Finnair Group Financial Statements Bulletin 2015

Improvement of result continued and final quarter was slightly positive – full-year operational result 23.7 million euros

October–December 2015

- Revenue grew by 5.9% year-on-year to 585.5 million euros (552.7).
- Operational result was 0.8 million euros (-9.3).
- Operational EBITDAR was 59.5 million euros (43.5).
- Net cash flow from operating activities stood at 7.1 million euros (-15.7), and cash flow from investments totalled -7.8 million euros (-111.9).
- Unit cost at constant currency excluding fuel (CASK excl. fuel) increased by 1.2% year-on-year.
- Unit revenue at constant currency (RASK) decreased by 1.1% year-on-year.
- Ancillary service revenue per passenger grew by 27.3% year-on-year to 11.22 euros per passenger.
- Earnings per share amounted to 0.44 euros (-0.38).

January–December 2015

- Revenue grew by 1.7% year-on-year to 2,324.0 million euros (2,284.5).
- Operational result was 23.7 million euros (-36.5).
- Operational EBITDAR was 231.2 million euros (176.6).
- Net cash flow from operating activities stood at 171.0 million euros (24.2), and cash flow from investments totalled 78.6 million euros (14.4).
- Unit cost at constant currency excluding fuel (CASK excl. fuel) increased by 0.6% year-on-year.
- Unit revenue at constant currency (RASK) decreased by 1.0% year-on-year.
- Earnings per share amounted to 0.57 euros (-0.71).
- Ancillary service revenue per passenger grew by 23.7% year-on-year to 10.16 euros per passenger.
- Outlook: Despite of the demand outlook for passenger and cargo traffic in Finnair's main markets involving renewed uncertainty, Finnair estimates that, in 2016, its capacity and revenue will grow. The lower price of jet fuel supports Finnair's financial performance in 2016.
- The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for 2015.

CEO Pekka Vauramo:

We achieved a positive operational result at Finnair for the full year as well as for the seasonally weak fourth quarter: the operational result for the final quarter of the year was 0.8 million euros, and the operational result for the full year was 23.7 million euros. This marks the fifth consecutive quarter when we improved our performance year-on-year.

We are heading in the right direction, and we will now look to accelerate our profitable growth. We hit a new record in the number of passengers: more than 10 million passengers flew with us in 2015. Our revenue for the full year increased by 1.7 per cent, to 2,324 million euros, and our growth rate in the fourth quarter was higher than five per cent as our roll-out of A350 aircraft saw us move to a new phase of growth.

The final quarter included some unusual expenses and occasional market turbulence, which somewhat weighed down the result of our Airline Business segment. However, our Travel Services achieved a good result in the same period. Ancillary service revenue reached a growth rate of 41.5 per cent in the fourth quarter and exceeded 100 million euros for the year.

The fall in fuel prices, which began slightly over a year ago, continued. Nevertheless, its impact is not yet fully reflected in our result due to our hedging policy. For this reason, we estimate that our fuel costs will decline further in the coming quarters in spite of increasing traffic volume, which will support our performance in 2016. Our goal is profitable growth, which requires not only revenue growth through the introduction of new routes, but also a constant focus on developing our services in a cost-efficient manner.

The new A350 aircraft have proved to be very good, and the entire Finnair organisation has worked hard with the new aircraft to ensure a unique Nordic experience. Our new wide-body aircraft are the engine of our growth, and they support the strategic growth of our traffic, particularly in Asia, from this year onwards. The growth of our long-haul capacity will also create a need for increased feeder traffic capacity between Helsinki and our European destinations.

Our growth is also bringing new jobs to Finnair: Last year, we announced we will offer approximately 1,000 new jobs by 2020. In 2015 we already recruited the first 200 new Finnair employees to join our flight personnel, and we are currently in the process of recruiting a total of 450 new employees including pilots, cabin crew and ground service personnel.

Our investment program reaches its peak this year as we take delivery of four new A350 aircraft. We have prepared for this by strengthening our financial position. In October, we issued a 200 million euro hybrid bond. We also signed sale and leaseback agreements for two A350 aircraft, and we intend to conclude similar agreements this year and the next, which will provide us with more than half a billion euros in financing. Our cash flow from operating activities was very strong in the fourth quarter, and our liquid funds stood at over 700 million euros at the turn of the year. Early in the year 2016, we secured financing for our third new A350 aircraft in a cost-efficient manner for its full market value. We are in a stable position and moving in the right direction, ready to pursue growth.

Outlook

Despite of the demand outlook for passenger and cargo traffic in Finnair’s main markets involving renewed uncertainty, Finnair estimates that, in 2016, its capacity and revenue will grow.

The lower price of jet fuel supports Finnair’s financial performance in 2016. In accordance with its disclosure policy, Finnair will issue guidance for its expected full-year operational result in connection with the January-June interim report.

Business environment

Traffic continued to grow in Finnair’s main markets in the fourth quarter of 2015. Measured in available seat kilometres, scheduled market capacity between Helsinki and Finnair’s European destinations grew by approximately 2.8 per cent year-on-year, while direct market capacity between Finnair’s Asian and European destinations grew by 1.3 per cent year-on-year.* Finnair’s market share in European traffic (between Helsinki and Finnair’s European destinations) increased to 59.4 per cent (52.6) and fell slightly in Asian traffic, to 4.6 per cent (4.8).**

In the full year 2015, scheduled market capacity between Helsinki and Finnair’s European destinations grew by approximately 4.7 per cent year-on-year, while direct market capacity between Finnair’s Asian and European destinations grew by 2.5 per cent year-on-year.* Finnair’s market share was 57.9 per cent (52.4) in European traffic and 4.5 per cent (4.8) in traffic between Europe and Asia.**

Of Finnair's joint businesses, the Atlantic Joint Business covering flights between Europe and North America increased its market share in the premium segment in the fourth quarter but, in economy class, it suffered from intense competition and overcapacity. The revenue of the Siberian Joint Business remained unchanged as the total traffic capacity between Europe and Japan contracted slightly, which strengthened Finnair's relative market position. In summer 2016, Finnair will become the only airline to offer non-stop flights from Europe to four major cities in Japan.

Customer demand on Chinese routes was sustained during the fourth quarter, and the deceleration of economic growth or increased market uncertainty have not so far dampened demand materially. The terrorist attacks in Europe in November and elevated uncertainty were reflected negatively on some routes, but demand has recently normalised. Strikes, or the threat thereof, among European airlines during the autumn brought some last-minute customers for Finnair.

In other traffic areas, passenger demand grew in line with the increased capacity, and unit revenues in Finnair's passenger traffic grew in Finnair's major operating areas in Europe and Asia. At the same time, the development of unit revenue was weaker in Finland and North America, where Finnair's capacity growth has been faster.* 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 year 2015 was in balance with the demand.

Cargo traffic between Asia and Europe suffered from overcapacity throughout the year, which further weakened average yields and load factors in Finnair's primary 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. However, 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 and Chinese yuan are significant income currencies.

** For the sake of comparability, 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.*

Significant events during the review period

Norra transaction completed

On 7 January 2015, Finnair, Staffpoint Holding Ltd and G.W. Sohlberg Ltd (GWS) signed a Memorandum of Understanding regarding an arrangement according to which Staffpoint and GWS would own a combined 60 per cent of Flybe Nordic. On 31 March 2015, Finnair acquired Flybe UK Ltd's 60% ownership of Flybe Nordic AB for a transaction price of 1 euro, and Flybe Nordic was transferred to Finnair's ownership on an interim basis. The contract flying agreement with Flybe Finland was expanded from 1 May 2015 onwards so that all routes previously operated by Flybe Finland at its own commercial risk were transferred to Finnair's commercial risk. The name of Flybe Finland was changed to Nordic Regional Airlines Oy (Norra), and the name of its parent company Flybe Nordic was changed to Nordic Regional Airlines AB.

In early November, Finnair, StaffPoint Holding Oy (StaffPoint) and Kilco Oy agreed on an ownership arrangement to have 60 per cent of the shares of Nordic Regional Airlines AB transferred to StaffPoint and Kilco for the price of one euro. Instead of Oy G.W. Sohlberg Ab (GWS), which was previously involved in the negotiations, the partner was Kilco Oy. The transaction was completed at the end of November. The arrangement did not have a significant financial impact on Finnair in 2015.

