Finnair Group Financial Statements Bulletin 2014

Unit revenue turned to growth in Q4 – The full-year operational result was -36.5 million euros (11.9).

October–December 2014

- Revenue declined by 1.4% year-on-year to 552.7 million euros (560.6).
- The operational result was -9.3 million euros (-21.1).
- Net cash flow from operating activities stood at -15.7 million euros (14.0), and cash flow from investments totalled -111.9 million euros (121.7).
- Unit cost per available seat kilometre excluding fuel (CASK excl. fuel) decreased by 1.1% year-on-year.
- Unit revenue per available seat kilometre (RASK) increased by 2.8% year-on-year.

January–December 2014

- Revenue declined by 4.8% year-on-year to 2,284.5 million euros (2,400.3).
- The operational result was -36.5 million euros (11.9).
- Net cash flow from operating activities stood at 24.2 million euros (142.4), and cash flow from investments totalled 14.4 million euros (-19.3).
- Unit cost per available seat kilometre excluding fuel (CASK excl. fuel) decreased by 1.1% year-on-year.
- Unit revenue per available seat kilometre (RASK) fell by 2.2% year-on-year.
- The Board of Directors proposes to the Annual General Meeting that no dividend is paid for 2014.

CEO Pekka Vauramo:

"In 2014, we were successful in developing our operations and overhauling our cost structure, but due to a substantial decrease in revenue, our result showed a loss. Our revenue declined by 4.8 per cent and our operational result was -36.5 million euros. The decline in revenue was mainly attributable to a decrease in unit revenue in passenger and cargo traffic, the contraction of the sales of package tour operator Aurinkomatkat Suntours, and the loss of external revenue resulting from the restructuring of aviation services.

On a positive note, our unit revenue turned to growth in the fourth quarter for the first time since the first quarter of 2013. Moreover, the decrease in costs outpaced the decline in revenue in October–December. The fourth-quarter operational result improved year-on-year but nevertheless showed a loss of 9.3 million euros.

In order for Finnair's profitability to improve, it is essential to increase unit revenue and continue to maintain tight costs control. I am pleased with the significant steps forward we took in 2014. We not only achieved our cost reduction target of 200 million euros, but exceeded it by approximately 17 million euros by the end of the year. The savings agreements we concluded with various employee groups will continue to provide us with important additional cost savings gradually, starting from the first quarter of 2015. I am particularly pleased that the outcome of the negotiations enables us to continue to develop our operations together with our employees. In this regard, we are well positioned to seek growth.

The year 2015 is a new beginning for Finnair: we will seek revenue growth through product upgrades introduced in recent months, as well as ancillary revenue, and we will be the first European airline to introduce to service the new Airbus A350 XWB aircraft in our long-haul traffic starting from October 2015."

Outlook

The demand outlook for passenger and cargo traffic in Finnair's main markets still involves uncertainty. Finnair estimates that in 2015 its capacity measured in Available Seat Kilometres will grow by approximately 3 per cent and that its revenue will remain at the 2014 level. Finnair further estimates that, in 2015, its unit costs excluding fuel will decrease from 2014 level.

The lower price of jet fuel and the full impact from the completed savings program are supporting the financial performance of Finnair in 2015.

Business Environment

Growth in Finnair's main markets was conservative despite substantial changes in business environment. Measured in Available Seat Kilometers the market capacity between Helsinki and Finnair's European destinations grew by 6.7 per cent in 2014. The market capacity between Finnair's Asian and European destinations increased by 1.7 per cent. Finnair increased its market share in European traffic (point-to-point) clearly to 54.4 per cent (51.1), whereas in Asian traffic Finnair's market share decreased to 5.0 per cent (5.4).*

The weakness of the Finnish economy was reflected in the home market demand for passenger traffic throughout the year. Cargo traffic volumes in Finnair's main markets grew despite the negative impact the weak economic situation in the eurozone had on European cargo demand.

Changes in exchange rates had a negative effect on Finnair's revenue development throughout the year, which was reflected in the weaker revenue development of both passenger and cargo traffic. In terms of average exchange rates, the euro appreciated substantially against the yen in 2014 compared to 2013. The euro also appreciated against the Swedish crown and Chinese yuan, while the Korean won appreciated against the euro. The average dollar-euro exchange rate did not change significantly compared to 2013. The appreciation of the dollar against the euro, which began in the second half of the year, nevertheless dilutes the advantage gained by airlines from the substantial decrease in the price of jet fuel that began in autumn 2014. The US dollar is a significant expense currency in Finnair's operations, while the Japanese yen is a significant income currency.

** 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. Numbers reflect destination cities, rather than airports and exclude seasonal routes.*

Strategy implementation and partnerships

In May, Finnair's Board of Directors approved the company's strategic targets as part of Finnair's annual strategy work. Finnair's strategic objectives are to double Asian revenues by 2020 from the 2010 level, grow traffic via Helsinki by fully exploiting Finland's geographic location, and create shareholder value and be an attractive investment. The long-term return objective set for the company by Finnair's Board of Directors is an operating profit margin of six per cent, which would enable investments in growth and business development.

<u>Joint businesses</u>

On 1 April 2014 Finnair entered the joint business established in 2012 by fellow **one**world alliance partners Japan Airlines and British Airways for traffic between Europe and Japan. Finnair had previously, in July 2013, joined the transatlantic joint business founded by fellow **one**world alliance members American Airlines, British Airways and Iberia. These joint businesses have started well and their performance so far has been in line with expectations.

Regional flying

In November 2014, Finnair and Flybe UK Ltd announced that the Flybe Nordic AB shares owned by Flybe Ltd will be sold to a new majority shareholder or to Finnair. Flybe Nordic is a jointly owned venture between Flybe UK Ltd and Finnair. Flybe Nordic owns fully the Finnish subsidiary Flybe Finland Ltd, which is in charge of Finnair's regional airline operations. Flybe Finland operates approximately one third of Finnair's narrow-body fleet on a contract flying basis.

The Finnish Competition and Consumer Authority approved the sale of Flybe UK Ltd's 60 per cent ownership of Flybe Nordic AB to StaffPoint Holding Ltd and G.W. Sohlberg Ltd in January 2015. The transaction price was 1 euro. Following completion of the sale, StaffPoint's ownership in the joint venture is 45 per cent, GWS's 15 per cent, and Finnair's 40 per cent. Flybe Finland and its Board of Directors will now jointly develop the company's business model and improve the efficiency and profitability of regional flying.

In its 2014 financial statements, Finnair recognized a write-down of a subordinated loan issued to Flybe Finland and interest on the loan, amounting to 10.8 million euros combined, and a total of 11.3 million euros in advance payments and other operational receivables from Flybe Finland. The write-down of the subordinated loan and its interest is recognized in financial expenses and the write-down of advance payments and other operational receivables in non-recurring items. After the write-downs, Finnair still has running advance payments and other operational receivables from Flybe Finland, and Finnair continuously monitors the accuracy of the valuation of items related to the Flybe Finland cooperation.

Progress of the structural change and cost reduction program

At the beginning of October, Finnair completed the sale of its subsidiary Finnair Travel Retail's shops at Helsinki Airport to World Duty Free Helsinki Oy, the Finnish subsidiary of World Duty Free Group. The transaction does not concern inflight sales. The transaction had a positive impact of 12.7 million euros on Finnair's operating result in the fourth quarter.

By the end of 2014, Finnair had achieved a total permanent annual cost reduction of approximately 217 million euros compared to the unit cost level in 2010. The cost reduction target was 200 million euros. The cost reductions will be reflected in full in Finnair's result in 2015, and their positive impact on the result for 2014 was approximately 180 million euros. The achieved cost reductions of 217 million euros include approximately 15 million euros in savings negotiated with various employee groups in 2014 based on collective labour agreements.

Unit costs excluding fuel have declined by 13.4 per cent from the 2010 level by the end of 2014. At the same time, Finnair has been able to move a substantial share of fixed costs to volume-based variable costs. Going forward, Finnair will continue to maintain tight control over costs in all of its cost categories.

Finnair and the Finnish Cabin Crew Union (SLSY) reached a savings agreement in October. The agreement brings Finnair 18 million euros in permanent annual savings. Approximately 75 per cent of the savings will materialise during this agreement period ending on 15 November 2016 and approximately 25 per cent in the future through changes to the employment terms of new cabin attendants. In return, Finnair offered cabin personnel protection from redundancies for the next two years, protection from outsourcing and a fixed-term pension incentive.

The savings agreement concluded with SLSY includes the estimated savings impact and non-contesting of the outsourcing contracts already signed concerning the Hong Kong and Singapore routes. Finnair and the Norwegian crew management company OSM Aviation signed an agreement in September on the outsourcing of cabin services on these routes. The cabin crew for these routes will be recruited to OSM Aviation's bases in Asia. The outsourcing is estimated to start in March 2015, provided that OSM can obtain the required work permits for its personnel by then.

