Finnair Group interim report 1 January – 30 September 2015

The best quarter in Finnair's history: operational result 64.2 million euros

July–September 2015

- Revenue grew by 2.3% year-on-year to 637.1 million euros (622.7).
- Operational result improved to 64.2 million euros (26.7).
- Operational EBITDAR was 115.1 million euros (80.1).
- Net cash flow from operating activities stood at 62.6 million euros (-8.9), and net cash flow from investing activities totalled -2.8 million euros (-15.1).
- Unit cost at constant currency excluding fuel (CASK excl. fuel) decreased by 0.8% year-on-year.
- Unit revenue at constant currency (RASK) decreased by 0.6% year-on-year.
- Ancillary revenue per passenger increased by 29% to 9.79 euros.
- Earnings per share amounted to 0.29 euros (0.11).

January–September 2015

- Revenue was on a par with January–September 2014, at 1,738.5 euros (1,731.8).
- Operational result improved to 22.9 million euros (-27.1).
- Operational EBITDAR was 171.7 million euros (133.1).
- Net cash flow from operating activities stood at 164.0 million euros (39.8), and net cash flow from investing activities totalled 86.4 million euros (126.3).
- Unit cost at constant currency excluding fuel (CASK excl. fuel) increased by 0.7% year-on-year.
- Unit revenue at constant currency (RASK) decreased by 0.6% year-on-year.
- Earnings per share amounted to 0.13 euros (-0.33).
- Ancillary revenue per passenger increased by 22% to 9.81 euros.
- Guidance unchanged: the operational result for the full year 2015 will be around break-even or slightly positive.

CEO Pekka Vauramo:

Finnair's operational result in its seasonally strongest third quarter reached 64.2 million euros, which is the best quarterly result Finnair has ever posted. Revenue amounted to 637 million euros, which represents a year-on-year increase of a good two per cent.

The factors contributing to this encouraging result include an increased load factor and higher ticket revenue in our core business, passenger traffic, as well as brisk sales of ancillary services. In the Travel Services segment, Aurinkomatkat Suntours' result improved substantially.

The profitability of passenger traffic improved year-on-year in all traffic areas except domestic flights, which are still loss-making on several routes. This is something we cannot be satisfied with, and we must adjust our capacity to better correspond with demand.

The cargo market continues to suffer from overcapacity. With the help of the new cargo terminal that is currently under construction, we aim to improve the efficiency of our cargo operations by increasingly specialising in demanding temperature-controlled cargo services for perishables and pharmaceuticals. These are areas in which we have a competitive advantage, and they also offer better margins.

The improvement in our result was attributable not only to increased revenue, but also lower costs. We achieved cost savings in areas such as staff costs, and we continued to benefit from the decrease in fuel prices that, due to our hedging policy, is reflected in our costs gradually and with a delay. In fact we expect our fuel costs to decrease in the coming quarters in spite of traffic growth as our old hedges expire. Our result was also boosted by our Asian sales currencies appreciating against the euro.

In early October, we became the first European airline to take delivery of the state-of-the-art A350 XWB wide-body aircraft. It will significantly improve the cost-competitiveness and customer experience of our long-haul traffic. Our initial experiences of the new aircraft type have been in line with our expectations, and we are enthusiastically looking forward to the growth of our A350 fleet. According to the current schedule, we will have five A350s in operation by the beginning of the second quarter of 2016, and seven by the end of next year. The new aircraft will provide added capacity and will enable our growth strategy, particularly in the Chinese market where the demand for air travel has remained strong despite the slowing down of economic growth. Next year, we will introduce new routes to Guangzhou, China, and Fukuoka, Japan and increase frequencies in transatlantic traffic to Miami and Chicago.

The growth in long-haul capacity also means that we must increase our narrow-body capacity to satisfy the demand for transfer traffic. With this in mind, we will increase our capacity in European traffic next summer.

With a view to future growth, our financial position is now solid. Cash flow was strong in the third quarter, and our liquid funds exceed half a billion euros. In October, we successfully issued a EUR 200 million hybrid bond, the largest ever issued in Finland. The hybrid bond will help us maintain a high equity ratio in the long run and support the financing of our growth.

I want to take this opportunity to extend my warmest thanks to everyone at Finnair for the strong quarter. I have also been very pleased to see the sense of solidarity and commitment created by the delivery of the long-awaited new A350 aircraft. We are in a strong position to enter a new phase of growth.

Outlook

Previous outlook

Finnair estimates that, in 2015, its operational result is around break-even or slightly positive.

Finnair reiterates its previous estimate that its capacity measured in Available Seat Kilometres will grow by approximately 3 per cent and that its revenue will remain approximately at the 2014 level. As a change to its previous estimate, the company now estimates that its 2015 unit costs excluding fuel at constant currency will remain at the 2014 level.

Finnair also reiterates as a separate guidance that, when calculated using the exchange rates effective at the end of the review period, the non-recurring items associated with the long haul fleet renewal in 2015 will have a substantial positive impact on Finnair’s operating result due to the strengthened US dollar.

As separately announced on 24 September 2015, the non-recurring positive net impact of these arrangements on Finnair’s operating profit in H2/2015 is expected to amount to approximately EUR 70 million.

Outlook (unchanged)

Finnair reiterates its previous estimates that, in 2015, its operational result is around break-even or slightly positive.

Finnair reiterates its previous estimate that its capacity measured in Available Seat Kilometres will grow by approximately 3 per cent and that its revenue will remain approximately at the 2014 level. The company estimates that its 2015 unit costs excluding fuel at constant currency will remain at the 2014 level.

Finnair also reiterates as a separate guidance that, when calculated using the exchange rates effective at the end of the review period, the non-recurring items associated with the long haul fleet renewal in 2015 will have a substantial positive impact on Finnair's operating result due to the strengthened US dollar. The non-recurring positive net impact of these arrangements on Finnair's operating profit in H2/2015 is expected to amount to approximately EUR 70 million.

Business environment

Traffic continued to grow in Finnair's main markets in the third quarter of 2015. Measured in available seat kilometres, scheduled market capacity between Helsinki and Finnair's European destinations grew by approximately 3.3 per cent year-on-year, while direct market capacity between Finnair's Asian and European destinations grew by 2.9 per cent year-on-year.* Finnair's market share in European traffic (between Helsinki and Finnair's European destinations) increased to 58.9 per cent (53.0) and fell slightly in traffic between Europe and Asia as a result of the discontinuation of the Hanoi route and configuration changes improving passenger comfort, to 4.6 per cent (5.1).**

As regards Finnair's Joint Businesses, the Atlantic Joint Business covering transatlantic flights performed well in the premium segment but faced intensified competition and overcapacity in non-premium. Meanwhile, the Siberian Joint Business managed to grow market share, while traffic between Europe and Japan decreased slightly, strengthening Finnair's market position. In summer 2016, Finnair will be the only airline offering direct flights from Europe to four Japanese metropoles. Presently, already 10 per cent of Finnair's capacity between Europe and Japan is being sold by Japan Airlines and British Airways in the context of our joint business.

Passenger demand on Chinese routes picked up clearly in the third quarter. So far, the deceleration of economic growth has not affected passenger demand.

In other traffic areas, passenger demand grew in line with the increased capacity, and unit revenues in Finnair's passenger traffic grew in all markets except domestic flights.* There were signs of a recovery in the demand for consumer and business travel in all areas. The adjusted supply of packaged travel by tour operators active in Finland for the summer season 2015 was in balance with the demand.

Cargo traffic between Asia and Europe continued to suffer from structural overcapacity, which further weakened average yields and load factors in Finnair's main markets for cargo traffic.

The appreciation of the dollar against the euro diluted the advantage gained by airlines from the substantial decrease in the price of jet fuel that began in autumn 2014. At the same time, it significantly increased other dollar-denominated costs. On the other hand, several different income currencies appreciated against the euro, which had a positive effect on Finnair's euro-denominated revenue. The US dollar is a significant expense currency in Finnair's operations, while the Japanese yen is a significant income currency.

* *For comparability reasons, the figures exclude Finnair's seasonal charter-type routes changed into scheduled traffic in 2014 and 2015.*
** *The figures are Finnair's estimates. The estimates are based on MIDT data collected on the sales volumes of travel agencies and Finnair's estimates of airlines' sales through their own sales channels, such as websites. The basis for calculation is destination cities, not airports.*

Financial performance in July–September 2015

Finnair's revenue in the third quarter of 2015 grew by 2.3 per cent year-on-year to 637.1 million euros (622.7). Revenue was boosted by higher passenger traffic revenue, which was supported by improved load factors and the appreciation of sales currencies, and revenue was negatively affected by a decrease in cargo traffic and yields as well as the elimination of revenue from businesses sold after the comparison period. Capacity measured in available seat kilometres (ASK) grew by 2.0 per cent year-on-year.

Operational costs excluding fuel were on a par with the comparison period, amounting to 422.9 million euros (422.9). Fuel costs, including hedging and emissions trading costs, decreased by 13.4 per cent to 153.4 million euros (177.2). Fuel costs were reduced by the dollar-denominated price of jet fuel declining by approximately 46 per cent year-on-year, but the positive impact of this development was dampened by the dollar appreciating against the euro by approximately 16 per cent over the same time period. Due to Finnair's hedging policy, changes in jet fuel price and currencies have a delayed effect on costs.

Traffic charges increased to 67.7 million euros (62.0), primarily due to the appreciation of the dollar and traffic growth. Staff costs declined by 8.5%. Overall, euro-denominated operational costs decreased by 4.0% from the comparison period, totalling 576.2 million euros (600.0). Finnair's EBITDAR was 115.1 million euros (80.1). The company'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, was 64.2 million euros (26.7).

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 -10.9 million euros (-0.2). The non-recurring items for July–September amounted to -2.7 million euros (-2.9) and were primarily related to the phasing out of A340 aircraft. The operating result was 50.7 million euros (23.6), the result before taxes was 48.9 million euros (21.2) and the result after taxes was 39.0 million euros (16.6).