Discontinuation of the operations of the cargo airline NGA

Finnair's associated company Nordic Global Airlines Ltd (NGA) decided to discontinue NGA's operations, effective 31 May 2015, for financial reasons. Finnair Cargo Oy owned 40 per cent of NGA, and the other shareholders were Neff Capital Management LLC, Daken Capital Partners LLC and Mutual Pension Insurance Company Ilmarinen. The discontinuation of NGA's operations did not have a material impact on Finnair's cargo business or Finnair's financial position.

Investment decisions on a new cargo terminal and wireless connectivity across 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.

Aircraft sale and leaseback agreements

At the end of March, Finnair finalised the sale and leaseback transactions referred to in the memorandums of understanding signed in December 2014 between Finnair and GOAL German Operating Aircraft Leasing GmbH & Co for the sale and leaseback of three Embraer 190 aircraft owned by Finnair and operated by Norra. Also in March, Finnair finalised the sale and leaseback transactions referred to in the memorandum of understanding signed in December 2014 between Finnair and Doric Asset Finance GmbH & Co. for the sale and leaseback of six ATR 72 aircraft owned by Finnair and operated by Norra. After the conclusion of the sale and leaseback agreements, Finnair continued to sublease the aircraft to Norra. The transactions had a non-recurring positive impact of approximately 40 million euros on Finnair's operating profit for the first quarter of 2015.

In the fourth quarter of 2015, Finnair concluded a sale and leaseback with GECAS of its first two Airbus A350 XWB aircraft on their delivery dates, 6 October and 16 December 2015. In September, Finnair estimated 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 owned and managed by the company. The actual non-recurring items were approximately 10 million euros higher than estimated due to the appreciation of the dollar.

In December, Finnair entered into a memorandum of understanding with GECAS on the sale and leaseback of two more A350 aircraft to be delivered in 2016 and 2017.Calculated at the exchange rates effective at the turn of the year, the arrangement, including the gain on sale and currency gains on pre-delivery payments and currency hedges, was estimated to have a positive non-recurring net impact of approximately 90 million euros on Finnair's operating profit. The actual financial impact depends on the euro-dollar exchange rate at the time of delivery of each of the aircraft. The income will be recognised in connection with each delivery, which, given current delivery schedules, will be reflected in the Q3 2016 and Q1 2017 financial statements.

Renewal of the feeder fleet

In November, Finnair announced it will increase the capacity of its European feeder traffic by replacing its small narrow-body aircraft with larger ones. As the first step, Finnair will temporarily damp-lease two A321 narrow-body aircraft for one year starting from May 2016.

In December, Finnair announced it will add seating capacity in 2017 to its current Airbus narrow-body aircraft by modifying storage and technical space at the front and rear of the aircraft. The value of the investment is approximately 40 million euros, and it includes 22 narrow-body Airbus aircraft in Finnair's fleet.

Later in December, Finnair announced it will lease four new Airbus A321-200 narrow-body aircraft from BOC Aviation in the first half of 2017 for a minimum term of eight years. At the same time, Finnair announced it had agreed on the sale of one ATR turboprop aircraft and two Embraer E170 regional jet aircraft. The transactions have been completed and the aircraft in question have been removed from Finnair and Norra traffic in January–February 2016.

Issuance of hybrid bond

On 13 October 2015, Finnair issued a EUR 200 million hybrid bond with a fixed coupon rate of 7.875 per cent per annum. The hybrid bond is treated as equity in the IFRS consolidated financial statements. The 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 81.7 million euros of the EUR 120 million hybrid bond issued in 2012.

Sale of facilities at Helsinki Airport to Finavia

In December, Finnair sold certain facilities at the Helsinki Airport to Finavia as part of the development of the infrastructure of Helsinki Airport. The transactions comprise Finnair's present cargo terminal to be decommissioned in 2017 and an office building currently owned jointly by Finnair and Finavia. In addition, the termination of a land lease agreement for one aircraft hangar was advanced in order to enable Finavia's investments to expand the Helsinki Airport terminal. To replace the hangar, Finnair purchased another hangar from Elo Mutual Pension Insurance Company. The transactions enable the development of Helsinki Airport in accordance with Finavia's and Finnair's growth plans. Their combined non-recurring positive impact on Finnair's operating profit in 2015 was approximately 15 million euros.

Financial performance in October–December 2015

Finnair's revenue in the fourth quarter of 2015 grew by 5.9% year-on-year to 585.5 million euros (552.7). Revenue was boosted by higher passenger traffic revenue, which was supported in particular by capacity growth, improved load factors and the appreciation of sales currencies. At the same time, revenue was negatively affected particularly by the discontinuation of the operations of the NGA cargo company after the comparison period and the general decline in cargo revenue. Capacity measured in available seat kilometres (ASK) grew by 7.0 per cent year-on-year.

Operational costs excluding fuel increased by 10.3 per cent from the comparison period, amounting to 453.7 million euros (411.3). Fuel costs, including hedging and emissions trading costs, decreased by 13.5 per cent to 135.1 million euros (156.1). 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 12 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.

Personnel costs increased by 17.9 per cent to 97.3 million euros (82.5). The increase in personnel costs was primarily attributable to a provision made in relation to the share-based incentive plan for pilots due to the increase of Finnair's share price, other bonuses linked to financial performance and the share price, additional holiday pay paid to cabin crew retrospectively for the past three years based on a District Court decision, and a higher-than-usual number of pilots notifying the company of early retirement. Traffic charges increased to 62.5 million euros (58.8), primarily due to the appreciation of the dollar and traffic growth. Overall, euro-denominated operational costs increased by 3.8 per cent year-on-year and amounted to 588.8 million euros (567.4). Finnair's EBITDAR was 59.5 million euros (43.5). 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 0.8 million euros (-9.3).

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 -15.4 million euros (-32.1). Non-recurring items in October–December totalled 99.6 million euros (0.0); the positive non-recurring items were primarily related to the sale and leaseback of two new A350 aircraft and the sale to Finavia of certain properties at Helsinki Airport, while the negative non-recurring items were related to the phasing out of A340 aircraft. The operating result was 85.0 million euros (-41.4), the result before taxes was 84.0 million euros (-55.4) and the result after taxes was 66.5 million euros (-47.1).

Unit revenue at constant currency (RASK) decreased by 1.1 per cent year-on-year and amounted to 6.23 euro cents (6.29). Ticket revenue per available seat kilometre in passenger traffic increased by 2.2 per cent year-on-year and amounted to 5.38 euro cents (5.61). Unit cost excluding fuel at constant currency (CASK excl. fuel) increased by 1.2 per cent and amounted to 4.70 euro cents (4.64).

Financial performance in January–December 2015

Revenue in 2015 grew by 1.7 per cent year-on-year to 2,324.0 million euros (2,284.5). Revenue was boosted by higher passenger traffic revenue and 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 3.1 per cent year-on-year.

Operational costs excluding fuel increased by 2.5 per cent year-on-year to 1,720.5 million euros (1,678.8). Fuel costs, including hedging and costs incurred from emissions trading, decreased by 9.8 per cent to 595.5 million euros (660.4). 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 17 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 258.5 million euros (230.9), primarily due to the appreciation of the dollar. Personnel costs increased by 2.5 per cent to 353.2 million euros (344.5). Overall, euro-denominated operational costs decreased by 1.0 per cent from the comparison period, totalling 2,316.0 million euros (2,339.2). Finnair's EBITDAR was 231.2 million euros (176.6). 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 23.7 million euros (-36.5).

The change in the fair value of derivatives and in the value of foreign currency denominated fleet maintenance reserves amounted to -12.3 million euros (-43.7). The non-recurring items for January–December amounted to 110.2 million euros (7.7) and primarily consisted of positive items related to sale and leaseback agreements for A350, ATR and Embraer aircraft, as well as costs related to the phasing out of A340 aircraft. The operating result was 121.7 million euros (-72.5), the result before taxes was 113.3 million euros (-99.1) and the result after taxes was 89.7 million euros (-82.5).