A savings agreement negotiated in December with technical services personnel belonging to Trade Union Pro was confirmed after the end of the review period in January. In return, Finnair gave technical services personnel protection from redundancies until 30 June 2016. When implemented, the agreement will produce in savings of approximately one million euros through the elimination of allowances and the extension of working hours.

A significant proportion of the savings agreed on in 2014 will be gradually reflected in the company's result starting from the first quarter of 2015. The materialisation of some of the savings depends on the extent to which Finnair can utilise the extended working hours in its operations.

Financial performance in October–December 2014

Finnair's revenue in the fourth quarter of 2014 fell by 1.4 per cent year-on-year to 552.7 million euros (560.6). Capacity decreased by 0.5 per cent. The main factors contributing to the decrease in revenue were the contraction of Aurinkomatkat Suntours' revenue, the loss of external revenue resulting from the restructuring of aviation services, and a substantial contraction in cargo traffic with respect to separate freighter flights. Operational costs excluding fuel decreased by 3.1 per cent from the comparison period, amounting to 411.3 million euros (424.2). Fuel costs, including hedging and costs incurred from emissions trading, decreased by 4.7 per cent year-on-year to 156.1 million euros (163.9) due to a decrease in the market price of fuel and a slight decline in capacity. Personnel costs decreased by 12.5 per cent to 82.5 million euros (94.4). Euro-denominated operational costs amounted to 567.4 million euros (588.1). 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 -9.3 million euros (-21.1).

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 -32.1 million euros (15.7). The non-recurring items for October–December amounted to 0.0 million euros (-2.5) and included items related to the sale of Finnair Travel Retail's shops, fleet sale and leaseback agreements and write-down of advance payments and other operational receivables associated with Flybe Finland. The operating result was -41.4 million euros (-7.9). The result before taxes for October–December was -55.4 million euros (-13.2) and the result after taxes was -47.1 million euros (-6.5).

Unit revenue per available seat kilometre (RASK) increased by 2.8 per cent year-on-year and amounted to 6.22 euro cents (6.05). Excluding the effect of exchange rate fluctuations, passenger unit revenue was unchanged from the comparison period. Unit cost per available seat kilometre (CASK) decreased by 1.7 per cent and amounted to 6.54 euro cents (6.65). Unit cost excluding fuel (CASK excl. fuel) decreased by 1.1 per cent due to the cost reduction program and totalled 4.49 euro cents (4.54).

Financial performance in January–December 2014

Finnair's revenue in 2014 declined by 4.8 per cent from 2013 and totalled 2,284.5 million euros (2,400.3). Capacity decreased by 0.9 per cent. The main factors contributing to the decrease in revenue were a substantial decline in unit revenue, particularly in Asian traffic, the contraction of Aurinkomatkat Suntours' revenue, the loss of external revenue resulting from the restructuring of aviation services, the declining purchases by tour operators outside the Group, and the weak development of cargo. Operational costs excluding fuel decreased by 2.2 per cent year-on-year, amounting to 1,678.8 million euros (1,717.3). Fuel costs, including hedging and costs incurred from emissions trading, decreased by 4.3 per cent year-on-year to 660.4 million euros (689.9) due to a decline in the market price of fuel and a decrease in capacity. Personnel costs declined by 9.6 per cent to 344.5 million euros (381.3) due to the personnel reductions implemented in 2014. Euro-denominated operational costs declined by 2.8 per cent to 2,339.2 million euros (2,407.2). 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 -36.5 million euros (11.9).

The change in the fair value of derivatives and in the value of foreign currency-denominated fleet maintenance reserves amounted to -43.7 million euros (21.7). The non-recurring items for the period included items related to the sale of Finncatering Oy, the sale of Finnair Travel Retail's shops, fleet sale and leaseback agreements, write-down of advance payments and other operational receivables associated with Flybe Finland, and items related to the company's restructuring amounting in total to 7.7 million euros (-25.7). The operating result was -72.5 million euros (7.9). Finnair's result in 2014 before taxes was -99.1 million euros (26.8) and the result after taxes was -82.5 million euros (22.9).

Unit revenue per available seat kilometre (RASK) declined by 2.2 per cent compared to 2013 and amounted to 6.10 euro cents (6.24). Excluding the effect of exchange rate fluctuations, passenger unit revenue declined by 1.9 per cent from the comparison period. Unit cost per available seat kilometre (CASK) decreased by 1.6 per cent and amounted to 6.37 euro cents (6.47). Unit cost excluding fuel (CASK excl. fuel) decreased by 1.1 per cent due to the cost reduction program and totalled 4.31 euro cents (4.35).

The Board of Directors' proposal for the distribution of profit

The aim of Finnair's dividend policy is to pay, on average, at least one-third of the earnings per share as a dividend during an economic cycle. The aim is to take into account the company's earnings trend and outlook, financial situation and capital needs in the distribution of dividends. In 2014, earnings per share from the result of the period (before hybrid bond interest) was -0.65 (0.18) euros, and earnings per share was -0.71 (0.11) euros.

Finnair Plc's distributable equity amounted to 149,223,743.79 euros on 31 December 2014. The Board of Directors proposes to the Annual General Meeting that no dividend is paid for 2014.

Balance sheet on 31 December 2014

The Group's balance sheet totalled 1,885.1 million euros at the end of the period under review (2,117.6 million euros on 31 December 2013). Shareholders' equity decreased to 514.3 million euros (678.0), or 4.02 euros per share (5.30). Shareholders' equity declined during the financial year due to the result and comprehensive income showing a loss.

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 2014 was -87.4 million euros (-15.0) 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 2014, net cash flow from operating activities amounted to 24.2 million euros (142.4). The change is primarily due to the company's loss-making result. Net cash flow from investments totalled 14.4 million euros (-19.3).

The equity ratio was 27.7 per cent (32.6) and gearing was 0.3 per cent (19.9). The adjusted gearing was 107.5 per cent (79.2). At the end of the year, interest-bearing debt amounted to 427.6 million euros (593.0) and interest-bearing net debt stood at 1.4 million euros (134.2). In the first quarter, the company repaid an aircraft financing loan of 107 million euros, which was used to finance four A330 aircraft. Sale and leaseback agreements for these aircraft were implemented during the first half of the year.

The company’s liquidity remained strong in the review period. The Group’s cash funds amounted to 426.1 million euros (458.8) at the end of the year. In addition to the cash funds 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. Drawing these reserves requires a bank guarantee. Finnair has an entirely unused 180 million euro 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 66.4 million euros (66.0).

Finnair has a 200-million-euro short-term commercial paper program, of which 28 million euros were in use at the end of December. Net cash flow from financing amounted to -180.3 million euros (-47.4). Financial expenses were 26.9 million euros (19.7), and they include the write-downs of a subordinated loan issued to Flybe Finland and interest on the loan. Financial income stood at 3.5 million euros (42.6). The financial income for 2013 includes profit from the sale of shares in Norwegian Air Shuttle ASA.

Capital expenditure

In 2014, capital expenditure excluding advance payments totalled 82.4 million euros (77.3) and was related to the Business Class seat renewal of the long-haul fleet and engine performance restorations. Capital expenditure for the full year 2015, including advance payments, is estimated at approximately 480 million euros, with investments in the fleet representing a majority of this total.

The current state of the credit market and Finnair’s good debt capacity enables the financing of future fixed-asset investments on competitive terms. The company has 35 unencumbered aircraft, the balance sheet value of which corresponds to approximately 62 per cent of the value of the entire fleet of 0.8 billion euros. The balance sheet value includes three finance lease aircraft.

Aircraft sale and leaseback agreements

In December 2014, Finnair signed a memorandum of understanding with GOAL German Operating Aircraft Leasing GmbH & Co for the sale and leaseback of three Embraer 190 aircraft and a memorandum of understanding with Doric Asset Finance GmbH & Co. KG for the sale and leaseback of six ATR 72 aircraft. The aircraft included in the arrangements are operated by Flybe Finland. Sale and leaseback agreements for all nine aircraft are expected to be concluded by the end of March 2015, after which Finnair will continue to sublease the aircraft to Flybe Finland.

Finnair has also signed an agreement for the sale and leaseback of its first two Airbus A350 XWB aircraft. The agreement is expected to be concluded in conjunction with the delivery of the first Airbus A350 XWB aircraft in autumn 2015.

Fleet

Finnair’s fleet is managed by Finnair Aircraft Finance Ltd, a wholly-owned subsidiary of Finnair Plc. At the end of December 2014, Finnair itself operated 45 aircraft, of which 15 are wide-body and 30 narrow-body aircraft. There were no changes to the composition of the fleet in the fourth quarter. As of March 2014, the company operates an all-Airbus fleet.

