Finnair Group interim report January 1 – September 30, 2012

In July–September, turnover grew by 7.1 per cent year-on-year to 650.3 million euros and the operational result increased to 48.9 million euros

Key figures	7-9 2012	7-9 2011	Change %	1-9 2012	1-9 2011	Change %	2011
Turnover and result							
Turnover, EUR million	650.3	607.2	7.1	1,836.5	1,680.3	9.3	2,257.7
Operational result, EBIT, EUR million	48.9	27.6	77.2	38.6	-29.3	>200	-60.9
Operational result, % of turnover	7.5	4.5	3.0%-p	2.1	-1.8	3.9%-p	-2.7
Operating result, EBIT, EUR million	71.1	10.6	>200	32.8	-57.7	156.8	-87.8
EBITDAR, EUR million	97.8	75.8	29.0	186.9	113.2	65.1	139.6
Result before taxes, EUR million	67.3	3.1	>200	15.6	-73.3	121.3	-111.5
Net result, EUR million	50.8	1.9	>200	10.6	-54.9	119.3	-87.5
Balance sheet and cash flow							
Equity ratio, %				33.3	33.1	0.2%-p	32.6
Gearing, %				25.9	41.9	-16.0%-p	43.3
Adjusted gearing, %				90.1	101.4	-11.3%-p	108.4
Capital expenditure, CAPEX, EUR million	7.4	121.0	-93.9	17.7	182.8	-90.3	203.9
Return on capital employed, ROCE, 12 months, %				1.0	-3.4	4.4%-p	-5.2
Return on equity, ROE, 12 months rolling, %				-1.1	-7.5	6.4%-p	-10.9
Net cash flow from operating activities	44.5	-1.2	>200	136.8	59.2	131.1	50.8
Share							
Share price at end of quarter, EUR	2.07	2.94	-29.6	2.07	2.94	-29.6	2.30
Earnings per share (EPS), EUR	0.43	0.00		0.08	-0.48	116.7	-0.75
Traffic data unit costs and revenue							
Passengers, 1,000	2,361	2,174	8.6	6,693	6,100	9.7	8,013
Available seat kilometres (ASK), million	7,810	7,553	3.4	22,799	22,057	3.4	29,345
Revenue passenger kilometres (RPK), million	6,352	5,849	8.6	17,871	16,305	9.6	21,498
Passenger load factor (PLF), %	81.3	77.4	3.9%-p	78.4	73.9	4.5%-p	73.3
Unit revenue per available seat kilometre, RASK, cents/ASK	6.93	6.43	7.8	6.52	6.00	8.7	6.03
Unit revenue per revenue passenger kilometre, yield, cents/RPK	7.54	7.38	2.3	7.33	7.17	2.2	7.24
Unit cost per available seat kilometre, (CASK), cents/ASK	6.60	6.22	6.1	6.58	6.32	4.2	6.43
CASK excluding fuel, cents/ASK	4.43	4.48	-1.1	4.51	4.59	-1.9	4.67
Available tonne kilometres (ATK), million	1,187	1,196	-0.7	3,511	3,420	2.7	4,571
Revenue tonne kilometres (RTK), million	801	769	4.1	2,295	2,125	8.0	2,823
Cargo and mail, tonnes	37,338	39,286	-5.0	112,084	107,852	3.9	145,883
Cargo traffic unit revenue per revenue tonne kilometre, cents/RTK	24.41	26.34	-7.3	25.12	26.66	-5.8	26.50
Overall load factor, %	67.5	64.4	3.2%-p	65.4	62.1	3.2%-p	61.8
Flights, number	17,845	19,767	-9.7	54,011	60,631	-10.9	78,916
Personnel							
Average number of employees				6,966	7,514	-7.3	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:

"In the third quarter, which is seasonally Finnair's strongest of the year, our operational result grew to 48.9 million euros. This is the best quarterly result in Finnair's history. This strong result is a credit to the entire Finnair team, as we have showed great determination to improve our profitability and pave the way for continued success in the future.

We also managed to increase our turnover, achieve a high load factor, improve unit revenue and make significant progress in implementing our cost reduction program. The improvement in the company's result is particularly positive considering that our most significant cost item, fuel, increased by some 25 per cent year-on-year. Our more aggressive pricing and the continued optimisation of our route network have resulted in improved load factors compared to 2011. The challenging market conditions have also reduced the intensity of competition on certain routes, which has benefited Finnair somewhat.

We have made solid progress in our 140 million euro structural change and cost reduction program, as we have already achieved by the end of the third quarter our target to reduce costs by 80 million euros by the end of 2012. Finnair concluded a number of structural change initiatives in the third quarter, and the transfer of our Embraer 190 fleet to be operated by Flybe proceeded according to plan.

While we achieved a profitable result in the most recent quarter, Finnair is still a long way from reaching its long-term profit target of 6 per cent operating profit margin. We will face substantial investments in our fleet in the coming years and must continue to improve our profitability to finance these investments. With this in mind, we have today published a new cost reduction target: we aim to achieve a further permanent reduction in costs of 60 million euros by the end of 2014. The new cost reduction program complements the previously announced program of 140 million euros.

The fourth quarter is traditionally weaker than the third in our business, and the continued uncertainty in the global economy makes the visibility for the rest of the year weak, particularly with regard to the demand for corporate travel. Due to the prevailing uncertainty, we have taken a conservative approach to increasing our capacity and are flexible to make further adjustments to our operations if necessary. Our long-term strategy remains unchanged: we believe the growing demand for Asian traffic will continue to create new business opportunities for Finnair.

Despite the uncertainty over the fourth quarter, we are confident that we will post a profitable operational result for the full year for the first time since 2008."

Business environment

The global airline industry is undergoing a structural change typified by market liberalisation, increasing competition, overcapacity, consolidation, alliances and specialisation. The intense competition is reflected in the major structural change and cost reduction programs implemented by several European airlines, as well as bankruptcies. The capacity growth in the market is now considerably more controlled than previously, and various alliance and partnership arrangements are increasing, particularly in international long-haul traffic. Finnair's goal is to take advantage of the opportunities presented by the changes in its industry and strengthen its position in traffic between Asia and Europe as well as within Europe.

In the third quarter, the price of the largest individual cost item for airlines - jet fuel - remained high, creating significant cost pressures for airlines. The high cost of fuel, on the other hand, has forced the industry to operate on a healthier basis by driving financially weakest competitors out of the market. The weakening of the euro against the US dollar increased the costs in euros of typically dollar-denominated fuel, leasing and traffic charges. At the same time, growth in demand on the global aviation market has slowed down. Despite the weak economic conditions, passenger traffic in Europe continued to grow in the third quarter. Combined with the conservative stance airlines have taken toward increasing their capacity, this led to improved load factors. Traffic between Asia and Europe also grew due to strong demand. Nevertheless, uncertain economic prospects in Europe, weaker consumer demand and slowing growth in Asia cause increased uncertainty over the expectations of fourth quarter traffic volume.