Unit revenue at constant currency (RASK) decreased by 0.6 per cent year-on-year and amounted to 6.44 euro cents (6.47). Ticket revenue per available seat kilometre in passenger traffic increased by 5.8 per cent overall to 5.94 euro cents (5.61). Unit cost excluding fuel at constant currency (CASK excl. fuel) decreased by 0.8 per cent and totalled 4.19 euro cents (4.22).

Financial performance in January–September 2015

Revenue for the first three quarters of 2015 grew by 0.4% year-on-year to 1,738.5 million euros (1,731.8). Revenue was boosted by higher passenger traffic revenue and was negatively affected by a decrease in cargo traffic and yields as well as the elimination of revenue from businesses sold after the comparison period. Capacity measured in available seat kilometres (ASK) grew by 1.8 per cent year-on-year.

Operational costs excluding fuel were on a par with the comparison period, at 1,266.8 million euros (1,267.5). Fuel costs, including hedging and costs incurred from emissions trading, decreased by 8.7 per cent to 460.4 million euros (504.3). Fuel costs were reduced by the dollar-denominated price of jet fuel declining by approximately 42 per cent year-on-year, but the positive impact of this development was dampened by the dollar appreciating against the euro by approximately 18 per cent over the same time period. Due to Finnair's hedging policy, changes in the price of jet fuel have a delayed effect on costs.

Traffic charges increased to 196.0 million euros (172.0), primarily due to the appreciation of the dollar. Overall, euro-denominated operational costs decreased by 2.5% year-on-year, to 1,727.2 million euros (1,771.8). Finnair's EBITDAR was 171.7 million euros (133.1). The company'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, was 22.9 million euros (-27.1).

The change in the fair value of derivatives and in the value of foreign currency denominated fleet maintenance reserves amounted to 3.2 million euros (-11.6). The non-recurring items for January–September amounted to 10.6 million euros (7.6) and mainly consisted of costs related to the A340 aircraft being phased out, as well as positive items related to sale and leaseback agreements for ATR and Embraer aircraft. The operating result was 36.7 million euros (-31.1), the result before taxes was 29.4 million euros (-43.7) and the result after taxes was 23.2 million euros (-35.4).

Unit revenue at constant currency (RASK) decreased by 0.6 per cent year-on-year and amounted to 6.17 euro cents (6.21). Ticket revenue per available seat kilometre in passenger traffic increased by 3.5 per cent overall to 5.54 euro cents (5.36). Unit cost excluding fuel at constant currency (CASK excl. fuel) increased by 0.7 per cent and totalled 4.48 euro cents (4.44).

Balance sheet on 30 September 2015

The Group's balance sheet totalled 1,955.8 million euros at the end of the period under review (1,915.4 million euros on 30 September 2014). Shareholders' equity decreased to 557.7 million euros (649.7), or 4.36 euros per share (5.08). Shareholders' equity decreased year-on-year primarily due to the loss-making results after the comparison period, but rose in the review period due to the company's positive comprehensive income.

Shareholders' equity includes a fair value reserve that is affected by changes in the fair values of oil and currency derivatives used for hedging as well as actuarial gains and losses related to pilots' defined benefit plans according to IAS 19. The value of the item at the end of September 2015 was -63.1 million euros (-3.2) after deferred taxes, and it was affected particularly by changes in the fair value of hedging instruments.

Cash flow and financial position

Finnair has a strong financial position, which supports business development and future investments. In January–September 2015, net cash flow from operating activities amounted to 164.0 million euros (39.8). The change was mainly due to the profit being higher than in the comparison period, as well as changes in working capital. Net cash flow from investment activities amounted to 86.4 million euros (126.3) and was affected by the finalisation of sale and leaseback agreements for nine aircraft in the first quarter. By comparison, in the comparison period, sale and leaseback agreements were finalised for four A330 aircraft.

The equity ratio was 28.5 per cent (33.9) and gearing was -32.9 per cent (-4.0). The adjusted gearing was 82.9 per cent (74.0). At the end of September, interest-bearing debt amounted to 359.8 million euros (409.7) and interest-bearing net debt stood at -183.2 million euros (-25.8).

The company's liquidity remained strong in the review period. The Group's liquid funds amounted to 543.0 million euros (435.4) at the end of September. In addition to the cash on the balance sheet, the Group has the option of re-borrowing employment pension fund reserves worth approximately 430 million euros from its employment pension insurance company. Using these reserves requires a bank guarantee. Finnair has an entirely unused EUR 180 million syndicated credit agreement, which was intended as reserve funding and matures at the end of July 2016.

Advance payments related to fixed asset investments were 116.7 million euros (54.8).

Finnair has a 200-million-euro short-term commercial paper program, which was unused at the end of September. Net cash flow from financing activities amounted to -78.2 million euros (-191.5). Financial expenses totalled -8.2 million euros (-12.9) and financial income 0.8 million euros (3.5).

Capital expenditure

In January–September, capital expenditure excluding advance payments totalled 38.2 million euros (68.4) and was primarily related to overhaul of the fleet and engines. Capital expenditure for the full year 2015, including advance payments and the currency hedging of advance payments, is estimated at approximately 384 million euros, with investments in the fleet representing the majority of this total. The actual amount of net capital expenditure will be substantially lower than this figure if the sale and leaseback agreements for the first two Airbus A350 XWB aircraft are finalised in the second half of 2015 as planned.

In addition to investments in the fleet, in March Finnair announced an investment of approximately 80 million euros in a new cargo terminal and an investment program of approximately 30 million euros to bring wireless Internet connectivity to the majority of the current wide-body and narrow-body fleet. Both investments will be allocated over the next few years.

The current favourable state of the credit market and Finnair's good debt capacity enable the financing of future fixed-asset investments on competitive terms. The company has 29 unencumbered aircraft, the balance sheet value of which corresponds to approximately 62 per cent of the value of the entire fleet of 0.7 billion euros. The balance sheet value includes three finance lease aircraft.

Fleet

Fleet operated by Finnair

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair Plc. At the end of September 2015, Finnair itself operated 45 aircraft, of which 15 are wide-body and 30 narrow-body aircraft. Of the aircraft, 22 are owned by Finnair, 20 are leased and 3 are on finance lease. There were no changes to the composition of the fleet in the third quarter.

The average age of the fleet operated by Finnair was 10.9 years at the end of September 2015.

Fleet operated by Finnair on 30.9.2015*	Seats	#	Own	Leased (Operational leasing)	(Finance leasing)	Average age 30.9.2015	Change from 31.12.2014	Ordered
Narrow-body fleet								
Airbus A319	138	9	7	2		14.2		
Airbus A320	165	10	6	4		13.1		
Airbus A321	209/196	11	4	7		8.8		
Wide-body fleet								
Airbus A330	289/263	8	0	5	3	5.9		
Airbus A340	266/263/257	7	5	2		12.7		
Airbus A350	297							19
Total		**45**	**22**	**20**	**3**	**10.9**	**0**	**19**

* Finnair's Air Operator Certificate (AOC).

Renewal of the long-haul fleet

Finnair has ordered a total of 19 Airbus A350 XWB aircraft from Airbus. As the entry into service of new aircraft involves airline-specific preparations and comprehensive inspections, there may be slight changes to the announced tentative delivery dates. Finnair took delivery of its first A350 XWB aircraft on 7 October 2015. According to the currently anticipated delivery schedule, Finnair will have five A350 XWB aircraft at the beginning of the second quarter of 2016, seven by the end of 2016, 11 by the end of 2017, and 19 by the end of 2023. The investment commitments for property, plant and equipment on Finnair's balance sheet, totalling 1,990 million euros, include the upcoming investments in the long-haul fleet.

Finnair plans to phase out its A340 aircraft by the end of 2017, following the delivery and entry into service of the A350 XWB aircraft. Airbus has agreed to acquire four A340-300 aircraft currently owned by Finnair in 2016 and 2017. The agreement between Finnair and Airbus ensures a smooth transition from A340s to A350s, mitigating potential business continuity risks related to fleet renewal and the depreciation risk associated with the A340 aircraft. Finnair also has the possibility to adjust the size of its fleet flexibly according to demand and outlook due to its lease agreements of different durations.

Finnair has signed an agreement for the sale and leaseback of its first two Airbus A350 XWB aircraft. The agreement was finalised for the first aircraft on the delivery date, 7 October, and the agreement for the second aircraft is expected to be finalised in conjunction with its delivery in Q4/2015. Based on the exchange rates effective at the end of the review period, Finnair estimates that the non-recurring items associated with the renewal of the long-haul fleet will have a combined positive impact of approximately 70 million euros in the second half of 2015. The non-recurring items are related to the sale and leaseback arrangements of two A350 aircraft and the phasing out of A340 aircraft from the fleet. The non-recurring items will be realised over several stages and they will vary from one quarter to the next. The non-recurring items pertaining to A340 aircraft are allocated over the period during which the aircraft are phased out. As aircraft purchases and sales are denominated in dollars, the non-recurring items related to the renewal of the long-haul fleet react substantially to changes in the euro-dollar exchange rate.

Fleet operated by Norra (purchased traffic)

Nordic Regional Airlines (Norra) operates a fleet of 26 aircraft for Finnair on a contract flying basis. After the finalisation of sale and leaseback agreements for nine aircraft in March, 13 of the aircraft operated by Norra are owned by Finnair, and another 13 are leased.

Fleet operated by Norra on 30.9.2015*	Seats	#	Aircraft owned by Finnair	Leased** (Operational leasing)	Average age 30.9.2015	Change from 31.12.2014	Ordered
ATR 72	68–72	12	6	6	6.2		
Embraer 170	76	2	2		9.5		
Embraer 190	100	12	5	7	7.3		
Total		**26**	**13**	**13**	**6.9**	**0**	**0**

* Nordic Regional Airlines Oy's Air Operator Certificate (AOC).
** Finnair's subsidiary Finnair Aircraft Finance has leased these aircraft and subleased them to Nordic Regional Airlines. In addition to the aircraft shown in the table, Finnair has subleased four E 170 aircraft to Estonian Air.