In addition to the aircraft operated by Finnair, its balance sheet includes 22 other aircraft owned by the company. These aircraft are operated by Flybe Finland. In December, Finnair sold three Embraer 170 aircraft to Infinity Aviation Capital LLC, a US-based aircraft leasing company, in accordance with the memorandum of understanding signed in May 2014. Finnair also has eight leased aircraft that it has subleased to be operated by other airlines.

The average age of the fleet operated by Finnair was 10.2 years at the end of 2014, and that of the Finnair fleet operated by Flybe Finland was 6.2 years.

Fleet operated by Finnair on 31.12.2014	**Seats**	**#**	**Own**	**Leased (Operational leasing)**	**(Finance leasing)**	**Average age**	**Change from 31.12.2013**	**Ordered**	**Add. options**
Narrow-body fleet									
Airbus A319	138	9	7	2		13.4			
Airbus A320	165	10	6	4		12.4			
Airbus A321	209/196	11	4	7		8.1	+2		
Boeing B757	227	0	0	0			-2		
Wide-body fleet									
Airbus A330	297/271/263	8	0	5	3	5.2			
Airbus A340	270/269	7	5	2		12.0			
Airbus A350	297							19	
Total		**45**	**22**	**20**	3	10.2	**0**	**19**	**0**

Fleet owned by Finnair and operated by Flybe Finland on 31.12.2014	**Seats**	**#**	**Own**	**Average age**	**Change from 31.12.2013**	**Ordered**	**Add. options**
ATR 72	68–72	12	12	5.4			
Embraer 170	76	2	2	8.8	-3		
Embraer 190	100	8	8	6.0			
Total		**22**	**22**	6.2	**-3**	**0**	**0**

<u>Airbus A350 XWB aircraft and phasing out A340 aircraft</u>

In December 2014, Finnair firmed up the eight Airbus A350 XWB aircraft options in its A350 order originally placed with Airbus in 2006 and subsequently amended. At Airbus list prices, the value of the additional eight A350 aircraft would be approximately 1.9 billion euros. The firm-up of the options increases the total number of Finnair's A350 XWB orders to 19.

Airbus received type certification for the A350 XWB from the European Aviation Safety Agency (EASA) in September 2014 and from the United States Federal Aviation Administration (FAA) in November 2014. The aircraft type had a successful commercial launch in January 2015 in scheduled traffic by Finnair's **one**world alliance partner Qatar Airways. Based on the current delivery schedule, Finnair will receive the first four A350 XWB aircraft in the second half of 2015, seven between 2016 and 2017, and eight more between 2018 and 2023. Finnair plans to phase out its A340 aircraft by the end of 2017, following the successful 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 renewals and residual value risk related to A340s. 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.

Business area development in October–December 2014

The segment reporting of Finnair Group's financial statements is based on business areas. The reporting business areas are Airline Business and Travel Services. From the first quarter of 2014 onward, the Aviation Services segment is not reported separately. Instead, the operations it included are reported as part of the Airline Business segment. The segment information for the 2013 financial year has been restated accordingly.

Airline Business

This business area is responsible for scheduled passenger and charter traffic as well as cargo sales, customer service and service concepts, flight operations and activity connected with the procurement and financing of aircraft. The Airline Business segment comprises the Sales & Marketing, Operations and Resources Management functions as well as the subsidiaries Finnair Cargo Ltd, Finnair Flight Academy Ltd and Finnair Aircraft Finance Ltd. From the first quarter of 2014 onward, the Aviation Services segment also includes aircraft maintenance, Finnair Travel Retail Ltd and Finnair's property holdings, office services and the management and maintenance of properties related to the company's operational activities.

Key figures	10–12 2014	10–12 2013	Change %	1–12 2014	1–12 2013	Change %
Revenue and result						
Revenue, EUR million	522.0	526.9	-0.9	2,167.7	2,271.9	-4.6
Operational result, EUR million	-14.2	-21.9	35.2	-43.5	8.8	<-200
Operating result, EBIT, EUR million	-46.1	-8.0	<-200	-78.4	6.3	<-200
Operating result, % of revenue	-8.8	-1.5	-7.3%-p	-3.6	0.3	-3.9%-p
Personnel						
Average number of employees				4,232	4,834	-12.5

The revenue of Airline Business in October–December fell by 0.9 per cent to 522.0 million euros (526.9). Revenue from passenger traffic constitutes approximately 75 per cent of the segment's revenue and cargo revenue approximately 11 per cent. The segment's operational result was -14.2 million euros (-21.9).

Finnair changed traffic reporting practices from the beginning of the winter season and discontinued the reporting of leisure traffic as a separate traffic area. This change reflects changes in operating model, in which previously operated leisure flights were changed to scheduled service. This change offers passengers better opportunities to tailor their travel and opens up more sales channels for popular leisure destinations. From October 2014, the traffic areas reported by Finnair are passenger traffic, with Asian, European, North Atlantic and domestic traffic reported separately, and cargo traffic. The data for the comparison period has been revised to correspond with the new reporting practices.

In October–December, Finnair's overall capacity declined by 0.5 per cent and traffic measured in revenue passenger kilometres increased by 2.5 per cent year-on-year. The passenger load factor for all traffic increased by 2.3 percentage points to 77.7 per cent. In Asian traffic, capacity declined by 3.4 per cent and traffic measured in revenue passenger kilometres increased by 0.5 per cent year-on-year. The load factor in Asian traffic rose by 3.0 percentage points to 79.4 per cent. In European traffic, capacity increased by 2.8 per cent and traffic measured in revenue passenger kilometres grew by 5.4 per cent. The load factor in European traffic rose by 1.9 percentage points to 76.5 per cent. In North Atlantic traffic, capacity increased by 0.9 per cent and traffic measured in revenue passenger kilometres fell by 0.5 per cent year-on-year. The load factor in North Atlantic traffic decreased by 1.1 percentage points to 79.6 per cent. In domestic traffic, capacity increased by 3.4 per cent and traffic measured in revenue passenger kilometres grew by 7.1 per cent year-on-year. The load factor in domestic traffic rose by 2.3 percentage points to 66.4 per cent.

Cargo transported on scheduled flights (belly cargo) constitutes a significant proportion of the revenue from long-haul traffic. In the fourth quarter, belly cargo accounted for approximately 18 per cent of total long-haul revenue. The amount of cargo and mail carried by Finnair in scheduled traffic declined by 3.3 per cent year-on-year. The available tonne kilometres declined by 2.1 per cent and the revenue tonne kilometres increased by 2.1 per cent. Finnair's overall load factor increased by 2.8 percentage points year-on-year, to 67.3 per cent. Finnair Cargo also operated wet-leased freighter flights in the third quarter to Hanoi, Hong Kong and Brussels, as well as to Tokyo as part of capacity cooperation with JAL Cargo. Wet-leased freighter flights to Hong Kong were discontinued in December due to weak revenue development caused by overcapacity, as well as the negative development of exchange rates. Wet-leased freighter flights accounted for approximately 20 per cent of total cargo traffic in the third quarter.

In October–December, unit revenue per available seat kilometre (RASK) increased by 2.8 per cent from the comparison period.

Measured in Available Seat Kilometers the market capacity between Helsinki and Finnair's European destinations grew by 9.4 per cent in the last quarter. The market capacity between Finnair's Asian and European destinations increased by 3.5 per cent. Finnair increased its market share in European traffic (point-to-point) clearly to 54.0 per cent (50.5), whereas in Asian traffic Finnair's market share decreased slightly to 4.8 per cent (5.1).*

The arrival punctuality of Finnair's flights was good in October–December, with 88.1 per cent (87.9) of scheduled flights arriving on schedule.

** 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. Numbers reflect destination cities, rather than airports and exclude seasonal routes.*

Air traffic services and products

Route network and alliances

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. In the summer season 2014, Finnair operated at most 78 flights to Asia per week. The number of flights to Asia per week is also at most 78 in the winter season 2014/2015.

In the summer, Finnair opened new routes to Nizhny Novgorod, Samara and Kazan in Russia, but the operation of these routes has been suspended for the period from 1 February to 22 April 2015 for commercial reasons. In the winter season 2014–2015, Finnair launched scheduled traffic to Miami, Phuket and Krabi.

Finnair also announced new scheduled summer destinations for 2015 (Dublin, Malta, Athens, Split, Chicago and Madeira) and new scheduled destinations for the winter season 2015/2016 (Ho Chi Minh City, Eilat, Lanzarote, Fuerteventura and Madeira).

Other renewals and services

In August, Finnair revealed the cabin design for its new A350 aircraft and announced a number of product upgrades for long-haul flights and European routes. The product upgrades are based on customer feedback collected by Finnair. During the autumn, the inflight entertainment system on all long-haul aircraft was upgraded and a new mobile application was launched to make the various stages of the travel experience smoother. The complimentary cold snack service on European flights was replaced with a versatile buy-on-board Sky Bistro service at the beginning of November, and the new Economy Comfort product on long-haul flights was introduced in mid-December.

