



12 May 2016
CEO Pekka Vauramo
CFO Pekka Vähähyppä

Finnair Q1 2016 Result

Finnair Q1 2016 Result, 12 May 2016

Positive development continued



- Q1 seasonally weak quarter; loss halved from last year
- One additional wide body aircraft in traffic during the quarter, new long-haul routes in May: Fukuoka and Guangzhou
- 160 new Finnair employees during Q1
- Investments in Customer Experience and Digitalisation

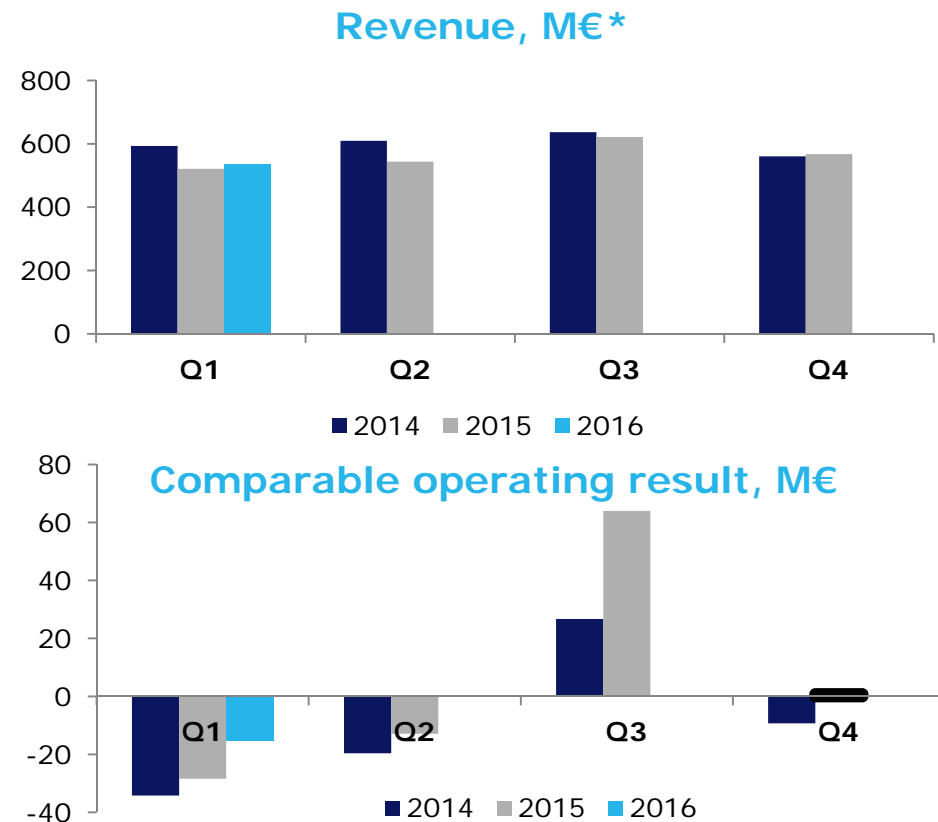


Q1 2016: 6th consecutive quarter of result improvement



- **Revenue grew by 2.9% to 536 M€**
 - Growth in passenger traffic & Travel services
 - Ancillary sales per pax grew to 11.87 € (+17%)
 - Cargo volume grew but revenue decreased
- **Comparable operating result improved by 13 M€**
 - Cost items in maintenance, personnel, training costs for A350 and resourcing for growth affecting in comparability
 - Fuel costs fell significantly in spite of the increase in traffic

**not fully comparable, 2015 revenue restated, external leasing revenue excluded and included in other operating income.*