Business area development in July–September 2015

The segment reporting of Finnair Group's financial statements is based on business areas. The reporting business areas are Airline Business 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 Commercial, Operations and Resources Management functions as well as the subsidiaries Finnair Cargo Oy, Finnair Flight Academy Oy and Finnair Aircraft Finance Oy. The segment also includes aircraft maintenance, Finnair Travel Retail Oy and Finnair's property holdings, office services and the management and maintenance of properties related to the company's operational activities.

Key figures	7–9 2015	7–9 2014	Change %	1–9 2015	1–9 2014	Change %	2014
Revenue and result							
Revenue, EUR million	610.1	596.2	2.3	1,655.7	1,645.7	0.6	2,167.7
Operational result, EUR million	61.8	25.9	138.2	23.0	-29.3	178.4	-43.5
Operating result, EBIT, EUR million	48.2	22.9	110.6	37.1	-32.3	> 200%	-78.4
Operating result, % of revenue	7.9	3.8	105.8	2.2	-2.0	> 200%	-3.6
Personnel							
Average number of employees	4,000	4,300	-7.0	3,975	4,400	-9.7	4,232

The revenue of Airline Business grew by 2.3 per cent in July–September and amounted to 610.1 million euros (596.2). Revenue was boosted by improved ticket and ancillary sales and decreased particularly by the weak development of cargo revenue, the winding down of dedicated freighter traffic during the reporting period, and the sale of the Travel Retail shop business after the comparison period. Revenue from passenger traffic constituted approximately 85 per cent of the segment's revenue, while ancillary revenue made up a good 4 per cent, cargo revenue 8 per cent, and other revenue just over 2 per cent. The segment's operational result improved substantially year-on-year and amounted to 61.8 million euros (25.9).

Revenue from passenger traffic in the third quarter increased from the previous year, and profitability improved due to factors including increased business class ticket revenue, higher ancillary revenue and the favourable development of the exchange rates of income currencies. Ticket revenue per available seat kilometre in passenger traffic increased by 5.8 per cent overall, showing positive growth in all traffic areas except domestic traffic. The sales of ancillary services per passenger increased by 29 per cent to 9.79 euros. Long-haul passenger capacity decreased slightly due to configuration changes improving passenger comfort, such as new business class seats and the introduction of the economy comfort passenger class sold as an ancillary service. The cabin configuration changes were carried out during the winter season 2014–2015.

Capacity measured in available seat kilometres decreased by 6.2 per cent year-on-year in Asian traffic reflecting, in addition to the above cabin configuration change, the discontinuation of the Hanoi route. At the same time, capacity in North American traffic increased by 37.1 per cent from the relatively low reference level, particularly due to the introduction of the Chicago route in June. European scheduled traffic capacity increased by 5.2 per cent reflecting, besides new route openings, the addition of routes previously operated as leisure flights and routes previously operated under Norra's commercial risk. At the same time, domestic capacity increased by as much as 24.7 per cent as routes previously operated by Norra at its own risk were transferred to Finnair during the second quarter. Revenue passenger kilometres increased in all traffic areas except Asia. Passenger load factors increased in Asian and European traffic and decreased marginally in North American and domestic traffic, where capacity growth was the highest. Total passenger traffic capacity grew by 2.0 per cent and revenue passenger kilometres increased by 3.5 per cent. The passenger load factor increased by 1.3 percentage points to 85.8 per cent.

Cargo traffic revenue decreased substantially year-on-year and profitability decreased slightly in the third quarter. Cargo traffic during the review period consisted primarily of belly cargo on scheduled flights after Finnair discontinued separate freighter flights to Asia at the end of 2014. Available cargo tonne kilometres decreased by 5.1 per cent. Capacity was reduced by the discontinuation of separate freighter flights and increased by leisure flights being changed to scheduled flights, which means that the routes are included in cargo capacity. Revenue cargo tonne kilometres in Finnair's scheduled traffic decreased by 5.2 per cent year-on-year, while the amount of cargo and mail carried by Finnair declined by 13.5 per cent. Finnair Cargo sells and manages JAL Cargo's capacity on the Helsinki–Tokyo (Narita) route and leases freighter capacity for flights between its hubs, namely Helsinki and Brussels and Helsinki and London in cooperation with IAG Cargo.

Traffic data and responsibility indicators	7–9 2015	7–9 2014	Change %	1–9 2015	1–9 2014	Change %	2014
Passenger traffic							
Passengers, 1,000	2,856	2,627	8.7	7,762	7,357	5.5	9,630
Available seat kilometres (ASK), million	8,383	8,221	2.0	23,920	23,494	1.8	30,889
Revenue passenger kilometres (RPK), million	7,189	6,946	3.5	19,399	19,028	2.0	24,772
Passenger load factor (PLF), %	85.8	84.5	1.3%-p	81.1	81.0	0.1%-p	80.2
Unit revenue per revenue passenger kilometre (yield) cents/RPK	6.92	6.64	4.3	6.84	6.61	3.4	6.65
Unit revenue (actual), RASK, cents/ASK	6.73	6.47	4.0	6.39	6.21	2.9	6.23
Unit revenue at constant currency, RASK, cents/ASK	6.44	6.47	-0.6	6.17	6.21	-0.6	6.23
Unit cost excluding fuel (actual), CASK ex. fuel, cents/ASK	4.31	4.22	2.1	4.63	4.44	4.3	4.49
Unit cost ex. fuel at constant currency, CASK, cents/ASK	4.19	4.22	-0.8	4.48	4.44	0.7	4.49
Unit cost (actual), CASK, cents/ASK	6.12	6.28	-2.5	6.55	6.49	1.0	6.53
Customer satisfaction on a scale of 1 (very poor) – 10 (very good)	8.1	8.1	0%	8.1	8.1	0%	8.1
Cargo traffic							
Available cargo tonne kilometres (ATK), million	365	385	-5.1	1,042	1,091	-4.5	1,420
Revenue cargo tonne kilometres (RTK), million	207	241	-14.1	577	687	-16.0	912
Cargo and mail, tonnes	33,487	38,721	-13.5	95,391	112,410	-15.1	149,141
Cargo traffic unit revenue (actual), cents/RTK	20.39	23.58	-13.5	21.80	23.43	-7.0	23.40
Airline Business, total							
Overall load factor, %	69.9	70.1	-0.1%-p	66.4	67.4	-1.1%-p	67.4
Flights, number	28,712	25,345	13.3	80,672	74,746	7.9	99,056
Arrival punctuality	91.3	88.6	2.7%-p	89.2	88.3	0.8%-p	88.3
Fuel consumption, tonnes/ASK	0.0271	0.0241	12.54	0.0261	0.0239	9.24	0.024
CO2 emissions, tonnes/ASK*	0.0853	0.0758	12.54	0.0821	0.0752	9.24	0.075

* Please see section “Corporate Responsibility” on page 11.

Air traffic services and products

<u>Route network and alliances</u>

Finnair offers connections between Asia and Europe with over 200 route pairs and also operates more than 800 flights weekly from Helsinki to other Finnish and European destinations. The number of flights to Asia per week was at most 75 in the summer season 2015.

Finnair is a member of the **one**world alliance and it also engages in deeper cooperation with certain fellow **one**world members in the context of the Siberian Joint Business and the Atlantic Joint Business, which are agreements to share revenue and coordinate pricing on the routes concerned.

As of the second quarter 2015, flights previously operated by Norra at its own commercial risk now count as Finnair flights. This increased Finnair’s number of destinations by eight. Finnair also launched new routes to Gdansk, Luleå and Umeå, operated by Norra. For the summer season 2015, Finnair introduced new seasonal routes to Athens, Dublin, Malta, Split and Chicago.

In addition, Finnair expanded its codeshares in Europe with its **one**world partner airberlin starting from the beginning of May, as well as in Asia and Australia with Japan Airlines and Qantas.

In August, Finnair announced new scheduled flight destinations for the summer season 2016 from Helsinki (Edinburgh, Billund, Svalbard, Pula, Zakynthos, Skiathos, Santorini, Mytilene, Preveza, Rimini, Verona and Varna) as well as weekly flights from Oulu to Hania and Alanya. In long-haul traffic, Finnair announced the launch of Miami as a year-round destination as well as increased connections to Chicago during the summer. Finnair will also introduce new Asian destinations in the summer season, with three weekly flights to Fukuoka and four to Guangzhou.

Finnair's cargo airline Finnair Cargo expanded its route network in September by signing a partnership agreement with IAG Cargo. The two companies will share the capacity of a freighter operated twice a week between London and Helsinki, making London Finnair Cargo's third European cargo hub in addition to Helsinki and Brussels. The new cargo connection combines the cargo flight networks of Finnair and IAG Cargo, allowing Finnair to introduce tens of new cargo destinations in North America. The freighter will serve the London hub on Wednesdays and Saturdays, and Finnair will fly to London with wide-body aircraft on Mondays, Fridays and Sundays.

Travel Services (Tour Operators and Travel Agencies)

This business area consists of the tour operator Aurinkomatkat (Suntours), its subsidiary operating in Estonia, the business travel agency SMT and its subsidiary Estravel, which operates in the Baltic countries, as well as Amadeus Finland, which produces information systems and solutions for the travel sector. Aurinkomatkat Suntours serves leisure travellers, offering package tours designed for various travel motivations and customer segments.

Key figures	7–9 2015	7–9 2014	Change %	1–9 2015	1–9 2014	Change %	2014
Revenue and result							
Revenue, EUR million	45.1	44.4	1.6	147.8	161.2	-8.3	216.7
Operational result, EUR million	2.5	0.8	> 200%	0.0	2.2	-101.8	7.0
Operating result, EBIT, EUR million	2.5	0.7	> 200%	-0.4	1.2	-131.5	5.9
Operating result, % of revenue	5.6	1.7	> 200%	-0.3	0.8	-134.3	2.7
Personnel							
Average number of employees	580	626	-7.3	585	669	-12.6	645

The revenue of Travel Services in July–September increased slightly from the previous year and amounted to 45.1 million euros (44.4). At the same time, the segment's operational result tripled to 2.5 million euros (0.8), among other things on the back of SMT's sales growth and excellent profitability. In addition, Aurinkomatkat Suntours' turnaround program advanced significantly ahead of schedule, and the favourable market backdrop coinciding with the reforms made in the marketing, sales steering at product offering at Aurinkomatkat Suntours resulted in the load factor for package tours remaining high (97%) in the third quarter and higher average prices than in the comparison period. At the same time, the leveraging of synergies between Finnair and Aurinkomatkat Suntours saw fixed costs decrease significantly.

