



2Q 2013 Result



Profitable growth in Q2, productivity improvements still required

- Our target is profitable growth, despite challenges
- 140 million euros of savings achieved ahead of schedule
- New routes Xian & Hanoi have delivered according to plan
- Productivity improvements still required to achieve profitability and growth targets
- The completion of previously announced, additional savings program of 60 million euros is vital for our future
- Profitable growth could enable creation of new jobs



Market Environment remains challenging

- **Passenger markets** robust, capacity growing less than traffic
 - **Growth** in international passenger travel continues to be driven by Asia-Pacific region, Europe picking up
- **Air Freight Volumes** showed signs of life in June
- **Growth in the BRICS economies, including China, is slowing**
 - Growth in passenger traffic driven by leisure travel
- **Oil prices remain high**



Strategy execution yielding results



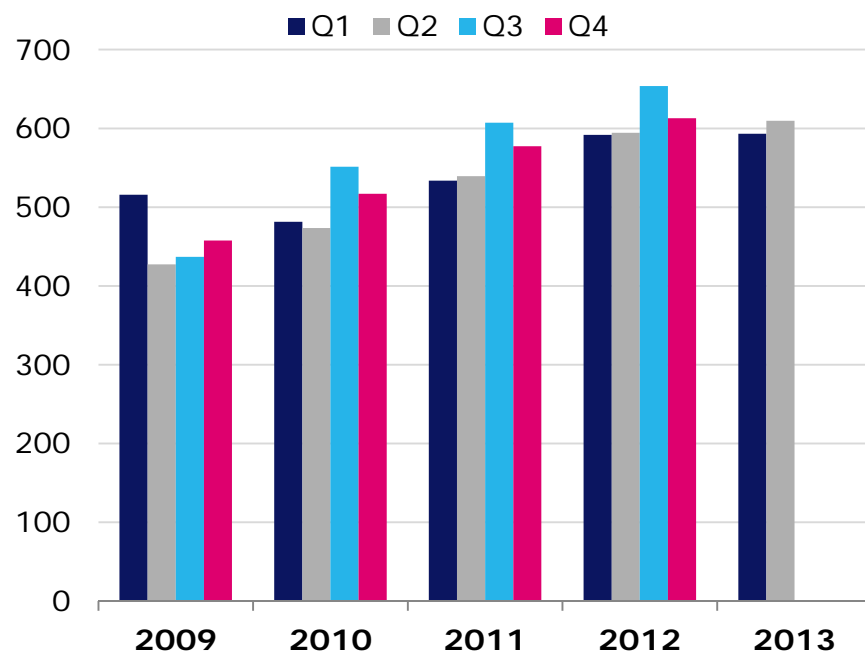
Growth continued in Q2

- **Turnover grew by 2.6%**
 - Q2 Turnover **609.7 M€**
 - Operational EBIT **6.1 M€** (16.2 M€)
 - Euro-denominated revenue impacted by the weakening of Yen
 - EBT improved by the sell of Norwegian shares and was 21.2 M€ (-24.0 M€)
- **Strong load factors in Q2**
 - Unit revenue per available seat kilometre (RASK) -3.1%, at constant currency -1.7%
 - passenger load factor (PLF) 78.2% (+0.7%-p)
 - yield per revenue passenger kilometre (RPK yield, -4.5%) down
- **Sound financial position**
 - Equity ratio **32.7%**
 - Gearing **13.3%**
 - Adjusted gearing **70.4%**
 - **425 M€** short-term cash and cash equivalents as per 30 June 2013

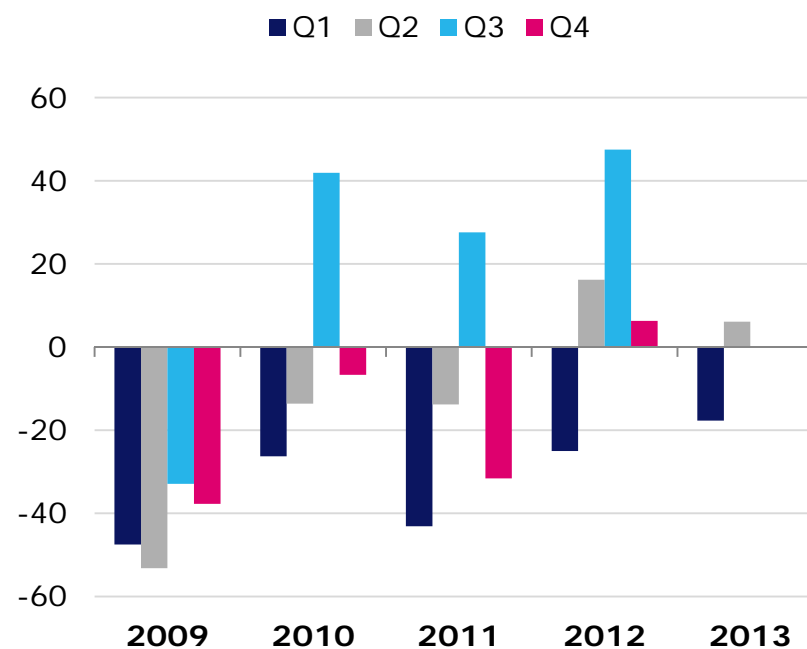


Turnover growing steadily

Quarterly turnover, € million



Quarterly Operational EBIT, € million



**Operational 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*



Load factors at a healthy level

Asian share 50% of the total capacity

North America	
ASK	5,5 %
RPK	1,4 %
PLF	-3,4 %-p
Traffic revenue*	2,3 %

Europe	
ASK	10,4 %
RPK	9,7 %
PLF	-0,5 %-p
Traffic revenue*	4,0 %

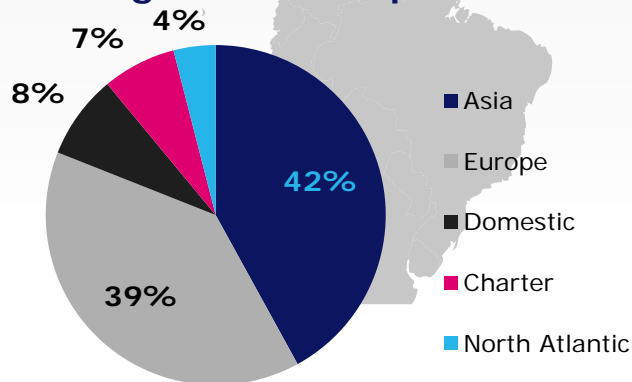
Asia	
ASK	3,9 %
RPK	6,6 %
PLF	1,9 %-p
Traffic revenue*	-1,1 %