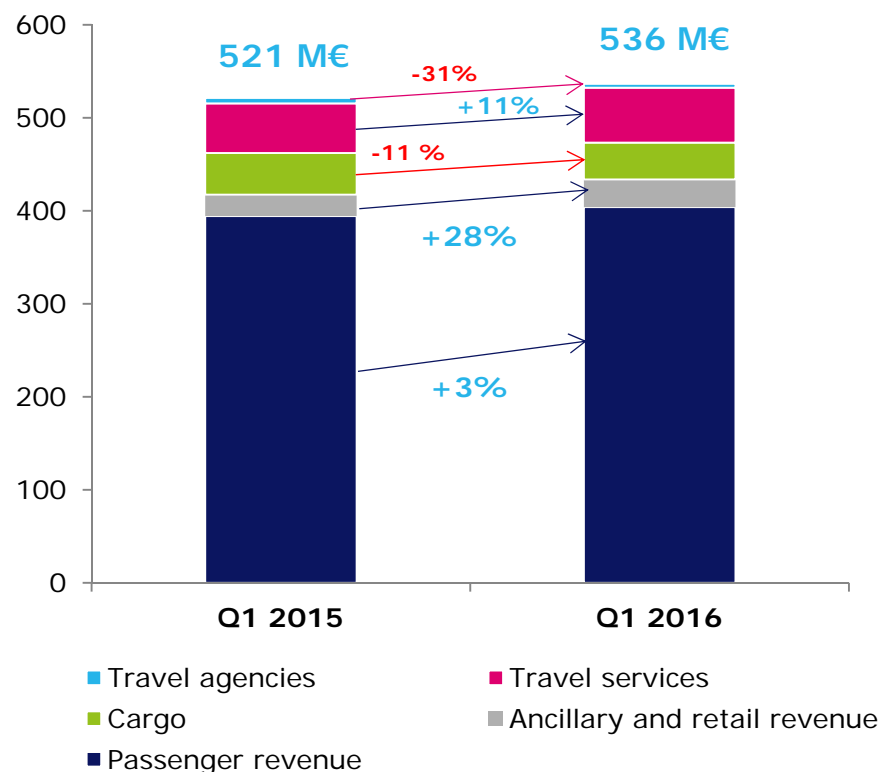


Q1 Market growth continued

- Demand for air travel continued to grow in Finnair's main markets
 - Timing of Easter boosted leisure travel, but reduced demand for business travel
 - Paris and Brussels terrorist attacks had a negative effect on passenger traffic
- Decline in the price of jet fuel supported Q1 financial performance.
- Finnair gained market share in European traffic while market share in Asian traffic declined slightly from last year. *
- The Atlantic Joint Business (AJB) performed well in the Premium segment, and the Siberian Joint Business serving Japanese routes gained market share.
- Overcapacity and weak business environment in cargo traffic continued. Chinese new year impact was longer than usual.



Q1: Growth in passenger traffic and travel services, less revenue from cargo



- Passenger traffic ticket revenue held up well with capacity growth
- Ancillary and retail sales saw strong, continued growth
- Good development in Aurinkomatkat continued
- Travel agencies revenue declined mainly due to sale of Estravel in 2015

Q1 Traffic Performance



Q1		Asia	North Atlantic	Europe	Domestic	Total*
Passenger revenue	million	165.0	25.8	160.9	48.7	404.0
	Chg %	2.5 %	-3.0 %	6.6 %	15.8 %	2.5 %
	Share %	40.8 %	6.4 %	39.8 %	12.1 %	
ASK	million	4,021	632	2,999	468	8,121
	Chg %	3.5 %	8.0 %	5.1 %	20.5 %	5.3 %
	Share %	49.5 %	7.8 %	36.9 %	5.8 %	
RPK	million	3,328	509	2,229	334	6,400
	Chg %	5.9 %	10.4 %	4.0 %	20.6 %	6.3 %
PLF	%	82.8	80.4	74.3	71.4	78.8
	Chg %	1.9 %-p	1.8 %-p	-0.8 %-p	0.1 %-p	0.8 %-p
Cargo	Revenue, Mill.					39.6
	Chg %					-11.4 %
	Tonnes, Mill.					33
	Chg %					8.2 %

*Includes unallocated revenue

ASK: Available Seat Kilometers

RPK: Revenue Passenger Kilometers

PLF%: Passenger Load Factor

A350 entry into service continues



- Three A350 aircraft in use during Q1
- Some technical delays, reliability high despite some challenges
- 5 aircraft delivered by May and 7 in service by the end of 2016
- Significant improvement customer satisfaction in A350 routes
- Current destinations Beijing, Shanghai, Bangkok and Hong Kong, Seoul to start in summer and Singapore in autumn

