

Finnair Group Financial Statements Bulletin 2012

In 2012, turnover grew by 8.5 per cent; operational profit was 44.9 million euros.

Key figures	10-12 2012	10-12 2011	Change %	2012	2011	Change %
Turnover and result						
Turnover, EUR million	612.9	577.4	6.1	2 449.4	2 257.7	8.5
Operational result, EBIT, EUR million	6.3	-31.6	-	44.9	-60.9	-
Operational result, % of turnover	1.0	-5.5	6.5 %-p	1.8	-2.7	4.5 %-p
Operating result, EBIT, EUR million	2.7	-30.1	-	35.5	-87.8	-
EBITDAR, EUR million	55.0	26.4	108.3	241.9	139.6	73.3
Result before taxes, EUR million	0.9	-38.2	-	16.5	-111.5	-
Net result, EUR million	1.2	-32.6	-	11.8	-87.5	-
Balance sheet and cash flow						
Equity ratio, %				35.7	32.6	3.1 %-p
Gearing, %				17.6	43.3	-25.7 %-p
Adjusted gearing, %				76.8	108.4	-31.6 %-p
Gross investment, EUR million	23.7	31.9	-25.7	41.4	203.9	-79.7
Return on capital employed, ROCE, 12 months rolling, %				3.0	-5.2	8.2 %-p
Return on equity, ROE, 12 months rolling, %				1.5	-10.9	12.4 %-p
Net cash flow from operating activities	17.9	-1.2	> 200 %	154.7	50.8	> 200 %
Share						
Share price at end of quarter, EUR	2.38	2.30	3.50	2.38	2.30	3.5
Earnings per share, from the result of the period**	0.01	-0.25	104.0	0.09	-0.69	113.0
Earnings per share	-0.06	-0.27	77.8	0.02	-0.75	102.7
Traffic data, unit costs and revenue						
Passengers, thousand people	2 081	1 913	8.8	8 774	8 013	9.5
Available seat kilometres (ASK), million	7 568	7 288	3.8	30 366	29 345	3.5
Revenue passenger kilometres (RPK), million	5 693	5 192	9.6	23 563	21 498	9.6
Passenger load factor (PLF), %	75.2	71.2	4.0 %-p	77.6	73.3	4.3 %-p
Unit revenue per available seat kilometre, (RASK), cents/ASK	6.37	6.09	4.8	6.49	6.03	7.7
Unit revenue per revenue passenger kilometre, yield, cents/RPK	7.20	7.44	-3.2	7.30	7.24	0.9
Unit cost per available seat kilometre, (CASK), cents/ASK	6.54	6.74	-2.9	6.58	6.43	2.3
CASK excluding fuel, cents/ASK	4.47	4.89	-8.6	4.50	4.67	-3.6
Available tonne kilometres (ATK), million	1 135	1 151	-1.3	4 647	4 571	1.7
Revenue tonne kilometres (RTK), million	734	698	5.1	3 029	2 823	7.3
Cargo and mail, tonnes	36 047	38 031	-5.2	148 132	145 883	1.5
Cargo traffic unit revenue per revenue tonne kilometre, cents/RTK	26.49	26.09	1.5	25.45	26.50	-4.0
Overall load factor, %	64.6	60.7	3.9 %-p	65.2	61.8	3.4-p
Number of flights, pcs	13 794	18 683	-26.2	67 805	78 916	-14.1
Personnel						
Average number of employees				6 784	7 467	-9.1

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

**Before Hybrid Bond interest

Mika Vehviläinen, President and CEO:

Overall, 2012 and its last quarter were gratifying for Finnair. We were able to turn the whole year into a profit, for the first time since 2007. The operational result for the entire year stood at 44.9 million euros and turnover grew by 8.5 per cent to 2,449.4 million euros. Our sales and marketing efforts brought results, and our unit revenue improved by a record 7.7 per cent. Consumers have more often chosen Finnair, which is satisfying as we have invested significantly in improving customer experience and operational quality in the past few years.

In recent years, the last quarter of the year has been lossmaking due to seasonal fluctuations, but this year the operational result showed a profit of 6.3 million euros. This proves that our structural change and cost-reduction programme is bringing results. The programme has progressed faster than the original schedule, and, at the end of the year, we had already achieved permanent annual cost reductions of 100 million euros. Unit cost excluding fuel decreased by 3.6 per cent in 2012, while capacity simultaneously grew by 3.5 per cent and fuel costs rose by one-fifth. Showing a profit is a great achievement that required hard work. Thanks for the result belong to the entire Finnair team.

The good work and results are also seen in the fact that the company's Board of Directors is proposing that a dividend of 0.10 euros per share be distributed and that 4,8 million euros be contributed to the Personnel Fund this year.

However, following through with the structural change and cost-reduction programme of 140 million euros launched in 2011 and implementing the additional cost-reduction programme of 60 million euros announced in October 2012 still requires hard work and further difficult changes.

There's still room for improved efficiency in Finnair's operations. The partnership agreements made during last year make room for further process development and re-evaluating of functions and structures. The aim is to question existing practises and to rethink, in what ways we could improve our profitability.

With regard to personnel costs, we are still more expensive than our competitors, and this problem has to be solved. The intention is to find solutions together with personnel groups to simplify the complex salary and remuneration structures. Implementing such reforms is never easy, but I hope and believe that by discussing matters together and considering the different options it is possible to reach a reasonable solution from the point of view of both parties.

Additional cost reductions are absolutely necessary for Finnair: the goal is sustainable profitability so that Finnair is capable of investing in new Airbus 350 aircraft that are vital for a competitive future. Finnair is thus determined to continue working toward improved profitability.

Finnair will be celebrating its 90th anniversary in 2013, and 2012 provided the company with a good basis for making the current year a turning point. Finnair is progressing towards its aim of doubling its revenue from Asian traffic by 2020. The Xian and Hanoi routes that will open in the summer of 2013 will increase the number of Finnair's Asian routes to thirteen. Finnair expects that the operational result of 2013 will show a profit.

2012 was my last full year at Finnair. For my part, I give warm thanks to our customers, shareholders and personnel. During my Finnair years, I have learned how much Finnair as a company means to all of us, and it will always have a place in my heart.

Business environment

Global airline industry is currently undergoing structural changes, the typical characteristics of which are market liberalisation, increasing competition, overcapacity, consolidation, alliances and specialisation. In 2012, the intense competition in the industry was seen in major cost-reduction and structural change programmes and bankruptcies of a number of European airlines. The capacity growth in the market is clearly more controlled than previously, and various partnerships have emerged, especially in international long-haul traffic. Finnair's goal is to take advantage of the opportunities presented by the changes in its industry and to strengthen its position in traffic between Asia and Europe and within Europe.