Leisure traffic	
ASK	-1,5 %
RPK	0,0 %
PLF	1,3 %-p
Traffic revenue*	-6,8 %

Domestic	
ASK	4,3 %
RPK	2,6 %
PLF	-1,1 %-p
Traffic revenue*	15,3 %

Total Traffic	
ASK	5,6 %
RPK	6,5 %
PLF	0,7 %-p
Traffic revenue*	1,7 %

Passenger revenue split



* Passenger revenue

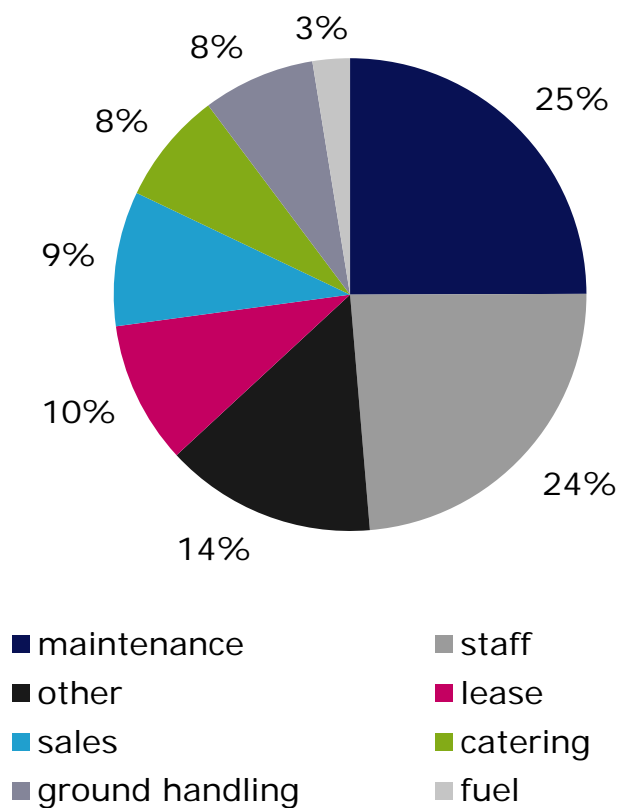
Cargo	
ATK	-2,2 %
RTK	0,2 %
OLF	1,9 %-p
Traffic revenue	-5,4 %

* passenger revenue

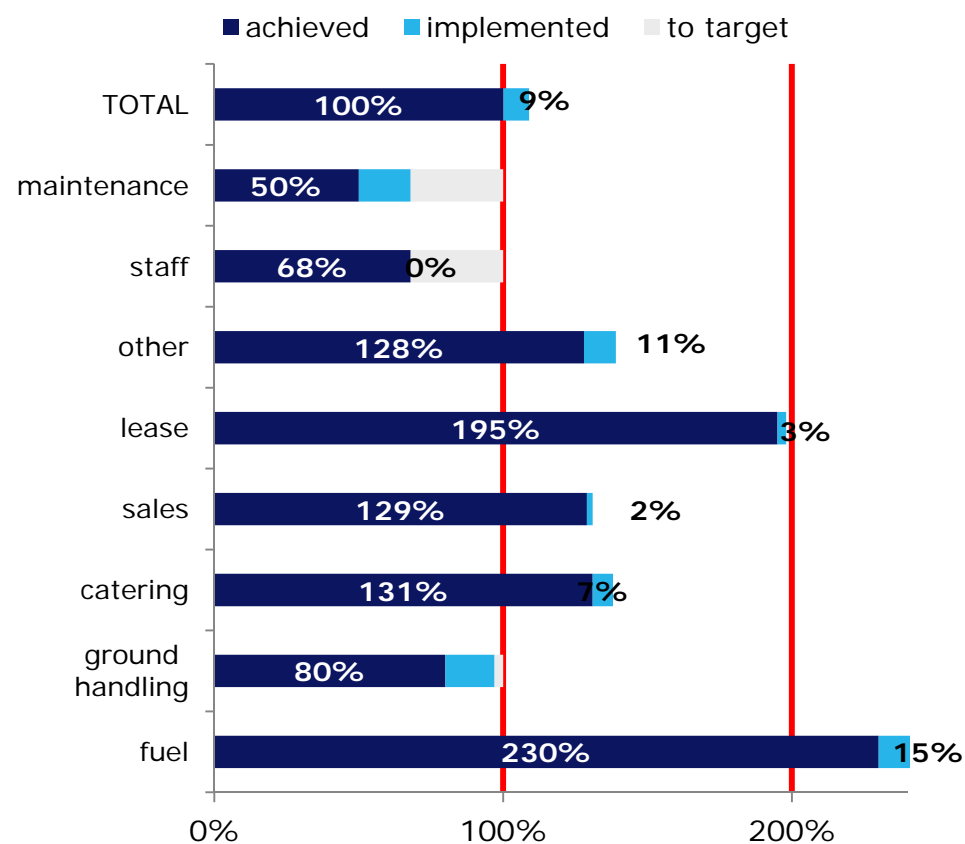


€140 million of targeted savings achieved, 6 months ahead of schedule

Target €140 million

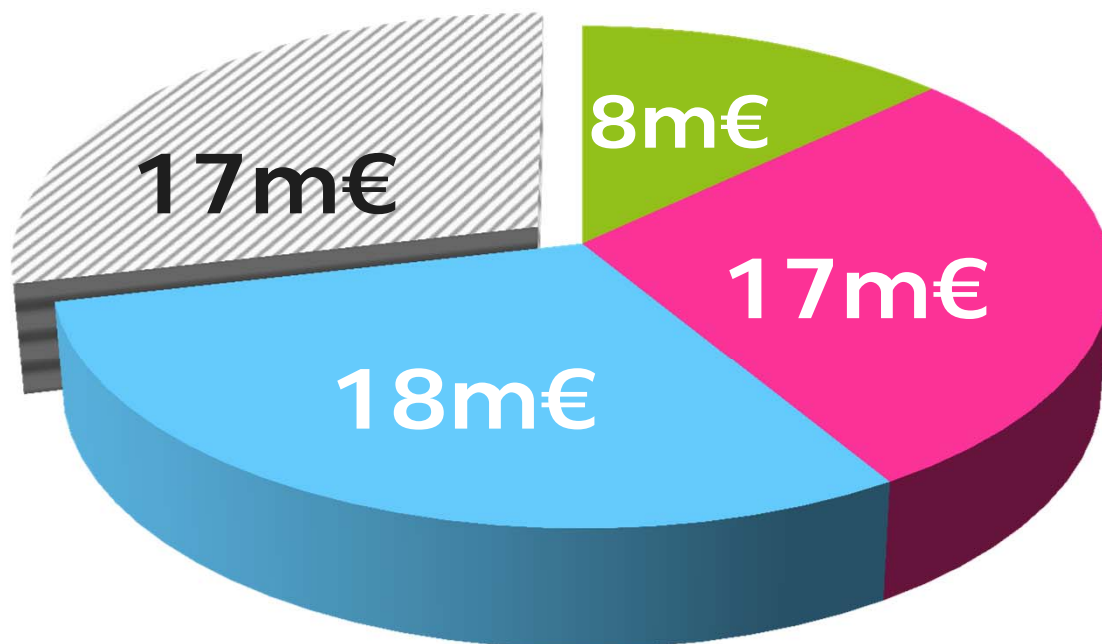


Achieved savings to target






Supplementary 60 Million euro savings program target includes all functions




Collective labour agreements are the best way to create sustainable future together with the personnel