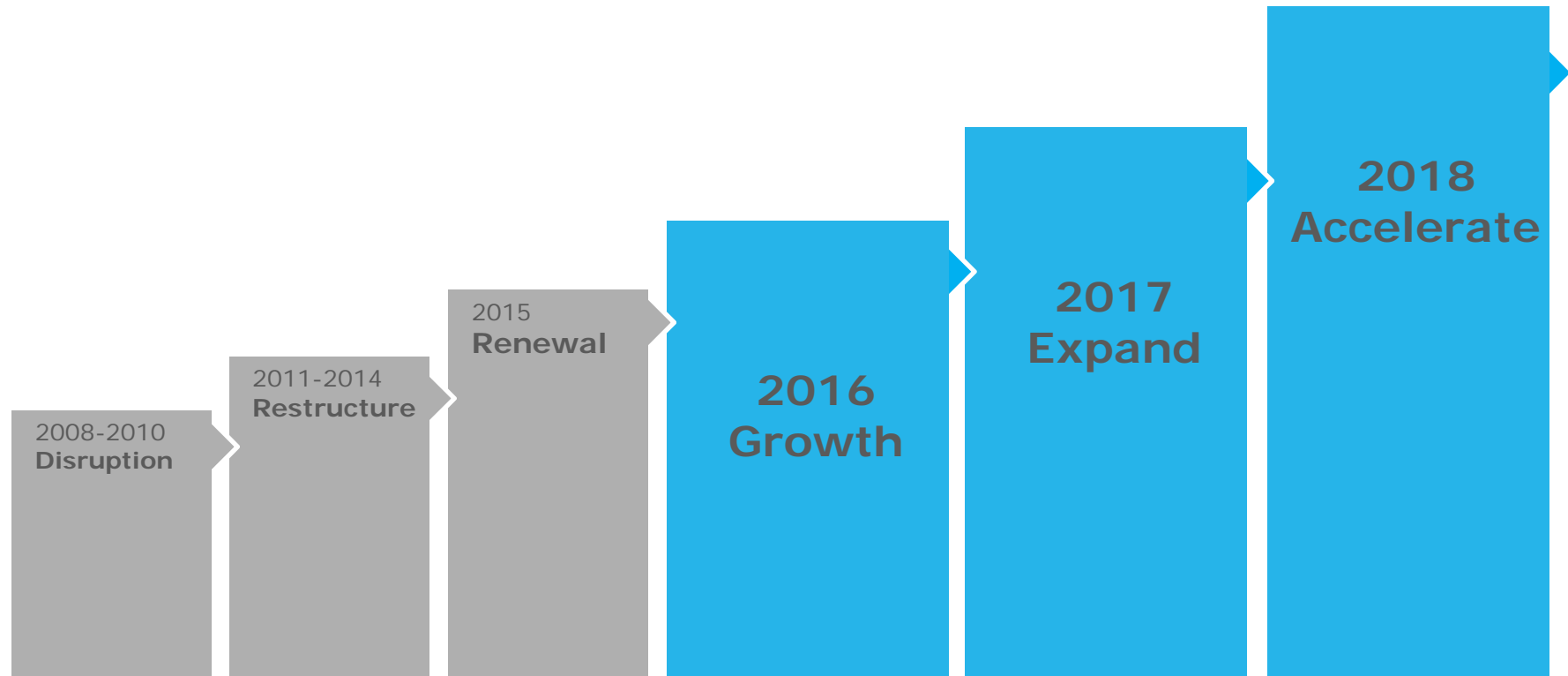




Outlook for 2016 unchanged

- The demand outlook for passenger and cargo traffic in Finnair's main markets involves renewed uncertainty. Finnair estimates that, in 2016, its capacity measured in available seat kilometres will grow by approximately 8 per cent and that its revenue will grow at a slightly slower rate.
- The lower price of jet fuel supports Finnair's financial performance in 2016. In accordance with its disclosure policy, Finnair will issue guidance for its expected full-year comparable operating result in connection with the January-June interim report.

We will continue on growth track





Financials

Key Figures



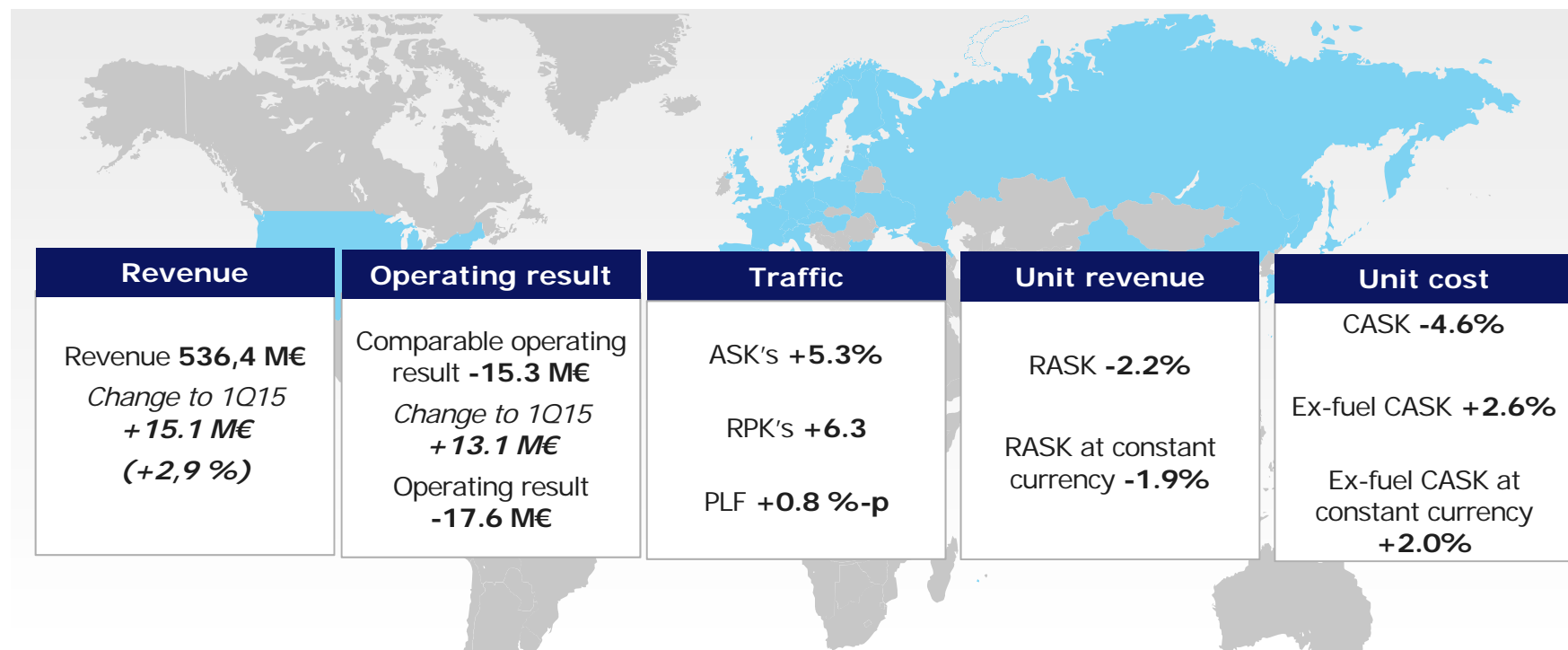
Key figures	Q1 2016	Q1 2015	Change %	2015
Revenue and result				
Revenue, EUR million	536.4	521.3	2.9	2,254.5
Comparable operating result, EUR million	-15.3	-28.4	46.0	23.7
Comparable operating result, % of revenue	-2.9	-5.4	2.6 %-p	1.1
Operating result, EUR million	-17.6	-8.3	-113.6	121.7
Comparable EBITDAR, EUR million	36.4	19.2	89.7	231.2
Result before taxes, EUR million	-18.7	-12.1	-55.0	113.3
Net result, EUR million	-15.1	-9.8	-53.2	89.7
Balance sheet and cash flow				
Adjusted gearing, %	70.7	85.4	-14.7 %-p	45.8
Gross capital expenditure, EUR million	111.1	12.4	> 200 %	329.7
Net cash flow from operating activities, EUR million	10.4	13.0	-19.8	171.0
Share				
Share price at the end of quarter, EUR	5.45	3.20	70.3	5.42
Earnings per share (EPS), EUR	-0.15	-0.09	-58.5	0.57