The largest individual cost factor of airlines is jet fuel, which already accounts for one fourth of Finnair's costs. The price of jet fuel was still high in the last quarter of 2012, creating significant cost pressures for airlines. On the other hand, it has made the industry healthier as the financially weakest competitors have exited the market.

Despite the poor economic environment, passenger traffic continued to grow in Europe in the fourth quarter, which, combined with moderate capacity increases by airlines, improved aircraft load factors. Traffic between Asia and Europe also grew as a result of strong demand. However, the uncertain economic outlook in Europe, together with slower growth in Asia, increase the uncertainty related to future development.

In the last quarter of the year, uncertainty in the world economy depressed demand in cargo traffic between Asia and Europe. Unit revenues in cargo traffic continue to be under pressure due to the decline of import demand in the euro area and the overcapacity of air cargo traffic.

Strategy implementation and partnerships

Finnair's vision is to be the number one airline in the Nordic countries and the most desired option in traffic between Asia and Europe. In addition, its aim is to double its revenue from Asian traffic in 2010–2020. As part of the implementation of its growth strategy and the structural change of the company, Finnair focused on its core business in 2012 and built a more extensive network of partners around itself.

Finnair signed a binding agreement on the transfer of the traffic of twelve Embraer 190 aircraft to be operated by Flybe Finland Oy, and the transfer was implemented at the beginning of the winter season on 28 October 2012. Flybe operates the aircraft in a contract flying-arrangement, whereby the commercial control over the routes and the risk remain with Finnair.

The most significant investment in the implementation of the Asian growth strategy in 2012 was the opening of a new route to Chongqing, China in May. This was the first direct scheduled flight route from Chongqing to Europe, and the route has had a good start. At the end of the year, Finnair announced the launch of two new Asian routes in June 2013. Xian with eight million inhabitants, situated in central China, is a growth hub in aerospace research and the software industry. Hanoi, the capital of Vietnam, is one of the key centres of science and research in South-East Asia. Both cities are also well-known tourist destinations. The routes will be operated until the end of the summer season of 2013.

During 2012, Finnair sought efficiency and flexibility for the use of its fleet by reducing its narrow-body fleet by nine aircraft. The company is now operating traffic of a corresponding scope with a smaller fleet than a year previously, due to which the utilisation of aircraft has risen by over an hour to exceed nine hours per day. During peak demand or maintenance periods, Finnair may also use its partners to operate its routes.

Progress of the structural change and cost-reduction programme

The implementation of the structural reform and cost-reduction programme commenced by Finnair in August 2011 continued in the last quarter of the year. The aim of the programme is to cut Finnair's costs permanently by 140 million euros by the end of 2013. Due to the actions taken, Finnair achieved cumulative, annual savings of 100 million euros by the end of 2012. At the same time, the company has been able to move a significant share of fixed costs to volume based variable costs. The cost-reduction measures were also seen in the decrease of airline unit costs in the last quarter of the year.

As a whole, the cost-reduction programme has progressed well, and Finnair believes that the full target will be reached on schedule. With regard to fleet, sales and distribution, and catering costs, the original objectives have already been exceeded, but the progress of reductions has been slower than the original objectives particularly in the personnel and maintenance cost categories.

Despite the reduction of the cost level achieved in 2012, Finnair is still far from the long-term return objective set for it, i.e. an operating profit margin of six per cent. In addition, the high fuel price, intensifying competition and significant fleet investments in the coming years require a clear improvement in profitability. Due to this, Finnair published a new cost-reduction programme at the end of October, which aims to reduce the cost level permanently by an additional 60 million euros by the end of 2014.

The new cost-reduction programme supplements the previous programme of 140 million euros, and it primarily focuses on enhancing the efficiency of the functions and processes of Finnair's different units so that they will best respond to the future needs of Finnair. The company will analyse in detail how efficiency could be further improved and different functions adjusted in its streamlined organisation. Increasing productivity would also

mean that the remuneration structures are openly reviewed and compared to the current practices in the industry.

Financial performance

Financial performance in October–December 2012

Finnair's turnover grew by 6.1 per cent in October–December compared with the corresponding period in 2011 and totalled 612.9 million euros (577.4), mainly as a result of growth in the demand for passenger traffic.

The progress of the structural reform and cost-reduction programme was seen in the operational costs of the period under review. Operational costs excluding fuel costs decreased by 3.5 per cent on the comparison period, while capacity simultaneously grew by 3.8 per cent. Fuel costs, including hedging and costs incurred for emissions trade, rose by 12.8 per cent to 165.2 million euros (146.4), whereas personnel costs decreased by 14.8 per cent to 100.4 million euros (117.8) due to the personnel reductions implemented in connection with the structural change. Due to the increase in fuel costs, euro-denominated operational costs rose by 0.4 per cent on the comparison period to 615.7 million euros (613.4). The group's operational result, which refers to the operating result 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, showed a profit at 6.3 million euros (-31.6).

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 IFRS, where the result has no cash flow effect and which 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 amounted to 0.0 million euros (4.6). Non-recurring items stood at -4.5 million euros (-3.1). Operating result showed a profit and amounted to 2.7 million euros (-30.1). The result before taxes for October–December was 0.9 million euros (-38.2) and the result after taxes 1.2 million euros (-32.6).

The unit revenue per available seat kilometre (RASK) increased by 4.8 per cent on the comparison period to 6.37 euro cents (6.09). Unit cost per available seat kilometre (CASK) decreased by 2.9 per cent to 6.54 euro cents (6.74) despite the increase in fuel price. Unit cost excluding fuel (CASK excl. fuel) decreased by 8.6 per cent to 4.47 euro cents (4.89).

Financial performance in 2012

In 2012, Finnair's turnover grew by 8.5 per cent to 2,449.4 million euros (2,257.7 in 2011). Operational costs excluding fuel costs remained at the level of the previous year, totalling 1,756.7 million euros (1,780.4), while capacity simultaneously grew by 3.5 per cent. Euro-denominated operational costs rose to 2,427.0 million euros (2,335.6), mainly due to increased fuel costs. Fuel costs, including hedging and costs incurred for emissions trading, increased by 20.7 per cent to 670.3 million euros (555.2). Personnel cost decreased by 6.3 per cent to 426.9 million euros (455.4). The company's operational result clearly improved year-on-year, amounting to 44.9 million euros (-60.9).

The change in the fair value of derivatives and in the value of foreign currency denominated fleet maintenance reserves weakened the operating result for 2012 by 4.0 million euros (-2.4). Capital gains amounted to 22.2 million euros (-3.0) and were related to restructuring arrangements made during the year. Non-recurring costs mainly related to the structural reform were at the level of the previous year at -27.6 million euros (-21.5). The operating result for 2012 amounted to 35.5 million euros (-87.8) and result before taxes to 16.5 million euros (-111.5). The net result was 11.8 million euros (-87.5).