- Wage structures
- Working hours

Savings target includes all functions

 = Pilots

 = IAU personnel groups

 = Cabin crew

 = Other functions and personnel



Outlook for 2013 – change in turnover guidance

New guidance:

- The uncertain economic outlook in Europe, weakened consumer demand and slower growth in Asia increase the uncertainty of the future development of air traffic. Fuel costs are expected to remain high in 2013 as well, and the demand for air traffic is estimated to grow moderately.
- **Finnair estimates its 2013 turnover to be approximately at the 2012 level due to the pressure that the weak yen puts on the Japan generated unit revenues.** Unit costs excluding fuel (CASK excl. fuel) are expected to decrease compared to 2012. Finnair estimates that its operational result will show a profit in 2013.



Financials



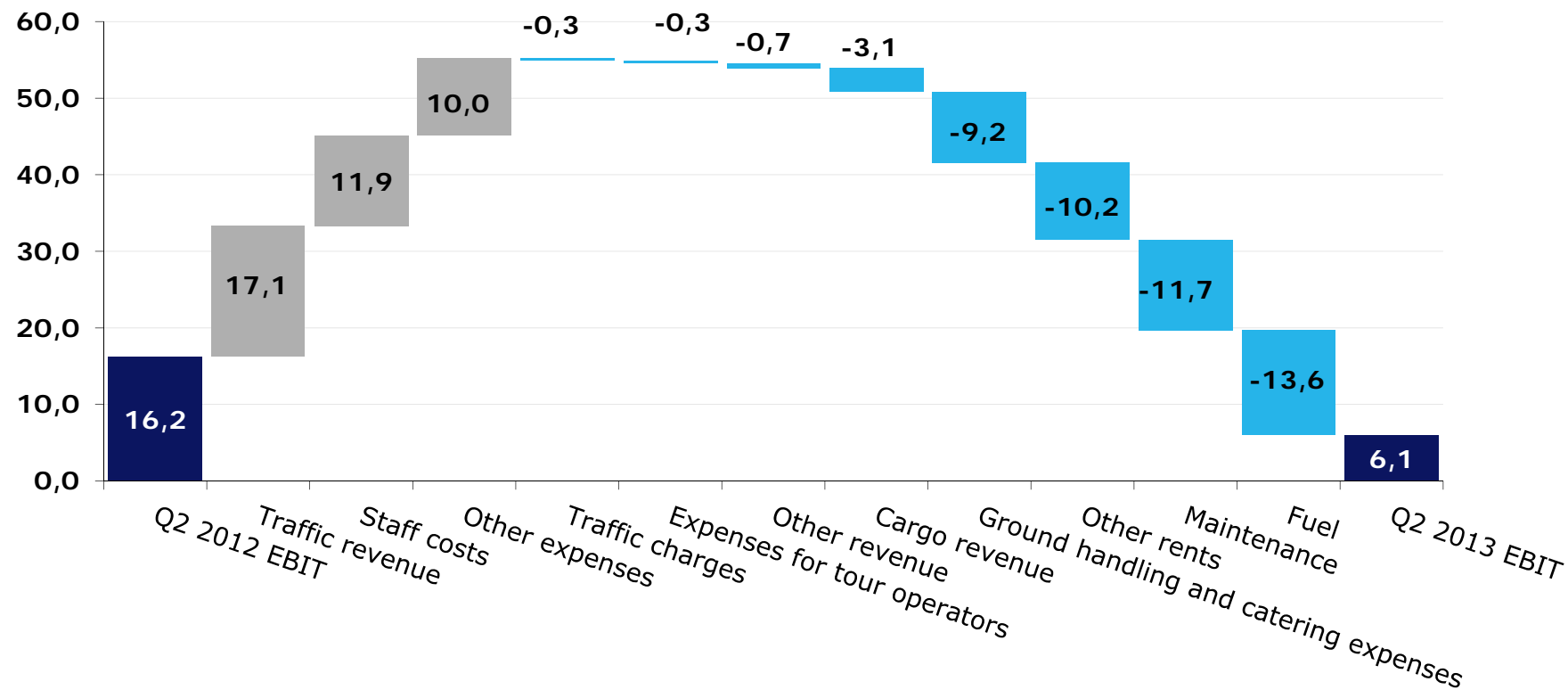
Q2 Key figures

Key Figures		Apr-Jun 2013	Apr-Jun 2012	Change %	Jan-Jun 2013	Jan-Jun 2012	Change %
Turnover and result							
Turnover	EUR million	609,7	594,4	2,6	1 202,9	1 186,2	1,4
Operational result, EBIT	EUR million	6,1	16,2	-62,4	-11,6	-7,3	-58,5
Operational result, % turnover	%	1,0	2,7	-1,7 %-p	-1,0	-0,6	-0,3 %-p
Operating result, EBIT	EUR million	-11,8	-16,6	28,9	-25,6	-35,3	27,6
EBITDAR	EUR million	51,5	65,7	-21,7	79,6	92,1	-13,5
Result before taxes	EUR million	21,2	-24,0	188,4	2,5	-48,7	105,2
Net result	EUR million	17,0	-18,7	190,9	1,2	-37,9	103,3
Balance sheet and cash flow							
Capital expenditure, CAPEX	EUR million				27,0	10,3	162,1
Net cash flow from operating activities	EUR million				78,6	92,3	-14,9
Share							
Share price at end of quarter	EUR	2,70	1,75	54,3	2,70	1,75	54,3
Earnings per share, from the result of the period*	EUR	0,13	-0,15	189,7	0,01	-0,30	102,7
Earnings per share	EUR	0,11	-0,16	167,1	-0,04	-0,33	88,7