In the beginning of December, the **one**world alliance introduced new benefits to the most loyal customers of its member airlines, giving Finnair Platinum and Gold tier members additional benefits concerning baggage when they fly **one**world member airlines.

Finnair also announced the start of cooperation with leading restaurants in Finland. Signature Menus designed for Finnair will be available on a rotating basis in Business class on long-haul flights from Helsinki from the end of January 2015. As part of the cooperation, Finnair will also offer special menus next year to celebrate the arrival of the new Airbus A350 aircraft as well as Christmas 2015.

The design collaboration between Finnair and Marimekko took a new step in December when Finnair's second Airbus 330 aircraft in livery inspired by Marimekko's classic Unikko print took to the skies.

Awards

In early October, Finnair was named Best European Airline for the second year running at the annual Asia-Pacific TTG Travel Awards.

Travel Services (Tour Operators and Travel Agencies)

This business area consists of the tour operator Aurinkomatkat (Suntours), its subsidiary operating in Estonia, business travel agent SMT and its subsidiary Estravel, which operates in the Baltic countries, as well as Amadeus Finland, which produces travel sector information systems and solutions. Aurinkomatkat Suntours serves leisure travellers, offering its customers package tours, tailored itineraries, flight and hotel packages, flights and cruises, as well as golf, sailing and skiing holidays.

Key figures	10–12 2014	10–12 2013	Change %	1–12 2014	1–12 2013	Change %
Revenue and result						
Revenue, EUR million	55.5	68.5	-19.0	216.7	251.7	-13.9
Operational result, EUR million	4.8	0.8	> 200	7.0	3.1	129.7
Operating result, EBIT, EUR million	4.7	0.2	> 200	5.9	1.6	> 200
Operating result, % of revenue	8.4	0.2	8.2 %-p	2.7	0.6	2.1%-p
Personnel						
Average number of employees				645	751	-14.1

The revenue of Travel Services in October–December decreased by 19.0 per cent year-on-year, primarily due to a contraction in Aurinkomatkat Suntours' revenue, and amounted to 55.5 million euros (68.5). The operational result of Travel Services improved substantially, mainly due to cost reduction measures and operational restructuring implemented both in Aurinkomatkat Suntours and business travel agency SMT after the review period and amounted to 4.8 million euros (0.8).

Changes in senior management

At the beginning of July, Eija Hakakari, 53, was appointed Finnair's new Senior Vice President, Human Resources, and a member of Finnair's Executive Board. Hakakari moved to Finnair from her previous position of SVP Human Resources at Stora Enso's Printing and Living division, taking up her new post at Finnair on 1 October 2014. Her predecessor, Manne Tiensuu, left Finnair on 31 August 2014.

In September, Finnair appointed Juha Järvinen, 38, Chief Commercial Officer and a member of Finnair's Executive Board as of 1 November 2014. Järvinen transferred to the new position from his post of Managing Director of Finnair Cargo. Järvinen's predecessor, Allister Paterson, left Finnair on 31 December 2014.

Gregory Kaldahl, SVP Resource Management and a member of Finnair's Executive Board, left Finnair at the end of 2014 at the end of his four-year contract. Jukka Lahtinen has been appointed the interim head of

Resource of Management until Kaldahl's successor has been selected. Lahtinen reports to CEO Pekka Vauramo.

Personnel

The number of Finnair employees decreased in 2014 due to the structural changes in the company. The Group employed an average of 5,172 (5,859) people, which is 11.7 per cent fewer than in the previous year. The Airline Business segment employed an average of 4,232 (4,834) people during the year. Travel Services employed an average of 645 (751) people and other functions 295 (274) people. The number of employees in an employment relationship was 4,981 (5,803) on 31 December 2014.

Own shares

Finnair did not acquire its own shares in 2014. In the first quarter, the number of shares held by Finnair increased by 27,092 shares, and in the third quarter, by 6,772 shares, that in both instances were returned to Finnair pursuant to the rules of the company's performance share plan for 2010–2012. In the fourth quarter, the company transferred 940 of its own shares as incentive bonuses to members of the FlyShare employee share savings plan. On 31 December 2014, Finnair held a total of 312,092 of its own shares (279,168), representing 0.24 per cent of the total share capital.

Share price development and trading

At the end of December 2014, Finnair's market value stood at 317.8 million euros (354.9), and the closing price of the share was 2.48 euros (2.77). During 2014, the highest price for the Finnair share on the NASDAQ OMX Helsinki Stock Exchange was 3.01 euros (3.25), the lowest price 2.30 euros (2.40) and the average price 2.68 euros (2.86). Some 21.4 million (26.0) of the company's shares, with a total value of 54.1 million euros (74.2), were traded.

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 7.6 per cent (12.9) were held by foreign investors or in the name of a nominee.

Flagging notifications

On 26 November 2014, funds managed by Skagen AS issued a flagging notification indicating that their combined share of Finnair Plc shares and votes had fallen to zero (less than 5 per cent) following the sale of their shares.

Corporate responsibility

In the fourth quarter of 2014,

- Finnair's overall customer satisfaction was close to the level seen in recent years and the target set for it. The weighted overall score given by customers for the flight experience was 8.0/10.
- The wellbeing-at-work index measured in the autumn increased slightly from the previous year, amounting to 3.9/5.0 (3.8/5.0). (Scale: 1=very poor – 5=excellent). The four areas covered by the wellbeing-at-work survey are My Immediate Supervisor, My Work Community, My Perspective, and My Health and Safety. The general wellbeing-at-work of Finnair's personnel is measured twice per year.
- Finnair's fuel consumption and CO_2 emissions increased by 0.06 per cent year-on-year. Consumption and emissions per available seat kilometre also increased slightly, by 0.54 per cent year-on-year.

Finnair is cooperating with industry operators and the authorities to reduce the climate impacts of aviation and to achieve goals such as developing biofuel supply chains and reducing costs to allow for the broader use of biofuels in the industry. Finnair's target is to reduce its CO_2 emissions by 20 per cent per one hundred tonne kilometres flown from the 2009 level by 2017.

In October, Finnair became the only airline to be awarded a position on the A List of the Carbon Disclosure Project's Climate Performance Leadership Index (CPLI) for actions to reduce carbon dioxide emissions and mitigate the business risks of climate change. The index presents 187 listed companies identified as demonstrating a superior approach to climate change mitigation.

As part of the implementation of its IEnvA environmental system, Finnair published an updated Environmental Policy in October.

In September, the International Air Transport Association (IATA) announced that Finnair Cargo will be among the first airlines to receive a PHARMA certificate in early 2015. Pharmaceuticals, such as vaccines and biotech medicines, are among the most delicate products transported as air cargo, and Finnair Cargo is one of the first two airlines in the world to participate in IATA's PHARMA certification program.

Starting in October 2014, cooperation between Finnair, the UN Children's Fund UNICEF and the travel industry information systems provider Amadeus has allowed Finnair passengers to make a donation to UNICEF when purchasing tickets on Finnair's website. The donations are directed to the UNICEF Schools for Asia initiative, which aims to change the lives of children in 11 Asian countries through education.

Finnair has reported on environmental sustainability since 1997, and in 2008 became one of the first airlines to report according to GRI guidelines. The GRI, formed with the support of the United Nations Environment Program, is the most widely recognised international authority on sustainability reporting.

The Annual Report for 2014 will be published at the end of February 2015, and will report the financial, economic, social and environmental performance of the Finnair Group in accordance with the GRI guidelines, and identify and explain the strategic business ramifications of this performance. Finnair will also report on its UN Global Compact targets as part of the report. The Annual Report for 2013 was published in March 2014.

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 changes in 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 constitute a risk for Finnair's revenue development, as does the reduction in the demand for passenger or cargo flights due to slowing or non-existent economic growth in Finnair's main markets.

The significance of joint operations involving closer cooperation than airline alliances, such as joint businesses, is expected to continue to grow. Being left out of potential new joint projects may have a negative effect on Finnair's competitive position.

The achievement of the strategic gains and cost reductions sought through Finnair's partnership projects and outsourcing projects involve 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, or suppliers may obtain bargaining power in relation to Finnair.

The entry into service of the next-generation Airbus A350 XWB aircraft involves risks associated with new technology and roll-out processes.

The aviation industry is affected by a number of regulatory initiatives at the 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 initiatives 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.

The proposed change in the Finnish pension system concerning the statutory retirement age would increase Finnair's pension liabilities, if Finnair's supplementary pension plan cannot be amended in line with the Finnish national pension reform.

Over the past year, Finnair has carried out more detailed assessments of the use of airspace in conflict areas and clarified its contingency plans for disruptions affecting flight operations and airspace restrictions. 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 very much at their lowest in the first quarter and at their highest in the third quarter of the year. The growing proportional share of Asian traffic increases seasonal fluctuation due to destination-specific seasons in Asian leisure and business travel.