The unit revenue per available seat kilometre (RASK) increased by 7.7 per cent to 6.49 euro cents (6.03). Unit cost per available seat kilometre (CASK) rose by 2.3 per cent to 6.58 euro cents (6.43) and unit cost excluding fuel decreased by 3.6 per cent to 4.50 euro cents (4.67).

Board of Directors' proposal for the distribution of profit

The aim of Finnair's dividend policy is to pay, on average, at least one-third of the earnings per share as a dividend during an economic cycle. In 2012, earnings per share from the result of the period (before hybrid bond interest) was 0.09 (-0.69) euros, and earnings per share was 0.02 (-0.75) euros. The aim is to take into account the company's earnings trend and outlook, financial situation and capital needs in the distribution of dividends.

Finnair Plc's distributable equity was 263,092,639.25 euros on 31 December 2012. The Board of Directors proposes to the Annual General Meeting to distribute a dividend of 0.10 euros per share for 2012.

Balance sheet on 31 December 2012

The Group's balance sheet totalled 2,241.7 million euros on 31 December 2012 (2,357.0 million euros on 31 December 2011). Shareholders' equity totalled 785.5 million euros (752.5), which is 6.14 euros per share (5.89).

Shareholders' equity includes a fair value fund related to hedge accounting, the value of which is affected by changes in the oil price and foreign exchange rates. The value of the item at the time of the review was 9.2 million euros (30.0) after deferred taxes, and it includes fuel and exchange rate derivatives as well as other minor items.

Cash flow and financial position

Finnair has a strong financial position, which supports business development and future investments. The company's net cash flow from operating activities clearly improved during 2012. Net cash flow from operating activities stood at 154.7 million euros in 2012 (50.8), and cash flow from investments totalled -54.2 million euros (-36.8).

The balance sheet strengthened clearly in 2012. The equity ratio was 35.7 per cent (32.6) and gearing was 17.6 per cent (43.3). The adjusted gearing was 76.8 per cent (108.4). At the end of the period under review, interest-bearing debt amounted to 569.0 million euros (729.3).

The company's liquidity remained excellent in 2012. The Group's cash funds amounted to 430.5 million euros (403.3) on the closing date. In addition to the cash funds on the balance sheet, the Group has the option for re-borrowing employment pension fund reserves worth approximately 430 million euros from its employment pension insurance company. Drawing these reserves requires a bank guarantee. The Group also has reserve funding available through an entirely unused 200 million euro syndicated credit agreement, which will mature in June 2013.

In November, Finnair issued a hybrid bond of 120 million euros and simultaneously repurchased 67.7 million worth of the 120 million hybrid loan issued in 2009. In June, Finnair repaid a 100 million euro bond and issued commercial papers to a net value of 70.9 million euros during the period under review. At year end, 80.9 million euros of the short-term commercial paper programme totalling 200 million euros were in use. Net cash flow from financing amounted to -98.9 million euros (-53.5). Financial expenses amounted to 25.5 million euros (-30.6) and financial income to 7.9 million euros (9.0). Advance payments related to fixed asset investments amounted to 32.7 million euros (6.5).

The current state of credit market and Finnair's good debt capacity enables the financing of future fixed-asset investments on competitive terms. The company has 31 unencumbered aircraft, whose balance sheet value corresponds to approximately 40 per cent of the value of the entire fleet of 1.2 billion. This includes three finance lease aircraft. The number of unencumbered aircraft will increase to 36 by the end of 2013.

Capital expenditure

In 2012, capital expenditure excluding advance payments totalled 41.4 million euros (203.9). Of the capital expenditure in the comparison year, 190 million euros were related to the fleet, and, of this, 104 million euros to the ATR 72 aircraft purchased in connection with the Flybe Nordic arrangement.

Capital expenditure in 2013 is estimated at approximately 150 million euros, with investments in the fleet representing a majority of this total.

Fleet

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair Plc. At the end of 2012, Finnair itself operated 45 aircraft, of which 15 are wide-body and 30 narrow-body aircraft. In addition to the aircraft operated by Finnair, its balance sheet includes 24 aircraft owned by the company and operated by other airlines, mainly by Flybe Finland. The average age of the fleet operated by Finnair was 9.8 years at the end of 2012 and that of the fleet operated by other airlines 4.1 years. Finnair also has eight leased aircraft, which it has subleased and which are operated by other airlines.

The fleet operated by Finnair reduced by twelve aircraft in the last quarter of the year when Finnair transferred the traffic of its Embraer 190 aircraft to be operated by Flybe Finland Oy as of 28 October 2012. In addition, the company received one ATR aircraft that is now leased to be operated by Flybe. Flybe operates the aircraft as contract flying, whereby the commercial control over the routes and the risk remain with Finnair. In 2012, nine aircraft were additionally removed from the fleet when Finnair gave up four Airbus 32S series aircraft after the end of their leasing agreements and subleased four Embraer 170 aircraft to Estonian Air. In addition, the company leased one Embraer 170 aircraft through a wet lease agreement to Honeywell for a year. The elimination of the aircraft had no impact on the scope of Finnair's flying operations, but by optimising its operations Finnair has been able to operate an as extensive flight programme as previously and improved the load factor of its narrow-body fleet by more than an hour per day.

In 2010, Finnair ordered five Airbus A321ER aircraft, which will replace four Boeing 757 aircraft used on leisure flights in 2013–2014. The first of these aircraft will be delivered at the end of 2013.

In addition, in 2005, Finnair ordered 11 A350 XWB aircraft from Airbus. Some of these aircraft will replace aircraft currently in use in long-haul traffic. The order includes an additional option for the delivery of eight more aircraft. The deliveries of the aircraft are estimated to begin in the second half of 2015. Finnair is evaluating alternatives to minimise the effect of possible delays in deliveries.

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	Seats	#	Own	Leased (operational leasing)	Average age	Change from 31.12.2011	Ordered	Add. options	
Finnair on 31.12.2012									
European traffic									
Airbus A319	123–138	9	7	2	11.5	-2			
Airbus A320	165	10	6	4	10.4	-2			
Airbus A321	196	6	4	2	12.0		5		
Embraer 170*	76	1	1		6.4	-4			
Embraer 190	100					-12			
Long-haul traffic									
Airbus A330	297/271/263	8	4	1	3	3.2			
Airbus A340	270/269	7	5	2	10.0				
Airbus A350	na.						11	8	
Leisure traffic									
Boeing B757	227	4	0	4	15.0				
Total		45	27	15	3	9.8	-20	16	8

Fleet owned by Finnair and operated by other airlines on 31.12.2012**	Seats	#	Own	Average age	Change from 31.12.2011	Ordered	Add. options
ATR 72	68–72	12	12	3.4	+1		
Embraer 170	76	4	4	6.5	+4		
Embraer 190	100	8	8	4.0	+8		
Total		24	24	4.1	+13		

* The E170 aircraft leased to Honeywell and operated by Finnair.