Operational EBIT build-up in Q2 2013

Mill. Eur

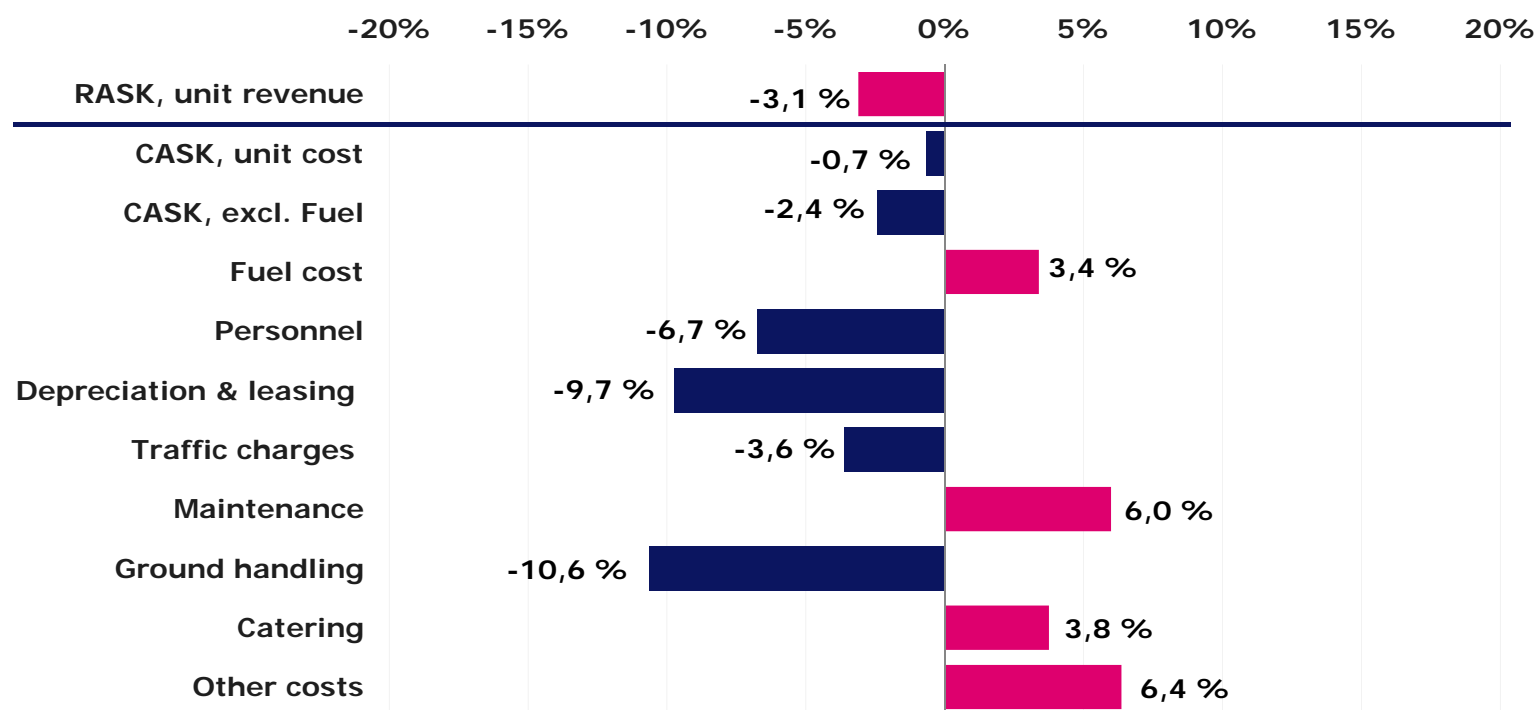




Airline business: RASK & CASK development Q2 2013

- Unit cost excluding fuel (CASK, excl. fuel) down by 2.4%
- Unit revenue (RASK) at constant currency -1.7%

Change, y-o-y, %

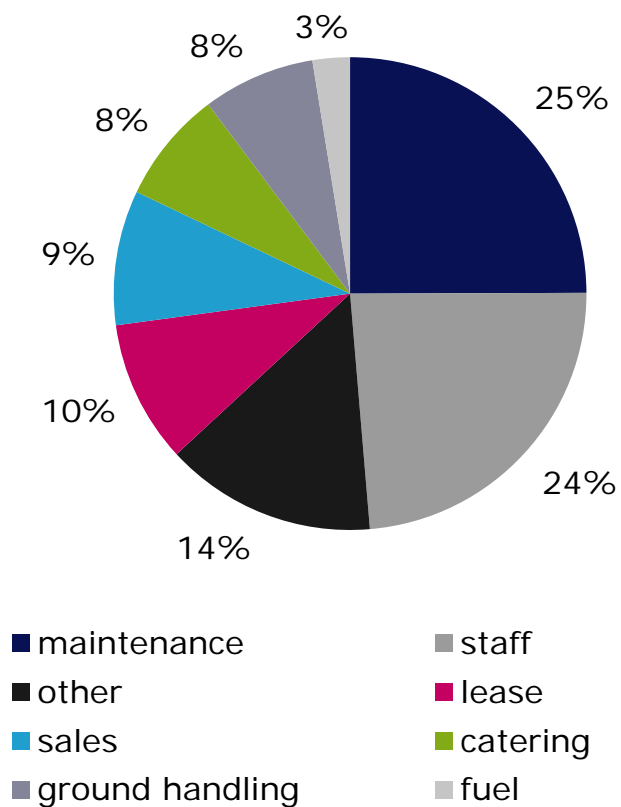


Aviation services operational result has been transferred from other expenses to maintenance, catering and ground handling expenses starting from Q1 2013. 2012 comparison figures were changed respectively.