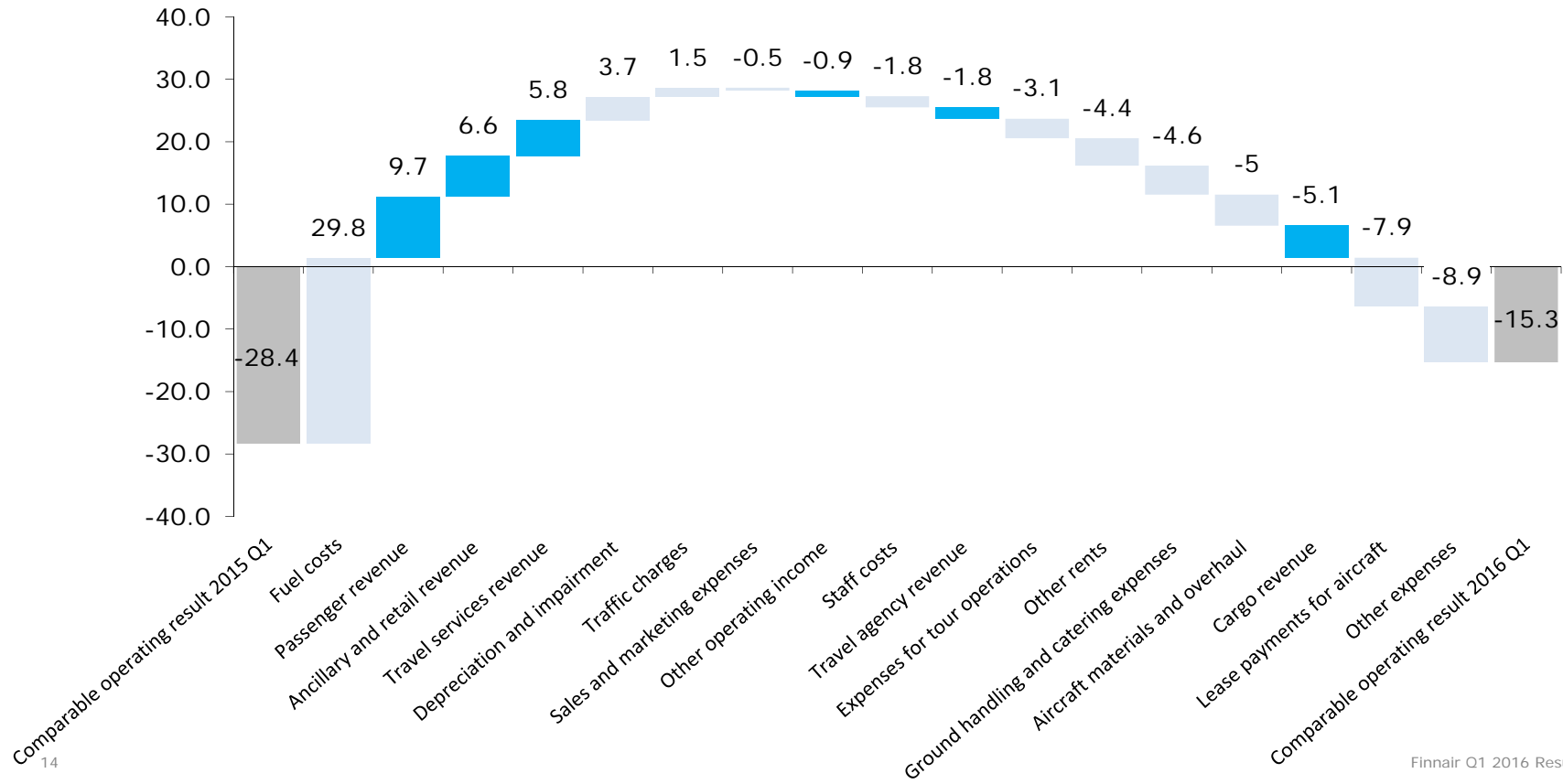
Revenue development

	Q1 2016	Q1 2015	Change %	2015
Flights, number	26 921	24 269	10,9 %	108 471
Available seat kilometres (ASK), million	8 121	7 715	5,3 %	31 836
Revenue passenger kilometres (RPK), million	6 400	6 022	6,3 %	25 592
Passenger load factor, %	78,8 %	78,1 %	0.8 %-p	80,4 %
Passengers, 1,000	2 501	2 283	9,5 %	10 294
Passenger revenue/pax, €	161,54	172,71	-6,5 %	171,56
Ancillary and retail revenue/pax, €	11,88	10,11	17,5 %	10,02
Revenue by product, M€				
Passenger revenue	404,0	394,3	2,5 %	1 766,0
Ancillary and retail revenue	29,7	23,1	28,4 %	103,2
Cargo	39,6	44,8	-11,4 %	183,7
Travel services	59,1	53,3	10,8 %	177,8
Travel agencies	4,0	5,8	-31,2 %	23,8
Total	536,4	521,3	2,9 %	2 254,5
RASK, c	6,61	6,76	-2,2 %	7,08