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

In addition to operational activities, fuel price development has a key impact on Finnair's result, as fuel costs are the company's most significant expense item. A 10-per-cent change in the world market price of fuel has an effect of approximately 16 million euros on Finnair's operating result at an annual level (for the following 12 months on a rolling basis at the balance sheet date), taking hedging into account. Without hedging, a 10-per-cent change would have an effect of approximately 43 million euros on Finnair's operating result at an annual level.

Finnair's foreign exchange risk arises primarily from fuel and aircraft purchases, aircraft leasing payments and sales revenue denominated in foreign currencies. Approximately 60 per cent of the Group's revenue was denominated in euros in the fourth quarter of 2014. The most important other foreign sales currencies were the Japanese yen (approximately 8 per cent of revenue), the Chinese yuan (approximately 6 per cent) and the Swedish crown (approximately 6 per cent). Approximately 48 per cent of the Group's operating costs were denominated in foreign currencies. The most important purchasing currency was the US dollar, which accounted for approximately 41 per cent of all operating costs. Significant dollar-denominated expense items are aircraft leasing payments and fuel costs as well as traffic charges. The largest investments, namely the acquisition of aircraft and their spare parts, are mainly denominated in US dollars.

A 10-per-cent change in the euro-dollar exchange rate has an effect of approximately 12 million euros on Finnair's operating result at an annual level (for the following 12 months on a rolling basis at the balance sheet date), taking hedging into account. Without hedging, a 10-per-cent change would have an effect of approximately 66 million euros on Finnair's operating result at an annual level. The sensitivity analysis assumes that the Chinese yuan and the Hong Kong dollar continue to correlate strongly with the US dollar. A 10-per-cent change in the euro-yen exchange rate has an effect of approximately 6 million euros on Finnair's operating result at an annual level (for the following 12 months at the balance sheet date), taking hedging into account. Without hedging, a 10-per-cent change would have an effect of approximately 17 million euros on Finnair's operating result at an annual level.

The company protects itself against the risks of currency, interest rate and jet fuel positions by using different derivative instruments, such as forward contracts, swaps and options, according to the risk management policy verified by the Board of Directors. Fuel purchases are hedged for 24 months forward on a rolling basis, and the degree of hedging decreases towards the end of the hedging period. The higher and lower limits of the degree of hedging are 90 and 60 per cent for the following six months. At the end of December, the hedging ratio for fuel purchases was 75 per cent for the first half of 2015 and 64 per cent for the whole year. The hedging ratio for a dollar basket over the following 12 months was 82 per cent, and the hedging ratio for a yen basket was 73 per cent.

Events after the review period

The Finnish Competition and Consumer Authority approved the sale of Flybe UK Ltd's 60 per cent ownership of Flybe Nordic AB to Staffpoint Holding Ltd and Oy G. W. Sohlberg Ltd in January 2015. The transaction price was one euro. Flybe Nordic owns fully the Finnish subsidiary Flybe Finland Ltd, which is in charge of Finnair's regional airline operations. Flybe Finland operates approximately one third of Finnair's narrow-body fleet on a contract flying basis. Following completion of the sale, Staffpoint's ownership in Flybe Finland is 45 per cent, GWS's 15 per cent and Finnair's 40 per cent.

The proposals of Shareholders' Nomination Board to the Annual General Meeting of Finnair Plc and concerning the composition of the Board of Directors and the remuneration of the members of the Board of Directors were published as a stock exchange release on 29 January 2015.

In January, Finnair became the first airline in Europe to be certified as a Stage 2 operator in the IATA (International Air Transport Association) Environmental Assessment (IEnvA) program. The system is designed to independently assess and improve an airline's environmental management. Finnair is one of only two global carriers to be certified as an IEnvA Stage 2 operator. As part of the program, Finnair has set the following environmental performance targets for its operations:

- 40 per cent reduction of anti-icing fluid usage in 2006–2016.
- 20 per cent reduction of CO_2 emissions in 2009–2017.
- 10 per cent reduction of energy usage in corporate facilities in 2007–2016.
- 10 per cent decrease of non-EU waste/passenger in 2014–2016.
- 40 per cent noise reduction in 2005–2017.

Finnair improved its Finnair Plus frequent flyer program in January by removing fuel surcharge fees from European Classic flight awards, as well as from Tel Aviv and Dubai Classic flight awards. The passengers pay taxes and other government charges on their flights.

In January 2015, Finnair was named 2014's most punctual major European carrier by travel data company FlightStats. The **one**world alliance was also named the most on-time global alliance in the same survey.

Publication of the Financial Statements and Report of the Board of Directors 2014 and the 2015 Annual General Meeting 2015

The Report of Finnair Plc's Board of Directors and the financial statements for 2014 are published in their entirety on 11 February 2015. They are also included in the company's Annual Report to be published at the end of February 2015. The financial statements in their entirety, the Board of Directors' Report and other final accounts referred to in the Limited Liability Companies Act will be available on the company's website on 4 March 2015 at the latest.

Finnair Plc's Annual General Meeting 2015 will be held on 25 March 2015 at 4:00 p.m. in Helsinki.

Corporate Governance Statement

Finnair Plc's Corporate Governance Statement is published on 11 February 2015 as a document separate from the Report of the Board of Directors, and it is also available on the company's website.

Financial reporting

Finnair's interim report for 1 January – 31 March 2015 will be published on Thursday 7 May 2015.

FINNAIR PLC
Board of Directors

Briefings

Finnair will hold a press conference on 11 February 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 for analysts will begin at 3:00 p.m. Finnish time. The conference may be attended by dialling your local access number +358 800 770 306 and using the PIN code 255856#

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Key figures	Q4 2014	Q4 2013	Change %	2014	2013	Change %
Revenue and result						
Revenue, EUR million	552.7	560.6	-1.4	2,284.5	2,400.3	-4.8
Operational result, EUR million *	-9.3	-21.1	55.7	-36.5	11.9	<-200 %
Operational result, % of revenue	-1.7	-3.8	2.1 %-p	-1.6	0.5	-2.1 %-p
Operating result, EUR million	-41.4	-7.9	<-200 %	-72.5	7.9	<-200 %
Operational EBITDAR, EUR million	43.5	28.0	55.5	176.6	210.1	-16.0
Result before taxes, EUR million	-55.4	-13.2	<-200 %	-99.1	26.8	<-200 %
Net result, EUR million	-47.1	-6.5	<-200 %	-82.5	22.9	<-200 %
Balance sheet and cash flow						
Equity ratio, %				27.7	32.6	-4.9 %-p
Gearing, %				0.3	19.9	-19.6 %-p
Adjusted gearing, %				107.5	79.2	28.2 %-p
Gross capital expenditure, EUR million	14.0	26.6	-47.4	82.4	77.3	6.5
Return on capital employed (ROCE), 12 months rolling, %				-6.5	3.6	-10.1 %-p
Return on equity (ROE), 12 months rolling, %				-13.8	3.2	<-200 %
Net cash flow from operating activities, EUR million	-15.7	14.0	<-200 %	24.2	142.4	-83.0
Share						
Share price at the end of quarter, EUR				2.48	2.77	
Result for the period per share, EUR **	-0.37	-0.05	<-200 %	-0.65	0.18	<-200 %
Earnings per share (EPS), EUR	-0.38	-0.05	<-200 %	-0.71	0.11	<-200 %
Traffic data, unit costs and revenue						
Passengers, 1,000	2,273	2,148	5.8	9,630	9,269	3.9
Available seat kilometres (ASK), million	7,395	7,430	-0.5	30,889	31,162	-0.9
Revenue passenger kilometres (RPK), million	5,744	5,602	2.5	24,772	24,776	0.0
Passenger load factor, %	77.7	75.4	2.3 %-p	80.2	79.5	0.7 %-p
Unit revenue per available seat kilometre, (RASK), cents/ASK	6.22	6.05	2.8	6.10	6.24	-2.2
Unit revenue per revenue passenger kilometre, yield, cents/RPK	6.77	6.88	-1.6	6.59	6.86	-4.0
Unit cost per available seat kilometre, (CASK), cents/ASK	6.54	6.65	-1.7	6.37	6.47	-1.6
CASK excluding fuel, cents/ASK	4.49	4.54	-1.1	4.31	4.35	-1.1
Available tonne kilometres (ATK), million	1,107	1,131	-2.1	4,644	4,709	-1.4
Revenue tonne kilometres (RTK), million	745	730	2.1	3,130	3,107	0.7
Cargo and mail, tonnes	36,731	37,983	-3.3	149,141	146,654	1.7
Cargo traffic unit revenue per revenue tonne kilometre, cents/RTK	23.89	27.29	-12.4	23.40	25.14	-6.9
Overall load factor, %	67.3	64.5	2.8 %-p	67.4	66.0	1.4 %-p
Flights, number	24,310	23,648	2.8	99,056	97,360	1.7
Personnel						
Average number of employees				5,172	5,859	-11.7

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

** Before hybrid bond interest.

Comparative figures for 2013 have been restated due to change in accounting principles related to treatment of overhauls. In addition, comparative figures in balance sheet have been effected by the netting of deferred taxes. See note 2 for more information.