** All ATR aircraft, all E190 aircraft and two E170 aircraft have been leased to Flybe Nordic and two E170 aircraft to parties outside the Group.

Business area development in October-December

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	10–12 2012	10–12 2011	Change %	2012	2011	Change %
Turnover and result						
Turnover, EUR million	542.3	496.4	9.2	2 187.0	1 970.5	11.0
Operating result, EBIT, EUR million	6.2	-17.0	136.5	31.9	-55.5	157.5
Operating result, % of turnover	1.1	-3.4	4.5%-p	1.5	-2.8	4.3%-p
Personnel						
Average number of employees				3,660	3,565	2.7

The turnover of Airline Business grew by 9.2 per cent to 542.3 million euros (496.4) in October-December, and the profitability of operations improved clearly.

In October–December, Finnair traffic measured in revenue passenger kilometres grew by 9.6 per cent and overall capacity by 3.8 per cent year-on-year. The passenger load factor for all traffic increased by 4.0 percentage points to 75.2 per cent

The good performance of all traffic was primarily influenced by the increased demand for passenger traffic between Asia and Europe. Measured in revenue passenger kilometres, Asian traffic grew by 12.3 per cent on the comparison period, while capacity grew by 7.0 per cent. European traffic grew by 11.7 per cent, and capacity by 7.5 per cent. In Asian traffic, the load factor grew to 76.1 per cent and in European traffic to 69.2 per cent. Domestic traffic as measured in revenue passenger kilometres remained at the level of the comparison period, and its load factor increased to 61.5 per cent. In October–December, unit revenue grew by 4.8 per cent year-on year.

In October–December, the largest sales units were Finland, Japan, Sweden and China. However, the uncertainty in the euro area economy continued to decrease business travel in the fourth quarter, and corporate sales decreased by six per cent year-on-year. Finnair's market share in the route pairs operated by the company in scheduled traffic between Asia and Europe was the same as last year, i.e. 5.4 per cent. In scheduled traffic between Finland and Europe, Finnair's market share was 41.8 per cent, excluding Flybe operations.

In October–December, the number of passengers on Finnair's charter flights grew by about 9.5 per cent year-on-year to about 194,000 passengers. The capacity of leisure traffic was reduced by 7.8 per cent during the same period, as a result of which the passenger load factor of leisure traffic increased year-on-year by 8.3 percentage points to 87.7 per cent.

The demand for air cargo in traffic between Asia and Europe remained flat year-on-year in October–December, but the high fuel costs continued to burden the result of cargo traffic. The overall load factor of Finnair's cargo traffic increased by 3.9 percentage points year-on-year to 64.6 per cent, while the available tonne kilometres decreased by 1.3 per cent and the revenue tonne kilometres increased by 5.1 per cent. Cargo and mail unit revenue increased by 1.5 per cent on the comparison period, while the amount of cargo and mail transported declined by 5.2 per cent. During the last quarter, Finnair Cargo operated dedicated cargo flights to Hong Kong, Mumbai and New York. The cargo flights to Seoul and Frankfurt were terminated in October due to poor demand. In the last quarter, the share of dedicated cargo operations account for 18.5 per cent of the total cargo capacity, measured in available tonne kilometres.

In the last quarter of the year, the arrival punctuality of Finnair's flights clearly declined on the comparison period due to the exceptional weather conditions in December and the capacity restrictions at the airport. 81.6 per cent of scheduled flights (89.1) and 80.9 (88.2) per cent of all traffic arrived on schedule.

Air traffic services and products

Route network and alliances

During the summer season, Finnair flew a record 77 flights per weeks from Helsinki to Asia and offered the fastest connections between Europe and Asia with more than 200 route pairs. Finnair flew more than 800 flights from Helsinki to domestic destinations and elsewhere in Europe on a weekly basis.

During the last quarter of the year, Finnair announced that it will strengthen its Asian network in June 2013 by launching two new summer destinations to Xian in China and Hanoi in Vietnam. In addition, Finnair launched codeshare cooperation with Malaysia Airlines.

Other renewals and services

In December, Finnair simplified the purchase of flight tickets by launching five different ticket types: BUSINESS and BUSINESS SAVER in the business class, and PRO, VALUE and BASIC in the economy class. The product renewal clarifies the pricing of flight tickets and offers suitable ticket types for the needs of various customer groups to improve customers' travel experience.

Besides the ticket renewal, the Finnair Plus frequent flyer programme was also renewed: The criterion for earning Plus points changed from a kilometre basis to a zone basis, and customers can earn 30 per cent more points on average than previously.

In October, Finnair and Marimekko announced a cooperation agreement through which Marimekko pattern tableware, blankets, pillows and headrest covers will be introduced in all Finnair aircraft during 2013. The symbol of the three-year cooperation, Finnair's A340 aircraft in Unikko-pattern, will fly between Helsinki and Finnair's long-haul destinations.

At the end of November Finnair renewed its check-in service to further improve the customer-friendliness and ease of use: Finnair performs check-in on behalf of the customer and sends information to the customer's mobile phone.

Aviation Services

After the structural reforms of Technical Services and catering implemented in 2012, the Aviation Services segment mainly consists of aircraft maintenance, ground handling and the operations of Finncatering Oy and Finnair Travel Retail Oy. The business operations of Finnair Catering Oy were transferred to LSG Sky Chefs on 1 August 2012 and are included in the segment's figures until 31 July 2012. In addition, most of Finnair's property holdings, 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	10–12 2012	10–12 2011	Change %	2012	2011	Change %
Turnover and result						
Turnover, EUR million	73.6	104.0	-29.2	319.5	424.1	-24.7
Operating result, EBIT, EUR million	-5.7	-8.9	36.0	-1.3	-16.5	92.1
Operating result, % of turnover	-7.7	-8.3	0.6%-p	-0.4	-3.9	3.5%-p
Personnel						
Average number of employees				1,984	2,619	-24.2

In the last quarter of the year, the turnover of Aviation Services clearly declined year-on-year, amounting to 73.6 million euros (104.0), due to the outsourcing of the engine and equipment maintenance operations in the previous quarter and the transfer of Finnair Catering Oy's operations to LSG in August. The operating result showed a loss of 5.7 million euros (-8.9).