Changes in senior management and the organisation

Pekka Vähähyyppä (M.Sc. Econ, eMBA), Finnair's Chief Financial Officer and member of the Executive Board, joined the company on 17 August 2015. Mika Stirkkinen, Vice President, Group Treasury, acted as interim CFO from the beginning of May until 17 August.

The integration of cargo traffic and Aurinkomatkat Suntours deeper into Finnair's commercial functions continued in the third quarter. The restructuring measures started in 2014 will see the entire Group's sales managed by a single unit, and the profitability of the route network will be evaluated as a whole with the aim of optimising fleet usage and total revenue. Replacing leisure flights with scheduled flights, which began in 2014, and phasing out the separate leisure traffic category are a part of these ongoing changes. The subsidiary Finnair Cargo will be merged with the parent company by the end of 2015.

Personnel

Finnair employed an average of 4,896 (5,361) people in January–September, 8.7 per cent fewer than in the comparison period. The Airline Business segment employed an average of 3,975 (4,400) people. Travel Services employed an average of 585 (669) people and other functions 336 (292) people. The number of personnel in an employment relationship was 5,000 (5,354) on 30 September 2015.

Own shares

There were no changes in the number of own shares held by Finnair during the third quarter. In the first quarter, the number of shares held by Finnair increased by 14,893 shares that were returned to Finnair pursuant to the rules of the company's performance share plan for 2010–2012. On 30 September 2015, Finnair held a total of 326,985 of its own shares (313,032), representing 0.26 per cent of the total share capital.

Share price development and trading

At the end of September 2015, Finnair's market value stood at 393.4 million euros (320.3), and the closing price of the share was 3.07 euros (2.50). During the January–September period, the highest price for a Finnair share on the NASDAQ OMX Helsinki Stock Exchange was 3.30 euros (3.01), the lowest price 2.49 euros (2.38) and the average price 3.01 euros (2.76). Some 14.0 million (10.7) of the company's shares, with a total value of 42.1 million euros (29.1), were traded.

The number of Finnair shares recorded in the Trade Register 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 7.7 per cent (13.3) were held by foreign investors or in the name of a nominee.

Corporate responsibility

Economic, social and environmental responsibility is integral to Finnair's business strategy and operations. Finnair wants to be a responsible global citizen and respond to its stakeholders' needs, also from the perspective of responsibility. Finnair is cooperating with industry operators and the authorities in areas such as reducing the climate impacts of aviation. Finnair's target is to reduce its CO2 emissions by 20 per cent per revenue tonne kilometre from the 2009 level by 2017. The shared objective of the aviation industry is carbon neutral growth from 2020 onwards. The new A350 XWB wide-body aircraft joining the Finnair fleet starting this autumn will take not only travel comfort but also energy efficiency to a new level, as their fuel consumption and carbon dioxide emissions per seat are a quarter lower than those of the A340 wide-body aircraft being replaced. As a result, the new aircraft will significantly reduce the carbon dioxide emissions arising from Finnair traffic.

In October, the Finnish Transport Safety Agency Trafi decided not to impose operational restrictions on night-time traffic at Helsinki-Vantaa Airport, since the noise combatting targets were considered to be met without such restrictions. The noise level of Finnair fleet has decreased constantly over the past decades, and the positive trend will continue due to the A350 XWB. The noise level of the aircraft clearly meets the most stringent certification level (Chapter 4-22 EPNdb). Finnair also reduces flight noise and emissions by developing flight procedures in cooperation with air traffic control and the airport.

Responsibility key performance indicators are described above in connection with the Airline Business segment. The increase in fuel consumption and CO2 emissions relative to capacity during the review period was primarily attributable to structural changes in traffic, specifically the higher proportion of domestic and European flights flown with smaller aircraft compared to long-haul routes operated with wide-body aircraft.

Significant near-term risks and uncertainties

Aviation is an industry that is globally sensitive to economic cycles and also reacts quickly to external disruptions, seasonal variation and economic trends. In the implementation of strategy, Finnair and its operations involve various risks and opportunities. Finnair has implemented a comprehensive risk management process to ensure that risks are identified and mitigated as much as possible, although many risks are not within the company's full control. To exploit value creation opportunities, Finnair is also prepared to take and manage risks within the limits of its risk-bearing capacity.

The risks and uncertainties described below are considered to potentially have a significant impact on Finnair's business, financial result and future outlook within the next 12 months. This list is not intended to be exhaustive.

Exceptional variation in fuel price and the potential of the recent decrease in fuel price to be passed on to flight ticket prices or lead to an increase in capacity in Finnair's main markets as well as sudden, adverse changes in currency exchange rates constitute a risk for Finnair's revenue development. The reduction in the demand for passenger or cargo flights due to slowing or non-existent economic growth in Finnair's main markets also constitutes a risk for Finnair's revenue development.

Potential capacity increases and product improvements among Finnair's existing or new competitors may have an impact on the demand for Finnair's services. In addition, joint operations involving closer cooperation than airline alliances, and joint businesses, are expected to develop further.

The achievement of the strategic advantages and cost reductions sought through Finnair's partnership and outsourcing projects involves risks. For example, quality or availability issues and/or unexpected additional costs of partnerships and suppliers can have a negative effect on Finnair's product, reputation and profitability.

The use of the next-generation Airbus A350 XWB aircraft involves risks associated with new technology and roll-out processes. In addition, the implementation of Finnair's strategy includes significant operating and internal changes, which involve risks.

The aviation industry is affected by a number of regulatory projects at EU and international levels. Estimating the impacts of the regulatory changes on airlines' operational activities and/or costs in advance is difficult. Examples of such regulatory projects include international regulation related to emission trading, noise regulation and other environmental regulation, EU regulations on privacy protection and the decision made by the Court of Justice of the European Union in October 2012 regarding flight passengers' rights. In addition, regulations on the reporting of non-financial information (responsibility) and other stakeholder requirements have increased substantially.

Geopolitical uncertainty and other potential external disruptions may, if materialised, significantly affect Finnair's operations.

If implemented, the proposed change to the Finnish pension system would increase Finnair's pension liabilities if it were to necessitate an increase the supplementary pension cover for Finnair pilots in response to their pension pursuant to the Finnish Employee Pensions Act being decreased.

Finnair's risk management and risks related to the company's operations are described in more detail on the company's website at www.finnairgroup.com.

Seasonal variation and sensitivities in business operations

Due to the seasonal variation of the airline business, the Group's revenue and profit are generally 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 also increases seasonal fluctuation reflecting the destination-specific high seasons in Asian leisure and business travel.

In addition to operational activities, fuel price development has a key impact on Finnair's result, as fuel costs are the company's largest expense item. Finnair's foreign exchange risk arises primarily from fuel and aircraft purchases, aircraft leasing payments and sales revenue denominated in foreign currencies. Significant dollar-denominated expense items comprise aircraft lease payments and fuel costs as well as traffic charges. The largest investments, namely the acquisition of aircraft and their spare parts, are also mainly denominated in US dollars. The most significant income currencies after the euro are the Japanese yen, the Chinese yuan and the Swedish krona.

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

Sensitivities in business operations (rolling 12 months from date of financial statements)	**1 percentage point change**
Passenger load factor (PLF)	EUR 21 million
Average yield of passenger traffic	EUR 19 million
Unit cost in passenger traffic (CASK ex-fuel)	EUR 15 million

Fuel sensitivities (rolling 12 months from date of financial statements)	**10% change without hedging**	**10% change, taking hedging into account**	**Hedging ratio** H2 2015	H1 2016
Fuel	EUR 41 million	EUR 19 million	70%	63%

Currency distribution %	**7–9 2015**	**7–9 2014**	**1–9 2015**	**1–9 2014**	**2014**	**Currency sensitivities USD and JPY** (rolling 12 months from date of financial statements) 10% change without hedging	10% change, taking hedging into account	**Hedging ratio** (rolling 12 months from date of financial statements)
Sales currencies								
EUR	50	49	56	57	58	-	-	
USD*	3	4	2	3	3	see below	see below	see below
JPY	11	12	9	10	9	EUR 18 million	EUR 8 million	71%
CNY	11	10	8	7	7	-	-	
KRW	3	2	3	2	3	-	-	
SEK	4	4	5	5	5	-	-	
Other	18	19	17	16	15	-	-	
Purchase currencies								
EUR	52	50	51	51	52	-	-	
USD*	40	36	41	39	41	EUR 62 million	EUR 12 million	82%
Other	8	14	8	10	7			

* The sensitivity analysis assumes that the Chinese yuan and the Hong Kong dollar continue to correlate strongly with the US dollar.

Events after the review period

On 24 September, Finnair issued a Stock Exchange Release regarding the financial impacts of its previously announced long-haul fleet renewal. The announcement concerned the sale and leaseback of Finnair's first two A350-900 XWB aircraft, which will have a substantial non-recurring positive impact on Finnair's operating result, as well as the phasing out of all of Finnair's remaining A340-300 aircraft, which will involve non-recurring costs primarily materialising in 2015. The non-recurring positive net impact of these arrangements on Finnair's operating profit in H2/2015 is expected to amount to approximately EUR 70 million, with the actual financial impact depending on the euro-dollar exchange rate at the time of delivery of each of the aircraft. The sale and leaseback of the first A350 aircraft was finalised on 7 October, and the arrangement for the second aircraft is expected to be finalised in the fourth quarter.