The uncertainty in the global economy was reflected in demand for cargo traffic. Demand for cargo traffic is expected to remain flat year-on-year in the fourth quarter, which is traditionally the strongest quarter in cargo traffic. Unit revenues continue to be under pressure from a decline in the demand for imports in the Eurozone and overcapacity in cargo traffic.

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 Asia and Europe. In addition, its objective is to double its revenue from Asian traffic from 2010 to 2020. As part of the implementation of its growth strategy and structural change, Finnair focuses on its core activities and builds an even stronger partnership network. 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.

In the period under review, Finnair continued negotiations regarding the transfer of twelve Embraer 190 aircraft to be operated by Flybe under a contract flying arrangement, and the companies signed a binding partnership agreement in October. Finnair also continued to implement cost reduction measures in its European flight operations: in September, the company initiated employee consultations regarding the use of outsourcing on certain routes to achieve cost savings. Finnair continues the analysis of opportunities to improve efficiency of the European traffic falling outside the Flybe partnership.

Finnair has sought to improve its efficiency and increase the flexibility of its operations by reducing the size of its narrow body fleet by a total of nine aircraft in 2012. The company now uses a smaller fleet to operate a comparable level of traffic as in the previous year, and has increased average aircraft usage to over nine hours per day, up by more than one hour from the previous year. Finnair also has the ability to use its partners to operate routes during demand peaks and maintenance periods for increased flexibility.

The company's most notable move in the implementation of its Asian growth strategy in 2012 was the opening of a new route to Chongqing in China in May. The route, which is the first direct flight route from Chongqing to Europe, has had a positive start in line with the company's expectations.

Progress in the structural change and cost reduction program

Finnair continued the implementation of its structural change and cost reduction program, which began in August 2011. The aim of the program is to achieve a permanent reduction in costs of 140 million euros by 2014. During the period under review, the company concluded two significant change projects in the areas of technical maintenance and catering.

In July, Finnair signed a ten-year contract for the sourcing of engine and component services from the Swiss company SR Technics. As a result of the contract, Finnair gradually discontinued its own engine operations and made significant adjustments to its component services in the third quarter. Finnair will keep certain parts of these operations as part of its line maintenance organisation that looks after the day-to-day airworthiness of aircraft in order to ensure smooth operations.

Under a five-year partnership agreement concluded between Finnair and LSG Sky Chefs Group (LSG) on 1 August 2012, LSG assumed full managerial and operational responsibility for the catering service provider Finnair Catering Oy at the beginning of August. According to the partnership agreement, LSG has the right to acquire Finnair Catering Oy's share capital for a pre-determined price during the contract period.

The structural change and cost reduction measures implemented by the end of September have helped Finnair achieve the cost savings target it previously set for the full year 2012. Some of the savings will be realised from the final quarter of the year. The cost reduction measures are already partly reflected in lower unit costs, excluding fuel. Finnair's new estimate of the cumulative permanent cost savings achieved by year's end 2012 is 90 million euros.

At the moment Finnair estimates that the biggest savings in the cost reduction program 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 fleet costs is approximately 10 per cent, and the shares of sales and distribution costs, catering and ground handling are less than 10 per cent each. Other costs, including IT, account for approximately 15 per cent of the total reduction target.

So far significant savings have been achieved especially in fleet, sales and distribution and catering costs, and there three areas represent more than 40 million euros of the total savings achieved thus far. Of the total saving achieved, 16 million euros have been materialised through improved procurement.

Despite the good advancement of the structural change and cost reduction program as a whole, the company has not progressed as planned in all its savings categories. Finnair still has a long way to go to reach its long-term target operating profit margin of six per cent. In the face of high fuel prices, intensifying competition and significant fleet investments in the coming years, the company must achieve a marked improvement in profitability. With this in mind, Finnair has today published a new cost savings program with the aim of achieving a permanent reduction in costs of a further 60 million euros by the end of 2014.

Financial performance

Financial performance in July-September 2012

As a result of growing demand for passenger traffic and increased capacity, Finnair's turnover in July-September grew by 7.1 per cent year-on-year, totalling 650.3 million euros (607.2).

During the period under review, the progress of the structural change and cost reduction program was reflected in operational costs. Operational costs excluding fuel decreased by 3.6 per cent, while capacity increased by 3.4 per cent. Fuel costs, including hedging and costs caused by emissions trading, rose by 24.5 per cent year-on-year to reach 179.6 million euros (144.3). Personnel costs decreased as a result of reductions in personnel under the structural change program, declining by 11.5 per cent to 97.7 million euros (110.4). Due to a rise in fuel costs, euro-denominated operational costs rose 3.3 per cent year-on-year to reach 603.5 million euros (584.2). 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, improved substantially to reach 48.9 million euros (27.6).

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 the IFRS, 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 operating result by 7.7 million euros (-15.3). The operating result was positively impacted by capital gains of 21.3 million euros (-1.7). Of this, 15.7 million euros related to the restructuring of catering operations: Pursuant to IFRS, Finnair recorded as income the amount to be paid to the company by LSG Sky Chefs during the 2012-2017 contract period as compensation for the transfer of control of Finnair Catering Oy. The operating result was weakened by a non-recurring expense of 6.8 million euros (0.0) related mainly to structural changes in the area of technical services. The operating result reached a record level of 71.1 million euros (10.6). The result before taxes for the July-September period was 67.3 million euros (3.1) and the result after taxes was 50.8 million euros (1.9).

Unit revenue per available seat kilometre (RASK) rose by 7.8 per cent from the comparison period to reach 6.93 euro cents (6.43). Unit costs per available seat kilometre (CASK) increased by 6.1 per cent to 6.60 euro cents (6.22), mainly as a result of increased fuel costs. Unit costs excluding fuel (CASK excl. fuel) declined by 1.1 per cent to 4.43 euro cents (4.48).

Financial performance in January–September 2012

Finnair's turnover in the first three quarters of the year grew by 9.3 per cent year-on-year, totalling 1,836.5 million euros (1,680.3). Operational costs excluding fuel were largely unchanged from the comparison period at 1,306.2 million euros (1,313.4), while capacity increased by 3.4 per cent. Euro-denominated operational costs increased to 1,811.3 million euros (1,722.2), primarily due to higher fuel costs. Fuel costs, including hedging and costs caused by emissions trading, rose by 23.6 per cent to reach 505.1 million euros (408.8). Personnel costs decreased by 3.3 per cent and totalled 326.5 million euros (337.6). The Group's operational result improved substantially compared to the comparison period and amounted to 38.6 million euros (-29.3).