Unit revenue at constant currency (RASK) decreased by 1.0 per cent year-on-year and amounted to 6.17 euro cents (6.23). Ticket revenue per available seat kilometre in passenger traffic increased by 3.2 per cent year-on-year and amounted to 5.50 euro cents (5.33). Unit cost excluding fuel at constant currency (CASK excl. fuel) increased by 0.6 per cent and amounted to 4.52 euro cents (4.49).

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 2015, earnings per share from the result of the period (before hybrid bond interest) was 0.70 (-0.65) euros, and earnings per share was 0.57 (-0.71) euros.

Finnair Plc's distributable equity amounted to 181,101,862.30 euros on 31 December 2015. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for 2015.

Balance sheet on 31 December 2015

The Group's balance sheet totalled 2,050.3 million euros at the end of the period under review (1,885.1 million euros on 31 December 2014). Shareholders' equity increased to 727.5 million euros (514.3), or 5.69 euros per share (4.02). Shareholders' equity increased year-on-year, primarily due to the company's comprehensive income showing a profit, as well as the issuance of a hybrid bond.

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 December 2015 was -67.9 million euros (-87.4) after deferred taxes, and it was affected particularly by changes in the actuarial gains and losses of defined benefit pension plans.

Cash flow and financial position

Finnair has a strong financial position, which supports business development and future investments. In January–December 2015, net cash flow from operating activities amounted to 171.0 million euros (24.2). The change was mainly due to profit being higher than in the comparison period, as well as changes in working capital. Net cash flow from investments amounted to 78.6 million euros (14.4) and was affected by the finalisation of sale and leaseback agreements for nine aircraft in the first quarter, and particularly by the finalisation of sale and leaseback agreements for two new A350 aircraft in the fourth quarter. By comparison, sale and leaseback agreements were finalised for four A330 aircraft in the corresponding period in the previous year. After the end of the review period, Finnair secured a financing arrangement of approximately 135 million euros for its latest A350 aircraft. A further two similar financing arrangements are being prepared.

The equity ratio was 35.5 per cent (27.3) and gearing was negative at -49.8 per cent (0.3). The adjusted gearing was 45.8 per cent (107.5). At the end of December, interest-bearing debt amounted to 346.3 million euros (427.6) and interest-bearing net debt was negative at -362.0 million euros (1.4).

The company's liquidity remained strong in the review period. The Group's cash funds amounted to 708.2 million euros (426.1) at the end of December. 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. Using 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 77.5 million euros (66.4).

Finnair has a 200-million-euro short-term commercial paper program, which was unused at the end of the year. Net cash flow from financing amounted to 18.1 million euros (-180.3). Financial expenses were 9.7 million euros (26.9) and financial income stood at 1.3 million euros (3.5).

Capital expenditure

In January–December, capital expenditure excluding advance payments totalled 329.7 million euros (82.4) and was primarily related to the fleet and engine improvements. The amount also includes the two A350 aircraft that were sold and leased back in 2015. Cash flow from committed investments for the full year 2016, including advance payments, is estimated at approximately 420 million euros, with investments in the fleet representing a majority of this total. Net investments will be approximately 220 million euros, provided that the aircraft sale as well as sale-and-leaseback agreements disclosed to-date are finalised as planned.

Cash flow from committed investments for the full year 2017, including advance payments, is estimated at approximately 325 million euros, or 60 million net, taking currency hedges into account and provided that all aircraft sale as well as sale-and-leaseback agreements disclosed to-date are finalised as planned.
Finnair will add seating capacity to its current Airbus narrow-body aircraft in 2017 by modifying storage and technical space at the front and rear of the aircraft. The value of the investment is approximately 40 million euros, and it includes 22 narrow-body Airbus aircraft in Finnair's fleet.

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 30 unencumbered aircraft, the balance sheet value of which corresponds to approximately 66 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 2015, Finnair itself operated 46 aircraft, of which 16 are wide-body and 30 are narrow-body aircraft. Of the aircraft, 23 are owned by Finnair, 20 are leased and 3 are on finance lease.

In the fourth quarter, Finnair gave up two A340 wide-body aircraft and took delivery of three new A350-900 XWB wide-body aircraft. Two of the new aircraft were sold immediately to GECAS pursuant to sale and leaseback agreements, while the third was initially funded by cash until it was financed in January 2016 using a Japanese Operating Lease with a Call Option (JOLCO) structure, where the transaction amount is treated in Finnair's IFRS financial statements as a loan and the aircraft as owned.

The average age of the fleet operated by Finnair was 10.1 years at the end of December 2015.

Fleet operated by Finnair on 31.12.2015*	Seats	#	Change from 31.12.2014	Own	Leased (Operational leasing)	(Finance leasing)	Average age 31.12.2015	Ordered
Narrow-body fleet								
Airbus A319	138	9		7	2		14.4	
Airbus A320	165	10		6	4		13.4	
Airbus A321	209/196	11		4	7		9.1	
Wide-body fleet								
Airbus A330	289/263	8		0	5	3	6.2	
Airbus A340	263/257	5	-2	5			10.7	
Airbus A350	297	3	3	1	2		0.1	16
Total		**46**	**1**	**23**	**20**	**3**	**10.1**	**16**

* 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, three of which were delivered in 2015. 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. According to the current delivery schedule, Finnair will have five A350 aircraft within the first half 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, totalling 1,818 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 successful delivery and entry into service of the A350 XWB aircraft. Finnair has agreed to sell the oldest A340-300 aircraft it owns for part-out in the first half of 2016, and to sell its remaining four Airbus A340-300 aircraft back to Airbus in 2016 and 2017. The agreement between Finnair and Airbus ensures a smooth transition from A340s to A350s, mitigating potential operational risks related to fleet renewal and the depreciation risk associated with the A340 aircraft. Finnair has the possibility to adjust the size of its fleet flexibly according to demand and outlook due to its lease agreements of different durations.

Fleet operated by Norra (purchased traffic)

Nordic Regional Airlines (Norra) operates a fleet of 26 aircraft for Finnair on a contract flying basis. Of the aircraft operated by Norra, 13 are owned by Finnair and another 13 are leased.Of the aircraft listed below, one ATR turboprop aircraft and two Embraer E170 regional jet aircraft will be sold in the first quarter of 2016 pursuant to agreements that have already been signed. In addition to the aircraft shown in the table, Finnair has subleased four E170 aircraft to AS Estonian Air. Their planned return to the lessors in late 2015 was delayed after Estonian Air entered into liquidation in autumn 2015 and was declared bankrupt on 29 December 2015.

Fleet operated by Norra on 31.12.2015*	Seats	#	Change from 31.12.2014	Aircraft owned by Finnair	Leased** (Operational leasing)	Average age 31.12.2015	Ordered
ATR 72	68–72	12		6	6	6.4	
Embraer 170	76	2		2		9.8	
Embraer 190	100	12		5	7	7.5	
Total		**26**	**0**	**13**	**13**	**7.2**	**0**

* Nordic Regional Airlines Oy's Air Operator Certificate (AOC).
** Finnair has leased these aircraft and subleased them to Nordic Regional Airlines.

Business area development in October–December 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	10–12 2015	10–12 2014	Change %	2015	2014	Change %
Revenue and result						
Revenue, EUR million	550.0	522.0	5.4	2,205.7	2,167.7	1.8
Operational result, EUR million	-5.9	-14.2	58.1	17.1	-43.5	> 200%
Operating result, EBIT, EUR million	76.3	-46.1	> 200%	113.4	-78.4	> 200%
Operating result, % of revenue	13.9	-8.8	> 200%	5.1	-3.6	> 200%
Personnel						
Average number of employees	4,083	3,729	9.5	4,002	4,232	-5.4

The revenue of Airline Business grew by 5.4 per cent in October–December and amounted to 550.0 million euros (522.0). Revenue was boosted by improved ticket and ancillary service sales and decreased particularly by the discontinuation of NGA's cargo traffic operations and the general decline of cargo revenue. Revenue from passenger traffic constituted approximately 82 per cent of the segment's revenue, while ancillary revenue constituted slightly over 5 per cent, cargo revenue approximately 9 per cent, and other revenue slightly less than 4 per cent. The segment's operational result was -5.9 million euros (-14.2).

