



# **Finnair Group Interim Report 1 January – 30 September 2017**

25 October 2017

# Finnair Group Interim Report 1 January–30 September 2017

***The best quarter in Finnair's history; comparable operating result has already improved for 12 quarters in a row***

## July–September 2017

- Revenue increased by 14.7% to 735.4 million euros (640.9)\*.
- Available seat kilometres (ASK) grew by 11.1%.
- Comparable operating result was 118.9 million euros (65.7).
- Operating result was 122.2 million euros (115.5).
- Comparable EBITDAR\*\* was 188.9 million euros (118.3).
- Net cash flow from operating activities was 103.6 million euros (59.1), and net cash flow from investing activities was -80.5 million euros (161.5).\*\*\*
- Unit revenue (RASK) increased by 3.3%.
- Unit cost (CASK) decreased by 3.5% and unit cost at constant currency excluding fuel increased by 0.2%.
- Ancillary and retail revenue per passenger grew by 0.8% to 11.4 euros.
- Earnings per share were 0.71 euros (0.66).

## January–September 2017

- Revenue increased by 10.1% to 1,923.1 million euros (1,746.9)\*.
- Available seat kilometres (ASK) grew by 6.2%.
- Comparable operating result was 147.5 million euros (53.5).
- Operating result was 201.3 million euros (98.0) including sales gain on an A350 aircraft.
- Comparable EBITDAR\*\* was 342.2 million euros (211.0).
- Net cash flow from operating activities was 289.6 million euros (189.2), and net cash flow from investing activities was -71.9 million euros (-234.8).\*\*\*
- Unit revenue (RASK) increased by 3.7%.
- Unit cost (CASK) decreased by 1.3% and unit cost at constant currency excluding fuel increased by 1.4%.
- The 20-million euro cost-efficiency programme was successfully completed in full by summer.
- Ancillary and retail revenue per passenger grew by 5.8% to 12.0 euros.
- Earnings per share were 1.12 euros (0.47).

\* Unless otherwise stated, comparisons and figures in parentheses refer to the comparison period, i.e. the same period last year.

\*\* Comparable operating result + depreciation + lease payments for aircraft.

\*\*\* Net cash flow from investing activities in the third quarter, includes 15 million euros of redemptions from money market funds, or divestments and maturities from other financial assets maturing after more than three months. In January–September, these investments decreased in net terms by 110 million euros. These investments are part of the Group's liquidity management.

## Outlook unchanged

Finnair estimates that in 2017 its capacity will grow approximately 9 per cent, weighted strongly towards the second half of the year. Full-year revenue is expected to grow approximately in line with capacity.

Finnair expects its comparable operating result for 2017 to be in the range of 135-155 million euro (2016: 55 million euro), if current fuel prices and exchange rates prevail and assuming no material changes in business environment.

## **CEO Pekka Vauramo:**

The strong performance in the third quarter is a result of our accelerated growth strategy adopted in the spring of 2016 - well-timed capacity growth and successful network decisions show in the result. Our outstanding and dedicated people tackled the challenges related to rapid growth, and we broke records in the number of passengers, passenger load factors and customer satisfaction. The increase in revenues, nearly 15%, was driven by strong passenger demand. Passenger revenue, ancillary sales, cargo and travel services all grew at double-digit rates. Loads developed well especially in Asian and European traffic, whereas development in domestic flying was weaker than other areas and remains a concern. Our comparable operating result increased to an all-time high at approximately 119 million euros, showing improvement for the 12<sup>th</sup> quarter in a row.

The first phase in our extensive long-haul fleet renewal was completed towards the end of September, when the eleventh A350 aircraft joined the Finnair fleet. Eight additional A350s will be delivered between 2018 and 2023. I am happy to say that our balance sheet is very strong at this stage of the fleet renewal, and we are very well prepared for future investments. Our cash funds amounted to almost a billion euros at the end of September.

