derivatives, total</b>	<b>1 278,1</b>	<b>30,6</b>	<b>938,0</b>	<b>-11,0</b>	<b>1 287,4</b>	<b>63,4</b>
<b>Commodity derivatives, in tonnes/MWh</b>						
Hedge accounting items						
Jet Fuel swaps (tonnes)	518 100	40,1	530 550	95,7	537 400	21,1
Electricity hedging MWh	109 226	-0,2	118 462	0,8	113 223	-0,3
Currency derivatives at fair value through profit or loss						
Jet fuel forward contracts, (tonnes)	12 700	0,4	60 350	12,2	13 400	-0,5
Jet differential forward contracts ( tonnes)			3 500	0,0		
<b>Options</b>						
Jet fuel options, (tonnes)	228 000	10,9	132 000	15,0	240 600	7,8
Jet fuel put options, (tonnes)	408 000	-3,4	264 000	-6,6	481 200	-7,8
Electricity hedging MWh	31 947	-0,3	32 456	0,0	26 352	-0,1
<b>Commodity derivatives, total</b>		<b>47,5</b>		<b>117,1</b>		<b>20,2</b>
<b>Interest rate derivatives, in Mill. EUR</b>						
<b>Cross currency Interest rate swaps</b>						
Cross currency interest rate swaps at fair value through profit or loss	27,2	0,3	30,6	-1,1	27,0	0,2
<b>Total</b>	<b>27,2</b>	<b>0,3</b>	<b>30,6</b>	<b>-1,1</b>	<b>27,0</b>	<b>0,2</b>
<b>Interest rate swaps</b>						
Interest rate swaps at fair value through profit or loss	25,0	-0,9	25,0	0,3	25,0	-0,8
<b>Interest rate derivatives, total</b>	<b>25,0</b>	<b>-0,9</b>	<b>25,0</b>	<b>-0,3</b>	<b>25,0</b>	<b>-0,8</b>
<b>Interest rate option</b>	<b>7,7</b>				<b>8,3</b>	
<b>Interest rate option, total</b>	<b>7,7</b>	<b>0</b>			<b>8,3</b>	

## 6. COMPANY ACQUISITIONS AND SALES

During the financial period the Group didn't have any acquired businesses.

## 7. INCOME TAXES

Operational and deferred taxes based on the result have been recognised in the income statement at prevailing tax rates.

## 8. DIVIDEND PER SHARE

The Annual General Meeting on 28 March 2012 decided not to distribute a dividend for financial year 2011.

## 9. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

in mill. EUR	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Carrying amount at the beginning of period	1 500,5	1 515,9	1 515,9
Fixed asset investments	7,4	30,9	203,9
Change in advances	12,1	12,0	-12,9
Disposals	-40,0	-44,5	-75,8
Depreciation	-31,9	-30,0	-130,6
<b>Carrying amount at the end of period</b>	<b>1 448,1</b>	<b>1 484,3</b>	<b>1 500,5</b>
Proportion of assets held for sale at beginning of period	0,0	70,7	70,7
Proportion of assets held for sale at end of period	39,6	27,3	0,0

## 10. NON-CURRENT ASSETS HELD FOR SALE

Catering and technical services as described in the interim report text.

	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Non current assets held for sale			
Tangible assets	39,6	27,3	-
Inventories	33,3	-	-
Trade receivables and other receivables	10,5	-	-
Cash and cash equivalents	3,4	-	-
<b>Total</b>	<b>86,8</b>	<b>27,3</b>	<b>-</b>

	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Liabilities of Non currents Assets held for sale			
Trade payables and other liabilities	16,3	-	-
<b>Total</b>	<b>16,3</b>	<b>-</b>	<b>-</b>

## 11. INTEREST - BEARING LIABILITIES

The loan withdrawals were according to the loan withdrawals program. The rest of the loan transactions presented in the accounts relate to old secured loans, which owing to their exceptional agreement structure have a net repayment entered gross both as a withdrawal and a repayment.