The change in the fair value of derivatives and in the value of foreign currency denominated fleet maintenance reserves weakened the operating result reported for January-September by 4.0 million euros (-7.0). Capital gains for the period totalled 21.3 million euros (-3.0). The total effect on the result of non-recurring items mainly related to the structural change program was -23.1 million euros (-18.4). The operating result for January-September amounted to 32.8 million euros (-57.7) and the result before taxes was 15.6 million euros (-73.3). The result for the period was 10.6 million euros (-54.9).

Unit revenue per available seat kilometre (RASK) rose by 8.7 per cent from the comparison period to 6.52 euro cents (6.00). Unit costs per available seat kilometre (CASK) increased by 4.2 per cent to 6.58 euro cents (6.32) and unit costs excluding fuel fell by 1.9 per cent to 4.51 euro cents (4.59).

Balance sheet September 30, 2012

The Group's balance sheet totalled 2,311.9 million euros on September 30, 2012 (2,419.7 million euros on September 30, 2011). Equity amounted to 754.3 million euros (783.1), which is 5.90 euros per share (6.13).

Equity includes a fair value reserve related to hedge accounting of derivative contracts, the value of which is affected by variations in oil prices and exchange rates. The value of the item at the time of the review was 21.3 million euros (19.9) after deferred taxes, and it includes fuel and exchange rate derivatives as well as other minor items.

Cash flow and financing in January-September

In January-September, net cash flow from operating activities amounted to 136.8 million euros (59.2) and cash flow from investments totalled -38.6 million euros (-0.6). Finnair paid back a bond of 100 million euros in June and issued commercial papers amounting to 50.8 million euros, net, in January-September. At the end of September, 60.8 million euros were in use under the 200 million euro short-term commercial paper program. Net cash flow from financing was -129.2 million euros (-57.1). Financial expenses were 21.1 million euros (-22.4) and financial income stood at 6.3 million euros (6.6).

Advance payments related to fixed asset investments in January-September were 21.0 million euros (16.9). At the end of the period under review, interest-bearing debt amounted to 598.0 million euros (738.4). The equity ratio was 33.3 per cent (33.1) and gearing 25.9 per cent (41.9). Adjusted gearing was 90.1 per cent (101.4).

The Group’s short-term cash and cash equivalents stood at 402.9 million euros (410.7) 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 430.0 million euros from its employment pension 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.

Capital Expenditure

Capital expenditure excluding advance payments in January–September totalled 17.7 million euros (182.8). Of the capital expenditure in the comparison period, an amount of 104 million euros was related to ATR 72 aircraft purchased in conjunction with the Flybe Nordic arrangement. Capital expenditure for the full year 2012 is estimated at 37 million euros, with investments in the fleet representing the majority 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 was reduced in the third quarter as Finnair gave up two Airbus 32S series aircraft whose leasing agreements had expired.

In 2010, Finnair ordered five Airbus A321ER aircraft to replace four Boeing 757 aircraft used on leisure flights over the next few years. The first of these aircraft will be delivered toward the end of 2013.

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

In addition to the fleet operated by Finnair, the balance sheet contains eleven ATR 72 aircraft and four Embraer 170 aircraft.

At the end of September, the average age of the fleet operated by Finnair was 8.4 years and that of the fleet operated by others 4.2 years. Finnair can 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 Sep 30, 2012	Seats	#	Own	Leased (operational leasing)	(financial leasing)	Average age	Change from Dec 31, 2011	Ordered	Add. options
European traffic									
Airbus A319	123–138	9	7	2		11.2	-4		
Airbus A320	159–165	10	6	4		10.1			
Airbus A321	196	6	4	2		11.7		5	
Embraer 170*	76	1	1			6.2	-4		
Embraer 190	100	12	8	4		4.2			
Long-haul traffic									
Airbus A330	297/271/263	8	4	1	3	2.9			
Airbus A340	270/269	7	5	2		9.7			
Airbus A350	na.							11	8
Leisure traffic									
Boeing B757	227	4	0	4		14.7			
Total		**57**	**35**	**19**	**3**	**8.4**	**-8**	**16**	**8**

Fleet owned by Finnair but operated by other airlines on Sep 30, 2012**	Seats	#	Own	Leased (operational leasing)	(financial leasing)	Average age	Change from Dec 31, 2011	Ordered	Add. options
ATR 72	68–72	11	11			3.4		1	
Embraer 170	76	4	4			6.3	+5		
Total		**15**	**15**			**4.2**	**-5**	**1**	**0**

* E170 aircraft operated by Finnair but leased to Honeywell.
** All ATR aircraft and two E170 aircraft are leased to Flybe Nordic and two E170 aircraft are leased to companies outside the group.

Business area development in July-September

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 aircraft finance and fleet management. 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	7-9 2012	7-9 2011	Change %	1-9 2012	1-9 2011	Change %	2011
Turnover and result							
Turnover, EUR million	599.2	545.9	9.8	1,644.7	1,474.1	11.6	1,970.5
Operating result, EBIT, EUR million	55.4	14.4	>200	25.7	-38.5	166.8	-55.5
Operating result, % of turnover	9.2	2.6	6.6%-p	1.6	-2.6	4.2%-p	-2.8
Personnel							
Average number of employees				3,656	3,562	2.6	3,565

In July-September, Airline Business' turnover grew by 9.8 per cent to 599.2 million euros (545.2) and its profitability improved.

In July-September, Finnair traffic measured in revenue passenger kilometres rose by 8.6 per cent and overall capacity by 3.4 per cent year-on-year. The passenger load factor for all traffic increased by 3.9 percentage points to 81.3 per cent.

Asian traffic measured in revenue passenger kilometres showed a year-on-year increase of 6.4 per cent in July-September while capacity grew by 4.3 per cent in the same period. The load factor in Asian traffic increased by 1.6 percentage points to 81.9 per cent. European traffic measured in revenue passenger kilometres rose by 9.2 per cent and domestic traffic by 2.6 per cent year-on-year. The corresponding increases in load factors were 6.9 percentage points and 7.3 percentage points respectively.

In July-September, despite weak economic situation, demand for air travel continued to grow, and unit revenue increased by 7.8 per cent. The largest sales units were Japan, China and Finland. However, economic uncertainty in the Eurozone decreased corporate travel in the third quarter. Global corporate sales decreased by 7.8 per cent y-o-y, mainly in Finland and China. Global corporate sales accounted for approximately 20 per cent of total scheduled traffic sales volume.

Finnair's market share on operated route pairs in scheduled traffic between Asia and Europe was at the same level as last year, i.e. 5.9 per cent (5.8). Finnair's market share in scheduled traffic between Finland and Europe was 41.2 per cent.