On 13 October, Finnair issued a EUR 200 million hybrid bond with a fixed coupon rate of 7.875 per cent per annum. The new hybrid bond was significantly oversubscribed and allocated to more than 100 investors. In conjunction with the issue of the new hybrid bond, Finnair redeemed and annulled a share of EUR 81.7 million of the EUR 120 million hybrid bond issued in 2012.

Financial reporting

Finnair's financial statements bulletin for 2015 will be published on Wednesday 11 February 2016.

FINNAIR PLC
Board of Directors

Briefings

Finnair will hold a press conference on 30 October 2015 at 11:00 a.m. and an analyst briefing at 12:30 p.m. at its office at Tietotie 9. An English-language telephone conference and webcast will begin at 2:30 p.m. Finnish time. The conference may be attended by dialling your local access number +358 9 2319 3041 and using the PIN code 2419797#. To join the live webcast, please register at: https://engage.vevent.com/rt/finnair~20151030

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Key figures	Q3 2015	Q3 2014	Change %	Q1-Q3 2015	Q1-Q3 2014	Change %	2014
Revenue and result							
Revenue, EUR million	637.1	622.7	2.3	1,738.5	1,731.8	0.4	2,284.5
Operational result, EUR million	64.2	26.7	140.2	22.9	-27.1	184.6	-36.5
Operational result, % of revenue	10.1	4.3	5.8 %-p	1.3	-1.6	2.9 %-p	-1.6
Operating result, EUR million	50.7	23.6	114.7	36.7	-31.1	> 200 %	-72.5
Operational EBITDAR, EUR million	115.1	80.1	43.7	171.7	133.1	29.0	176.6
Result before taxes, EUR million	48.9	21.2	130.2	29.4	-43.7	167.2	-99.1
Net result, EUR million	39.0	16.6	134.5	23.2	-35.4	165.6	-82.5
Balance sheet and cash flow							
Equity ratio, % *				28.5	33.9	-5.4 %-p	27.3
Gearing, %				-32.9	-4.0	-28.9 %-p	0.3
Adjusted gearing, %				82.9	74.0	8.9 %-p	107.5
Gross capital expenditure, EUR million	18.4	15.3	20.3	38.2	68.4	-44.1	82.4
Return on capital employed (ROCE), 12 months rolling, %				-0.4	-3.1	2.8 %-p	-6.5
Return on equity (ROE), 12 months rolling, %				-4.0	-6.0	34.4	-13.8
Net cash flow from operating activities, EUR million	62.6	-8.9	> 200 %	164.0	39.8	> 200 %	24.2
Share							
Share price at the end of quarter, EUR				3.07	2.50	22.8	2.48
Result for the period per share, EUR	0.30	0.13	135.0	0.18	-0.28	164.4	-0.65
Earnings per share (EPS), EUR	0.29	0.11	154.9	0.13	-0.33	139.4	-0.71
Traffic data, unit costs and revenue							
Passengers, 1,000	2,856	2,627	8.7	7,762	7,357	5.5	9,630
Available seat kilometres (ASK), million	8,383	8,221	2.0	23,920	23,494	1.8	30,889
Revenue passenger kilometres (RPK), million	7,189	6,946	3.5	19,399	19,028	2.0	24,772
Passenger load factor, %	85.8	84.5	1.3 %-p	81.1	81.0	0.1 %-p	80.2
Unit revenue per available seat kilometre, (RASK), cents/ASK *	6.73	6.47	4.0	6.39	6.21	2.9	6.23
RASK at constant currency, cents/ASK *	6.44	6.47	-0.6	6.17	6.21	-0.6	6.23
Unit revenue per revenue passenger kilometre (yield), cents/RPK *	6.92	6.64	4.3	6.84	6.61	3.4	6.65
Unit cost per available seat kilometre (CASK), cents/ASK *	6.12	6.28	-2.5	6.55	6.49	1.0	6.53
CASK excluding fuel, cents/ASK *	4.31	4.22	2.1	4.63	4.44	4.3	4.49
CASK excluding fuel at constant currency, cents/ASK *	4.19	4.22	-0.8	4.48	4.44	0.7	4.49
Available tonne kilometres (ATK), million	365	385	-5.1	1,042	1,091	-4.5	1,420
Revenue tonne kilometres (RTK), million	207	241	-14.1	577	687	-16.0	912
Cargo and mail, tonnes	33,487	38,721	-13.5	95,391	112,410	-15.1	149,141
Cargo traffic unit revenue per revenue tonne kilometre, cents/RTK	20.39	23.58	-13.5	21.80	23.43	-7.0	23.40
Overall load factor, %	69.9	70.1	-0.1 %-p	66.4	67.4	-1.1 %-p	67.4
Flights, number	28,712	25,345	13.3	80,672	74,746	7.9	99,056
Personnel							
Average number of employees	4,919	5,233	-6.0	4,896	5,361	-8.7	5,172

* Equity ratio for comparison year 2014 have been restated to reflect the changed calculation formula. Unit revenue per available seat kilometre (RASK), unit revenue per revenue passenger kilometre (yield) and unit cost per available seat kilometre (CASK) for comparison year 2014 have been restated to better reflect the changes in the Group structure. RASK and CASK at constant currency exclude the impact of exchange rates. The changes are described in more detail in the note 16. Restatement of key ratios. Changed formulas are described in the note 18. Calculation of key ratios.

CONSOLIDATED INCOME STATEMENT

in mill. EUR	Q3 2015	Q3 2014	Change %	Q1-Q3 2015	Q1-Q3 2014	Change %	2014
Revenue	**637.1**	**622.7**	**2.3**	**1,738.5**	**1,731.8**	**0.4**	**2,284.5**
Other operating income	3.4	4.0	-15.4	11.6	12.9	-10.1	18.3
Operating expenses							
Staff costs	-78.5	-85.7	-8.5	-255.9	-262.0	-2.3	-344.5
Fuel costs	-153.4	-177.2	-13.4	-460.4	-504.3	-8.7	-660.4
Other rents	-40.3	-42.2	-4.5	-119.0	-121.0	-1.7	-159.7
Aircraft materials and overhaul	-30.1	-28.1	7.3	-92.7	-88.4	4.9	-119.4
Traffic charges	-67.7	-62.0	9.1	-196.0	-172.0	13.9	-230.9
Ground handling and catering expenses	-64.2	-65.3	-1.6	-183.6	-189.5	-3.1	-251.8
Expenses for tour operations	-18.0	-18.8	-3.9	-57.1	-58.5	-2.4	-76.7
Sales and marketing expenses	-18.3	-15.2	20.6	-53.9	-49.1	9.7	-65.3
Other expenses	-54.9	-52.3	4.9	-159.9	-166.8	-4.1	-217.4
Operational EBITDAR	**115.1**	**80.1**	**43.7**	**171.7**	**133.1**	**29.0**	**176.6**
Lease payments for aircraft	-24.9	-21.1	17.6	-71.0	-57.6	23.3	-78.8
Depreciation and impairment	-26.0	-32.2	-19.3	-77.7	-102.6	-24.3	-134.3
Operational result	**64.2**	**26.7**	**140.2**	**22.9**	**-27.1**	**184.6**	**-36.5**
Fair value changes in derivatives and changes in exchange rates of fleet overhauls	-10.9	-0.2	<-200 %	3.2	-11.6	127.2	-43.7
Non-recurring items	-2.7	-2.9	9.8	10.6	7.6	39.4	7.7
Operating result	**50.7**	**23.6**	**114.7**	**36.7**	**-31.1**	**> 200 %**	**-72.5**
Financial income	0.0	0.3	-107.6	0.8	3.5	-75.9	3.5
Financial expenses	-1.8	-1.7	-6.5	-8.2	-12.9	36.3	-26.9
Share of results in associates and joint ventures	0.0	-1.0	100.0	0.0	-3.3	98.7	-3.2
Result before taxes	**48.9**	**21.2**	**130.2**	**29.4**	**-43.7**	**167.2**	**-99.1**
Income taxes	-9.8	-4.6	-114.4	-6.1	8.3	-173.9	16.5
Result for the period	**39.0**	**16.6**	**134.5**	**23.2**	**-35.4**	**165.6**	**-82.5**
Attributable to							
Owners of the parent company	38.9	16.6	134.9	23.0	-35.7	164.4	-82.7
Non-controlling interests	0.1	0.1	62.3	0.3	0.3	-7.9	0.2
Earnings per share attributable to shareholders of the parent company							
Earnings per share, EUR (diluted and undiluted)	0.29	0.11	154.9	0.13	-0.33	139.4	-0.71
Result for the period per share, EUR	0.30	0.13	135.0	0.18	-0.28	164.4	-0.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in mill. EUR	Q3 2015	Q3 2014	Change %	Q1-Q3 2015	Q1-Q3 2014	Change %	2014
Result for the period	**39.0**	**16.6**	**134.5**	**23.2**	**-35.4**	**165.6**	**-82.5**
Other comprehensive income items							
Items that may be reclassified to profit or loss in subsequent periods							
Change in fair value of hedging instruments	-46.1	7.8	<-200 %	14.3	19.7	-27.5	-87.0
Translation differences	0.0	0.1	-106.5	0.3	0.1	> 200 %	0.4
Tax effect	9.2	-1.6	> 200 %	-2.9	-3.9	27.5	17.4
Items that will not be reclassified to profit or loss in subsequent periods							
Actuarial gains and losses from defined benefit plans	0.4	23.0	-98.3	15.6	-5.2	> 200 %	-4.1
Tax effect	-0.1	-4.6	98.3	-3.1	1.0	<-200 %	0.8
Other comprehensive income items total	**-36.6**	**24.7**	**<-200 %**	**24.3**	**11.7**	**106.9**	**-72.4**
Comprehensive income for the period	**2.5**	**41.4**	**-94.0**	**47.5**	**-23.7**	**> 200 %**	**-154.9**
Attributable to							
Owners of the parent company	2.3	41.3	-94.3	47.3	-23.9	> 200 %	-155.1
Non-controlling interests	0.1	0.1	62.3	0.3	0.3	-7.9	0.2