Travel Services (Tour Operators and Travel Agencies)

This business area consists of the tour operator Aurinkomatkat (Suntours), its subsidiary operating in Estonia, 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	10–12 2012	10–12 2011	Change %	2012	2011	Change %
Turnover and result						
Turnover, EUR million	72.9	88.8	-17.9	284.4	321.9	-11.6
Operating result, EBIT, EUR million	2.2	-4.2	152.4	4.9	-15.8	131.0
Operating result, % of turnover	3.0	-4.7	7.7%-p	1.7	-4.9	6.6%-p
Personnel						
Average number of employees				855	980	-12.8

In October–December, the turnover of Travel Services amounted to 72.9 million euros (88.8) and its operating result to 2.2 million euros (-4.2).

Suntours retained its leading market position in the last quarter of the year despite the fact that it reduced its supply on the comparison period to correspond to demand, in parallel with other operators. The price level of the package tours remained good, which improved Suntours' profitability and led to an excellent result in the fourth quarter of the year.

The turnover of Aurinko Oü, the subsidiary of Suntours operating in Estonia, remained at the level of the comparison period in October-December. In November, Timo Vürmer started as the new Country Director of the company.

The growth of flight tickets sales by international online travel agencies slowed down in the last quarter, and Finnair's travel agency sales slightly outperformed average business travel agencies. Area increased its share of government travel, and Estravel managed to increase its sales and profitability in the Baltic market.

Changes in company management

In December, Finnair appointed Allister Paterson as the company's Senior Vice President, Commercial Division, and a member of the Executive Board as of 7 January 2013. Mika Perho, who had acted as the company's Senior Vice President, Commercial Division, since 2001 and a member of the Executive Board since 2007 left the company at the end of December 2012.

Personnel

Due to the on-going structural reform, the number of Finnair's employees decreased in October–December, and the company employed an average of 6,233 people. The personnel were divided by business area as follows: Airline Business 3,672, Aviation Services 1,508 and Travel Services 800. A total of 253 people were employed in other functions. The number of employees was 6,368 on 31 December 2012.

Share price development and trading

At the end of December 2012, Finnair's market value stood at 305.0 million euros (294.7), and the closing price of the share was 2.38 euros (2.30). During the January–December period, the highest price for the Finnair share on the NASDAQ OMX Helsinki Stock Exchange was 2.64 euros (5.37), the lowest price 1.67 euros (2.30) and the average price 2.24 euros (3.62). On the NASDAQ OMX Helsinki Stock Exchange, 19.7 million shares (21.4) were traded with a total value of 44.1 million (77.5).

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 Government owned 55.8 per cent (55.8) of Finnair's shares, while 11.4 per cent (12.8) were held by foreign investors or in the name of a nominee.

On 31 December 2012, Finnair held a total of 410,187 of its own shares, representing 0.3 per cent of the total share capital. No changes took place in the number of own shares held by Finnair in 2012. Pursuant to the authorisation to acquire the company's own shares given by the Annual General Meeting of 2012 to Finnair's Board of Directors, the Board decided at its meeting of 18 December 2012 to acquire at most 600,000 of the company's own shares, mainly for the implementation of the share-based incentive scheme. The purchases of the company's own shares were commenced on 2 January 2013.

Corporate responsibility

In October, Finnair was placed at the top of the listing in the Carbon Disclosure Project's (CDP) 2012 report on the Nordic countries and was the first airline ever to make it to the Leadership index of the CDP report. The CDP is responsible for the only global climate change reporting system in the world, and its initiatives are backed by 655 institutional investors from around the world. Finnair has participated in the CDP since 2007.

In April, Finnair published its annual Corporate Responsibility Report, which is based on the Global Reporting Initiative (GRI) and includes economic, social and environmental responsibility indicators for 2011. Finnair has published reports on environmental responsibility since 1997, and in 2008 it became one of the first airlines to publish reports based on the GRI framework. GRI is the world's most broadly recognised international guideline for reporting on sustainable development. The Sustainability Report for 2012 will be published in March 2013 during week 10.

The revised Code of Conduct was approved by the Board of Directors in autumn 2012. The revised Code was discussed with the personnel representatives and more extensive training will take place during 2013. The company's equality plan was also revised.

Significant near term risks and uncertainties

Due to the short booking horizon in passenger and cargo traffic, long-term forecasting is difficult. In addition to operational activities, fuel price development has a key impact on Finnair's result, as fuel costs are the company's biggest expense item. 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 Board of Directors. Fuel purchases are hedged for 24 months forward on a rolling basis, and the degree of hedging decreases towards the end of the hedging period. The higher and lower limits of the degree of hedging are 90 and 60 per cent for the following six months. At the end of 2012, the degree of hedging for fuel purchases over the first half of 2013 was 75 per cent and 67 per cent over the whole year. The degree of hedging for a dollar basket over the following 12 months was 83 per cent.

The implementation of Finnair's partnership projects and the achievement of the related strategic benefits also involve certain risks. Risks are also involved in the implementation of the structural reform and cost-reduction programmes.

The European Union joined air traffic as part of the Emissions Trading Scheme (ETS) at the beginning of 2012. The EU ETS has met with a lot of opposition, in particular from countries outside the EU, as a result of which the International Civil Aviation Organization (ICAO) is preparing an alternative proposal with regard to international emissions trading for air traffic and the EU ETS was changed to include only the intra-European flights during 2012. ICAO intends to submit its proposal at the ICAO Assembly held in November 2013. The additional cost directly incurred by Finnair due to emissions trading is difficult to estimate due to the potential regulation changes after the ICAO Assembly. The additional cost for the year 2012 is approximately 1.5 million euros.

On 23 October 2012, the Court of Justice of the European Union confirmed its decision made in 2009 according to which a flight passenger may, on certain conditions, receive compensation if the flight is delayed for at least three hours. There is no right to compensation if the delay is due to conditions that are beyond the airline's control. The decision of the Court of Justice may increase the amount of compensation paid to flight passengers and thus cause additional costs.

A number of strategic, financial and operational risks are involved in Finnair's operations. Risks and risk management are described in more detail on the company's website and the Financial Report 2012 to be published during week 10.

Seasonal variation and sensitivities in business operations

Due to the seasonal variation of 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.

A one-percentage-point change in the passenger load factor or the average yield in passenger traffic has an effect of approximately 15 million euros on the group's operating result. A one-percentage-point change in the unit cost of scheduled passenger traffic has an effect of approximately 17 million euros on the operating result.

Fuel costs are a significant uncertainty factor in Finnair's business operations: A 10-per-cent change in the world market price of fuel has an effect of approximately 33 million euros on Finnair's operating result at an annual level, taking hedging into account. A 10-per-cent change in the euro-dollar exchange rates has an effect of approximately 13 million euros on Finnair's operating result at an annual level, taking hedging into account.

Events after the financial period

On 27 January 2013, Mika Vehviläinen, Finnair's President and CEO, announced that he will resign from Finnair's service on 28 February 2013. Finnair's Board of Directors appointed Ville Iho, the company's COO, as the acting CEO. Ville Iho will lead Finnair until the new CEO is appointed. Finnair's Board of Directors has already started to look for a new CEO.