In July-September, leisure traffic capacity increased by 23.6 per cent on the comparison period, despite a decrease in the offering for the summer season due to overcapacity in the Finnish package tour market. The passenger load factor of leisure traffic grew by 4.5 percentage points to 93.6 per cent. In July-September, Finnair's charter flights carried approximately 227,900 passengers, which is 30.8 per cent more than during the corresponding period of the previous year.

Increased fuel costs burdened the result for cargo traffic in the third quarter, and air cargo demand fell in traffic between Asia and Europe. The total load factor of Finnair's cargo traffic increased by 3.2 percentage points on the comparison period to reach 67.5 per cent, with available tonne kilometres declining by 0.7 per cent while revenue tonne kilometres grew by 4.1 per cent. Cargo and mail traffic unit revenue decreased by 7.3 per cent on the comparison period and the amount of cargo and mail carried fell by 5.0 per cent. During the third quarter, Finnair Cargo operated separate cargo flights to Hong Kong, Seoul, Mumbai, New York and Frankfurt. Cargo flights to Seoul were discontinued in July due to market conditions, and Finnair Cargo is also discontinuing cargo flights to Frankfurt on 27 October in response to a weak demand forecast. The separate cargo flights represent 19 per cent of Finnair Cargo's turnover.

The arrival punctuality of Finnair flights was excellent in July-September, with 92.1 per cent of all scheduled flights (88.0) and 91.9 per cent of all traffic (87.2) arriving on time.

Air Traffic Services and Products

Route Network

In the summer season, Finnair operated a record-breaking number of 77 weekly flights from Helsinki to its Asian destinations and offered the fastest connections in traffic between Europe and Asia, with more than 200 route pairs. Finnair also operated more than 800 weekly flights from Helsinki to other Finnish and European destinations during the summer.

No new destinations were opened in the third quarter. In August, Finnair announced it is increasing its code share cooperation with Airberlin starting in the 2012-2013 winter season.

Other Renewals and Services

In September, Finnair and Booking.com signed a one-year agreement on hotel and accommodation reservation services directly through the Finnair website. The Booking.com search function covers over 240,000 properties in 173 countries.

In July, passengers voted Finnair the best Northern European airline in the Skytrax World Airline Awards for the third year running. World Airline Awards™ is the aviation industry's most comprehensive and respected classification of commercial airlines.

Aviation Services

Following the restructuring of catering and technical services carried out in July-September, the Aviation Services segment consists primarily of aircraft maintenance services, ground handling and the operations of

Finncatering Oy and Finnair Travel Retail Oy. The operations of Finnair Catering Oy, which were transferred to LSG Sky Chefs on August 1, 2012, are shown in the figures for this reporting segment until July 31, 2012. The Aviation Services business area also includes 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. 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	7-9 2012	7-9 2011	Change %	1-9 2012	1-9 2011	Change %	2011
Turnover and result							
Turnover, EUR million	69.5	104.8	-33.7	245.9	320.1	-23.2	424.1
Operating result, EBIT, EUR million	11.9	1.6	>200	4.4	-7.6	157.9	-16.5
Operating result, % of turnover	17.1	1.5	15.6%-p	1.8	-2.3	4.1%-p	-3.9
Personnel							
Average number of employees				2,142	2,662	-19.5	2,619

In the third quarter, the turnover of Finnair's Aviation Services declined substantially compared to the same period last year due to the outsourcing of engine and component services and the transfer of Finnair Catering Oy operations to LSG. The operational result of Aviation Services showed a loss, and especailly the losses of Finnair Technical Services deepened following restructuring in that area. One-time capital gains related to the LSG partnership, totalling 15.7 million euros, turned the operating profit of the segment profitable.

Travel Services (Tour Operators and Travel Agencies)

This business area consists of the tour operator Aurinkomatkat (Suntours), its subsidiaries 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	7-9 2012	7-9 2011	Change %	1-9 2012	1-9 2011	Change %	2011
Turnover and result							
Turnover, EUR million	58.3	60.8	-4.1	211.5	233.1	-9.3	321.9
Operating result, EBIT, EUR million	3.8	-5.4	170.4	2.7	-11.6	123.3	-15.8
Operating result, % of turnover	6.5	-8.9	15.4%-p	1.3	-5.0	6.3%-p	-4.9
Personnel							
Average number of employees				873	988	-11.6	980

In July-September, turnover of the Travel Services business area totalled 58.3 million euros (60.8) and operating result was 3.8 million euros (-5.4).

Industry players including Aurinkomatkat-Suntours reduced their offering in the package tour market by approximately ten per cent compared to the previous year. Cool summer weather in Finland led to increased sales of package tours, and the current booking situation for the winter season is also stronger than last year. The operating result of Aurinkomatkat-Suntours was weakened in the period under review by non-recurring expenses related to the closure of its Russian operations. Aurinkomatkat-Suntours' customer satisfaction remained good.

The turnover of Aurinko Oü, operating in Estonia, was largely unchanged from the previous year. The subsidiary will have a new Managing Director in November 2012 as Timo Vurmer takes up his post.

International online travel agencies continued to increase their airline ticket sales in Finland. Business travel sales after the summer holidays decreased slightly from the previous year, but the development in Finnair's travel agencies was somewhat better than the development of business travel agencies on average. In particular, Estravel was successful in increasing its sales and improving its profitability in the Baltic market. In August, Kirsi Paakkari started as Managing Director of Finland Travel Bureau (FTB).

Personnel

Due to the on-going structural change, the number of employees at Finnair decreased in July-September and the company had on average 6,966 employees (7,514) at the end of September. The personnel were divided by business area as follows: Airline Business 3,656 (3,562), Aviation Services 2,142 (2,662) and Travel Services 873 (988). A total of 295 people were employed in other functions (302). The total number of Group employees on September 30, 2012 stood at 6,495 (7,524).

In August, Finnair and its cabin attendants concluded their employee consultation negotiations related to Finnair's plan to transfer Embraer 190 traffic to Flybe Nordic. Over the course of the negotiations, the reduction requirement for cabin personnel was reduced from the previously announced 120 man years to approximately 100 man years. In September, Finnair initiated new employee consultations with cabin attendants regarding the company's plans to use a business partner's cabin crew on certain routes and leisure flights. If implemented, the plans could reduce Finnair's need for its cabin attendants based in Finland by no more than approximately one hundred employees. These reductions would be implemented through temporary lay-offs.