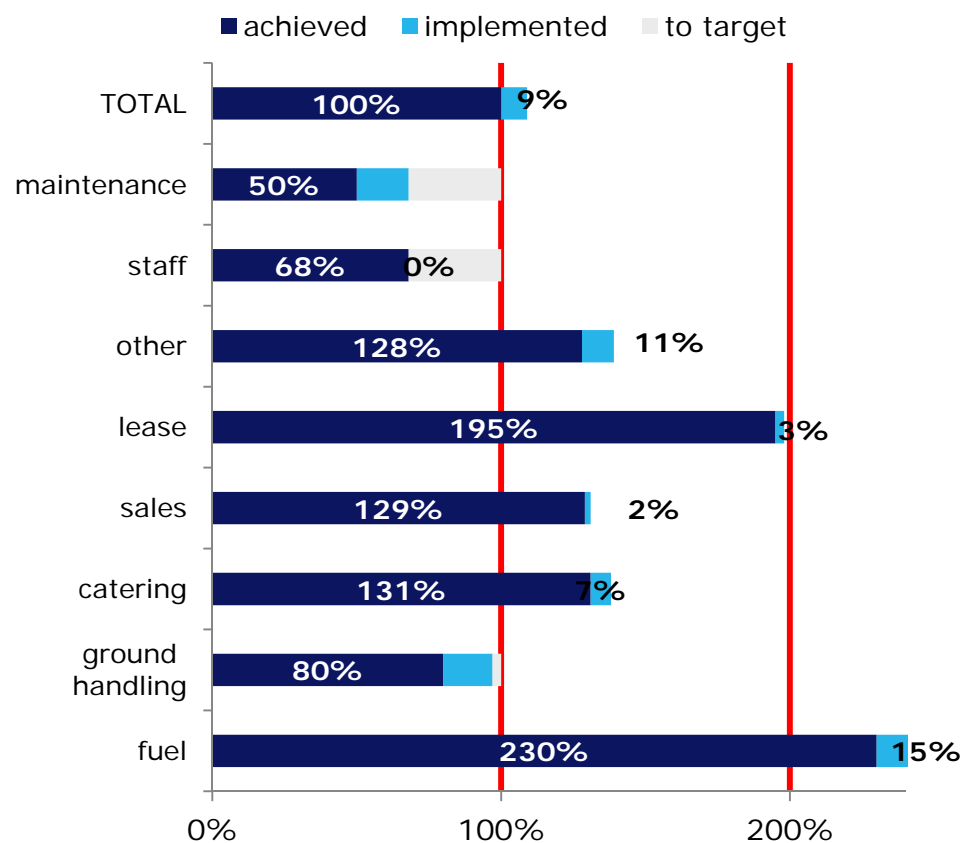


€140 million of targeted savings achieved, 6 months ahead of schedule

Target €140 million



Achieved savings to target





Significant cumulative unit cost* decrease achieved

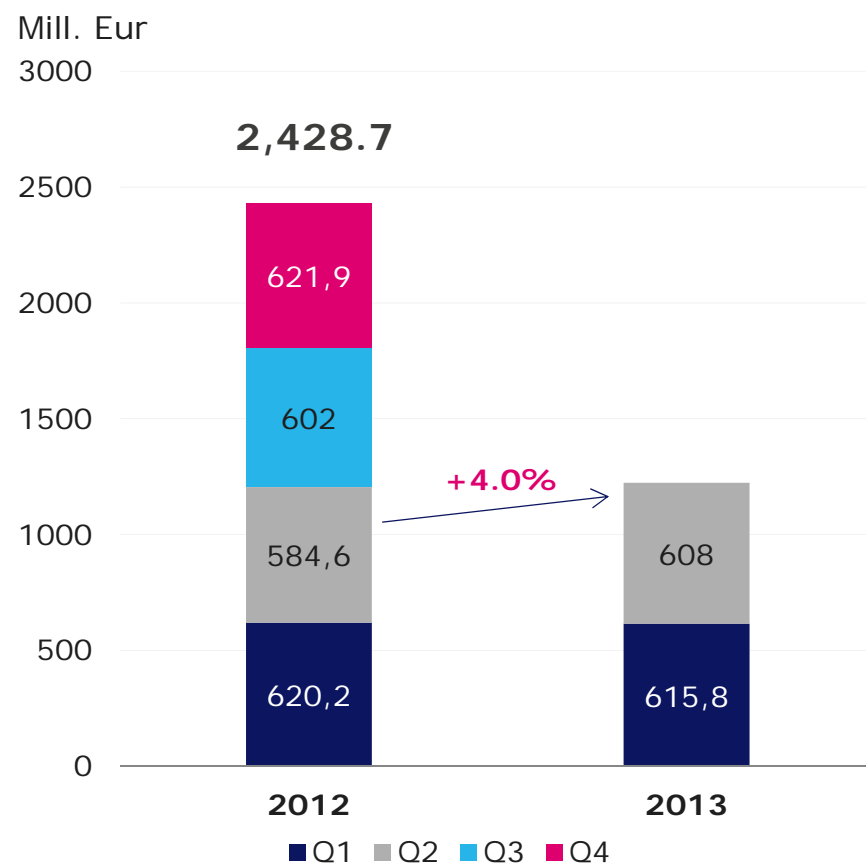


**Excl. fuel, adjusted for 2010 ash and industrial action*

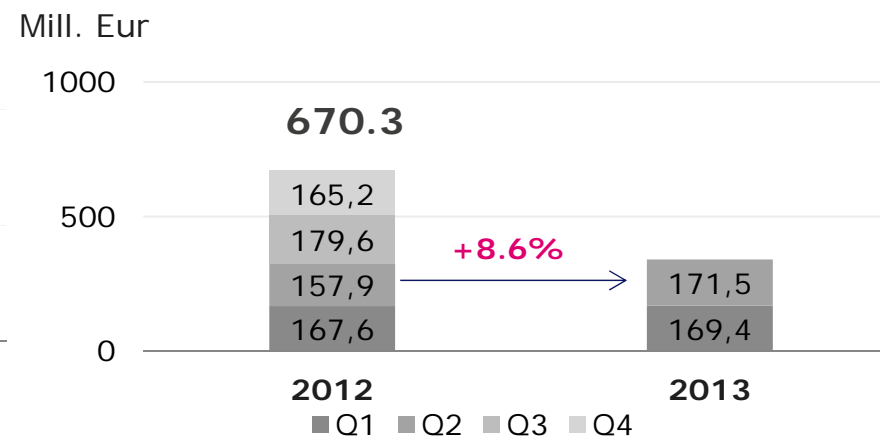