Q1 Financial Summary

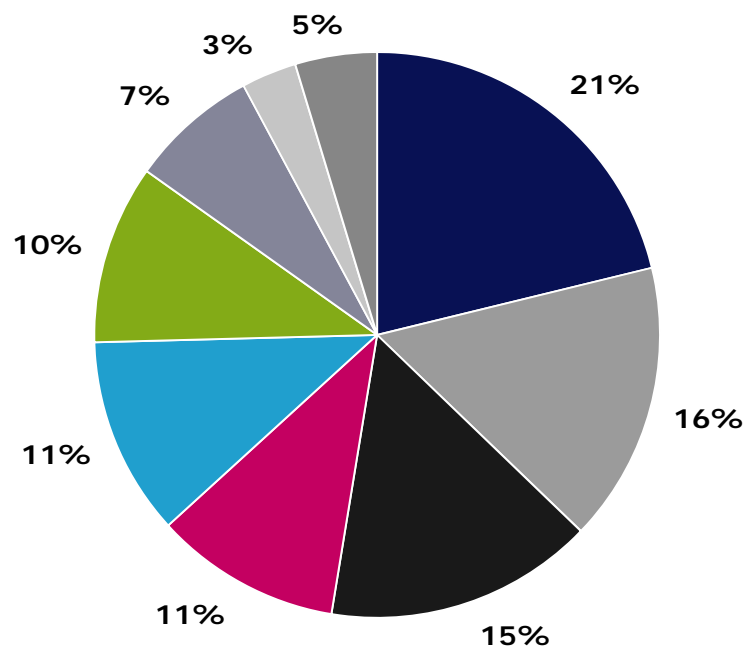


Comparable EBIT Q1 2015 vs. Q1 2016





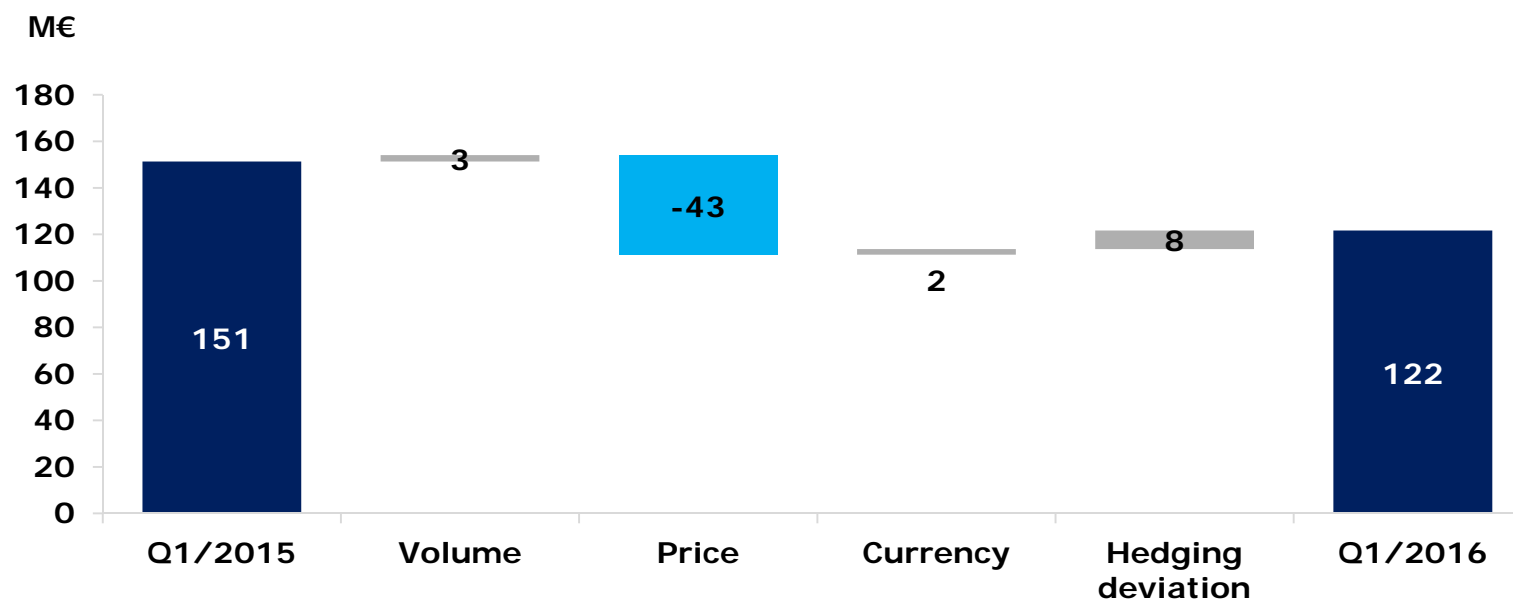
Fuel still the largest cost item in Q1



- Fuel, 122 M€
- Staff costs, 92 M€
- Leasing, maintenance, depreciation & impairments, 88 M€
- Traffic charges, 61 M€
- Ground handling and catering, 65 M€
- Other expenses, 59 M€
- Other rents, 42 M€
- Sales and marketing, 18 M€
- Expenses for tour operations, 27 M€