Share price development and trading

At the end of September 2012, Finnair's market value stood at 265.2 million euros (376.7), and the closing price of the share was 2.07 euros (2.94). During the January-September 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 (2.60) and the average price 2.27 euros (3.77). Some 10.4 million (15.8) of the company's shares, with a value of 23.7 million euros (59.6), 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. The Finnish State owned 55.8 per cent (55.8) of Finnair's shares, while 11.9 per cent (12.8) were held by foreign investors or in the name of a nominee.

On September 30, 2012, Finnair held a total of 410,187 of its own shares, representing 0.3 per cent of the total share capital. There were no changes in the number of own shares held by Finnair in the period under review.

Corporate Responsibility

In April, Finnair published its annual corporate responsibility report. The report was prepared according to guidelines set by the international Global Reporting Initiative (GRI) and includes metrics for financial, social and environmental responsibility for 2011. 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 is the world's most broadly recognised international guideline for reporting on sustainable development.

Significant risks and uncertainties in the near future

Due to the short time period in advance bookings of passenger and cargo traffic, long term forecasting of business development is difficult. In addition to the scale of business operations, Finnair's result is largely affected by the development of the market price of jet fuel, as fuel costs are the single biggest cost item for the company. 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 various derivative instruments, such as forward contracts, swaps and options, according to the risk management policy verified by the Board of Directors. Finnair hedges fuel 24 months forward on a rolling basis, with a declining degree in hedging positions towards the end of the period. According the hedging policy, the upper and lower limits for the hedging positions are 90 and 60 per cent respectively for the next six months. At the end of September, Finnair was 75 per cent hedged for the fourth quarter of 2012 and 69 per cent hedged for the first quarter of 2013. At the end of September, the dollar basket over the following 12 months was 70 per cent hedged.

The implementation of Finnair's partnership initiatives and the achievement of the related strategic benefits also involve certain risks. There are also risks associated with the implementation of the company's structural change and cost reduction programs.

The European Union included airline traffic in the carbon dioxide emissions trading scheme at the beginning of 2012. Airline traffic within the EU and flights departing from or arriving in EU countries are subject to emissions trading. Some non-EU countries are opposed to the EU Emissions Trading directive and have threatened Europe with various sanctions that may also affect Finnair's growth opportunities in Asian traffic and incur additional costs. According to the proposal made in July by the Commissioner in charge of emissions trading, the prices of actual emissions trading allowances may also rise, which would further distort the competition between European and non-EU airlines. In 2012, Finnair's additional costs resulting directly from emissions trading are estimated to be approximately 5 million euros.

The EU Court of Justice confirmed on 23 October 2012 its previous ruling from 2009 that passengers whose flights have been delayed for at least three hours may be compensated, unless the long delay is caused by extraordinary circumstances beyond the actual control of the air carrier. This ruling may increase the compensations payable to passengers and thereby incur additional costs.

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 seasonality of the airline business, the Group's turnover and profit are generally clearly 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 passenger load factor or the average returns of 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 per cent change in the world market price of fuel has an effect of approximately 35 million euros on Finnair's operating result at the annual level, taking hedging into account. A 10 per cent change in the euro-dollar exchange rates has an effect of approximately 22 million euros on Finnair's operating result at the annual level, taking hedging into account.

Other events in July-September

During the period under review, Finnair announced that it is in talks regarding the possible sale of part of its engine service operations to the US-based GA Telesis. The sale is subject to GA Telesis and the labour organisations representing the employees reaching an agreement on the terms of employment used by the new business entity that would be formed as a result of the transaction. If realised, the sale would provide work for 75 employees who would otherwise be terminated as a result of Finnair outsourcing its engine and component services to SR Technics.

In September, the Deputy Prosecutor General stated that the actions of CEO Mika Vehviläinen and Ilmarinen Mutual Pension Insurance Company in the context of an apartment transaction in January 2011 were in line with legislation and announced that the Office of the Prosecutor General would not press charges in the matter. The case is now closed.

In September, Finnair selected IAE International Aero Engines AG as the engine supplier for five high-range A321 Airbus aircraft that will be added to the Finnair fleet from September 2013 onwards.

Events after the review period

On October 12, 2012, Finnair and Flybe signed a definitive agreement regarding the transfer of twelve Embraer 190 aircraft to be operated by Flybe Finland Oy from October 28, 2012 onwards. Flybe will operate the aircraft under a contract flying arrangement on behalf of Finnair, which means that Finnair will continue to have commercial control and bear the risk for the routes concerned. When fully matured, the partnership will offer potential savings in excess of 25 per cent in cost categories impacted by this cooperation.

In October, Finnair topped the leader board in Carbon Disclosure Project (CDP) Nordic Report 2012 and was the first airline ever to place in the CDP's Leadership Index. The CDP is the operator of the world's only global climate change reporting system, gathering data on behalf of 655 institutional investors globally representing in excess of US $78 trillion in assets. Finnair has participated in the CDP since 2007.

On 26 October 2012, simultaneously with the publishing of this interim report, Finnair announced that it launches a new cost savings program. The program targets sustainable annual cost savings of 60 million euros by the end of 2014 and complements Finnair's existing 140 million euros structural change and cost reduction programme.

Outlook for 2012

Guidance on 26 October 2012:

Finnair estimates that the operational result for the second half of the year, which is stronger than the first half of the year due to seasonal variations, will reflect improved profitability compared to the first half of the year, leading to a profitable operational result for the full year 2012.

The outlook for the world economy is still uncertain, and Finnair will adjust its passenger traffic capacity with its current structure according to demand. Finnair estimates that this capacity will increase on last year but less than 5 per cent. The growth will mainly come from Asian traffic, where Finnair increased capacity in May by opening a new flight route to Chongqing, China.

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

Cost reductions of approximately 90 million euros out of the structural change and cost reduction program's total target of 140 million euros are expected to be achieved by the end of 2012. Finnair estimates that unit cost (CASK) excluding fuel will decrease year-on-year in the second half of the year.

Previous guidance given on 10 August 2012:

Finnair estimates that the operational result for the second half of the year, which is stronger than the first half of the year due to seasonal variations, will reflect improved profitability compared to the first half of the year.

The outlook for the world economy is still uncertain, and Finnair will adjust its passenger traffic capacity with its current structure according to demand, if necessary. Finnair estimates that this capacity will increase on last year but less than the 5 per cent level given in the earlier estimate. The growth will mainly come from Asian traffic, where Finnair increased 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 change and cost reduction program'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. Finnair estimates that unit cost (CASK) excluding fuel will decrease year-on-year in the second half of the year.

Finnair will publish its 2012 financial statements bulletin on February 8, 2013.