Operational costs grew less than capacity

Operational costs



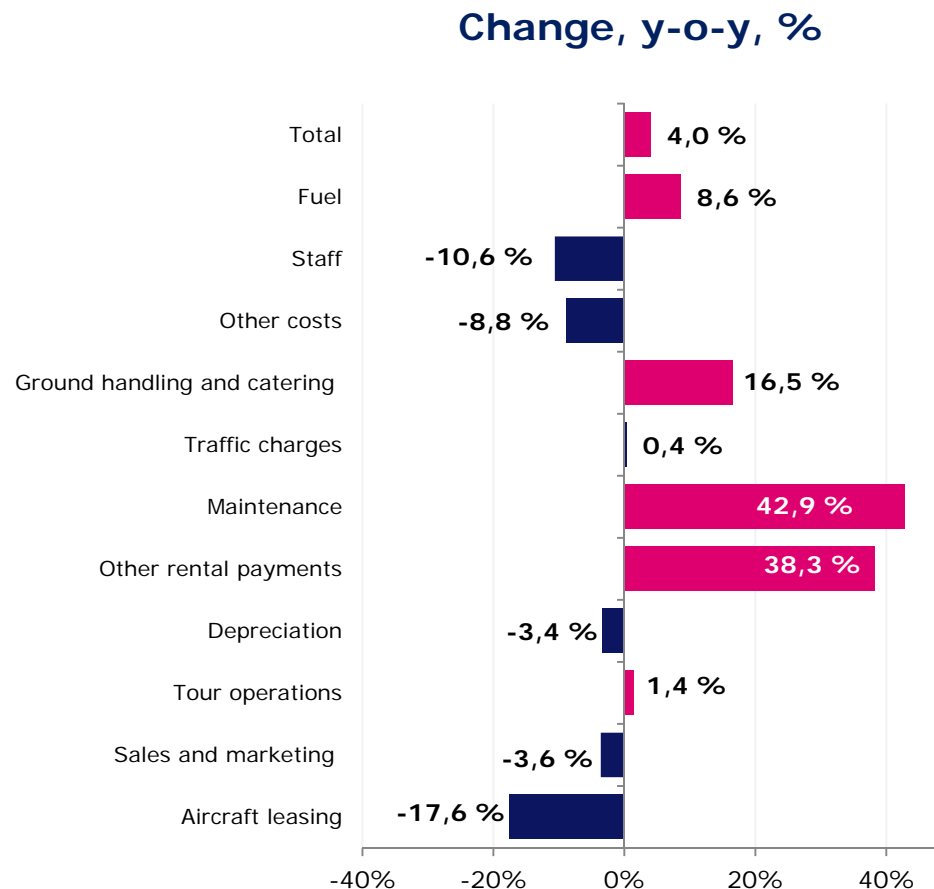
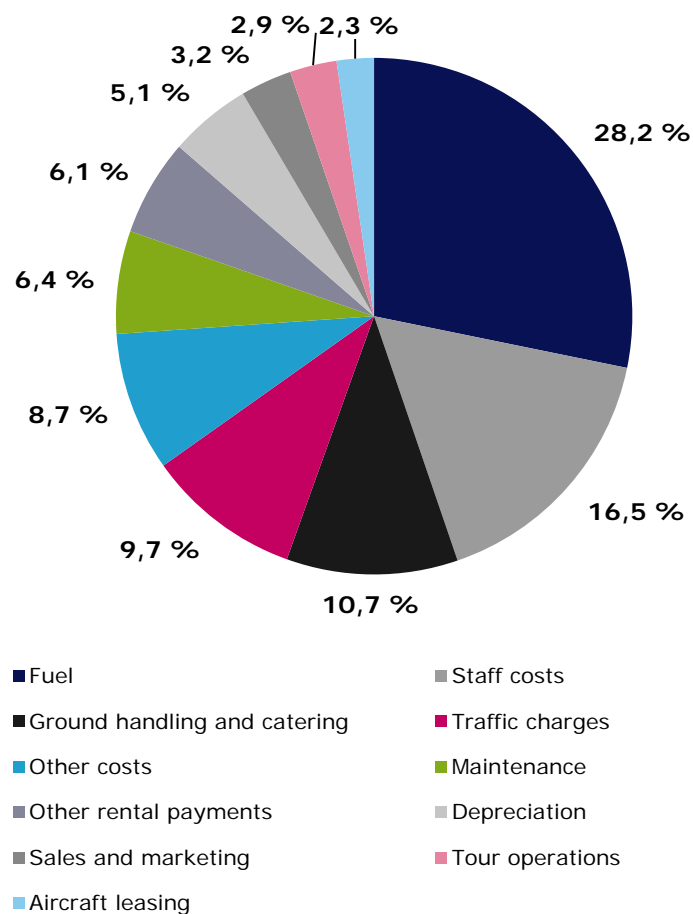
The share of fuel costs 28.2%



* Hedging taken into account

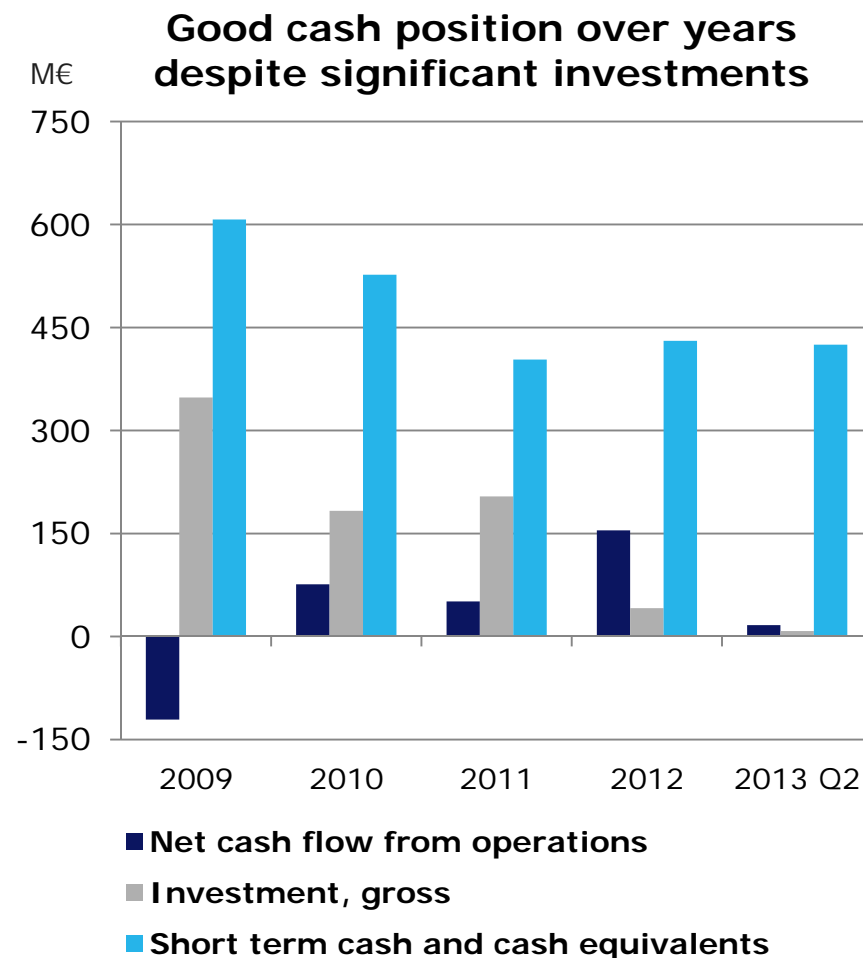
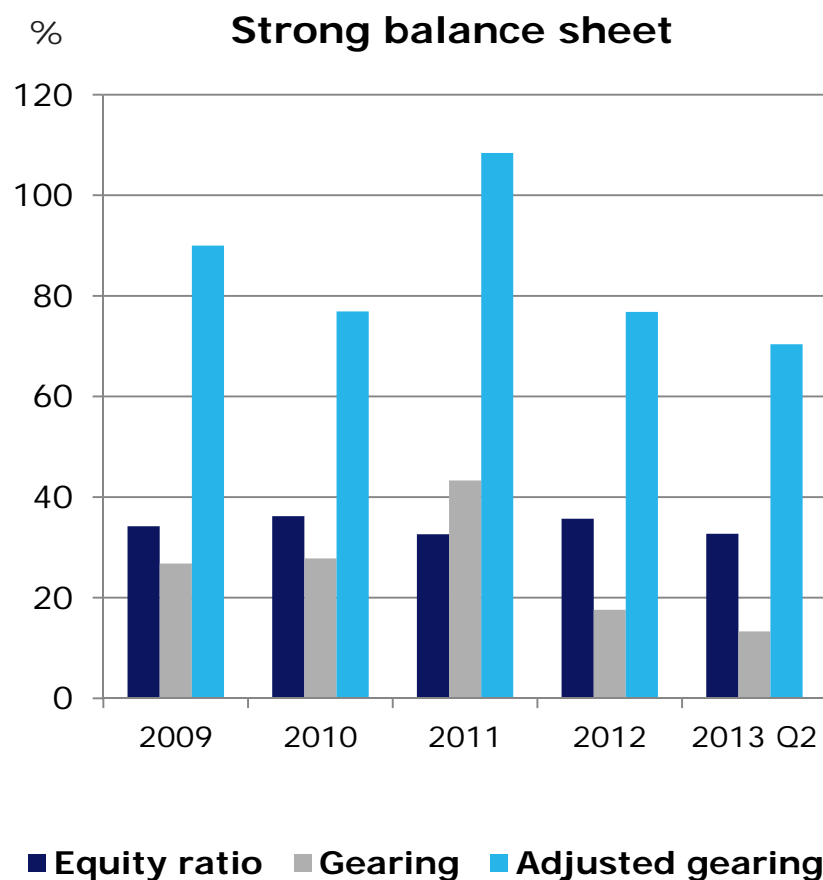