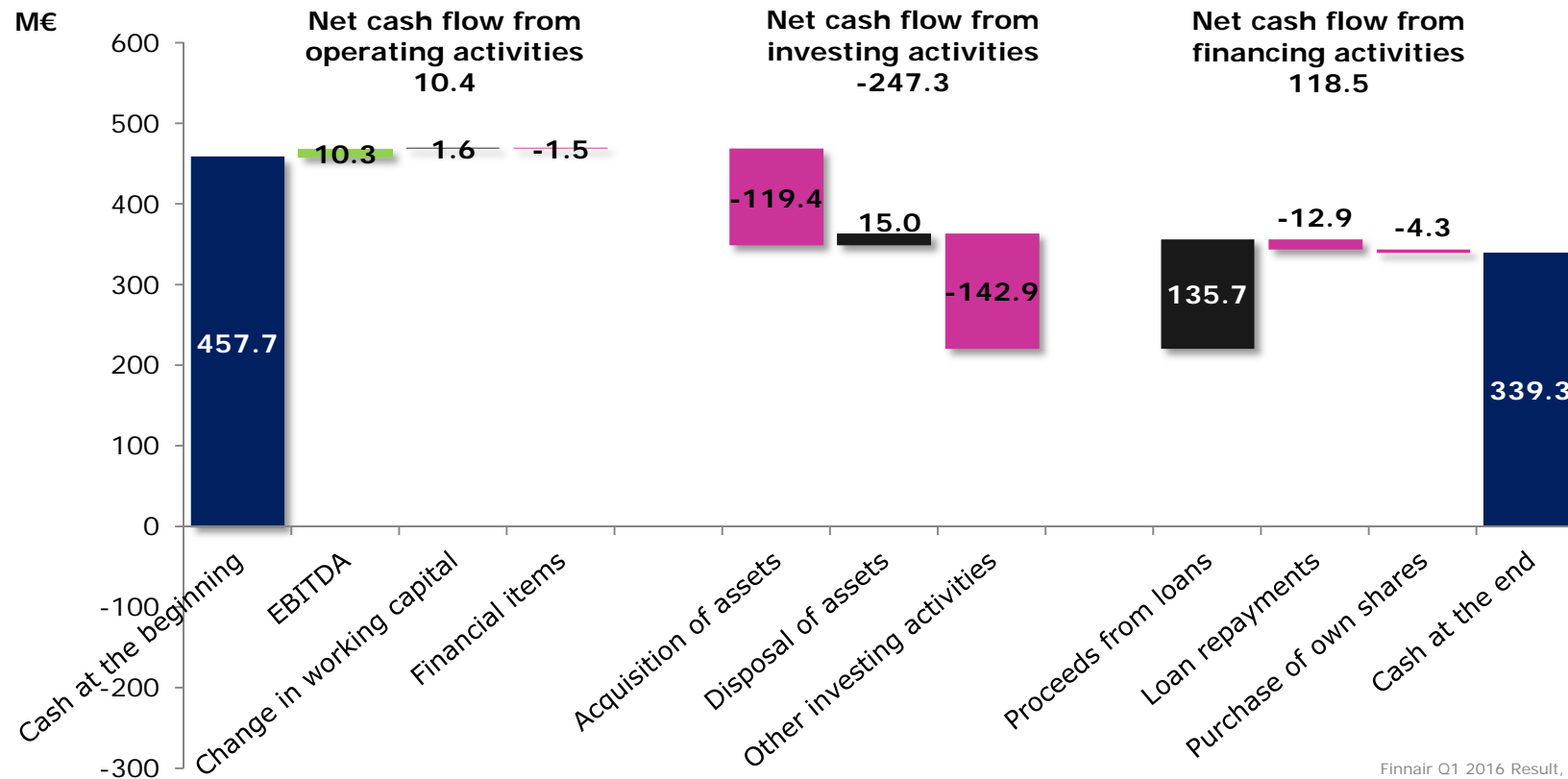


Jet fuel price decrease supported Q1 performance



- Q1/15 hedging loss 37,2 M€
- Q1/16 hedging loss 45,1 M€

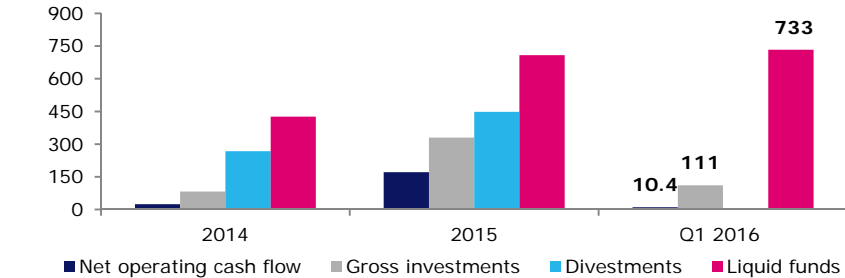
Cash Flow -118.5 M€



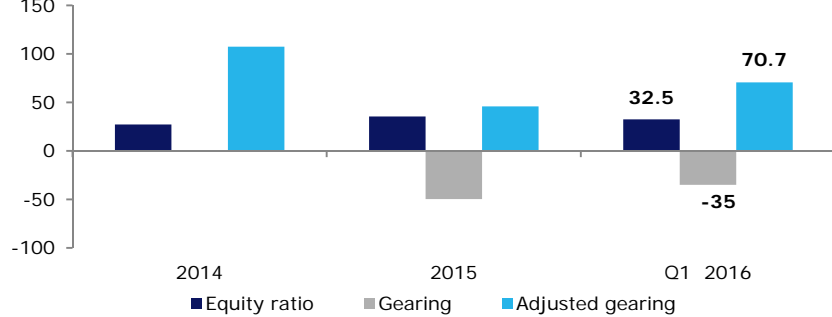
Q1 Negative net debt, strong balance sheet supports investments