FINNAIR PLC
Board of Directors

Result briefings

Finnair will hold a press conference on October 26, 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 Lentäjäntie 3. An English-language telephone conference will begin at 3:00 p.m. Finnish time. You can attend the conference by dialling your local access number 0800 770 306 and using the Participant PIN code 255856#

FINNAIR PLC
Communications
October 26, 2012

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Consolidated income statement

in mill. EUR	July-Sep 2012	July-Sep 2011	Change %	Jan-Sep 2012	Jan-Sep 2011	Change %	Jan-Dec 2011
Turnover	**650,3**	**607,2**	**7,1**	**1 836,5**	**1 680,3**	**9,3**	**2 257,7**
Work used for own purposes and capitalized	0,5	0,5	0,0	1,6	2,5	-36,0	3,1
Other operating income	1,6	4,1	-61,0	11,8	10,1	16,8	13,9
Capital gains *	21,3	-1,7	> 200 %	21,3	-3,0	> 200 %	-3,0
Operating income	**673,7**	**610,1**	10,4	**1 871,2**	**1 689,9**	10,7	**2 271,7**
Operating expenses							
Staff costs	97,7	110,4	-11,5	326,5	337,6	-3,3	455,4
Fuel	179,6	144,3	24,5	505,1	408,8	23,6	555,2
Lease payment for aircraft	16,2	17,5	-7,4	51,4	52,3	-1,7	69,9
Other rental payments	27,6	36,2	-23,8	85,1	96,6	-11,9	128,0
Fleet materials and overhaul	36,9	32,3	14,2	108,7	87,4	24,4	117,8
Traffic charges	61,6	55,5	11,0	174,0	155,9	11,6	211,6
Ground handling and catering expenses	61,9	50,5	22,6	163,1	143,8	13,4	195,8
Expenses for tour operations	16,8	27,8	-39,6	73,9	96,6	-23,5	131,2
Sales and marketing expenses	18,8	21,7	-13,4	57,0	70,5	-19,1	93,3
Depreciation	32,7	30,7	6,5	96,9	90,2	7,4	130,6
Other expenses	53,7	57,3	-6,3	169,6	182,5	-7,1	246,8
Total	**603,5**	**584,2**	**3,3**	**1 811,3**	**1 722,2**	**5,2**	**2 335,6**
Operational result, EBIT	**48,9**	**27,6**	**77,2**	**38,6**	**-29,3**	**> 200 %**	**-60,9**
Fair value changes of derivatives and foreign currency denominated fleet maintenance reserves	7,7	-15,3	150,3	-4,0	-7,0	42,9	-2,4
Non-recurring items	-6,8	0,0	-	-23,1	-18,4	-25,5	-21,5
Total Expenses	**602,6**	**599,5**	**0,5**	**1 838,4**	**1 747,6**	**5,2**	**2 359,5**
Operating result, EBIT	**71,1**	**10,6**	**> 200 %**	**32,8**	**-57,7**	**156,8**	**-87,8**
Financial income	1,4	2,3	-39,1	6,3	6,6	-4,5	9,0
Financial expenses	-5,5	-9,9	44,4	-21,1	-22,4	5,8	-30,6
Share of result in associates and joint ventures	0,3	0,1	200,0	-2,4	0,2	<-200 %	-2,1
Result before taxes	**67,3**	**3,1**	**> 200 %**	**15,6**	**-73,3**	**121,3**	**-111,5**
Direct taxes	-16,5	-1,2	<-200 %	-5,0	18,4	-127,2	24,0
Result for the period	**50,8**	**1,9**	**> 200 %**	**10,6**	**-54,9**	**119,3**	**-87,5**
Result for the period attributable to shareholders of the parent company	50,7	1,7		10,3	-55,1		-87,7
Result for the period to non-controlling interest	0,1	0,2		0,3	0,2		0,2
Earnings per share attributable to shareholders of the parent company							
Earnings per share (basic, diluted)	0,43	0,00		0,08	-0,48		-0,75

* not included in the operational result, EBIT

Consolidated balance sheet

in mill. EUR	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011
ASSETS			
Non-current assets			
Intangible assets	27,8	34,3	32,3
Tangible assets	1 372,4	1 497,6	1 468,2
Investments accounted for using the equity method	11,3	15,9	13,7
Financial assets	30,4	24,0	32,1
Deferred tax receivables	75,6	78,0	75,2
Total	1 517,5	1 649,8	1 621,5
Short-term receivables			
Inventories	17,8	50,4	48,9
Trade receivables and other receivables	323,0	308,8	283,3
Investments	354,5	357,6	353,8
Cash and cash equivalents	48,4	53,1	49,5
Total	743,7	769,9	735,5
Non-current Assets held for sale	50,7	0,0	0,0
Assets total	**2 311,9**	**2 419,7**	**2 357,0**
Shareholders' equity and liabilities			
Capital and provisions attributable to equity holders of the parent company			
Shareholders' equity	75,4	75,4	75,4
Other equity	678,0	706,9	676,4
Total	753,4	782,3	751,8
Non-controlling interest	0,9	0,8	0,7
Equity total	754,3	783,1	752,5
Long-term liabilities			
Deferred tax liability	97,7	105,6	98,5
Financial liabilities	458,1	538,7	516,0
Pension obligations	0,0	4,1	0,0
Provisions	85,1	80,4	86,9
Total	640,9	728,8	701,4
Short-term liabilities			
Current income and tax liabilities	0,0	0,0	0,0
Provisions	43,2	44,8	46,0
Financial liabilities	167,8	211,6	229,9
Trade payables and other liabilities	703,1	651,4	627,2
Liabilities of Non currents Assets held for sale	2,6	-	-
Total	916,7	907,8	903,1
Liabilities total	1 557,6	1 636,6	1 604,5
Shareholders' equity and liabilities, total	**2 311,9**	**2 419,7**	**2 357,0**

Shareholders' equity as of 30 September 2012

Mill. EUR	Share capital	Share premium account	Bonus issue	Hedging reserve	Unrestricted equity	Translation difference	Retained earnings	Hybrid bond	**Equity attributable to share-holders of the company**	Non-controlling interest	**Own equity, total**
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							0,0	0,0	0,0	0,0	**0,0**
Hybrid bond interest							0,0		0,0	0,0	**0,0**
Shareholders' equity related to owners, 30 Sep 2012	75,4	20,4	147,7	30,0	247,2	-0,2	111,9	**119,4**	**751,8**	**0,7**	**752,5**
Result for the period							10,3		10,3	0,2	10,5
Items of Comprehensive income				-8,7		0,0			-8,7	0,0	-8,7
Comprehensive income for the financial period	0,0	0,0	0,0	-8,7	0,0	0,0	10,3	0,0	1,6	0,2	1,8
Shareholders' equity, 30 Sep 2012	75,4	20,4	147,7	21,3	247,2	-0,2	122,2	**119,4**	**753,4**	**0,9**	**754,3**