Fuel and personnel biggest cost items in Operational costs Q2 2013, total of 608 Mill. Eur





Strong financial position supports business development and future investments





Finnair is the first European carrier to receive next generation Airbus 350 XWB's

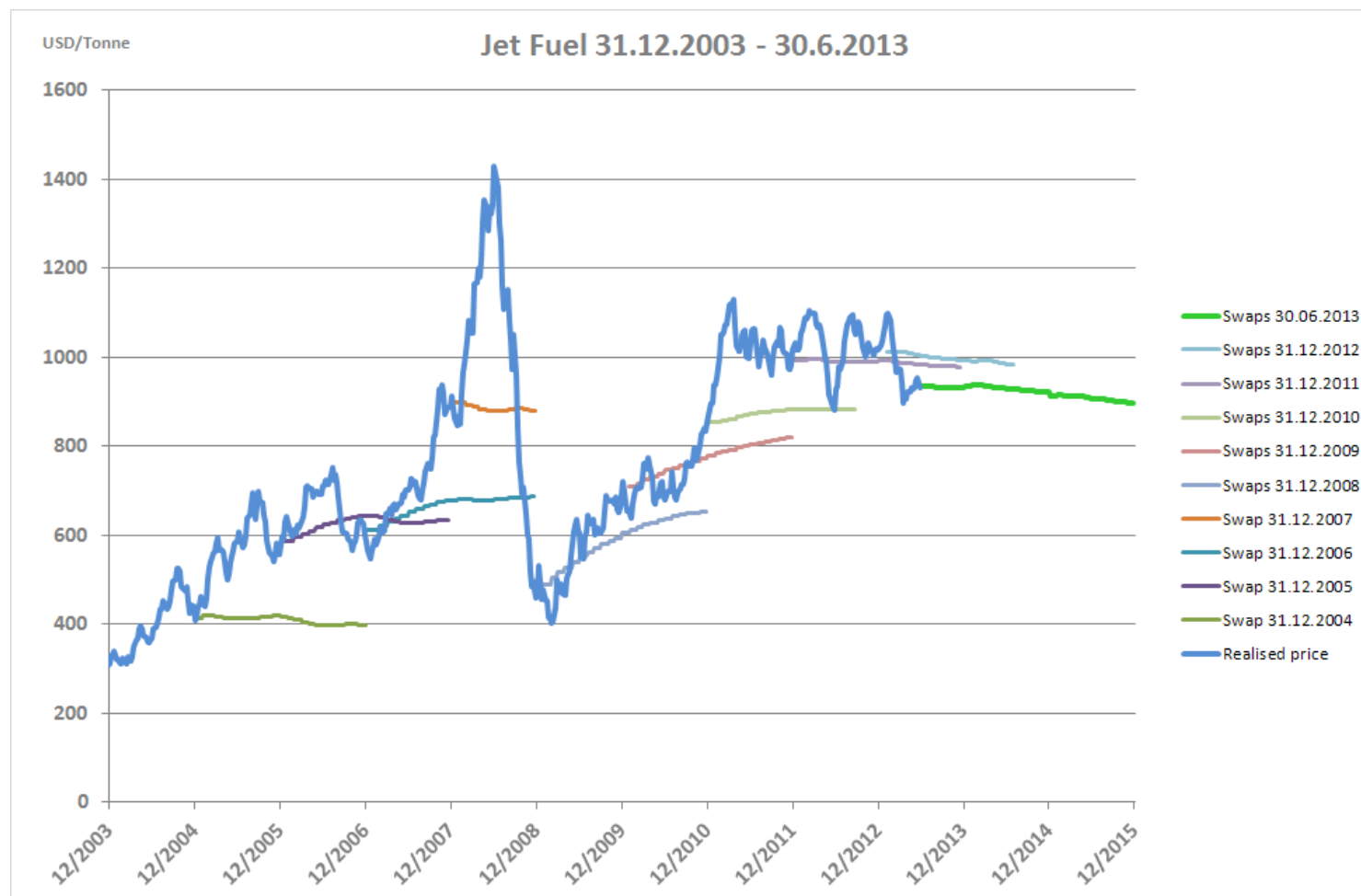
Competitive advantage:

- **Up to 18% more capacity:** from 270 seats to 310-320 seats
- Estimated **seat cost -30%** compared to Airbus 340
- Improved revenue position with superior product
- 11 orders and 8 options