## 12. CONTINGENT LIABILITIES

in mill. EUR	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Pledges on own behalf	749,6	585,7	757,7
Guarantees on behalf of group undertakings	64,9	65,4	72,5
Guarantees on behalf of others	3,8	2,5	1,8
<b>Total</b>	<b>818,3</b>	<b>653,6</b>	<b>832,0</b>

Investment commitments for property, plant and equipment on 31 March 2012 totalled 1.000.0 million euros (1.000,0)

## 13. LIABILITIES

in mill. EUR	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Fleet lease payment liabilities	205,9	253,2	228,7
Other liabilities	287,9	252,4	290,6
<b>Total</b>	<b>493,8</b>	<b>505,6</b>	<b>519,3</b>

#### 14. RELATED PARTY TRANSACTIONS

in mill. EUR	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Sales of goods and services			
Associated companies	4,7	0,1	5,1
Purchases of goods and services			
Associated companies	9,9	0,4	25,5
Receivables and liabilities			
Receivables from associated companies	4,0	0,0	4,4
Liabilities from associated companies	4,0	0,0	4,1

#### 15. ITEMS OF STATEMENT OF COMPREHENSIVE INCOME

Other comprehensive income include the unrealisable change in the fair value of the hedging instruments of the hedge accounting items which has earlier recognised straight in the hedging reserve of the shareholders' equity and the translation difference.

in mill. EUR	Jan-March 2012	Jan-March 2011	Change %	Jan-Dec 2011
<b>Profit for the period</b>	<b>-20,4</b>	<b>-33,8</b>	<b>-39,6</b>	<b>-87,5</b>
<b>Other comprehensive income items</b>				
Translation differences	0,0	-0,1	-100,0	-0,2
Change in fair value of available-for-sale financial assets after taxes	8,9	-1,6	-656,3	-9,9
Change in fair value of hedging instruments after taxes	2,2	32,0	-93,1	4,7
<b>Other comprehensive income items, total</b>	<b>11,1</b>	<b>30,3</b>	<b>-63,4</b>	<b>-5,4</b>
<b>Comprehensive income for the financial period</b>	<b>-9,3</b>	<b>-3,5</b>	<b>-</b>	<b>-92,9</b>

Earnings per share to shareholders of the parent company of the comprehensive income statement	-9,4	-3,5	-	-93,1
Earnings per share to non-controlling interest of the comprehensive income statement	0,1	0,0	-	0,2

#### 16. EVENTS AFTER THE REVIEW PERIOD

There have not been other remarkable events after the closing date as told in the interim report.

#### 17. CALCULATION OF KEY RATIOS

##### Earnings / share:

$\frac{\text{Profit for the period}}{\text{Average number of shares at the end of the financial year, adjusted for share issues}}$

##### Equity / share:

$\frac{\text{Shareholders' equity}}{\text{Number of shares at the end of the financial year, adjusted for share issues}}$

##### Gearing, %:

$\frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity} + \text{non-controlling interest}}$

##### Operating profit: EBIT =

Operating profit excluding capital gains, non-recurring items and fair value changes in derivatives and changes in the exchange rates of fleet overhauls

Shareholders equity = To equity holders of the parent  
**The figures of interim report have not been audited.**

##### Return on capital employed, %: (ROCE)

$\frac{\text{Profit before taxes} + \text{interest and other financial expenses} * 100}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average)}}$

##### Net interest-bearing liabilities

Interest-bearing liabilities - interest-bearing assets - listed shares

##### Equity ratio, %:

$\frac{\text{Shareholders' equity} + \text{non-controlling interest} * 100}{\text{Balance sheet total} - \text{advances received}}$

##### Return on equity %: (ROE)

$\frac{\text{Result} * 100}{\text{Equity} + \text{non-controlling interest (average)}}$