Mill. EUR	Share capital	Share premium account	Bonus issue	Hedging reserve	Unrestricted equity	Translation difference	Retained earnings	Hybrid bond	**Equity attributable to share-holders of the company**	Non-controlling interest	**Own equity, total**
Shareholders' equity, 1 Jan 2011	75,4	20,4	147,7	35,2	247,2	0,0	215,2	119,4	**860,5**	0,8	**861,3**
Dividend and share based payments							0,1	0,0	0,1	-0,2	**-0,1**
Hybrid bond interest							-8,0		-8,0	0,0	**-8,0**
Shareholders' equity related to owners, 30 Sep 2011	75,4	20,4	147,7	35,2	247,2	0,0	207,3	**119,4**	**852,6**	**0,6**	**853,2**
Result for the period							-55,1		-55,1	0,2	-54,9
Items of Comprehensive income				-15,3		0,1			-15,2	0,0	-15,2
Comprehensive income for the financial period	0,0	0,0	0,0	-15,3	0,0	0,1	-55,1	0,0	-70,3	0,2	-70,1
Shareholders' equity, 30 Sep 2011	75,4	20,4	147,7	19,9	247,2	0,1	152,2	**119,4**	**782,3**	**0,8**	**783,1**

Consolidated cash flow statement

in mill. EUR	Jan-Sep 2012	Jan-Sep 2011	Jan-Dec 2011
Cash flows from operating activities			
Profit for the financial year	10,6	-54,9	-87,5
Operations for which a payment is not included *	126,6	122,0	148,9
Interest and other financial expenses	21,1	22,4	30,6
Interest income and other financial income	-5,8	-6,8	-8,9
Changes in working capital	-5,5	-10,0	-15,3
Interest paid	-10,7	-14,1	-19,7
Paid financial expenses	-3,0	-4,8	-5,2
Received interest	3,5	4,0	5,6
Received financial income	0,0	1,4	2,3
Taxes paid	0,0	0,0	0,0
Net cash flow from operating activities	**136,8**	**59,2**	**50,8**
Cash flows from investing activities			
Investments in associates and joint ventures	-0,7	-8,3	-8,3
Investments in intangible assets	-4,1	0,0	-5,3
Investments in tangible assets	-27,9	-147,6	-145,0
Net change of financial interest bearing assets at fair value through profit and loss	-18,3	105,5	70,8
Net change of shares classified as available for sale	0,0	0,0	0,2
Sales of tangible fixed assets	10,6	60,1	60,1
Received dividends	0,1	0,1	0,1
Change in non-current receivable	1,7	-10,4	-9,4
Net cash flow from investing activities	**-38,6**	**-0,6**	**-36,8**
Cash flows from financing activities			
Loan withdrawals and changes	50,8	34,6	**34,1**
Loan repayments and changes	-180,0	-91,7	-87,6
Net cash flow from financing activities	-129,2	-57,1	-53,5
Change in cash flows	**-31,0**	**1,5**	**-39,5**
Liquid funds, at beginning	254,5	294,0	**294**
Change in cash flows	-31,0	1,5	-39,5
Liquid funds, at end	**223,5**	**295,5**	**254,5**
Notes to consolidated cash flow statement			
* Operations for which a payment is not included			
Depreciation	101,9	90,2	130,6
Employee benefits	12,6	0,0	15,2
Fair value changes in derivatives and changes in exchange rates of fleet overhauls	4,0	7,1	2,4
Other adjustments**	8,1	24,7	0,7
Total	126,6	122,0	148,9
Financial asset at fair value	354,5	357,6	353,8
Liquid funds	48,4	53,1	49,5
Short-term cash and cash equivalents in balance sheet	402,9	410,7	403,3
Maturing after more than 3 months	-154,2	-101,2	-135,9
Shares held to trading purposes	-25,2	-14,0	-12,9
Total in cash flow statement	223,5	295,5	254,5

** 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 - Sep 2012

in mill. EUR	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	**Group**
External turnover	1 546,9	79,3	210,3			1 836,5
Internal turnover	97,8	166,6	1,2	-265,6		0,0
Turnover	1 644,7	245,9	211,5	-265,6	0,0	1 836,5
Operating profit	25,7	4,4	2,7		0,0	32,8
Share of results of associates and joint ventures					-2,4	-2,4
Financial income					6,3	6,3
Financial expenses					-21,1	-21,1
Income tax					-5,0	-5,0
Non-controlling interest					-0,3	-0,3
Result for the period attributable to shareholders of the parent company						10,3
Depreciation	83,2	12,6	1,1	0,0	0,0	96,9

Business segment data Jan - Sep 2011

in mill. EUR	Airline Business	Aviation Services	Travel Services	Group eliminations	Unallocated items	**Group**
External turnover	1 365,1	83,0	232,2			1 680,3
Internal turnover	109,0	237,1	0,9	-347,0		0,0
Turnover	1 474,1	320,1	233,1	-347,0	0,0	1 680,3
Operating profit	-38,5	-7,6	-11,6		0,0	-57,7
Share of results of associates and joint ventures					0,2	0,2
Financial income					6,6	6,6
Financial expenses					-22,4	-22,4
Income tax					18,4	18,4
Non-controlling interest					-0,2	-0,2
Result for the period attributable to shareholders of the parent company						-55,1
Depreciation	76,2	13,0	1,0	0,0	0,0	90,2

Turnover

Mill. EUR	July-Sep 2012	July-Sep 2011	Change %	Jan-Sep 2012	Jan-Sep 2011	Change %	Jan-Dec 2011
Airline Business	599,2	545,9	9,8	1644,7	1474,1	11,6	1 970,5
Aviation Services	69,5	104,8	-33,7	245,9	320,1	-23,2	424,1
Travel Services	58,3	60,8	-4,1	211,5	233,1	-9,3	321,9
Group eliminations	-76,7	-104,3	26,5	-265,6	-347,0	23,5	-458,8
Total	**650,3**	**607,2**	**7,1**	**1 836,5**	**1 680,3**	**9,3**	**2 257,7**

Operating profit

Mill. EUR	July-Sep 2012	July-Sep 2011	Change %	Jan-Sep 2012	Jan-Sep 2011	Change %	Jan-Dec 2011
Airline Business	55,4	14,4	> 200 %	25,7	-38,5	166,8	-55,5
Aviation Services	11,9	1,6	> 200 %	4,4	-7,6	157,9	-16,5
Travel Services	3,8	-5,4	170,4	2,7	-11,6	123,3	-15,8
Total	**71,1**	**10,6**	**> 200 %**	**32,8**	**-57,7**	**156,8**	**-87,8**

Unallocated items in 2011 have been allocated to segments.