Revenue from passenger traffic in the fourth quarter increased from the previous year, and profitability improved due to factors including 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 2.2 per cent overall, showing positive growth in all traffic areas except domestic traffic. Ancillary service revenue per passenger grew by 27.3% year-on-year to 11.22 euros per passenger.

Capacity measured in available seat kilometres increased by 1.7 per cent year-on-year in Asian traffic. This was particularly attributable to additional flights to Thailand and Korea in the winter season. At the same time, capacity in North American traffic increased by as much as 54.2 per cent due to Finnair operating flights in the fourth quarter to Chicago, Toronto and Miami, in addition to New York, in a change from the previous year.

In addition to the introduction of new routes, the 5.7 per cent growth in capacity in European traffic was attributable to flights that were previously operated as leisure flights now being operated as scheduled flights, as well as flights that were previously operated by Norra at its own risk being transferred to Finnair in the second quarter. Domestic capacity increased by 23.2 per cent as routes that were previously operated by Norra at its own risk were transferred to Finnair.

Total passenger traffic capacity grew by 7.0 per cent and revenue passenger kilometres increased by 7.8 per cent. Revenue passenger kilometres increased in all traffic areas. Passenger load factors increased in all areas except North American traffic, where capacity growth was the highest.

Cargo traffic revenue decreased substantially year-on-year, but profitability was largely unchanged from the previous year. Cargo traffic during the review period consisted primarily of belly cargo on scheduled flights after Finnair discontinued its own separate freighter flights to Asia at the end of 2014. Available cargo tonne kilometres increased by 2.9 per cent. Capacity was reduced by the discontinuation of freighter flights to Hong Kong in December 2014 and increased by the growth of wide-body traffic and 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 increased by 3.5 per cent year-on-year after capacity grew by 14.4 per cent, while the amount of cargo and mail carried by Finnair, measured by weight, declined by 3.9 per cent year-on-year. 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 partnership with IAG Cargo.

Traffic data and responsibility indicators	10–12 2015	10–12 2014	Change %	2015	2014	Change %
Passenger traffic						
Passengers, 1,000	2,532	2,273	11.4	10,294	9,630	6.9
Available seat kilometres (ASK), million	7,915	7,395	7.0	31,836	30,889	3.1
Revenue passenger kilometres (RPK), million	6,192	5,744	7.8	25,592	24,772	3.3
Passenger load factor (PLF), %	78.229	77.671	0.6%-p	80.4	80.2	0.2 %-p
Unit revenue per revenue passenger kilometre (yield) cents/RPK	6.88	6.78	1.5	6.85	6.65	2.9
Unit revenue (actual), RASK, cents/ASK	6.30	6.29	0.2	6.35	6.23	2.0
Unit revenue at constant currency, RASK, cents/ASK	6.23	6.29	-1.1	6.17	6.23	-1.0
Unit cost excluding fuel (actual), CASK ex. fuel, cents/ASK	4.81	4.64	3.6	4.67	4.49	3.9
Unit cost ex. fuel at constant currency, CASK, cents/ASK	4.70	4.64	1.2	4.52	4.49	0.6
Unit cost (actual), CASK, cents/ASK	6.50	6.68	-2.7	6.52	6.53	-0.2
Customer satisfaction on a scale of 1 (very poor) – 10 (very good)	8.1	8.1	0	8.1	8.1	0
Cargo traffic						
Available cargo tonne kilometres (ATK), million	339	329	2.9	1,381	1,420	-2.8
Revenue cargo tonne kilometres (RTK), million	210	225	-6.9	787	912	-13.7
Cargo and mail, tonnes	35,306	36,731	-3.9	130,697	149,14	-12.4
Cargo traffic unit revenue (actual), cents/RTK	21.22	23.89	-11.2	21.64	23.39	-7.5
Airline Business, total						
Overall load factor, %	66.5	67.3	-0.7%-p	66.4	67.4	-1.0%-p
Flights, number	27,799	24,310	14.4	108,471	99,056	9.5
Arrival punctuality	90.4	88.1	2.3%-p	89.5	88.3	1.2%-p
Fuel consumption, tonnes/ASK*	0.0267	0.0239	11.98%	0.0262	0.0239	9.85%
CO2 emissions, tonnes/ASK*	0.0842	0.0752	11.98%	0.0826	0.0752	9.85%

*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.

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. The number of flights to Asia per week was at most 75 in the summer season 2015, and 78 in the winter season 2015/2016.

Finnair is part of the **one**world alliance and it also engages in closer cooperation with certain **one**world partners through participation in joint businesses, namely the Siberian Joint Business and Atlantic Joint Business, which are agreements on revenue sharing and price coordination for flights to the route areas in question.

As of the second quarter 2015, flights that were previously operated by Norra at its own commercial risk have counted 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. In the summer season 2015, Finnair launched 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 share the capacity of a freighter operated twice a week between London and Helsinki, which makes 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 operates between Helsinki and London on Wednesdays and Saturdays, and Finnair operates a wide-body aircraft on the London route on Mondays, Fridays and Sundays.

Awards

In January, FlightStats named Finnair the most punctual European airline in 2014. The **one**world alliance was recognised as the most punctual airline alliance in the same survey.

In June, the World Airline Awards chose Finnair as the best airline in Northern Europe for the sixth consecutive time. The award is based on an independent Skytrax survey of some 18 million travellers from more than 160 countries. In the same survey, the **one**world alliance was named Best Airline Alliance for the third consecutive year.

The cabin design of Finnair's Airbus A350 XWB aircraft won first prize in the Commercial Aviation - Economy/Business Class category at the International Yacht & Aviation Awards 2015.

In November, Finnair was identified as a Nordic leader for the quality of climate change related information that it has disclosed to investors and the global marketplace by CDP, the international not-for-profit that drives sustainable economies. Finnair was also awarded a position on the Nordic Disclosure Leadership Index with a score of 99/100 in 2015.

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, until 29 December 2015, its subsidiary Estravel), as well as Amadeus Finland, which produces travel sector information systems and solutions. Aurinkomatkat Suntours serves leisure travellers, offering package tours designed for various travel motivations and customer segments.

Key figures	10–12 2015	10–12 2014	Change %	2015	2014	Change %
Revenue and result						
Revenue, EUR million	60.3	55.5	8.6	208.1	216.7	-4.0
Operational result, EUR million	6.7	4.8	39.5	6.7	7.0	-5.0
Operating result, EBIT, EUR million	8.7	4.7	85.6	8.3	5.9	39.8
Operating result, % of revenue	14.4	8.4	70.8	4.0	2.7	45.6
Personnel						
Average number of employees	513	573	-10.5	567	645	-12.1

The revenue of Travel Services in October–December increased by 8.6 per cent from the previous year and amounted to 60.3 million euros (55.5). At the same time, the segment's operational result increased to 6.7 million euros (4.8), due to factors including SMT's sales growth and excellent profitability. On 29 December

2015, SMT sold its entire stake (71.3%) in Estravel, its subsidiary operating in the Baltic countries, to its Estonian business partner. The Group recorded a gain of two million euros on the sale. Estravel had a personnel of 168 employees.

The performance improvement program of Aurinkomatkat Suntours progressed ahead of schedule. Previously implemented improvements related to sales steering and product renewal resulted in the load factor for package tours remaining high (97%) in the fourth quarter and higher average prices than in the comparison period.

Changes in senior management

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.

Personnel

Finnair employed an average of 4,906 (5,172) people in 2015, which is 5.1 per cent fewer than in the comparison period. The Airline Business segment employed an average of 4,002 (4,232) people. Travel Services employed an average of 567 (645) people and other functions 337 (295) people. The number of employees in an employment relationship was 4,817 (4,981) on 31 December 2015.

Amendment of Finnish employee pension legislation

In November 2015, the Finnish Parliament passed an amendment to Finnish employee pension legislation, which inter alia increases employees' statutory retirement age. Finnair issued a stock exchange release on the potential financial effect of the amendment on 24 September 2015 in connection with the issue of a hybrid bond.

The Board of Directors of Finnair Pension Fund has made a decision in principle that amendments to pension legislation are incorporated in the rules of the fund so that the obligations of the fund will not change due to any changes in employee pension legislation.