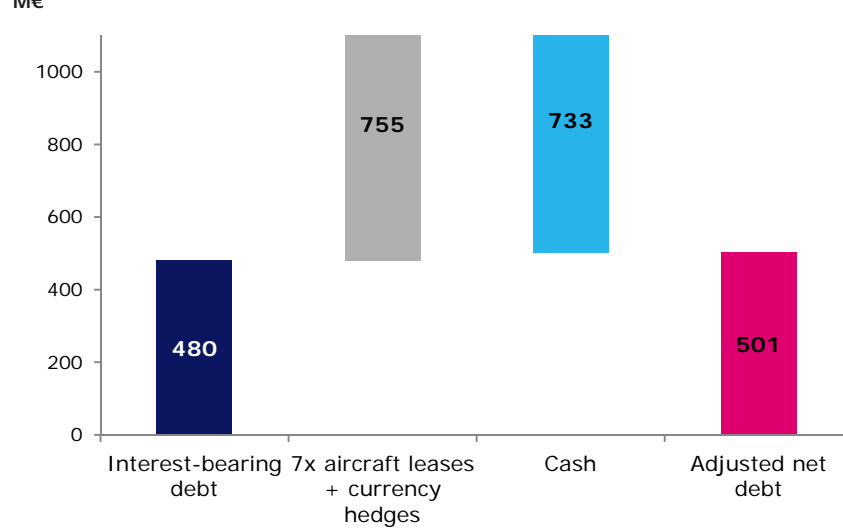
Strong cash position



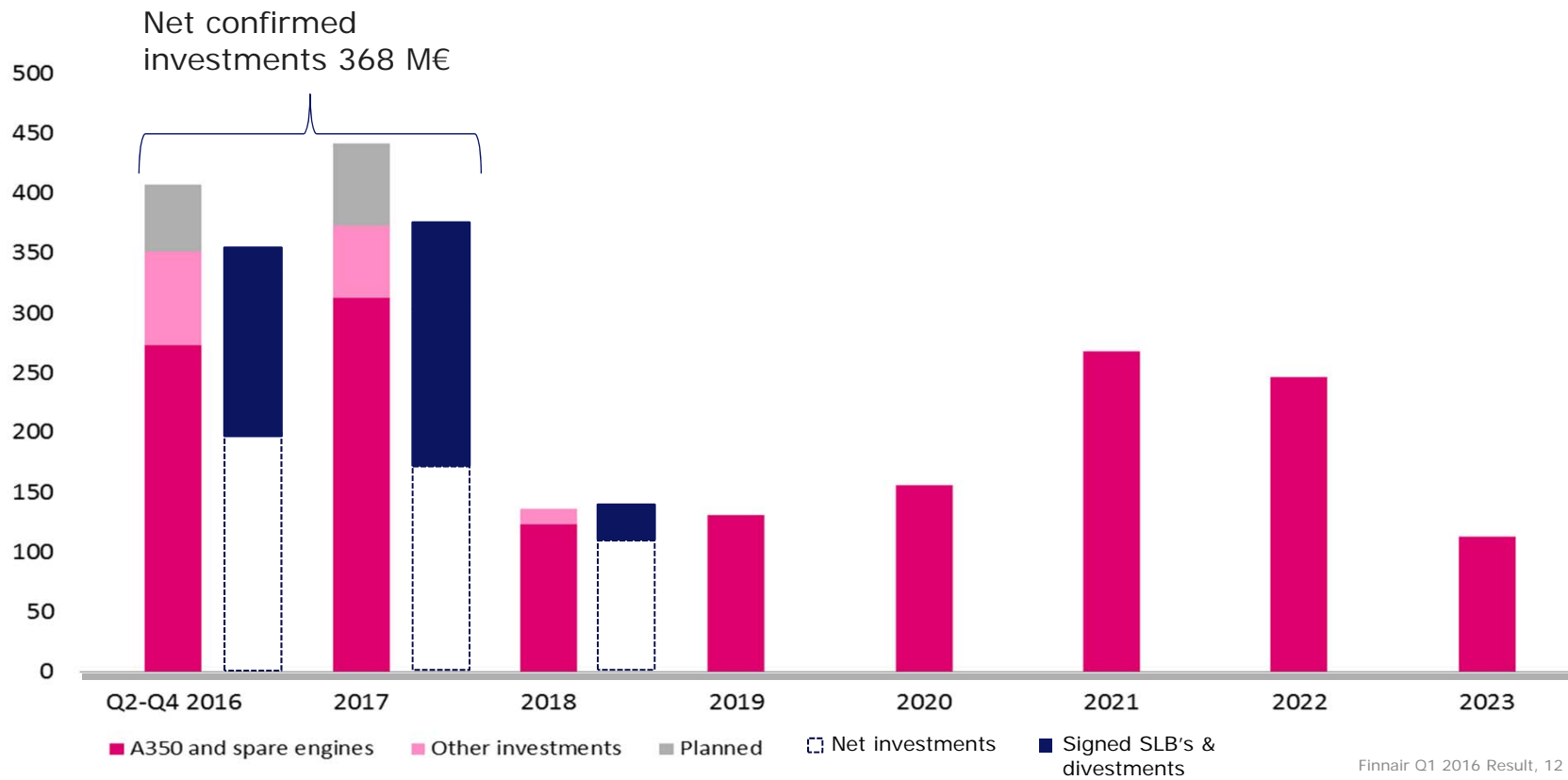
Strong balance sheet, negative net debt



Composition of adjusted net debt



Net investments 2016-2018





Please remember to register for
the Capital Markets Day
25 May 2016

[@finnairgroup.com](https://twitter.com/finnairgroup)

Thank you



Fuel and currency sensitivities & currency split



Currency distribution, %			Currency sensitivities USD and JPY		Hedging ratio
	Q1 2016	Q1 2015	(rolling 12 months from date of financial statements)		(rolling 12 months from date of financial statements)
Sales currencies			10% change without hedging	10% change, taking hedging into account	
EUR	62	64	-	-	
USD*	3	2	see below	see below	see below
JPY	6	7	EUR 15 million	EUR 9 million	67 %
CNY	5	5	-	-	
KRW	2	3	-	-	
SEK	5	6	-	-	
Other	17	13	-	-	
Purchase currencies					
EUR	55	53	-	-	
USD*	37	39	EUR 52 million	EUR 19 million	72 %
Other	8	8			



Jet fuel hedging ratios

31 March 2016