Employees average by segment

	Jan-Sep 2012	Jan-Sep 2011	Change %	Jan-Dec 2011
Airline Business	3 656	3 562	2,6	3 565
Aviation Services	2 142	2 662	-19,5	2 619
Travel Services	873	988	-11,6	980
Other functions	295	302	-2,3	303
Total	**6 966**	**7 514**	**-7,3**	**7 467**

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	Sep 30, 2012		Sep 30, 2011		Dec 31, 2011	
	Nominal value	Fair net value	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives, in Mill. EUR						
Hedge accounting items						
Forward contracts, Jet Fuel currency hedging	376,0	11,1	349,6	9,6	373,5	22,9
Forward contracts, Hedging of Aircraft purchase price						
Fair value hedging	306,2	20,4	320,5	14,8	330,0	25,2
Cash flow hedging	0,0					
Forward contracts, Currency hedging of lease payments	35,8	1,1	41,4	0,8	45,7	2,8
Total	**718,0**	**32,6**	**711,5**	**25,2**	**749,2**	**50,9**
Currency derivatives at fair value through profit or loss						
Operating cash flow hedging (forward contracts)	150,0	2,8	181,1	2,9	187,2	8,7
Operational cash flow hedging (options)						
Call options	127,9	1,9	107,3	1,4	109,7	2,4
Put options	132,5	-1,7	163,1	-1,6	162,5	-2,2
Balance sheet hedging (forward contracts)	51,5	1,2	83,9	1,2	78,8	3,6
Total	**461,9**	**4,2**	**535,4**	**3,9**	**538,2**	**12,5**
Currency derivatives, total	**1 179,9**	**36,8**	**1 246,9**	**29,1**	**1 287,4**	**63,4**
Commodity derivatives, in tonnes/MWh						
Hedge accounting items						
Jet Fuel swaps (tonnes)	513 410	10,5	547 950	22,1	537 400	21,1
Electricity hedging MWh	15 768	0,0	111 684	0,1	113 223	-0,3
Currency derivatives at fair value through profit or loss						
Jet fuel forward contracts, (tonnes)	1 900	0,0	7 350	0,9	13 400	-0,5
Options						
Jet fuel options, (tonnes)	242 000	7,5	230 700	7,8	240 600	7,8
Jet fuel put options, (tonnes)	352 000	-5,4	461 400	-12,5	481 200	-7,8
Electricity hedging MWh	**88 073,0**	-0,5	**37 911,0**	0	**26 352,0**	-0,1
Commodity derivatives, total		**12,1**		**18,4**		**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	25,9	1,5	28,4	-1,1	27,0	0,2
Total	**25,9**	**1,5**	**28,4**	**-1,1**	**27,0**	**0,2**
Interest rate swaps						
Interest rate swaps at fair value through profit or loss	25,0	-1,2	25,0	-0,7	25,0	-0,8
Interest rate derivatives, total	**25,0**	**-1,2**	**25,0**	**-0,7**	**25,0**	**-0,8**
Interest rate option	7,7		8,4	-	8,3	-
Interest rate option, total	**7,7**	0,0	8,4	-	**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.

9. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

in mill. EUR	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011
Carrying amount at the beginning of period	1 500,5	1 515,9	1 515,9
Fixed asset investments	17,7	182,8	203,9
Change in advances	14,5	-2,5	-12,9
Disposals	-30,6	-74,1	-75,8
Depreciation	-101,9	-90,2	-130,6
Carrying amount at the end of period	**1 400,2**	**1 531,9**	**1 500,5**
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	20,7	0,0	0,0

10. NON-CURRENT ASSETS HELD FOR SALE

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

Non current Assets held for sale	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011
Tangible assets	20,7	-	-
Inventories	26,6	-	-
Trade receivables and other receivables	3,4	-	-
Cash and cash equivalents	0,0	-	-
Total	50,7	-	-

Liabilities of Non currents Assets held for sale	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011
Trade payables and other liabilities	2,6	-	-
Total	**2,6**	**-**	**-**

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	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011
Pledges on own behalf	646,8	701,4	757,7
Guarantees on behalf of group undertakings	67,3	66,1	72,5
Guarantees on behalf of others	3,3	1,8	1,8
Total	**717,4**	**769,3**	**832,0**

Investment commitments for property. plant and equipment on 30 Sep 2012 totalled 1.200.0 million euros (1.000,0)

13. LIABILITIES

in mill. EUR	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011
Fleet lease payment liabilities	176,7	224,8	228,7
Other liabilities	262,0	273,6	290,6
Total	**438,7**	**498,4**	**519,3**

14. RELATED PARTY TRANSACTIONS

in mill. EUR	Sep 30, 2012	Sep 30, 2011	Dec 31, 2011
Sales of goods and services			
Associates and joint ventures	13,9	0,5	5,1
Purchases of goods and services			
Associates and joint ventures	74,9	6,1	25,5
Receivables and liabilities			
Receivables from associates and joint ventures	4,6	0,1	4,4
Liabilities from associates and joint ventures	8,2	4,0	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	July-Sep 2012	July-Sep 2011	Change %	Jan-Sep 2012	Jan-Sep 2011	Change %	Jan-Dec 2011
Profit for the period	**50,8**	**1,9**	> 200 %	**10,6**	**-54,9**	119,3	**-87,5**
Other comprehensive income items							
Translation differences	0,1	0,1	0,0	-0,1	0,2	-150,0	-0,2
Change in fair value of available-for-sale financial assets after taxes	-0,4	-6,1	93,4	8,6	-8,8	197,7	-9,9
Change in fair value of hedging instruments after taxes	15,0	-12,8	> 200 %	-17,3	-6,6	-162,1	4,7
Other comprehensive income items, total	**14,7**	**-18,8**	178,2	**-8,8**	**-15,2**	42,1	**-5,4**
Comprehensive income for the financial period	**65,5**	**-16,9**	-	**1,8**	**-70,1**	-	**-92,9**

Earnings per share to shareholders of the parent company of the comprehensive income statement	65,4	-17,1	-	1,7	-70,3	-	-93,1
Earnings per share to non-controlling interest of the comprehensive income statement	0,1	0,2	-	0,1	0,2	-	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:

Profit for the period
Average number of shares at the end of the financial year, adjusted for share issues

Equity / share:

Shareholders' equity
Number of shares at the end of the financial year, adjusted for share issues

Gearing, %:

Net interest-bearing liabilities
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)

Profit before taxes + interest and other financial expenses *100
Balance sheet total - non-interest-bearing liabilities (average)

Net interest-bearing liabilities

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

Equity ratio, %:

Shareholders' equity + non-controlling interest *100
Balance sheet total - advances received

Return on equity %: (ROE)

Result *100
Equity + non-controlling interest (average)

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