CONSOLIDATED INCOME STATEMENT

in mill. EUR	Q4 2014	Q4 2013	Change %	2014	2013	Change %
Revenue	**552.7**	**560.6**	**-1.4**	**2,284.5**	**2,400.3**	**-4.8**
Other operating income	5.3	6.4	-16.6	18.3	18.8	-2.7
Operating expenses						
Staff costs	-82.5	-94.4	-12.5	-344.5	-381.3	-9.6
Fuel costs	-156.1	-163.9	-4.7	-660.4	-689.9	-4.3
Lease payments for aircraft	-21.2	-14.8	43.3	-78.8	-57.5	37.0
Other rents	-38.7	-39.9	-3.1	-159.7	-152.0	5.1
Aircraft materials and overhaul	-31.0	-28.7	8.1	-119.4	-125.8	-5.1
Traffic charges	-58.8	-52.4	12.3	-230.9	-222.3	3.8
Ground handling and catering expenses	-62.3	-62.7	-0.6	-251.8	-257.3	-2.1
Expenses for tour operations	-18.2	-23.8	-23.5	-76.7	-89.4	-14.2
Sales and marketing expenses	-16.2	-18.1	-10.2	-65.3	-72.9	-10.4
Depreciation and impairment	-31.7	-34.3	-7.6	-134.3	-140.7	-4.6
Other expenses	-50.7	-55.3	-8.4	-217.4	-218.1	-0.3
Operational result	**-9.3**	**-21.1**	**55.7**	**-36.5**	**11.9**	**<-200 %**
Fair value changes in derivatives and changes in exchange rates of fleet overhauls	-32.1	15.7	<-200 %	-43.7	21.7	<-200 %
Non-recurring items	0.0	-2.5	101.8	7.7	-25.7	129.9
Operating result	**-41.4**	**-7.9**	**<-200 %**	**-72.5**	**7.9**	**<-200 %**
Financial income	0.0	2.7	-100.8	3.5	42.6	-91.8
Financial expenses	-14.0	-5.9	-137.8	-26.9	-19.7	-36.2
Share of results in associates and joint ventures	0.1	-2.2	103.9	-3.2	-4.0	20.0
Result before taxes	**-55.4**	**-13.2**	**<-200 %**	**-99.1**	**26.8**	**<-200 %**
Income taxes	8.3	6.7	22.4	16.5	-3.9	> 200 %
Result for the period	**-47.1**	**-6.5**	**<-200 %**	**-82.5**	**22.9**	**<-200 %**
Attributable to						
Owners of the parent company	-47.0	-6.4		-82.7	22.6	
Non-controlling interests	-0.1	-0.1		0.2	0.3	
Earnings per share attributable to shareholders of the parent company						
Earnings per share, EUR (diluted and undiluted)	-0.38	-0.05		-0.71	0.11	
Result for the period per share, EUR	-0.37	-0.05		-0.65	0.18	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in mill. EUR	Q4 2014	Q4 2013	Change %	2014	2013	Change %
Result for the period	**-47.1**	**-6.5**	**<-200 %**	**-82.5**	**22.9**	**<-200 %**
Other comprehensive income items						
Items that may be reclassified to profit or loss in subsequent periods						
Change in fair value of available-for-sale financial assets	0.0	0.0	-	0.0	-13.8	100.0
Change in fair value of hedging instruments	-106.7	12.5	<-200 %	-87.0	-5.3	<-200 %
Translation differences	0.3	0.0	> 200 %	0.4	0.0	-
Tax effect	21.3	-3.4	> 200 %	17.4	4.4	> 200 %
Items that will not be reclassified to profit or loss in subsequent periods						
Actuarial gains and losses from defined benefit plans	1.1	0.8	40.4	-4.1	0.4	<-200 %
Tax effect	-0.2	-0.7	69.4	0.8	-0.6	> 200 %
Other comprehensive income items total	**-84.2**	**9.2**	**<-200 %**	**-72.4**	**-15.0**	**<-200 %**
Comprehensive income for the period	**-131.4**	**2.8**	**<-200 %**	**-154.9**	**7.9**	**<-200 %**
Attributable to						
Owners of the parent company	-131.3	2.9	<-200 %	-155.1	7.7	<-200 %
Non-controlling interests	-0.1	-0.1	8.0	0.2	0.3	-24.3

Comparative figures for 2013 have been restated due to change in accounting principles related to treatment of overhauls. See note 2 for more information.

CONSOLIDATED BALANCE SHEET

in mill. EUR	31 Dec 2014	31 Dec 2013
ASSETS		
Non-current assets		
Intangible assets	18.4	19.3
Tangible assets	897.8	1,292.6
Investments in associates and joint ventures	4.9	8.2
Loan and other receivables	9.2	20.5
Pension receivables	0.0	0.0
Deferred tax assets	33.8	0.0
Non-current assets total	**964.1**	**1,340.6**
Current assets		
Inventories	14.7	19.9
Trade and other receivables	194.0	237.1
Derivative financial instruments	163.7	43.6
Other financial assets	332.8	335.9
Cash and cash equivalents	93.4	122.9
Current assets total	**798.6**	**759.4**
Assets held for sale	122.4	17.7
Assets total	**1,885.1**	**2,117.6**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	75.4	75.4
Other equity	438.3	601.9
Total	**513.7**	**677.3**
Non-controlling interests	0.6	0.7
Equity total	**514.3**	**678.0**
Non-current liabilities		
Deferred tax liabilities	0.0	3.4
Interest-bearing liabilities	337.7	385.5
Pension obligations	25.3	10.6
Provisions	52.1	69.3
Other liabilities	22.1	25.4
Non-current liabilities total	**437.3**	**494.1**
Current liabilities		
Provisions	44.2	40.5
Interest-bearing liabilities	89.9	207.5
Trade payables and other liabilities	600.8	666.1
Derivative financial instruments	198.5	29.1
Current liabilities total	**933.4**	**943.2**
Liabilities related to assets held for sale	0.0	2.3
Liabilities total	**1,370.7**	**1,439.6**
Equity and liabilities total	**1,885.1**	**2,117.6**

Comparative figures for 2013 have been restated due to change in accounting principles related to treatment of overhauls. In addition, comparative figures in balance sheet have been effected by the netting of deferred taxes. See note 2 for more information.

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 2014	75.4	168.1	-15.0	247.3	82.5	118.9	**677.3**	0.7	**678.0**
Result for the period					-82.7		-82.7	0.2	-82.5
Change in fair value of hedging instruments			-69.6				-69.6		-69.6
Actuarial gains and losses from defined benefit plans			-3.3				-3.3		-3.3
Translation differences			0.4				0.4		0.4
Comprehensive income for the period	**0.0**	**0.0**	**-72.4**	**0.0**	**-82.7**	**0.0**	**-155.1**	**0.2**	**-154.9**
Dividend							0.0	-0.2	-0.2
Share-based payments				0.1			0.1		0.1
Hybrid bond interests and expenses					-8.6		-8.6		-8.6
Equity 31 Dec 2014	**75.4**	**168.1**	**-87.4**	**247.4**	**-8.8**	**118.9**	**513.7**	**0.6**	**514.3**

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 31 Dec 2012	**75.4**	**168.1**	**0.0**	**247.1**	**112.6**	**171.1**	**774.3**	**0.9**	**775.2**
Change in accounting principles					-25.6		-25.6		-25.6
Equity 1 Jan 2013	**75.4**	**168.1**	**0.0**	**247.1**	**87.0**	**171.1**	**748.7**	**0.9**	**749.6**
Result for the period					22.6		22.6	0.3	22.9
Change in fair value of available-for-sale financial assets			-10.4				-10.4		-10.4
Change in fair value of hedging instruments			-4.2				-4.2		-4.2
Actuarial gains and losses from defined benefit plans			-0.2				-0.2		-0.2
Comprehensive income for the period	**0.0**	**0.0**	**-15.0**	**0.0**	**22.6**	**0.0**	**7.7**	**0.3**	**7.9**
Dividend					-12.7		-12.7	-0.5	-13.2
Purchase of own shares				-1.7			-1.7		-1.7
Share-based payments				1.9	-0.3		1.5		1.5
Hybrid bond repayments						-52.1	-52.1		-52.1
Hybrid bond interests and expenses					-14.1		-14.1		-14.1
Equity 31 Dec 2013	**75.4**	**168.1**	**-15.0**	**247.3**	**82.5**	**118.9**	**677.3**	**0.7**	**678.0**