Finnair pilots' pension benefits, which exceed the existing statutory pension benefits in Finland, form part of their collective labour agreement. Finnair considers that the liabilities related to the pilots' pension benefits will not increase or change as a result of the legislative amendment. Finnair has obtained a legal opinion on the matter.

Finnair has not recognised a supplementary obligation due to the amendment of the employee pension legislation.

Own shares

Finnair did not acquire its own shares in 2015. 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. In the fourth quarter, the company transferred 1,780 of its own shares as incentive bonuses to members of the FlyShare employee share savings plan. The Board of Directors decided on the transfer of shares in accordance with the employee share savings plan and based on the authorisation granted by Finnair's Annual General Meeting 2015.

On 31 December 2015, Finnair held a total of 325,205 of its own shares (312,092), representing 0.25 per cent of the total share capital.

Share price development and trading

At the end of December 2015, Finnair's market value stood at 694.5 million euros (317.8), and the closing price of the share was 5.42 euros (2.48). During 2015, the highest price for the Finnair share on the NASDAQ OMX Helsinki Stock Exchange was 5.50 euros (3.01), the lowest price 2.49 euros (2.30) and the average price 3.54 euros (2.32). Some 25.5 million (10.8) of the company's shares, with a total value of 90.1 million euros (25.0), 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 8.9 per cent (7.6) were held by foreign investors or in the name of a nominee.

Corporate responsibility

Financial, social and environmental sustainability is integral to Finnair's overall 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 CO_2 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 that joined the Finnair fleet in the autumn 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.

Job satisfaction among Finnair's personnel was evaluated in 2015 by a new employee survey, We Together @ Finnair. The employee experience score, which is the average score for all of the statements in the survey, was 3.63/5.00 and the employee commitment score was 3.85/5.00. The results of the survey have been discussed at the company level as well as at the unit and team levels. At the company level, Finnair's focus areas in 2016 include the development of wellbeing at work and leadership.

Finnair's own operations do not directly involve significant human rights risks or impacts. However, indirect risks and impacts may occur in relation to the supply chain and outsourced operations. In order to improve the monitoring of its own operations and those of its entire supply chain, Finnair launched a project in 2015 to develop methods to assess the realisation of social responsibility and human rights and related risk assessment. In conjunction with this, Finnair joined the SEDEX cooperation agreement concerning supply chain auditing tools as part of the **one**world alliance. A comprehensive revision of Finnair's Code of Conduct is scheduled to be completed in the first half of 2016. As part of the renewal, an internal whistleblowing channel was established in autumn 2015.

Key performance indicators for corporate responsibility are described above in connection with the Airline Business segment.

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 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 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.

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.

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. 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 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 also mainly denominated in US dollars. The most significant income currencies after the euro are the Japanese yen, the Chinese yuan and the Swedish crown.

The company hedges 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.

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 16 million

Fuel sensitivities (rolling 12 months from date of financial statements)	**10% change without hedging**	**10% change, taking hedging into account**	**Hedging ratio**	
			H1 2016	H2 2016
Fuel	EUR 32 million	EUR 14 million	68%	53%

Currency distribution %	**10–12 2015**	**10–12 2014**	**2015**	**2014**	**Currency sensitivities USD and JPY** (rolling 12 months from date of financial statements)		**Hedging ratio** (rolling 12 months from date of financial statements)
Sales currencies					10% change without hedging	10% change, taking hedging into account	
EUR	64	60	59	58	-	-	
USD*	2	2	3	3	see below	see below	see below
JPY	7	8	8	9	EUR 18 million	EUR 9 million	67%
CNY	5	6	7	7	-	-	
KRW	2	2	3	3	-	-	
SEK	5	6	5	5	-	-	
Other	15	16	15	15	-	-	
Purchase currencies							
EUR	54	52	53	52	-	-	
USD*	37	41	40	41	EUR 56 million	EUR 10 million	81%
Other	9	7	7	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

Finnair secured financing for its third A350 aircraft

In January, Finnair secured financing arranged by BNP Paribas for the full market value of its third Airbus A350-900 XWB aircraft, which was delivered on 30 December 2015. The transaction amounts to approximately 135 million euros and it was implemented using a Japanese Operating Lease with a Call Option (JOLCO) structure, where the transaction amount is treated in Finnair's IFRS financial statements as a loan and the aircraft as owned.

Publication of the Financial Statements and Report of the Board of Directors 2015 and the Annual General Meeting 2016

The Report of Finnair Plc's Board of Directors, the financial statements for 2015 and other final accounts referred to in the Limited Liability Companies Act will be published in their entirety on the company website on 10 February 2016 as part of the company's Annual Report. Finnair Plc's sustainability disclosures in accordance with the GRI G4 reporting framework will be published on the company website by the end of February.

Finnair Plc's Annual General Meeting will be held on 17 March 2016 at 3:00 p.m. at the Helsinki Exhibition & Convention Centre, located at Messuaukio 1, Helsinki.

Corporate Governance Statement

Finnair Plc's Corporate Governance Statement will be published on 10 February 2016 as a document separate from the Report of the Board of Directors, and it will also be available on the company's website.

Financial reporting and Capital Markets Day

The publication dates for Finnair's interim reports in 2016 are as follows:

Interim report 1 January – 31 March 2016:	12 May 2016
Interim report 1 January – 30 June 2016:	17 August 2016
Interim report 1 January – 30 September 2016:	26 October 2016

Finnair will also arrange a Capital Markets Day in Vantaa on 25 May 2016.

FINNAIR PLC
Board of Directors

Briefings

Finnair will hold a press conference on 10 February 2016 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~20160210

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Key figures	Q4 2015	Q4 2014	Change %	2015	2014	Change %
Revenue and result						
Revenue, EUR million	585.5	552.7	5.9	2,324.0	2,284.5	1.7
Operational result, EUR million	0.8	-9.3	> 200 %	23.7	-36.5	> 200 %
Operational result, % of revenue	0.1	-1.7	1.8 %-p	1.0	-1.6	2.6 %-p
Operating result, EUR million	85.0	-41.4	> 200 %	121.7	-72.5	> 200 %
Operational EBITDAR, EUR million	59.5	43.5	36.7	231.2	176.6	30.9
Result before taxes, EUR million	84.0	-55.4	> 200 %	113.3	-99.1	> 200 %
Net result, EUR million	66.5	-47.1	> 200 %	89.7	-82.5	> 200 %
Balance sheet and cash flow						
Equity ratio, % *				35.5	27.3	8.2 %-p
Gearing, %				-49.8	0.3	-50.0 %-p
Adjusted gearing, %				45.8	107.5	-61.7 %-p
Gross capital expenditure, EUR million	291.5	14.0	> 200 %	329.7	82.4	> 200 %
Return on capital employed (ROCE), 12 months rolling, %				12.2	-6.5	18.7 %-p
Return on equity (ROE), 12 months rolling, %				14.4	-13.8	> 200 %
Net cash flow from operating activities, EUR million	7.1	-15.7	> 200 %	171.0	24.2	> 200 %
Share						
Share price at the end of quarter, EUR				5.42	2.48	118.5
Result for the period per share, EUR	0.52	-0.37	> 200 %	0.70	-0.65	> 200 %
Earnings per share (EPS), EUR	0.44	-0.38	> 200 %	0.57	-0.71	> 200 %
Traffic data, unit costs and revenue						
Passengers, 1,000	2,532	2,273	11.4	10,294	9,630	6.9
Available seat kilometres (ASK), million	7,915	7,395	7.0	31,836	30,889	3.1
Revenue passenger kilometres (RPK), million	6,192	5,744	7.8	25,592	24,772	3.3
Passenger load factor, %	78.2	77.7	0.6 %-p	80.4	80.2	0.2 %-p
Unit revenue per available seat kilometre, (RASK), cents/ASK *	6.30	6.29	0.2	6.35	6.23	2.0
RASK at constant currency, cents/ASK *	6.23	6.29	-1.1	6.17	6.23	-1.0
Unit revenue per revenue passenger kilometre (yield), cents/RPK *	6.88	6.78	1.5	6.85	6.65	2.9
Unit cost per available seat kilometre (CASK), cents/ASK *	6.50	6.68	-2.7	6.52	6.53	-0.2
CASK excluding fuel, cents/ASK *	4.81	4.64	3.6	4.67	4.49	3.9
CASK excluding fuel at constant currency, cents/ASK *	4.70	4.64	1.2	4.52	4.49	0.6
Available tonne kilometres (ATK), million	339	329	2.9	1,380	1,420	-2.8
Revenue tonne kilometres (RTK), million	210	225	-6.9	787	912	-13.7
Cargo and mail, tonnes	35,306	36,731	-3.9	130,697	149,141	-12.4
Cargo traffic unit revenue per revenue tonne kilometre, cents/RTK	21.22	23.89	-11.2	21.64	23.40	-7.5
Overall load factor, %	66.5	67.3	-0.7 %-p	66.4	67.4	-1.0 %-p
Flights, number	27,799	24,310	14.4	108,471	99,056	9.5
Personnel						
Average number of employees	4,935	4,606	7.2	4,906	5,172	-5.1

* Equity ratio for the comparison year 2014 has been restated to reflect the adjusted 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 the 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 Note 16. Restatement of key ratios. Adjusted formulas are described in Note 18. Calculation of key ratios.