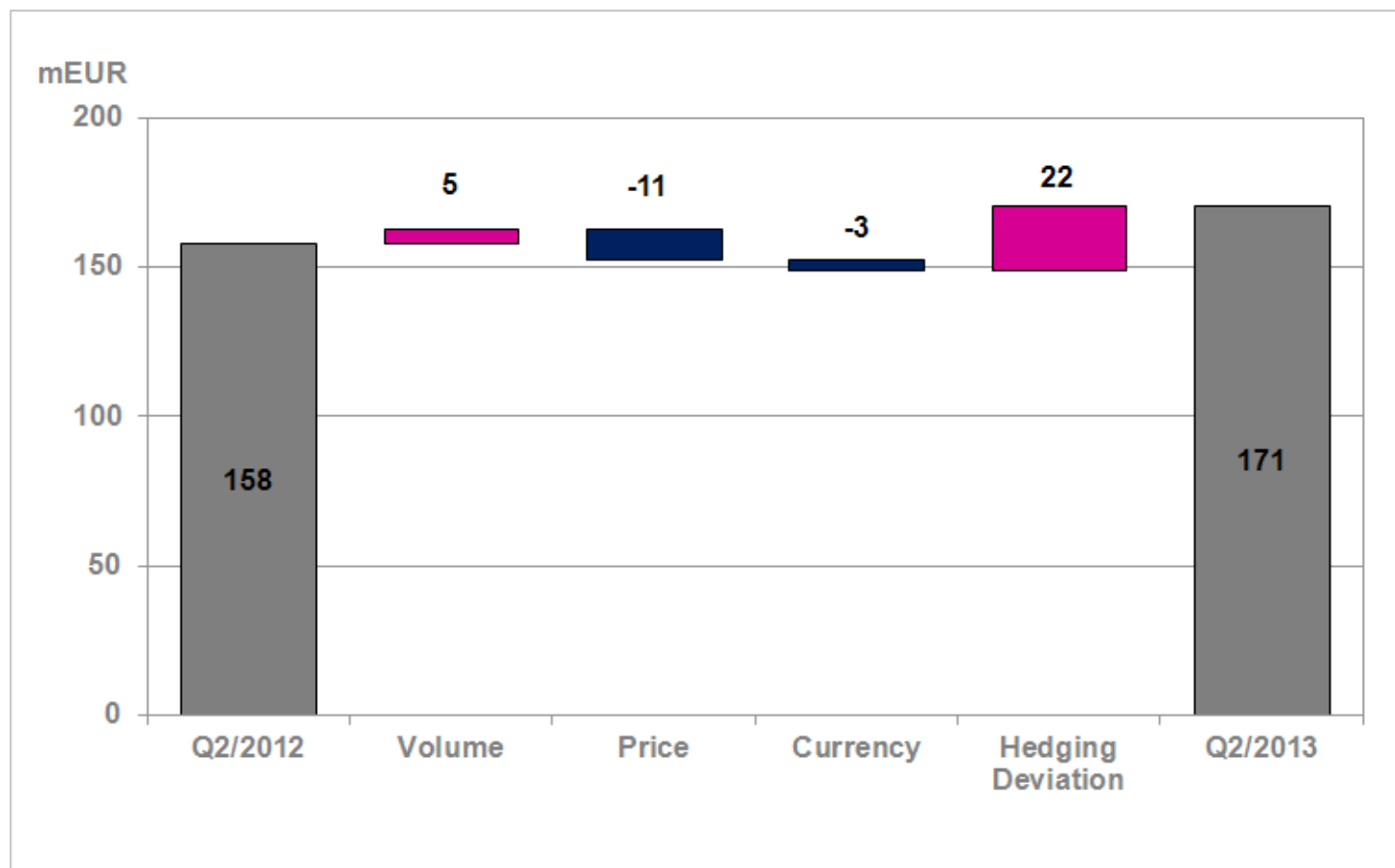


Fuel, spot-price development





Hedges are wearing off: Hedging loss of 4 M€ in Q2



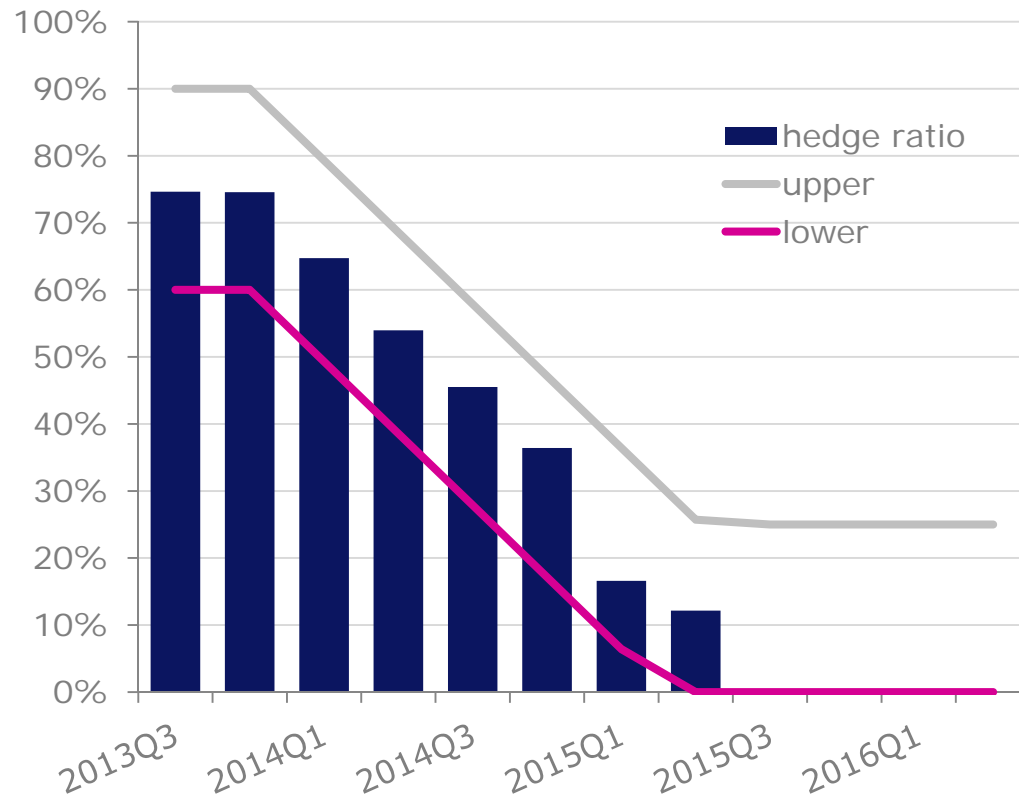
**2012 Incl. Hedging profit of 18 Mill. EUR*

***2013 Incl. Hedging loss of 4 Mill. EUR*

Rolling hedging policy



Hedging positions, 30 August 2013
Hedge ratio H2 2013: 75%



- Finnair hedges jet fuel positions 24 months ahead within the limits defined in the hedging policy
- Finnair is 75% hedged for the second half and 60% for first half of 2014
- 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

Thank you

90 

CELEBRATING 90 YEARS

— **SINCE 1923** —