CONSOLIDATED CASH FLOW STATEMENT

in mill. EUR	2014	2013
Cash flow from operating activities		
Result for the period	-82.5	22.9
Non-cash transactions *	141.9	115.9
Other adjustments to result for the period		
Financial income	-3.5	-42.6
Financial expenses	26.9	19.7
Share of results in associates and joint ventures	3.2	4.0
Income taxes	-16.5	3.9
Changes in working capital	-33.2	35.8
Interest expenses paid	-14.1	-12.1
Other financial expenses paid	-4.5	-3.8
Interest income received	6.7	1.4
Income taxes paid	-0.2	-2.7
Net cash flow from operating activities	**24.2**	**142.4**
Cash flow from investing activities		
Investments in intangible assets	-4.3	-2.3
Investments in tangible assets	-142.1	-96.4
Net change in financial interest bearing assets at fair value through profit or loss **	-109.5	14.6
Net change in shares classified as available for sale	0.0	53.7
Divestments of fixed assets and group shares	267.6	8.9
Dividends received	0.0	1.2
Change in non-current receivables	2.6	1.0
Net cash flow from investing activities	**14.4**	**-19.3**
Cash flow from financing activities		
Proceeds from loans	0.0	150.0
Loan repayments and changes	-169.4	-115.0
Hybrid bond repayments	0.0	-52.4
Hybrid bond interests and expenses	-10.7	-15.4
Purchase of own shares	0.0	-1.7
Dividends paid	-0.2	-13.0
Net cash flow from financing activities	**-180.3**	**-47.4**
Change in cash flows	**-141.8**	**75.7**
Liquid funds, at beginning	331.8	256.1
Change in cash flows	-141.8	75.7
Liquid funds, at end * **	**190.1**	**331.8**
Notes to consolidated cash flow statement		
*** Non-cash transactions**		
Depreciation	135.7	140.7
Employee benefits	11.4	7.3
Fair value changes in derivatives	34.9	-21.7
Other adjustments	-40.1	-10.5
Total	**141.9**	**115.9**
**** Net change in financial interest-bearing assets maturing after more than three months**		
***** Liquid funds**		
Other financial assets	332.8	335.9
Cash and cash equivalents	93.4	122.9
Short-term cash and cash equivalents in balance sheet	**426.1**	**458.8**
Maturing after more than three months	-236.0	-126.5
Shares available for sale	0.0	-0.4
Total	**190.1**	**331.8**

Comparative figures for 2013 have been restated due to change in accounting principles related to treatment of overhauls. See note 2 for more information.

NOTES TO THE FINANCIAL STATEMENTS BULLETIN

1. BASICS OF PREPARATION

This Financial Statements Bulletin has been prepared according to the International (IAS) Standard 34: Interim Financial Reporting.

2. ACCOUNTING PRINCIPLES

The accounting principles applied are published in the 2014 Consolidated Financial Statements. The changes in accounting principles are presented below, and in more detail in Financial Statements 2014. 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.

Finnair has changed the accounting principle for its aircraft engine overhauls. From the beginning of 2014, Finnair capitalizes engine overhauls to its balance sheet and depreciates related costs during the engines' maintenance periods. Previously overhauls were expensed when they occured.

The change reduces the volatility of engine overhaul costs, which improves the accuracy of forecasting future profitability and improves comparability over of periods. It also improves comparability with other airlines, because, based on the study conducted by International Air Traffic Association IATA, the amended practice corresponds to the current industry practice. The change decreased Finnair equity at 31 December 2013 by 13.8 million euros and improved 2013 EBIT by 16.7 million euros. In addition, the change increased 2013 gross investments, improved 2013 cash flow from operating activities and reduced cash flow from investing activities respectively. It also affected Finnair's 2013 key figures.

The change in the accounting principle affects the Airline Business segment. Comparative periods have been restated accordingly, and comparison between restated and previously reported figures have been published at 27 of March 2014 in a separate stock exchange release.

In addition, the group has made an evaluation on the nature and classification of its deferred tax assets and liabilities, and concluded that they meet the criteria for netting according to IAS 12, up to the amount that they relate to income taxes levied by the same taxation authority. The deferred tax assets and liabilities have been netted and comparative periods have been adjusted accordingly.

The IFRS-standards and interpretations applied by the Group in 2014 are introduced in the accounting principles of 2014 financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF UNCERTAINTY

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 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. From the first quarter of 2014 onward, Aviation Services segment is not reported separately, but its operations are reported as a part of the Airline Business segment. After the structural changes in technical services and catering implemented in 2012, the Aviation Services segment has consisted of aircraft maintenance and the operations of Finncatering Oy and Finnair Travel Retail Oy, as well as Finnair's property holdings, office services and the management and maintenance of properties related to the company's operational activities. Finncatering Oy was sold to LSG Lufthansa Service Europa/Afrika GmbH on 28 February 2014.

The business segments are Airline Business and Travel Services. Comparative periods have been restated according to new segment division.

Business segment data

in mill. EUR	2014				
	Airline Business	Travel Services	Eliminations	Other functions	**Group total**
External revenue	2,070.7	213.8			2,284.5
Internal revenue	97.0	3.0	-100.0		0.0
Revenue	**2,167.7**	**216.7**	**-100.0**	**0.0**	**2,284.5**
Operational result	**-43.5**	**7.0**			**-36.5**
Operating result	**-78.4**	**5.9**			**-72.5**
Share of results in associates and joint ventures				-3.2	-3.2
Financial income				3.5	3.5
Financial expenses				-26.9	-26.9
Income taxes				16.5	16.5
Non-controlling interests				-0.2	-0.2
Result for the period					**-82.7**
Depreciation and impairment	132.9	1.4			134.3

Business segment data

in mill. EUR	2013				
	Airline Business	Travel Services	Eliminations	Other functions	**Group total**
External revenue	2,149.4	251.0			2,400.3
Internal revenue	122.5	0.7	-123.2		0.0
Revenue	**2,271.9**	**251.7**	**-123.2**		**2,400.3**
Operational result	**8.8**	**3.1**			**11.9**
Operating result	**6.3**	**1.6**			**7.9**
Share of results in associates and joint ventures				-4.0	-4.0
Financial income				42.6	42.6
Financial expenses				-19.7	-19.7
Income taxes				-3.9	-3.9
Non-controlling interests				-0.3	-0.3
Result for the period					**22.6**
Depreciation and impairment	139.3	1.5			140.7

Revenue

in mill. EUR	Q4 2014	Q4 2013	Change %	2014	2013	Change %
Airline Business	522.0	526.9	-0.9	2,167.7	2,271.9	-4.6
Travel Services	55.5	68.5	-19.0	216.7	251.7	-13.9
Eliminations	-24.9	-34.8	28.6	-100.0	-123.2	18.9
Total	**552.7**	**560.6**	**-1.4**	**2,284.5**	**2,400.3**	**-4.8**

Operational result

in mill. EUR	Q4 2014	Q4 2013	Change %	2014	2013	Change %
Airline Business	-14.2	-21.9	35.2	-43.5	8.8	<-200 %
Travel Services	4.8	0.8	> 200 %	7.0	3.1	129.7
Total	**-9.3**	**-21.1**	**55.7**	**-36.5**	**11.9**	**<-200 %**

Operating result

in mill. EUR	Q4 2014	Q4 2013	Change %	2014	2013	Change %
Airline Business	-46.1	-8.0	<-200 %	-78.4	6.3	<-200 %
Travel Services	4.7	0.2	> 200 %	5.9	1.6	> 200 %
Total	**-41.4**	**-7.9**	**<-200 %**	**-72.5**	**7.9**	**<-200 %**

Average number of employees

	2014	2013	Change %
Airline Business	4,232	4,834	-12.5
Travel Services	645	751	-14.1
Other functions	295	274	7.7
Total	**5,172**	**5,859**	**-11.7**