CONSOLIDATED INCOME STATEMENT

in mill. EUR	Q4 2015	Q4 2014	Change %	2015	2014	Change %
Revenue	**585.5**	**552.7**	**5.9**	**2,324.0**	**2,284.5**	**1.7**
Other operating income	4.1	5.3	-23.3	15.7	18.3	-13.9
Operating expenses						
Staff costs	-97.3	-82.5	17.9	-353.2	-344.5	2.5
Fuel costs	-135.1	-156.1	-13.5	-595.5	-660.4	-9.8
Other rents	-40.4	-38.7	4.4	-159.4	-159.7	-0.2
Aircraft materials and overhaul	-26.2	-31.0	-15.5	-118.9	-119.4	-0.4
Traffic charges	-62.5	-58.8	6.2	-258.5	-230.9	12.0
Ground handling and catering expenses	-66.7	-62.3	7.1	-250.3	-251.8	-0.6
Expenses for tour operations	-22.5	-18.2	23.7	-79.6	-76.7	3.8
Sales and marketing expenses	-20.1	-16.2	23.7	-74.0	-65.3	13.2
Other expenses	-59.4	-50.7	17.1	-219.3	-217.4	0.8
Operational EBITDAR	**59.5**	**43.5**	**36.7**	**231.2**	**176.6**	**30.9**
Lease payments for aircraft	-28.3	-21.2	33.6	-99.3	-78.8	26.1
Depreciation and impairment	-30.4	-31.7	-4.1	-108.1	-134.3	-19.5
Operational result	**0.8**	**-9.3**	**> 200 %**	**23.7**	**-36.5**	**> 200 %**
Fair value changes in derivatives and changes in exchange rates of fleet overhauls	-15.4	-32.1	52.0	-12.3	-43.7	72.0
Non-recurring items	99.6	0.0	> 200 %	110.2	7.7	> 200 %
Operating result	**85.0**	**-41.4**	**> 200 %**	**121.7**	**-72.5**	**> 200 %**
Financial income	0.4	0.0	> 200 %	1.3	3.5	-64.0
Financial expenses	-1.5	-14.0	89.3	-9.7	-26.9	63.9
Share of results in associates and joint ventures	0.1	0.1	20.5	0.1	-3.2	> 200 %
Result before taxes	**84.0**	**-55.4**	**> 200 %**	**113.3**	**-99.1**	**> 200 %**
Income taxes	-17.5	8.3	<-200 %	-23.6	16.5	<-200 %
Result for the period	**66.5**	**-47.1**	**> 200 %**	**89.7**	**-82.5**	**> 200 %**
Attributable to						
Owners of the parent company	66.5	-47.0	> 200 %	89.4	-82.7	> 200 %
Non-controlling interests	0.0	-0.1	> 200 %	0.3	0.2	47.8
Earnings per share attributable to shareholders of the parent company						
Earnings per share, EUR (basic and diluted)	0.44	-0.38	> 200 %	0.57	-0.71	> 200 %
Result for the period per share, EUR	0.52	-0.37	> 200 %	0.70	-0.65	> 200 %

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in mill. EUR	Q4 2015	Q4 2014	Change %	2015	2014	Change %
Result for the period	**66.5**	**-47.1**	**> 200 %**	**89.7**	**-82.5**	**> 200 %**
Other comprehensive income items						
Items that may be reclassified to profit or loss in subsequent periods						
Change in fair value of hedging instruments	-28.4	-106.7	73.4	-14.1	-87.0	83.8
Translation differences	0.2	0.3	-28.0	0.6	0.4	28.6
Tax effect	5.7	21.3	-73.3	2.8	17.4	-83.8
Items that will not be reclassified to profit or loss in subsequent periods						
Actuarial gains and losses from defined benefit plans	22.1	1.1	> 200 %	37.7	-4.1	> 200 %
Tax effect	-4.4	-0.2	<-200 %	-7.5	0.8	<-200 %
Other comprehensive income items total	**-4.8**	**-84.2**	**94.3**	**19.5**	**-72.4**	**> 200 %**
Comprehensive income for the period	**61.7**	**-131.4**	**> 200 %**	**109.2**	**-154.9**	**> 200 %**
Attributable to						
Owners of the parent company	61.7	-131.3	> 200 %	108.9	-155.1	> 200 %
Non-controlling interests	0.0	-0.1	> 200 %	0.3	0.2	47.8

CONSOLIDATED BALANCE SHEET

in mill. EUR	31 Dec 2015	31 Dec 2014
ASSETS		
Non-current assets		
Intangible assets	9.5	18.4
Tangible assets	811.6	897.8
Investments in associates and joint ventures	2.6	4.9
Loan and other receivables	8.7	9.2
Deferred tax assets	9.1	33.8
Non-current assets total	**841.5**	**964.1**
Current assets		
Inventories	11.8	14.7
Trade and other receivables	208.5	194.0
Derivative financial instruments	155.8	163.7
Other financial assets	427.7	332.8
Cash and cash equivalents	280.5	93.4
Current assets total	**1,084.3**	**798.6**
Assets held for sale	124.5	122.4
Assets total	**2,050.3**	**1,885.1**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	75.4	75.4
Other equity	652.0	438.3
Total	**727.5**	**513.7**
Non-controlling interests	0.0	0.6
Equity total	**727.5**	**514.3**
Non-current liabilities		
Interest-bearing liabilities	271.0	337.7
Pension obligations	4.4	25.3
Provisions	55.7	52.1
Other liabilities	15.8	22.1
Non-current liabilities total	**346.9**	**437.3**
Current liabilities		
Provisions	38.3	44.2
Interest-bearing liabilities	75.2	89.9
Trade payables	67.5	56.2
Derivative financial instruments	180.5	198.5
Deferred income and advances received	374.8	327.9
Liabilities related to employee benefits	91.0	79.7
Other liabilities	148.7	137.1
Current liabilities total	**976.0**	**933.4**
Liabilities total	**1,322.9**	**1,370.7**
Equity and liabilities total	**2,050.3**	**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					89.4		89.4	0.3	89.7
Change in fair value of hedging instruments			-11.3				-11.3		-11.3
Actuarial gains and losses from defined benefit plans			30.2		-0.1		30.1		30.1
Translation differences			0.6				0.6		0.6
Comprehensive income for the period	**0.0**	**0.0**	**19.5**	**0.0**	**89.3**	**0.0**	**108.8**	**0.3**	**109.1**
Proceeds from hybrid bond						198.2	198.2		198.2
Hybrid bond repayments						-81.7	-81.7		-81.7
Hybrid bond interests and expenses					-13.0	0.7	-12.2		-12.2
Dividend					0.0		0.0	-0.2	-0.2
Share-based payments				0.6			0.6		0.6
Changes in non-controlling interests							0.0	-0.7	-0.7
Equity 31 Dec 2015	**75.4**	**168.1**	**-67.9**	**248.1**	**67.6**	**236.2**	**727.5**	**0.0**	**727.5**