On 30 January 2013, the Shareholders' Nomination Committee submitted its proposal on the composition of the Board of Directors to be chosen in Finnair's 2013 Annual General Meeting, and on the Chairman of the Board and the remunerations of the Board members. The Committee proposes that Ms. Maija-Liisa Friman, Mr. Klaus W. Heinemann, Mr. Jussi Itävuori, Ms. Merja Karhapää, Mr. Harri Kerminen and Ms. Gunvor Kronman be re-elected, and that Mr. Antti Kuosmanen be elected as a new member to the Board of Directors. The Committee further proposes that Klaus W. Heinemann be elected as Chairman of the Board and that the remunerations of the members of the Board would remain unchanged.

Finnair commenced purchasing its own shares on 2 January 2013. By the time the financial statements were published, the company had acquired 600 000 Finnair shares, as a result of which the number of own shares held by the company was 1 010 187.

Publication of the Financial Statements and the Annual Report and the 2013 Annual General Meeting

Central parts of Finnair Plc Group's financial statements for 2012 and the Board of Directors' Report for 2012 will be published as part of the financial report for 2012 during week 10. The financial statements in their entirety, the Board of Directors' Report and other final accounts referred to in the Limited Liability Companies Act will be available on the company's website on 6 March 2013 at the latest. Finnair Plc's Annual General Meeting will be held on 27 March 2013 at 3:00 p.m. in Helsinki.

Corporate Governance Statement

Finnair Plc's Corporate Governance Statement will be published as a document separate from the Board of Directors' Report as part of the company's financial report for 2012 during week 10, and it will also be available on the company's website.

Outlook for 2013

The uncertain economic outlook in Europe, together with weakened consumer demand and slower growth in Asia, make it difficult to assess how air traffic will continue to develop. Fuel costs are expected to remain high in 2013 as well, and the demand for air traffic is estimated to grow in moderation.

Finnair estimates that its turnover will grow in 2013. The airline unit costs excluding fuel (CASK excl. fuel) are expected to decrease compared with 2012, and operational result is expected to show a profit in 2013.

Finnair's interim report for 1 January – 31 March 2013 will be published on Friday 26 April 2013.

FINNAIR PLC
Board of Directors

Briefings

Finnair will hold a press conference on 8 February 2013 at 11:00 a.m. and an analyst briefing at 12:30 p.m. at Helsinki-Vantaa Airport's World Trade Center, located at 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 +358 800 770 306 and using the PIN code: 255856#.

Finnair Plc.
Communications
8 February 2013

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Consolidated income statement

in mill. EUR	Oct-Dec	Oct-Dec	Change %	Jan-Dec	Jan-Dec	Change %
	2012	2011		2012	2011	
Turnover	612,9	577,4	6,1	2 449,4	2 257,7	8,5
Work used for own purposes and capitalized	0,1	0,6	-83,3	1,7	3,1	-45,2
Other operating income	9,0	3,8	136,8	20,8	13,9	49,6
Capital gains *	0,9	0,0	-	22,2	-3,0	> 200 %
Operating income	622,9	581,8	7,1	2 494,1	2 271,7	9,8
Operating expenses						
Staff costs	100,4	117,8	-14,8	426,9	455,4	-6,3
Fuel	165,2	146,4	12,8	670,3	555,2	20,7
Lease payment for aircraft	14,8	17,6	-15,9	66,2	69,9	-5,3
Other rental payments	38,1	31,4	21,3	123,2	128,0	-3,8
Fleet materials and overhaul	47,3	30,4	55,6	156,0	117,8	32,4
Traffic charges	52,0	55,7	-6,6	226,0	211,6	6,8
Ground handling and catering expenses	61,2	52,0	17,7	224,3	195,8	14,6
Expenses for tour operations	22,9	34,6	-33,8	96,8	131,2	-26,2
Sales and marketing expenses	17,3	22,8	-24,1	74,3	93,3	-20,4
Depreciation	33,9	40,4	-16,1	130,8	130,6	0,2
Other expenses	62,6	64,3	-2,6	232,2	246,8	-5,9
Total	615,7	613,4	0,4	2 427,0	2 335,6	3,9
Operational result, EBIT	6,3	-31,6	119,9	44,9	-60,9	173,7
Fair value changes of derivatives and foreign currency denominated fleet maintenance reserves	0,0	4,6	-100,0	-4,0	-2,4	-66,7
Non-recurring items	-4,5	-3,1	-45,2	-27,6	-21,5	-28,4
Total Expenses	620,2	611,9	1,4	2 458,6	2 359,5	4,2
Operating result, EBIT	2,7	-30,1	109,0	35,5	-87,8	140,4
Financial income	1,6	2,4	-33,3	7,9	9,0	-12,2
Financial expenses	-4,4	-8,2	46,3	-25,5	-30,6	16,7
Share of result in associates and joint ventures	1,0	-2,3	143,5	-1,4	-2,1	33,3
Result before taxes	0,9	-38,2	102,4	16,5	-111,5	114,8
Direct taxes	0,3	5,6	-94,6	-4,7	24,0	-119,6
Result for the period	1,2	-32,6	103,7	11,8	-87,5	113,5
Result for the period attributable to shareholders of the parent company	1,2	-32,6		11,5	-87,7	
Result for the period to non-controlling interest	0,0	0,0		0,3	0,2	
Earnings per share attributable to shareholders of the parent company						
Earnings per share (basic, diluted)	-0,06	-0,27		0,02	-0,75	
Earnings per share from result for the period	0,01	-0,25		0,09	-0,69	

* not included in the operational result, EBIT

Consolidated balance sheet

in mill. EUR	Dec 31, 2012	Dec 31, 2011
ASSETS		
Non-current assets		
Intangible assets	25,5	32,3
Tangible assets	1 362,6	1 468,2
Investments accounted for using the equity method	12,3	13,7
Financial assets	33,1	32,1
Deferred tax receivables	77,6	75,2
Total	1 511,1	1 621,5
Short-term receivables		
Inventories	17,1	48,9
Trade receivables and other receivables	251,1	283,3
Investments	363,5	353,8
Cash and cash equivalents	67,0	49,5
Total	698,7	735,5
Non-current Assets held for sale	31,9	0,0
Assets total	2 241,7	2 357,0
Shareholders' equity and liabilities		
Capital and provisions attributable to equity holders of the parent company		
Shareholders' equity	75,4	75,4
Other equity	709,2	676,4
Total	784,6	751,8
Non-controlling interest	0,9	0,7
Equity total	785,5	752,5
Long-term liabilities		
Deferred tax liability	94,9	98,5
Financial liabilities	413,5	516,0
Pension obligations	0,5	0,0
Provisions	82,3	86,9
Total	591,2	701,4
Short-term liabilities		
Current income and tax liabilities	0,1	0,0
Provisions	38,2	46,0
Financial liabilities	174,2	229,9
Trade payables and other liabilities	650,3	627,2
Liabilities of Non currents Assets held for sale	2,2	-
Total	865,0	903,1
Liabilities total	1 456,2	1 604,5
Shareholders' equity and liabilities, total	2 241,7	2 357,0