CONSOLIDATED BALANCE SHEET

in mill. EUR	30 Sep 2015	30 Sep 2014	2014
ASSETS			
Non-current assets			
Intangible assets	17.8	18.4	18.4
Tangible assets	836.4	1,051.1	897.8
Investments in associates and joint ventures	4.9	4.9	4.9
Loan and other receivables	9.2	18.8	9.2
Deferred tax assets	20.7	3.4	33.8
Non-current assets total	**889.0**	**1,096.6**	**964.1**
Current assets			
Inventories	12.2	12.8	14.7
Trade and other receivables	250.7	244.0	194.0
Derivative financial instruments	173.1	117.7	163.7
Other financial assets	355.3	263.3	332.8
Cash and cash equivalents	187.7	172.2	93.4
Current assets total	**979.0**	**810.0**	**798.6**
Assets held for sale	87.7	8.8	122.4
Assets total	**1,955.8**	**1,915.4**	**1,885.1**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	75.4	75.4	75.4
Other equity	481.5	573.6	438.3
Total	**557.0**	**649.0**	**513.7**
Non-controlling interests	0.7	0.7	0.6
Equity total	**557.7**	**649.7**	**514.3**
Non-current liabilities			
Interest-bearing liabilities	295.4	320.1	337.7
Pension obligations	18.6	24.5	25.3
Provisions	56.8	62.7	52.1
Other liabilities	18.2	29.7	22.1
Non-current liabilities total	**389.0**	**437.1**	**437.3**
Current liabilities			
Provisions	43.7	46.6	44.2
Interest-bearing liabilities	64.4	89.5	89.9
Trade payables and other liabilities	729.9	657.5	600.8
Derivative financial instruments	154.6	34.6	198.5
Current liabilities total	**992.6**	**828.2**	**933.4**
Liabilities related to assets held for sale	16.6	0.3	0.0
Liabilities total	**1,398.1**	**1,265.7**	**1,370.7**
Equity and liabilities total	**1,955.8**	**1,915.4**	**1,885.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in mill. EUR	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	**Equity attributable to owners of the parent**	Non-controlling interests	**Equity total**
Equity 1 Jan 2015	**75.4**	**168.1**	**-87.4**	**247.4**	**-8.8**	**118.9**	**513.7**	**0.6**	**514.3**
Result for the period					23.0		23.0	0.3	23.2
Change in fair value of hedging instruments			11.4				11.4		11.4
Actuarial gains and losses from defined benefit plans			12.5				12.5		12.5
Translation differences			0.3				0.3		0.3
Comprehensive income for the period	**0.0**	**0.0**	**24.3**	**0.0**	**23.0**	**0.0**	**47.3**	**0.3**	**47.5**
Dividend							0.0	-0.2	-0.2
Share-based payments				0.2			0.2		0.2
Hybrid bond interests and expenses					-4.3		-4.3		-4.3
Equity 30 Sep 2015	**75.4**	**168.1**	**-63.1**	**247.7**	**9.9**	**118.9**	**557.0**	**0.7**	**557.7**

in mill. EUR	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	**Equity attributable to owners of the parent**	Non-controlling interests	**Equity total**
Equity 1 Jan 2014	**75.4**	**168.1**	**-15.0**	**247.3**	**82.5**	**118.9**	**677.3**	**0.7**	**678.0**
Result for the period					-35.7		-35.7	0.3	-35.4
Change in fair value of hedging instruments			15.8				15.8		15.8
Actuarial gains and losses from defined benefit plans			-4.1				-4.1		-4.1
Translation differences			0.1				0.1		0.1
Comprehensive income for the period	**0.0**	**0.0**	**11.7**	**0.0**	**-35.7**	**0.0**	**-23.9**	**0.3**	**-23.7**
Dividend							0.0	-0.2	-0.2
Share-based payments				-0.1			-0.1		-0.1
Hybrid bond interests and expenses					-4.3		-4.3		-4.3
Equity 30 Sep 2014	**75.4**	**168.1**	**-3.2**	**247.2**	**42.5**	**118.9**	**649.0**	**0.7**	**649.7**

CONSOLIDATED CASH FLOW STATEMENT

in mill. EUR	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	2014
Cash flow from operating activities					
Result for the period	39.0	16.6	23.2	-35.4	-82.5
Depreciation and impairment	27.1	32.5	93.3	102.8	135.7
Other adjustments to result for the period					
Financial income	0.0	-0.3	-0.8	-3.5	-3.5
Financial expenses	1.8	1.7	8.2	12.9	26.9
Share of results in associates and joint ventures	0.0	1.0	0.0	3.3	3.2
Income taxes	9.8	4.6	6.1	-8.3	-16.5
EBITDA	**77.8**	**56.1**	**130.1**	**71.8**	**63.2**
Non-cash transactions *	21.9	0.0	-26.2	-13.0	6.2
Changes in working capital	-36.8	-55.9	63.3	-8.3	-33.2
Interest expenses paid	-0.9	-7.5	-4.0	-12.2	-14.1
Other financial expenses paid	-0.6	-2.7	-1.7	-4.6	-4.5
Interest income received	1.1	1.2	2.7	6.1	6.7
Income taxes paid	0.0	0.0	-0.2	0.0	-0.2
Net cash flow from operating activities	**62.6**	**-8.9**	**164.0**	**39.8**	**24.2**
Cash flow from investing activities					
Investments in intangible assets	-2.3	-4.7	-4.5	-5.1	-4.3
Investments in tangible assets	-40.4	-33.9	-116.6	-100.6	-142.1
Net change in financial interest bearing assets at fair value through profit or loss **	40.2	18.6	55.3	-2.5	-109.5
Divestments of fixed assets and group shares	-0.3	4.6	152.2	231.8	267.6
Change in non-current receivables	0.1	0.3	0.0	2.7	2.6
Net cash flow from investing activities	**-2.8**	**-15.1**	**86.4**	**126.3**	**14.4**
Cash flow from financing activities					
Loan repayments and changes	-8.8	-7.9	-72.7	-185.9	-169.4
Hybrid bond interests and expenses	0.0	0.0	-5.3	-5.3	-10.7
Dividends paid	0.0	-0.2	-0.2	-0.2	-0.2
Net cash flow from financing activities	**-8.8**	**-8.2**	**-78.2**	**-191.5**	**-180.3**
Change in cash flows	**51.0**	**-32.1**	**172.2**	**-25.4**	**-141.8**
Liquid funds, at beginning	311.2	338.6	190.1	331.8	331.8
Change in cash flows	51.0	-32.1	172.2	-25.4	-141.8
Liquid funds, at end * **	**362.3**	**306.4**	**362.3**	**306.4**	**190.1**
Notes to consolidated cash flow statement					
*** Non-cash transactions**					
Employee benefits	2.9	2.8	9.2	8.7	11.4
Fair value changes in derivatives	11.1	-5.5	-9.6	5.4	34.9
Other adjustments	7.9	2.7	-25.8	-27.1	-40.1
Total	**21.9**	**0.0**	**-26.2**	**-13.0**	**6.2**
**** Net change in financial interest-bearing assets maturing after more than three months**					
***** Liquid funds**					
Other financial assets	355.3	263.3	355.3	263.3	332.8
Cash and cash equivalents	187.7	172.2	187.7	172.2	93.4
Short-term cash and cash equivalents in balance sheet	**543.0**	**435.4**	**543.0**	**435.4**	**426.1**
Maturing after more than three months	-180.7	-129.0	-180.7	-129.0	-236.0
Total	**362.3**	**306.4**	**362.3**	**306.4**	**190.1**

NOTES TO THE CONSOLIDATED INTERIM 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 applied are disclosed in the 2014 Consolidated Financial Statements. The new standards and interpretations applied from 2015 onwards are also presented in the Consolidated Financial Statements of 2014, and they don't have significant impact on Finnair's interim reports or Financial Statements. The figures presented in this statement are not rounded, and therefore 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.

3. CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF UNCERTAINTY

The preparation of the interim report 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 outcome may differ from the estimates made. The main estimates used are the same as used while preparing the financial statements 2014.

4. SEGMENT INFORMATION

Segment information is presented in line with business segments, which are based on the Group's internal organisation structure and management reporting. The operating and reportable segments are Airline Business and Travel Services.

Business segment data

in mill. EUR	Q1-Q3 2015			
	Airline Business	Travel Services	Eliminations	**Group total**
External revenue	1,591.7	146.8		1,738.5
Internal revenue	64.0	1.0	-65.0	0.0
Revenue	**1,655.7**	**147.8**	**-65.0**	**1,738.5**
Operational result	**23.0**	**0.0**		**22.9**
Operating result	**37.1**	**-0.4**		**36.7**
Share of results in associates and joint ventures				0.0
Financial income				0.8
Financial expenses				-8.2
Income taxes				-6.1
Non-controlling interests				-0.3
Result for the period				**23.0**
Depreciation and impairment	76.9	0.9		77.7

Business segment data

in mill. EUR	Q1-Q3 2014			
	Airline Business	Travel Services	Eliminations	**Group total**
External revenue	1,573.1	158.7		1,731.8
Internal revenue	72.6	2.5	-75.1	0.0
Revenue	**1,645.7**	**161.2**	**-75.1**	**1,731.8**
Operational result	**-29.3**	**2.2**		**-27.1**
Operating result	**-32.3**	**1.2**		**-31.1**
Share of results in associates and joint ventures				-3.3
Financial income				3.5
Financial expenses				-12.9
Income taxes				8.3
Non-controlling interests				-0.3
Result for the period				**-35.7**
Depreciation and impairment	101.6	1.0		102.6

Revenue

in mill. EUR	Q3 2015	Q3 2014	Change %	Q1-Q3 2015	Q1-Q3 2014	Change %	2014
Airline Business	610.1	596.2	2.3	1,655.7	1,645.7	0.6	2,167.7
Travel Services	45.1	44.4	1.6	147.8	161.2	-8.3	216.7
Eliminations	-18.2	-17.9	-1.5	-65.0	-75.1	13.5	-100.0
Total	**637.1**	**622.7**	**2.3**	**1,738.5**	**1,731.8**	**0.4**	**2,284.5**