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	**2014**		**2013**	
	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives				
Hedge accounting items (forward contracts):				
Jet fuel currency hedging	385.4	35.9	370.5	-17.0
Fair value hedging of aircraft acquisitions	657.6	66.3	244.1	2.2
Currency hedging of lease payments	146.6	15.0	58.3	-1.6
Hedge accounting items total	1,189.6	117.1	672.9	-16.4
Items outside hedge accounting:				
Operational cash flow hedging (forward contracts)	370.4	29.5	407.9	2.4
Operational cash flow hedging (options)				
Call options	110.2	7.1	149.8	16.1
Put options	178.0	-3.0	169.5	-0.8
Balance sheet hedging (forward contracts)	13.7	0.9	20.4	-1.2
Items outside hedge accounting total	672.2	34.5	747.5	16.5
Currency derivatives total	**1,861.8**	**151.6**	**1,420.4**	**0.1**
Commodity derivatives				
Hedge accounting items:				
Jet fuel forward contracts, tonnes	534,700	-142.3	563,550	11.8
Electricity derivatives, MWh	30,220	0.0	17,568	0.0
Hedge accounting items total		-142.3		11.8
Items outside hedge accounting:				
Jet fuel forward contracts, tonnes	33,500	-8.6	18,000	0.8
Options				
Call options, jet fuel, tonnes	162,500	0.1	201,000	3.4
Put options, jet fuel, tonnes	171,500	-39.3	201,000	-1.1
Electricity derivatives, MWh	46,904	-0.3	71,100	-0.5
Items outside hedge accounting total		-48.1		2.6
Commodity derivatives total		**-190.4**		**14.4**
Interest rate derivatives				
Hedge accounting items:				
Interest rate swaps	150.0	5.8	150.0	1.2
Interest rate options				
Call options	123.5	2.3	0.0	0.0
Put options	123.5	-4.8	0.0	0.0
Hedge accounting items total	397.1	3.4	150.0	1.2
Items outside hedge accounting:				
Cross currency Interest rate swaps	11.6	-0.6	17.3	0.2
Interest rate swaps	25.0	-0.1	25.0	-0.5
Items outside hedge accounting total	36.6	-0.7	42.3	-0.3
Interest rate derivatives total	**433.7**	**2.7**	**192.3**	**0.9**
Equity derivatives				
Hedge accounting items:				
Stock options				
Call options	3.0	0.7	0.0	0.0
Put options	3.0	-0.1	0.0	0.0
Hedge accounting items total	6.0	0.6	0.0	0.0
Equity derivatives total	**6.0**	**0.6**	**0.0**	**0.0**
Derivatives total		**-35.4**		**15.4**

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	31 Dec 2014	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss				
Securities held for trading	323.4	35.5	287.9	
Derivatives held for trading				
Interest rate derivatives	8.2		8.2	
- of which in fair value hedge accounting	5.9		5.9	
- of which in cash flow hedge accounting	2.3		2.3	
Currency derivatives	154.6		154.6	
- of which in fair value hedge accounting	66.3		66.3	
- of which in cash flow hedge accounting	50.9		50.9	
Commodity derivatives	0.2		0.2	
- of which in cash flow hedge accounting	0.0		0.0	
Equity derivatives	0.7		0.7	
- of which in fair value hedge accounting	0.7		0.7	
Total	**487.1**	**35.5**	**451.6**	**0.0**

Financial liabilities recognised at fair value through profit and loss				
Derivatives held for trading				
Interest rate derivatives	5.5		5.5	
- of which in fair value hedge accounting	0.1		0.1	
- of which in cash flow hedge accounting	4.8		4.8	
Currency derivatives	3.0		3.0	
- of which in fair value hedge accounting	0.0		0.0	
- of which in cash flow hedge accounting	0.0		0.0	
Commodity derivatives	190.5		190.5	
- of which in cash flow hedge accounting	142.3		142.3	
Equity derivatives	0.1		0.1	
- of which in fair value hedge accounting	0.1		0.1	
Total	**199.1**	**0.0**	**199.1**	**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.

Reconciliation of financial assets and liabilities valued at fair value according to Level 3

Fair values at the end of the reporting period, in mill. EUR	Securities held for trading	Derivatives held for trading	Available-for-sale share investments	Total
Opening balance		-6.1		-6.1
Profits and losses in income statement total				
In comprehensive income				
Purchases (and sales)				
Settlements (and issues)				
Transfers to and from Level 3		6.1		6.1
Closing balance	**0.0**	**0.0**	**0.0**	**0.0**

Total profits and losses recognised for the period for assets held at the end of the reporting period				
In other operating expenses		0.0		0.0

During the reporting period all level 3 financial assets and liabilities were transferred to level 2. The transfer was a consequense of specified observable market data on derivatives valuation model.

7. COMPANY ACQUISITIONS AND SALES

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. During Q1 2014 Finnair sold its subsidiary Finncatering Oy, which was previously classified as assets held for sale. Group did not acquire any companies or businesses during 2014.

8. INCOME TAXES

The tax rate for 2014 was -16.7% (14.5%).

9. DIVIDEND PER SHARE

The Board of Directors proposes to the Annual General Meeting that no dividend is paid for 2014.
The Annual General Meeting on 27 March 2014 decided that no dividend was paid for 2013.
The Annual General Meeting on 27 March 2013 decided to distribute a dividend of 0.10 euros per share. The total dividend was 12.7 million euros, based on the number of shares registered on 3 April 2013. The dividend was paid on 10 April 2013.

10. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

in mill. EUR	2014	2013
Carrying amount at the beginning of period	1,311.9	1,354.2
Fixed asset investments	82.4	77.3
Change in advances	64.4	22.1
Change in currency hedging of aircraft acquisitions	-64.1	11.2
Disposals and reclassifications	-342.7	-11.0
Depreciation	-134.3	-140.7
Depreciation included in non-recurring items	-1.4	-1.2
Carrying amount at the end of period	**916.2**	**1,311.9**

Proportion of assets held for sale at the beginning of period	9.8	16.7
Proportion of assets held for sale at the end of period	119.8	9.8

11. NON-CURRENT ASSETS HELD FOR SALE

Assets held for sale mainly include three E190 and six ATR 72 aircraft and Technical Operations hangar that are expected to be sold during Q1 2015. Assets held for sale for 2014 and 2015 also include inventories and tangible asset related to Finnair Technics. Previous year assets held for sale also included assets and liabilities related to subsidiary Finncatering Oy, that was sold at Q1 2014.

Non current assets held for sale	2014	2013
Tangible assets	119.8	9.8
Inventories	2.6	5.4
Trade receivables and other receivables	0.0	2.5
Total	**122.4**	**17.7**

Liabilities of non-current assets held for sale	2014	2013
Trade payables and other liabilities	0.0	2.3
Total	**0.0**	**2.3**

12. INTEREST-BEARING LIABILITIES

During the fourth quarter of 2014 Finnair amortized its loans according to the loan instalment program. In the first quarter of 2014, Finnair repaid the loans related to the sold A330 aircraft.

13. CONTINGENT LIABILITIES

in mill. EUR	2014	2013
Pledges on own behalf	181.1	503.7
Guarantees on behalf of group undertakings	72.8	67.6
Guarantees on behalf of others	2.2	2.3
Total	**256.1**	**573.5**

Investment commitments for property, plant and equipment at 31 December 2014 totalled 1,950 million euros (974).

14. OPERATING LEASE COMMITMENTS

in mill. EUR	2014	2013
Lease commitments from fleet payments	635.8	259.2
Other lease commitments	246.4	244.8
Total	**882.2**	**504.0**

Lease commitments from fleet payments have increased mainly because of the new Airbus A321 Sharklet aircraft and the sales and leaseback of A330 aircraft.

15. RELATED PARTY TRANSACTIONS

in mill. EUR	2014	2013
Sales of goods and services		
Associates	1.4	4.7
Joint ventures	59.9	60.8
Pension fund	0.1	0.0
Purchases of goods and services		
Associates	20.8	20.3
Joint ventures	228.3	85.5
Pension fund	4.6	0.0
Financial expenses		
Joint ventures	10.8	0.0
Receivables		
Non-current receivables from joint ventures	0.0	9.9
Current receivables from associates	1.5	3.1
Current receivables from joint ventures	7.3	32.9
Liabilities		
Non-current liabilities to joint ventures	8.2	9.7
Non-current liabilities to pension fund	25.3	10.5
Current liabilities to associates	4.7	3.5
Current liabilities to joint ventures	3.4	0.0
Contingent liabilities		
Guarantees on behalf of joint ventures	2.0	2.0

For the last quarter of 2014, Finnair has recognised the write-downs of 10.8 million euros (subordinated loan and interest) and 11.3 million euros (advance payments and other operational receivables) regarding to joint venture Flybe Nordic Group.

16. EVENTS AFTER THE CLOSING DATE

At the beginning of 2015 Finnair signed a letter of intent with StaffPoint and Oy G.W. Sohlberg Ab (GWS), according to which Flybe UK Ltd's 60% ownership would be transferred to StaffPoint and GWS. Finnish Competition and consumer authority approved the transaction in January 2015.

17. 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, %:

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

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 passengers, cargo and mail × kilometres flown

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

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

Revenue per available seat kilometre (RASK):

$$\frac{\text{Airline revenue + cargo space charge + operational result of belly cargo operations}}{\text{Available seat kilometres}}$$

Cost per available seat kilometre (CASK):

$$\frac{\text{Airline costs - other income of flight operations - operational result of airline support services}}{\text{Available seat kilometres}}$$

Cost per available seat kilometre excluding fuel (CASK excl. fuel):

$$\frac{\text{Airline costs - other income of flight operations - operational result of airline support services - fuel costs}}{\text{Available seat kilometres}}$$

The figures of Financial Statements Bulletin have been audited.