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**

CONSOLIDATED CASH FLOW STATEMENT

in mill. EUR	Q4 2015	Q4 2014	2015	2014
Cash flow from operating activities				
Result for the period	66.5	-47.1	89.7	-82.5
Depreciation and impairment	55.2	32.9	148.5	135.7
Other adjustments to result for the period				
Financial income	-0.4	0.0	-1.3	-3.5
Financial expenses	1.5	14.0	9.7	26.9
Share of results in associates and joint ventures	-0.1	-0.1	-0.1	3.2
Income taxes	17.5	-8.3	23.6	-16.5
EBITDA	**140.1**	**-8.6**	**270.2**	**63.2**
Non-cash transactions *	-111.3	19.2	-137.5	6.2
Changes in working capital	-20.3	-24.9	43.1	-33.2
Interest expenses paid	-1.3	-1.9	-5.3	-14.1
Other financial expenses paid	-0.6	0.2	-2.3	-4.5
Interest income received	0.4	0.6	3.0	6.7
Income taxes paid	0.0	-0.2	-0.2	-0.2
Net cash flow from operating activities	**7.1**	**-15.7**	**171.0**	**24.2**
Cash flow from investing activities				
Investments in intangible assets	0.2	0.8	-4.3	-4.3
Investments in tangible assets	-236.0	-41.5	-352.5	-142.1
Divestments of fixed assets and group shares	295.9	35.8	448.1	267.6
Net change in financial interest-bearing assets at fair value through profit or loss, maturing after more than three months	-69.8	-107.0	-14.4	-109.5
Change in non-current receivables	1.7	0.0	1.7	2.6
Net cash flow from investing activities	**-7.8**	**-111.9**	**78.6**	**14.4**
Cash flow from financing activities				
Loan repayments and changes	-9.8	16.5	-82.5	-169.4
Hybrid bond repayments	-81.7	0.0	-81.7	0.0
Proceeds from hybrid bond	200.0	0.0	200.0	0.0
Hybrid bond interests and expenses	-12.2	-5.3	-17.6	-10.7
Dividends paid	0.0	0.0	-0.2	-0.2
Net cash flow from financing activities	**96.3**	**11.2**	**18.1**	**-180.3**
Change in cash flows	**95.5**	**-116.4**	**267.7**	**-141.8**
Liquid funds, at beginning	362.3	306.4	190.1	331.8
Change in cash flows	95.5	-116.4	267.7	-141.8
Liquid funds, at end **	**457.7**	**190.1**	**457.7**	**190.1**
Notes to consolidated cash flow statement				
*** Non-cash transactions**				
Employee benefits	6.4	2.7	15.6	11.4
Fair value changes in derivatives	11.7	29.5	2.1	34.9
Other adjustments	-129.4	-13.0	-155.2	-40.1
Total	**-111.3**	**19.2**	**-137.5**	**6.2**
**** Liquid funds**				
Other financial assets	427.7	332.8	427.7	332.8
Cash and cash equivalents	280.5	93.4	280.5	93.4
Short-term cash and cash equivalents in balance sheet	**708.2**	**426.1**	**708.2**	**426.1**
Maturing after more than three months	-250.5	-236.0	-250.5	-236.0
Total	**457.7**	**190.1**	**457.7**	**190.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS BULLETIN

1. BASICS OF PREPARATION

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

2. ACCOUNTING PRINCIPLES

The accounting principles applied are disclosed in the 2015 Consolidated Financial Statements. The figures presented in this statement are not rounded; therefore, the total sum calculated from the 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 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 critical accounting estimates and sources of uncertainty are disclosed in the financial statements 2015.

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	2015			
	Airline Business	Travel Services	Eliminations	**Group total**
External revenue	2,117.1	206.9		2,324.0
Internal revenue	88.6	1.2	-89.8	0.0
Revenue	**2,205.7**	**208.1**	**-89.8**	**2,324.0**
Operational result	**17.1**	**6.7**		**23.7**
Operating result	**113.4**	**8.3**		**121.7**
Share of results in associates and joint ventures				0.1
Financial income				1.3
Financial expenses				-9.7
Income taxes				-23.6
Non-controlling interests				-0.3
Result for the period				**89.4**
Depreciation and impairment	106.9	1.2		108.1

Business segment data

in mill. EUR	2014			
	Airline Business	Travel Services	Eliminations	**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**	**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
Financial income				3.5
Financial expenses				-26.9
Income taxes				16.5
Non-controlling interests				-0.2
Result for the period				**-82.7**
Depreciation and impairment	132.9	1.4		134.3

Revenue

in mill. EUR	Q4 2015	Q4 2014	Change %	2015	2014	Change %
Airline Business	550.0	522.0	5.4	2,205.7	2,167.7	1.8
Travel Services	60.3	55.5	8.6	208.1	216.7	-4.0
Eliminations	-24.8	-24.9	0.1	-89.8	-100.0	10.1
Total	**585.5**	**552.7**	**5.9**	**2,324.0**	**2,284.5**	**1.7**

Revenue by product

in mill. EUR	Q4 2015	Q4 2014	Change %	2015	2014	Change %
Airline Business	525.4	497.6	5.6	2,117.1	2,070.7	2.2
Passenger revenue	430.4	397.4	8.3	1,749.7	1,640.2	6.7
Ancillary services revenue	28.4	20.1	41.5	104.6	79.1	32.1
Cargo revenue	48.0	58.8	-18.3	183.7	231.3	-20.6
Other revenue	18.5	21.3	-13.1	79.1	120.0	-34.1
Travel Services	60.1	55.1	9.1	206.9	213.8	-3.2
Total	**585.5**	**552.7**	**5.9**	**2,324.0**	**2,284.5**	**1.7**

Operational result

in mill. EUR	Q4 2015	Q4 2014	Change %	2015	2014	Change %
Airline Business	-5.9	-14.2	58.1	17.1	-43.5	> 200 %
Travel Services	6.7	4.8	39.5	6.7	7.0	-5.0
Total	**0.8**	**-9.3**	**> 200 %**	**23.7**	**-36.5**	**> 200 %**

Operating result

in mill. EUR	Q4 2015	Q4 2014	Change %	2015	2014	Change %
Airline Business	76.3	-46.1	> 200 %	113.4	-78.4	> 200 %
Travel Services	8.7	4.7	85.6	8.3	5.9	39.8
Total	**85.0**	**-41.4**	**> 200 %**	**121.7**	**-72.5**	**> 200 %**

Average number of employees

	Q4 2015	Q4 2014	Change %	2015	2014	Change %
Airline Business	4,083	3,729	9.5	4,002	4,232	-5.4
Travel Services	513	573	-10.5	567	645	-12.1
Other functions	339	304	11.6	337	295	14.2
Total	**4,935**	**4,606**	**7.2**	**4,906**	**5,172**	**-5.1**