Consolidated statement of changes in equity

	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
Mill. EUR											
Shareholders' equity, 1 Jan 2012	75,4	20,4	147,7	30,0	247,2	-0,2	111,9	119,4	751,8	0,7	752,5
Dividend and share based payments							0,3	0,0	0,3	0,0	0,3
Hybrid bond repayments							-1,4	-67,7	-69,0		-69,0
Proceeds from Hybrid bond								120,0	120,0		120,0
Hybrid bond interest and expenses							-8,7	-0,7	-9,4	0,0	-9,4
Shareholders' equity related to owners	75,4	20,4	147,7	30,0	247,2	-0,2	102,2	171,1	793,8	0,7	794,5
Result for the period							11,5		11,5	0,3	11,8
Items of Comprehensive income				-20,8		0,0			-20,8	0,0	-20,8
Comprehensive income for the financial period	0,0	0,0	0,0	-20,8	0,0	0,0	11,5	0,0	-9,3	0,3	-9,0
Shareholders' equity, 31 Dec 2012	75,4	20,4	147,7	9,2	247,2	-0,2	113,7	171,1	784,5	0,9	785,5

	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
Mill. EUR											
Shareholders' equity, 1 Jan 2011	75,4	20,4	147,7	35,2	247,2	0,0	207,2	119,4	852,5	0,8	853,3
Dividend and share based payments							0,6	0,0	0,6	-0,3	0,3
Hybrid bond interest							-8,2		-8,2	0,0	-8,2
Shareholders' equity related to owners	75,4	20,4	147,7	35,2	247,2	0,0	199,6	119,4	844,9	0,5	845,4
Result for the period							-87,7		-87,7	0,2	-87,5
Items of Comprehensive income				-5,2		-0,2			-5,4	0,0	-5,4
Comprehensive income for the financial period	0,0	0,0	0,0	-5,2	0,0	-0,2	-87,7	0,0	-93,1	0,2	-92,9
Shareholders' equity, 31 Dec 2011	75,4	20,4	147,7	30,0	247,2	-0,2	111,9	119,4	751,8	0,7	752,5

Consolidated cash flow statement

in mill. EUR	Jan-Dec 2012	Jan-Dec 2011
Cash flows from operating activities		
Profit for the financial year	11,8	-87,5
Operations for which a payment is not included *	123,8	148,9
Interest and other financial expenses	24,7	30,6
Interest income and other financial income	-7,9	-8,9
Changes in working capital	20,9	-15,3
Interest paid	-16,7	-19,7
Paid financial expenses	-6,0	-5,2
Received interest	4,2	5,6
Received financial income	0,0	2,3
Taxes paid	-0,1	0,0
Net cash flow from operating activities	154,7	50,8
Cash flows from investing activities		
Investments in associates and joint ventures	-0,7	-8,3
Investments in intangible assets	-4,8	-5,3
Investments in tangible assets	-53,3	-145,0
Net change of financial interest bearing assets at fair value through profit and loss	-5,2	70,8
Net change of shares classified as available for sale	0,1	0,2
Sales of tangible fixed assets	10,6	60,1
Received dividends	0,1	0,1
Change in non-current receivable	-1,0	-9,4
Net cash flow from investing activities	-54,2	-36,8
Cash flows from financing activities		
Proceeds and changes from borrowings	71,0	34,1
Loan repayments and changes	-207,9	-76,8
Hybrid bond repayments	-67,7	-
Proceeds from Hybrid bond	120,0	-
Hybrid bond interest and expenses	-14,3	-10,8
Net cash flow from financing activities	-98,9	-53,5
Change in cash flows	1,6	-39,5
Liquid funds, at beginning	254,5	294
Change in cash flows	1,6	-39,5
Liquid funds, at end	256,1	254,5
Notes to consolidated cash flow statement		
* Operations for which a payment is not included		
Depreciation	130,8	130,6
Employee benefits	12,3	15,2
Fair value changes in derivatives and changes in exchange rates of fleet overhauls	4,0	2,4
Other adjustments	-23,3	0,7
Total	123,8	148,9
Financial asset at fair value	363,5	353,8
Liquid funds	67,0	49,5
Short-term cash and cash equivalents in balance sheet	430,5	403,3
Maturing after more than 3 months	-141,1	-135,9
Shares held to trading purposes	-33,3	-12,9
Total in cash flow statement	256,1	254,5

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 figures presented in this statement are rounded, and there for total sum calculated from these individual figures does not necessarily match the corresponding sum stated here. Key figures stated here are calculated using the exact figures.

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. The amendment to IAS 19 which eliminates the corridor approach and calculates the finance costs on a net funding basis. The effect to equity at 1. Jan 2012 is + 36 million euros and 31. Dec -3,8 million euros.

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 - Dec 2012

in mill. EUR	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
External turnover	2 050,5	116,0	282,9			2 449,4
Internal turnover	136,5	203,5	1,5	-341,5		0,0
Turnover	2 187,0	319,5	284,4	-341,5	0,0	2 449,4
Operating profit	31,9	-1,3	4,9		0,0	35,5
Share of results of associates and joint ventures					-1,4	-1,4
Financial income					7,9	7,9
Financial expenses					-25,5	-25,5
Income tax					-4,7	-4,7
Non-controlling interest					-0,3	-0,3
Result for the period attributable to shareholders of the parent company						11,5
Depreciation	112,8	16,5	1,4	0,0	0,0	130,7

Business segment data Jan - Dec 2011

in mill. EUR	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	Group
External turnover	1 822,9	114,2	320,6			2 257,7
Internal turnover	147,6	309,9	1,3	-458,8		0,0
Turnover	1 970,5	424,1	321,9	-458,8	0,0	2 257,7
Operating profit	-55,5	-16,5	-15,8		0,0	-87,8
Share of results of associates and joint ventures					-2,1	-2,1
Financial income					9,0	9,0
Financial expenses					-30,6	-30,6
Income tax					24,0	24,0
Non-controlling interest					-0,2	-0,2
Result for the period attributable to shareholders of the parent company						-87,7
Depreciation	102,2	25,7	2,7	0,0	0,0	130,6

Turnover

	Oct-Dec 2012	Oct-Dec 2011	Change %	Jan-Dec 2012	Jan-Dec 2011	Change %
Mill. EUR						
Airline Business	542,3	496,4	9,2	2187,0	1 970,5	11,0
Aviation Services	73,6	104,0	-29,2	319,5	424,1	-24,7
Travel Services	72,9	88,8	-17,9	284,4	321,9	-11,6
Group eliminations	-75,9	-111,8	32,1	-341,5	-458,8	25,6
Total	612,9	577,4	6,1	2 449,4	2 257,7	8,5

Operating profit

	Oct-Dec 2012	Oct-Dec 2011	Change %	Jan-Dec 2012	Jan-Dec 2011	Change %
Mill. EUR						
Airline Business	6,2	-17,0	136,5	31,9	-55,5	157,5
Aviation Services	-5,7	-8,9	36,0	-1,3	-16,5	92,1
Travel Services	2,2	-4,2	152,4	4,9	-15,8	131,0
Total	2,7	-30,1	109,0	35,5	-87,8	140,4

Unallocated items in 2011 have been allocated to segments.