Revenue by product

in mill. EUR	Q3 2015	Q3 2014	Change %	Q1-Q3 2015	Q1-Q3 2014	Change %	2014
Airline Business	592.3	578.7	2.3	1,591.7	1,573.1	1.2	2,070.7
Passenger revenue	503.5	466.0	8.1	1,319.3	1,242.8	6.2	1,640.2
Ancillary services	28.0	19.9	40.7	76.2	59.1	29.0	79.1
Cargo 45.9		59.7	-23.2	135.7	172.5	-21.3	231.3
Other 14.9		33.1	-55.1	60.5	98.7	-38.6	120.0
Travel Services	44.8	44.0	1.8	146.8	158.7	-7.5	213.8
Total	**637.1**	**622.7**	**2.3**	**1,738.5**	**1,731.8**	**0.4**	**2,284.5**

Operational result

in mill. EUR	Q3 2015	Q3 2014	Change %	Q1-Q3 2015	Q1-Q3 2014	Change %	2014
Airline Business	61.8	25.9	138.2	23.0	-29.3	178.4	-43.5
Travel Services	2.5	0.8	> 200 %	0.0	2.2	-101.8	7.0
Total	**64.2**	**26.7**	**140.2**	**22.9**	**-27.1**	**184.6**	**-36.5**

Operating result

in mill. EUR	Q3 2015	Q3 2014	Change %	Q1-Q3 2015	Q1-Q3 2014	Change %	2014
Airline Business	48.2	22.9	110.6	37.1	-32.3	> 200 %	-78.4
Travel Services	2.5	0.7	> 200 %	-0.4	1.2	-131.5	5.9
Total	**50.7**	**23.6**	**114.7**	**36.7**	**-31.1**	**> 200 %**	**-72.5**

Average number of employees

	Q3 2015	Q3 2014	Change %	Q1-Q3 2015	Q1-Q3 2014	Change %	2014
Airline Business	4000	4300	-7.0	3,975	4,400	-9.7	4,232
Travel Services	580	626	-7.3	585	669	-12.6	645
Other functions	339	308	10.2	336	292	15.1	295
Total	**4919**	**5233**	**-6.0**	**4,896**	**5,361**	**-8.7**	**5,172**

Average number of employees does not include employees of Norra as it has been classified as assets held for sale.

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 2014 financial statements. The tables below present the nominal value or the amount and net fair value of derivative contracts used in Group's hedge accounting.

Derivatives, in mill. EUR	30 Sep 2015		30 Sep 2014		2014	
	Nominal value	Fair net value	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives						
Hedge accounting items (forward contracts):						
Jet fuel currency hedging	338.1	26.0	436.4	25.8	385.4	35.9
Fair value hedging of aircraft acquisitions	712.6	96.5	611.8	49.3	657.6	66.3
Currency hedging of lease payments	156.2	17.2	143.7	11.2	146.6	15.0
Hedge accounting items total	1,207.0	139.7	1,191.9	86.3	1,189.6	117.1
Items outside hedge accounting:						
Jet fuel currency hedging	0.0	0.0	0.0	0.0	0.0	0.0
Operational cash flow hedging (forward contracts)	240.9	16.1	393.4	20.5	370.4	29.5
Operational cash flow hedging (options)						
Call options	79.0	5.3	91.4	3.6	110.2	7.1
Put options	39.5	-4.8	127.6	-1.8	178.0	-3.0
Balance sheet hedging (forward contracts)	10.4	0.1	13.2	0.4	13.7	0.9
Items outside hedge accounting total	369.8	16.6	625.6	22.7	672.2	34.5
Currency derivatives total	**1,576.8**	**156.3**	**1,817.4**	**109.1**	**1,861.8**	**151.6**
Commodity derivatives						
Hedge accounting items:						
Jet fuel forward contracts, tonnes	538,000	-114.3	615,750	-24.2	534,700	-142.3
Electricity derivatives, MWh	14,245	-0.1	22,596	0.0	30,220	0.0
Hedge accounting items total		-114.3		-24.2		-142.3
Items outside hedge accounting:						
Jet fuel forward contracts, tonnes	17,000	-2.3	31,000	-1.0	33,500	-8.6
Options						
Call options, jet fuel, tonnes	170,500	0.8	214,500	0.7	162,500	0.1
Put options, jet fuel, tonnes	-276,500	-19.5	-214,500	-6.9	171,500	-39.3
Electricity derivatives, MWh	33,865	-0.4	55,662	-0.2	46,904	-0.3
Items outside hedge accounting total		-21.4		-7.4		-48.1
Commodity derivatives total		**-135.7**		**-31.6**		**-190.4**
Interest rate derivatives						
Hedge accounting items:						
Interest rate swaps	150.0	5.3	150.0	5.8	150.0	5.8
Interest rate options						
Call options	133.9	-5.6	0.0	0.0	123.5	2.3
Put options	133.9	-2.8	0.0	0.0	123.5	-4.8
Hedge accounting items total	417.8	-3.1	150.0	5.8	397.1	3.4
Items outside hedge accounting:						
Cross currency Interest rate swaps	9.3	-0.5	14.4	-0.3	11.6	-0.6
Interest rate swaps	0.0	0.0	25.0	-0.2	25.0	-0.1
Items outside hedge accounting total	9.3	-0.5	39.4	-0.6	36.6	-0.7
Interest rate derivatives total	**427.1**	**-3.6**	**189.4**	**5.3**	**433.7**	**2.7**
Equity derivatives						
Hedge accounting items:						
Stock options						
Call options	3.0	1.2	0.0	0.0	3.0	0.7
Put options	3.0	-0.2	0.0	0.0	3.0	-0.1
Hedge accounting items total	6.0	1.0	0.0	0.0	6.0	0.6
Equity derivatives total	**6.0**	**1.0**	**0.0**	**0.0**	**6.0**	**0.6**
Derivatives total		**18.0**		**82.8**		**-35.4**

6. FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value hierarchy of financial assets and liabilities valued at fair value				
Fair values at the end of the reporting period, in mill. EUR	30 Sep 2015	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss				
Securities held for trading	370.1	35.7	334.4	
Derivatives held for trading				
Interest rate derivatives	5.4		5.4	
- of which in fair value hedge accounting	5.4		5.4	
- of which in cash flow hedge accounting			0.0	
Currency derivatives	165.7		165.7	
- of which in fair value hedge accounting	97.7		97.7	
- of which in cash flow hedge accounting	28.0		28.0	
Commodity derivatives	0.9		0.9	
- of which in cash flow hedge accounting	0.0		0.0	
Equity derivatives	1.2		1.2	
- of which in fair value hedge accounting	1.2		1.2	
Total	**543.2**	**35.7**	**507.5**	**0.0**

Financial liabilities recognised at fair value through profit and loss				
Derivatives held for trading				
Interest rate derivatives	9.0		9.0	
- of which in fair value hedge accounting	0.0		0.0	
- of which in cash flow hedge accounting	8.4		8.4	
Currency derivatives	9.3		9.3	
- of which in fair value hedge accounting	1.2		1.2	
- of which in cash flow hedge accounting	2.3		2.3	
Commodity derivatives	136.6		136.6	
- of which in cash flow hedge accounting	114.4		114.4	
Equity derivatives	0.1		0.1	
- of which in fair value hedge accounting	0.1		0.1	
Total	**155.0**	**0.0**	**155.0**	**0.0**

During the reporting period no significant transfers took place between fair value hierarchy Levels 1 and 2.

The fair values of hierarchy Level 1 are based fully on quoted (unadjusted) prices in active markets of the same assets and liabilities. The fair values of Level 2 instruments are based to a significant extent on input data other than the quoted prices included in Level 1, but however on data that are observable either directly (price) or indirectly (derived from price) for the said asset or liability. The fair values of Level 3 instruments, on the other hand, are based on asset or liability input data that are not based on observable market information (unobservable inputs), but rather to a significant extent on confirmations supplied by counterparties based on generally accepted valuation models.

The fair value hierarchy level, to which a certain item valued at fair value is classified in its entirety, is determined in accordance with the requirements of IFRS 7 based on the lowest level of input significant to the overall fair value of the said item. The significance of the input data has been assessed in its entirety in relation to said item valued at fair value.

7. COMPANY ACQUISITIONS AND SALES

At the end of the first quarter (at 31 of March 2015) the joint venture of Finnair and Flybe UK was transferred temporarily to Finnair's ownership as Finnair acquired Flybe UK's 60% share of Flybe Nordic with one euro on an interim basis. Later on Flybe Nordic was renamed as Nordic Regional Airlines (Norra). Finnair classified its share in the group as non-current assets and liabilities held for sale according to IFRS 5, as it expected to sell the 60% share to new partners in the near future.

Norra is consolidated as assets held for sale and its net assets are measured at the lower of carrying amount or fair value less costs to sell at each reporting date. Norra's acquisition nor disposal does not have an effect in Finnair's income statement presentation of operating results. Finnair's results from continuing operations include transactions related to purchase traffic since the arrangement between parties continues after the disposal of 60% share.

During Q1 2014 Finnair sold its subsidiary Finncatering Oy, which was previously classified as assets held for sale. During the fourth quarter Finnair sold Travel Retail’s shops at Helsinki Airport to World Duty Free Group. The sale had 12.7 million euros' positive effect to Finnair's results in non-recurring items. The Group did not acquire any companies or businesses in 2014.

8. INCOME TAXES

The tax rate for Q1-Q3 2015 was 20.9% (-19.0%).

9. DIVIDEND PER SHARE

The Annual General Meeting on 25 March 2015 decided that no dividend was paid for 2014.
The Annual General Meeting on 27 March 2014 decided that no dividend was paid for 2013.

10. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

in mill. EUR	30 Sep 2015	30 Sep 2014	2014
Carrying amount at the beginning of period	916.2	1,311.9	1,311.9
Additions	38.2	68.4	82.4
Change in advances	80.6	-6.9	64.4
Currency hedging of aircraft acquisitions	-30.3	-4.3	-64.1
Disposals and reclassifications	-57.2	-196.7	-342.7
Depreciation	-77.7	-102.6	-134.3
Depreciation included in non-recurring items	-15.6	-0.3	-1.4
Carrying amount at the end of period	**854.2**	**1,069.5**	**916.2**
Proportion of assets held for sale at the beginning of period	119.8	9.8	9.8
Proportion of assets held for sale at the end of period	63.3	4.3	119.8

11. NON-CURRENT ASSETS HELD FOR SALE

Assets held for sale mainly include two Airbus A340 aircraft and Technical Operations hangar and inventories. The first A340 is expected to be sold at Q1 2016 and the second at Q2 2016, and other items during the fourth quarter of 2015.

In addition, assets and liabilities held for sale include Finnair's ownership in Nordic Regional Airlines Ab. The Group was previously Finnair's and Flybe UK's joint venture, but Finnair acquired Flybe UK's 60% share on an interim basis at the end of the first quarter. Finnair expects to sell the 60% share to new partners in the near future.

Assets and liabilities classified as assets held for sale at Q1 2014 rated to subsidiary Finncatering Oy, that was sold at Q1 2014 and inventories and fixed assets of Technical Operations. Three Embraer 190 and six ATR 72 aircraft included in assets held for sale at Q4 2014 was sold during Q1 2015.

Non-current assets held for sale	30 Sep 2015	30 Sep 2014	2014
Intangible and tangible assets	63.3	4.3	119.8
Inventories	0.1	4.4	2.6
Assets from subsidiary held for sale	24.3	0.0	0.0
Total	**87.7**	**8.8**	**122.4**

Liabilities of non-current assets held for sale	30 Sep 2015	30 Sep 2014	2014
Liabilities from subsidiary held for sale	16.6	0.3	0.0
Total	**16.6**	**0.3**	**0.0**

12. INTEREST-BEARING LIABILITIES

During the third quarter of 2015 Finnair amortized its loans according to the loan instalment program.

13. CONTINGENT LIABILITIES

in mill. EUR	30 Sep 2015	30 Sep 2014	2014
Pledges on own behalf	158.6	212.7	181.1
Guarantees on behalf of group undertakings	69.6	72.6	72.8
Guarantees on behalf of others	0.1	2.2	2.2
Total	**228.3**	**287.5**	**256.1**

Investment commitments for property, plant and equipment at 30 September 2015 totalled 1,990 million euros (946).

14. OPERATING LEASE COMMITMENTS

in mill. EUR	30 Sep 2015	30 Sep 2014	2014
Lease commitments for fleet payments	741.0	624.7	635.8
Other lease commitments	308.8	241.7	246.4
Total	**1,049.9**	**866.4**	**882.2**

Lease commitments from fleet payments have increased mainly because of the sale and leaseback of Embraer 190 and ATR 72 aircraft.

15. RELATED PARTY TRANSACTIONS

in mill. EUR	30 Sep 2015	30 Sep 2014	2014
Sales of goods and services			
Associates	0.2	1.1	1.4
Joint ventures	13.7	52.8	59.9
Pension fund	0.0	0.0	0.1
Purchases of goods and services			
Associates	3.0	13.1	20.8
Joint ventures	44.9	168.3	228.3
Pension fund	3.5	3.5	4.6
Financial expenses			
Joint ventures	0.0	0.0	10.8
Receivables			
Non-current receivables from joint ventures	0.0	9.9	0.0
Current receivables from associates	0.1	1.4	1.5
Current receivables from joint ventures	0.0	18.4	7.3
Liabilities			
Non-current liabilities to joint ventures	0.0	10.8	8.2
Non-current liabilities to pension fund	18.6	24.3	25.3
Current liabilities to associates	2.1	2.1	4.7
Current liabilities to joint ventures	0.0	0.6	3.4
Contingent liabilities			
Guarantees on behalf of joint ventures	0.0	2.0	2.0

Nordic Regional Airlines Ab was acquired to Finnair Group at the end of the first quarter, with 100% ownership interest. Before the acquisition, the Group was Finnair's and Flybe UK's joint venture, and transactions before the acquisition are disclosed as related party transactions.

16. RESTATEMENT OF KEY RATIOS

As of 1 January 2015, Finnair has adjusted calculation methods of unit revenue (RASK, unit revenue per available seat kilometre) and unit cost (CASK, unit cost per available seat kilometre) to better reflect the changes in the Group structure. Traffic previously operated and marketed by Flybe (currently named as Norra) has become part of the purchase traffic agreement between Finnair and Norra and RASK and CASK for comparison year have been restated to reflect this change. In addition, RASK has been restated to include all revenue and costs of inflight sales. Before restatement, these were partly included in CASK. In addition, restated CASK includes all costs related to group support functions, of which some were previously excluded from the calculation. Unit revenue per revenue passenger kilometre (yield) for comparison year has also been restated due to changes in the Group structure.

Finnair also introduced new key figures RASK and CASK at constant currency to provide comparative, currency neutral measurement on unit revenues and costs. All the exchange rate changes and currency hedging effects have been excluded from RASK and CASK at constant currency.

Equity ratio formula has been restated to better reflect generally used formula in the airline business. Previously equity ratio was calculated by dividing equity with total assets, excluded with prepayments received. The restated calculation only divides equity with total assets, without any adjustments related to prepayments.

The restated quarterly 2014 key ratios are presented in the tables below. Changed formulas are described in the note 18. Calculation of key ratios.

	Restated				Reported			
Periodic key figures	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Unit revenue per available seat kilometre, (RASK), cents/ASK	6.29	6.47	6.17	5.96	6.22	6.33	6.02	5.81
Unit revenue per revenue passenger kilometre (yield), cents/RPK	6.78	6.64	6.66	6.54	6.77	6.58	6.60	6.42
Unit cost per available seat kilometre (CASK), cents/ASK	6.68	6.28	6.54	6.65	6.54	6.12	6.39	6.43
CASK excluding fuel, cents/ASK	4.64	4.22	4.52	4.61	4.49	4.05	4.35	4.37

	Restated				Reported			
Cumulative key figures	2014	Q1-Q3 2014	Q1-Q2 2014	Q1 2014	2014	Q1-Q3 2014	Q1-Q2 2014	Q1 2014
Equity ratio, %	27.3	33.9	31.3	30.4	27.7	34.4	31.8	30.8
Unit revenue per available seat kilometre, (RASK), cents/ASK	6.23	6.21	6.07	5.96	6.10	6.06	5.92	5.81
Unit revenue per revenue passenger kilometre (yield), cents/RPK	6.65	6.61	6.60	6.54	6.59	6.54	6.51	6.42
Unit cost per available seat kilometre (CASK), cents/ASK	6.53	6.49	6.60	6.65	6.37	6.31	6.41	6.43
CASK excluding fuel, cents/ASK	4.49	4.44	4.56	4.61	4.31	4.25	4.36	4.37

17. EVENTS AFTER THE CLOSING DATE

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

18. CALCULATION OF KEY RATIOS

Operational result:
Operating result excluding fair value changes in derivatives, changes in the exchange rates of fleet overhauls and non-recurring items

Non-recurring items:
Capital gains and losses as well as items related to the restructuring and other non-recurring items

Operational EBITDAR:
Operational result + depreciation + lease payments for aircraft

Shareholders' equity:
Equity attributable to owners of the parent

Gross capital expenditure:
Investments in intangible and tangible assets excluding advance payments

Average capital employed:
Balance sheet total - non-interest-bearing liabilities (average)

Interest-bearing net debt:
Interest-bearing liabilities - other current financial assets - cash and cash equivalents

Earnings per share:

$$\frac{\text{Result for the period - hybrid bond interest expenses net of tax}}{\text{Average number of shares during the period, adjusted for share issues}}$$

Result for the period/share:

$$\frac{\text{Result for the period}}{\text{Average number of shares during the period, adjusted for share issues}}$$

Equity/share:

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

Equity ratio, %:

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

Gearing, %:

$$\frac{\text{Interest-bearing net debt}}{\text{Shareholders' equity + non-controlling interest}} \times 100$$

Adjusted gearing, %:

$$\frac{\text{Interest-bearing net debt + 7 × lease payments for aircraft}}{\text{Shareholders' equity + non-controlling interest}} \times 100$$

Return on equity (ROE), %:

$$\frac{\text{Result for the period}}{\text{Shareholders' equity + non-controlling interest (average)}} \times 100$$

Return on capital employed (ROCE), %:

$$\frac{\text{Result before taxes + financial expenses}}{\text{Average capital employed}} \times 100$$

Available seat kilometres (ASK):
Total number of seats available × kilometres flown

Revenue passenger kilometres (RPK):
Number of revenue passengers × kilometres flown

Passenger load factor, %:
Share of revenue passenger kilometres of available seat kilometres

Available tonne kilometres (ATK):
Number of tonnes of capacity for carriage of cargo and mail × kilometres flown

Revenue tonne kilometres (RTK):
Total revenue load consisting of cargo and mail × kilometres flown

Overall load factor, %:
Share of revenue tonne kilometres of available tonne kilometres

Revenue per available seat kilometre (RASK):
Unit revenue (RASK) represents the Airline Business traffic revenue divided by available seat kilometres (ASK). Inflight sales and Cargo revenues are included in RASK on a net basis, decreased by direct costs related to those operations.

Unit revenue (RASK) with constant currency aims to provide a comparative, currency neutral measurement for unit revenues. All the currency changes and currency hedging results are excluded from the measurement.

Cost per available seat kilometre (CASK):
Unit cost (CASK) represents the Airline Business operational costs divided by available seat kilometres. Operational costs include a calculative capital cost for Finnair operated and owned aircraft. Direct operational costs related to Cargo operations and inflight sales are excluded in the measurement as their results are included on a net basis in unit revenues. Non-traffic related revenue is netted off and deducted from operational costs.

Unit cost (CASK) with constant currency aims to provide a comparative, currency neutral measurement for unit costs. All the currency changes and currency hedging results are excluded from the measurement.

The figures of interim report have not been audited.