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 the 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	31 Dec 2015		31 Dec 2014	
	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives				
Hedge accounting items (forward contracts):				
Jet fuel currency hedging	331.6	23.1	385.4	35.9
Fair value hedging of aircraft acquisitions	782.4	81.0	657.6	66.3
Currency hedging of lease payments	171.2	18.1	146.6	15.0
Hedge accounting items total	1,285.3	122.2	1,189.6	117.1
Items outside hedge accounting:				
Operational cash flow hedging (forward contracts)	307.5	14.8	370.4	29.5
Operational cash flow hedging (options)				
Bought options	180.4	3.7	110.2	7.1
Sold options	318.5	-4.1	178.0	-3.0
Balance sheet hedging (forward contracts)	11.5	0.4	13.7	0.9
Items outside hedge accounting total	817.8	14.7	672.2	34.5
Currency derivatives total	**2,103.1**	**136.9**	**1,861.8**	**151.6**
Commodity derivatives				
Hedge accounting items:				
Jet fuel forward contracts, tonnes	559,000	-140.7	534,700	-142.3
Electricity derivatives, MWh	13,140	0.0	30,220	0.0
Hedge accounting items total		-140.8		-142.3
Items outside hedge accounting:				
Jet fuel forward contracts, tonnes	26,000	-4.2	33,500	-8.6
Options				
Bought options, jet fuel, tonnes	178,000	0.6	162,500	0.1
Sold options, jet fuel, tonnes	329,000	-26.2	171,500	-39.3
Electricity derivatives, MWh	26,352	-0.3	46,904	-0.3
Items outside hedge accounting total		-30.2		-48.1
Commodity derivatives total		**-170.9**		**-190.4**
Currency and interest rate swaps and options				
Hedge accounting items:				
Interest rate swaps	150.0	5.2	150.0	5.8
Interest rate options				
Bought options	0.0	0.0	123.5	2.3
Sold options	0.0	0.0	123.5	-4.8
Hedge accounting items total	150.0	5.2	397.1	3.4
Items outside hedge accounting:				
Cross currency Interest rate swaps	7.1	-0.2	11.6	-0.6
Interest rate swaps	0.0	0.0	25.0	-0.1
Items outside hedge accounting total	7.1	-0.2	36.6	-0.7
Interest rate derivatives total	**157.1**	**5.0**	**433.7**	**2.7**
Equity derivatives				
Hedge accounting items:				
Stock options				
Bought options	3.0	5.6	3.0	0.7
Sold options	3.0	-1.4	3.0	-0.1
Hedge accounting items total	6.0	4.1	6.0	0.6
Equity derivatives total	**6.0**	**4.1**	**6.0**	**0.6**
Derivatives total		**-24.9**		**-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	31 Dec 2015	Level 1	Level 2
Financial assets at fair value through profit and loss			
Securities held for trading	418.3	35.7	382.6
Derivatives held for trading			
Currency and interest rate swaps and options	5.2		5.2
- of which in fair value hedge accounting	5.2		5.2
Currency derivatives	144.2		144.2
- of which in fair value hedge accounting	81.3		81.3
- of which in cash flow hedge accounting	42.0		42.0
Commodity derivatives	0.6		0.6
Equity derivatives	5.6		5.6
- of which in fair value hedge accounting	5.6		5.6
Total	**574.0**	**35.7**	**538.3**
Financial liabilities recognised at fair value through profit and loss			
Derivatives held for trading			
Currency and interest rate swaps and options	0.3		0.3
- of which in fair value hedge accounting	0.1		0.1
Currency derivatives	7.3		7.3
- of which in fair value hedge accounting	0.4		0.4
- of which in cash flow hedge accounting	0.8		0.8
Commodity derivatives	171.6		171.6
- of which in cash flow hedge accounting	140.8		140.8
Equity derivatives	1.4		1.4
- of which in fair value hedge accounting	1.4		1.4
Total	**180.6**	**0.0**	**180.6**

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 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 (31 March 2015), Flybe Finland Nordic group, the joint venture of Finnair and Flybe UK was transferred temporarily to Finnair's ownership as Finnair acquired Flybe Group plc's (Flybe UK) 60% share of Flybe Nordic with one euro on an interim basis. Later on Flybe Nordic was renamed as Nordic Regional Airlines (Norra). Norra was classified as assets held for sale until Finnair further sold the 60% share to Staffpoint Holding Oy and Kilco Oy in Q4, on 4 November 2015. Due to the sale Norra became a joint venture of Finnair and the new owners. Transactions related to purchase traffic have been included as uneliminated in Finnair's results from continuing operations throughout the whole financial year, as the purchase traffic arrangement was expected to continue also after the sale of the 60% share.

At the end of 2015, Finnair sold its ownership in the Estonian subsidiary Estravel AS, including Estravel's Lithuanian subsidiary Estravel Vilnius UAB. The transaction did not have significant effect to Finnair's results.

During Q1 2014, Finnair sold its subsidiary Finncatering Oy, which was previously classified as assets held for sale. During Q4 2014, Finnair sold Travel Retail's shops at Helsinki Airport to World Duty Free Group. The sale had a positive effect of 12.7 million euros on 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 2015 was 20.8% (-16.7%).

9. DIVIDEND PER SHARE

The Board of Directors proposes to the Annual General Meeting that no dividend is paid for 2015.
The Annual General Meeting on 25 March 2015 decided that no dividend was paid for 2014.

10. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

in mill. EUR	31 Dec 2015	31 Dec 2014
Carrying amount at the beginning of period	916.2	1,311.9
Additions	329.7	82.4
Change in advances	28.9	64.4
Currency hedging of aircraft acquisitions	-14.7	-64.1
Disposals and reclassifications	-290.6	-342.7
Depreciation	-108.1	-134.3
Depreciation included in non-recurring items	-40.4	-1.4
Carrying amount at the end of period	**821.0**	**916.2**
Proportion of assets held for sale at the beginning of period	119.8	9.8
Proportion of assets held for sale at the end of period	123.0	119.8

11. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale include mainly aircraft held for sale. Aircraft classified as held for sale for 2015 include three A340 aircraft that are expected to be sold to Airbus during 2016. These wide-body aircraft are going to be replaced by new A350 aircraft. In addition, aircraft held for sale include two Embraer E170 and one ATR 72 scheduled for divestment in early 2016.

In 2014, assets held for sale included three Embraer E190 and six ATR 72, which were sold and leased back at the beginning of 2015.

Non-current assets held for sale	31 Dec 2015	31 Dec 2014
Intangible and tangible assets	123.0	119.8
Inventories	1.6	2.6
Total	**124.5**	**122.4**

12. INTEREST-BEARING LIABILITIES

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

13. CONTINGENT LIABILITIES

in mill. EUR	31 Dec 2015	31 Dec 2014
Pledges on own behalf	160.1	181.1
Guarantees on behalf of group undertakings	67.0	72.8
Guarantees on behalf of others	0.1	2.2
Total	**227.2**	**256.1**

Investment commitments for property, plant and equipment as at 31 December 2015 totalled 1,818 million euros (1,950).

14. OPERATING LEASE COMMITMENTS

in mill. EUR	31 Dec 2015	31 Dec 2014
Lease commitments for fleet payments	1,040.3	635.8
Other lease commitments	305.2	246.4
Total	**1,345.5**	**882.2**

Lease commitments from fleet payments have increased mainly because of the sale and leaseback of Embraer 190, ATR 72 and Airbus A350 aircraft.

15. RELATED PARTY TRANSACTIONS

in mill. EUR	2015	2014
Sales of goods and services		
Associates	0.2	1.4
Joint ventures	49.3	59.9
Pension fund	0.0	0.1
Purchases of goods and services		
Associates	2.5	20.8
Joint ventures	126.7	228.3
Pension fund	4.5	4.6
Financial expenses		
Joint ventures	0.0	10.8
Receivables		
Current receivables from associates	0.5	1.5
Current receivables from joint ventures	12.1	7.3
Liabilities		
Non-current liabilities to joint ventures	0.0	8.2
Non-current liabilities to pension fund	2.6	25.3
Current liabilities to associates	0.9	4.7
Current liabilities to joint ventures	0.1	3.4
Contingent liabilities		
Guarantees on behalf of joint ventures	0.0	2.0

Transactions with Finnair's joint venture Nordic Regional Airlines AB Group (Norra) have been included in transactions with joint ventures for the full financial year of 2015. Norra became temporarily a fully-owned subsidiary of Finnair on 31 March 2015, when former partner Flybe UK decided to withdraw from the arrangement. Finnair reached conclusion with new partners on 4 November 2015, when the 60% share was sold to new owners and Norra once again became a joint venture of Finnair. Although Norra was a fully -owned subsidiary between 31 March and 4 November 2015, during that time it was classified as an asset held for sale, and the transactions related to the purchase traffic arrangement between the parties were not eliminated from Finnair's results from continuing operations, as the arrangement was expected to continue after the sale of the 60% share. Therefore, those transactions have been included in the 2015 related party transactions.

The associated company Kiinteistö Oy Lentäjäntie 1 was sold in November 2015 and was considered a related party of Finnair until the moment of sale.

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.

The equity ratio formula has been adjusted to better reflect the generally used formula in the airline business. Previously, equity ratio was calculated by dividing equity with total assets, excluding 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. The adjusted formulas are described in 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

In January, Finnair secured financing arranged by BNP Paribas for the full market value of its third Airbus A350-900 XWB aircraft, which was delivered on 30 December 2015. The transaction amounts to approximately 135 million euros and it was implemented using a Japanese Operating Lease with a Call Option (JOLCO) structure, where the transaction amount is treated in Finnair’s IFRS financial statements as a loan and the aircraft as owned.

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:

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

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, %:

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

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 Financial Statements Bulletin are unaudited.