Employees average by segment

	Jan-Dec 2012	Jan-Dec 2011	Change %
Airline Business	3 660	3 565	2,7
Aviation Services	1 984	2 619	-24,2
Travel Services	855	980	-12,8
Other functions	285	303	-5,9
Total	6 784	7 467	-9,1

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	Dec 31, 2012		Dec 31, 2011	
	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives, in Mill. EUR				
Hedge accounting items				
Forward contracts, Jet Fuel currency hedging	413,5	0,3	373,5	22,9
Forward contracts, Hedging of Aircraft purchase price				
Fair value hedging	291,1	13,4	330,0	25,2
Cash flow hedging	0,0			
Forward contracts, Currency hedging of lease payments	40,3	-0,2	45,7	2,8
Total	744,9	13,5	749,2	50,9
Currency derivatives at fair value through profit or loss				
Operating cash flow hedging (forward contracts)	173,3	-0,9	187,2	8,7
Operational cash flow hedging (options)				
Call options	105,5	5,9	109,7	2,4
Put options	110,5	-0,8	162,5	-2,2
Balance sheet hedging (forward contracts)	47,8	0,0	78,8	3,6
Total	437,1	4,2	538,2	12,5
Currency derivatives, total	1 182,0	17,7	1 287,4	63,4
Commodity derivatives, in tonnes/MWh				
Hedge accounting items				
Jet Fuel swaps (tonnes)	574 660	-1,7	537 400	21,1
Electricity hedging MWh	0	0,0	113 223	-0,3
Currency derivatives at fair value through profit or loss				
Jet fuel forward contracts, (tonnes)	0	0,0	13 400	-0,5
Options				
Jet fuel options, (tonnes)	214 000	3,1	240 600	7,8
Jet fuel put options, (tonnes)	301 000	-4,1	481 200	-7,8
Electricity hedging MWh	91 536	-0,5	26 352,0	-0,1
Commodity derivatives, total		-3,2		20,2
Interest rate derivatives, in Mill. EUR				
Cross currency Interest rate swaps				
Cross currency interest rate swaps at fair value through profit or loss	22,9	1,0	27,0	0,2
Total	22,9	1,0	27,0	0,2
Interest rate swaps				
Interest rate swaps at fair value through profit or loss	25,0	-1,1	25,0	-0,8
Interest rate derivatives, total	25,0	-1,1	25,0	-0,8
Interest rate option	0,0	0,0	8,3	-
Interest rate option, total	0,0	0,0	8,3	-

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. The Board of Directors proposes that a dividend of 0.10 euros per share is distributed

9. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

in mill. EUR	Dec 31,	Dec 31,
	2012	2011
Carrying amount at the beginning of period	1 500,5	1 515,9
Fixed asset investments	41,4	203,9
Change in advances	26,2	-12,9
Disposals	-49,3	-75,8
Depreciation	-130,7	-130,6
Carrying amount at the end of period	1 388,1	1 500,5
Proportion of assets held for sale at beginning of period	0,0	70,7
Proportion of assets held for sale at end of period	16,7	0,0

10. NON-CURRENT ASSETS HELD FOR SALE

Mainly inventories and tangible asset related to Finnair Technics, and Finncatering Oy.

	Dec 31, 2012	Dec 31, 2011
Non current Assets held for sale		
Tangible assets	16,7	-
Inventories	12,3	-
Trade receivables and other receivables	2,9	-
Cash and cash equivalents	0,0	-
Total	31,9	-

	Dec 31, 2012	Dec 31, 2011
Liabilities of Non currents Assets held for sale		
Trade payables and other liabilities	2,2	-
Total	2,2	-

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	Dec 31, 2012	Dec 31, 2011
Pledges on own behalf	633,5	757,7
Guarantees on behalf of group undertakings	65,3	72,5
Guarantees on behalf of others	2,5	1,8
Total	701,3	832,0

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

13. LIABILITIES

in mill. EUR	Dec 31, 2012	Dec 31, 2011
Fleet lease payment liabilities	170,0	228,7
Other liabilities	258,0	290,6
Total	428,0	519,3

14. RELATED PARTY TRANSACTIONS

in mill. EUR	Dec 31, 2012	Dec 31, 2011
Sales of goods and services		
Associates and joint ventures	25,0	5,1
Purchases of goods and services		
Associates and joint ventures	98,9	25,5
Receivables and liabilities		
Receivables from associates and joint ventures	22,5	4,4
Liabilities from associates and joint ventures	7,2	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	Oct-Dec 2012	Oct-Dec 2011	Change %	Jan-Dec 2012	Jan-Dec 2011	Change %
Profit for the period	1,2	-32,6	103,7	11,8	-87,5	113,5
Other comprehensive income items						
Translation differences	0,0	0,0	-	0,0	-0,2	100,0
Change in fair value of available-for-sale financial assets after taxes	1,8	-1,1	> 200 %	10,4	-9,9	> 200 %
Change in fair value of hedging instruments after taxes	-14,0	11,3	<-200 %	-31,2	4,7	<-200 %
Other comprehensive income items, total	-12,2	10,2	<-200 %	-20,8	-5,4	<-200 %
Comprehensive income for the financial period	-11,0	-22,4	-	-9,0	-92,9	-

Earnings per share to shareholders of the parent company of the comprehensive income statement	-11,0	-22,4	-	-9,1	-93,1	-
Earnings per share to non-controlling interest of the comprehensive income statement	0,0	0,0	-	0,1	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 per share from the result of the period

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

Earnings / share:

$$\frac{\text{Result for the period - hybrid bond interest}}{\text{Average number of shares at the end of the financial year, adjusted for share issues}}$$

Equity / share:

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

Gearing, %:

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

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

Return on capital employed, %: (ROCE)

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

Net interest-bearing liabilities

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

Equity ratio, %:

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

Return on equity %: (ROE)

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