We will continue our growth strategy and target to grow faster than our European peers in the traffic between Asia and Europe. The majority of our Asian customers will continue their journey from Helsinki to our European destinations, but we have also taken heed of the increased interest in Finland and the other Nordic countries, while making efforts to nurture this important market. In the coming winter season, we will increase our offering to Lapland by over a fifth from last winter. Finnair's future growth and business development will also be backed by about 1,000 new employees and our investments in digital development, which will provide better services and tools for our customers and personnel.

## **Business environment**

Traffic continued to grow in Finnair's main markets in the third quarter of 2017. Measured in available seat kilometres, scheduled market capacity between Helsinki and Finnair's European destinations increased by 6 per cent, while direct market capacity between Finnair's Asian and European destinations grew by 4.8 per cent. Finnair's market share decreased slightly in European traffic, and increased in Asian traffic, to 5.6 per cent (5.0).\*

Market demand growth between Asia and Europe exceeded capacity growth in the review period. Demand for flights between Asia and Europe increased across the network to almost every destination. There was particularly strong demand from Japan to Europe, as the Japanese market demand remained strong for the peak season, which helped the growth of the market share of the Siberian Joint Business covering flights between Europe and Japan. Demand between Europe and North America was also strong, particularly from traffic originating in the US.

The capacity and load factors of tour operators in Finland were at a very high level in the third quarter, reflecting unstable weather conditions. The demand growth filled all major holiday destinations, particularly Greece, Spain and Croatia.

The air cargo market continued to grow during the period, particularly on routes connecting Europe and Asia. Market capacity is still growing, but the balance of supply and demand has continued to develop favourably. As a result, cargo load factors rose and yields generally began to increase.

The US dollar, the most significant expense currency for Finnair after the euro, depreciated by 4.9 per cent against the euro. With regard to key income currencies, the Japanese yen was 12.4 per cent weaker against the euro than in the comparison period. The Chinese yuan depreciated by 4.9 per cent against the euro. The market price of jet fuel was 19.0 per cent higher in the third quarter than in the comparison period. Finnair hedges its fuel purchases and key foreign currency items; hence market fluctuations are not reflected directly in its result.

\* Based on external sources (capacities on SRS Analyzer data and market shares on DDS pax estimates for July–August). The basis for calculation is Finnair's non-seasonal destination cities.

## Financial performance

### Revenue in July–September 2017

Revenue in the third quarter of 2017 grew by 14.7 per cent to 735.4 million euros (640.9). Passenger revenue grew faster than capacity, and the favourable demand environment was also shown as buoyant growth in ancillary and retail revenue, cargo revenue and travel services revenue. Travel agency revenue decreased to zero due to the divestment of SMT in November 2016. Unit revenue (RASK) increased by 3.3 per cent and amounted to 7.29 euro cents. The passenger load factor rose by 3.0 percentage point to 87.2 per cent.

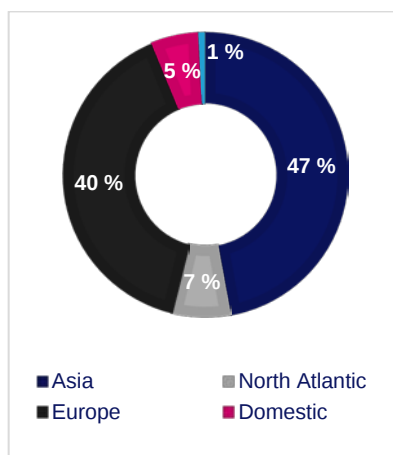
#### Revenue by product

| EUR million                  | Q3/2017      | Q3/2016      | Change %    |
|------------------------------|--------------|--------------|-------------|
| Passenger revenue *          | 597.7        | 515.9        | 15.9        |
| Ancillary and retail revenue | 37.4         | 33.8         | 10.5        |
| Cargo                        | 51.6         | 45.5         | 13.6        |
| Travel services              | 48.7         | 42.0         | 15.8        |
| Travel agencies              |              | 3.7          | -100.0      |
| <b>Total</b>                 | <b>735.4</b> | <b>640.9</b> | <b>14.7</b> |

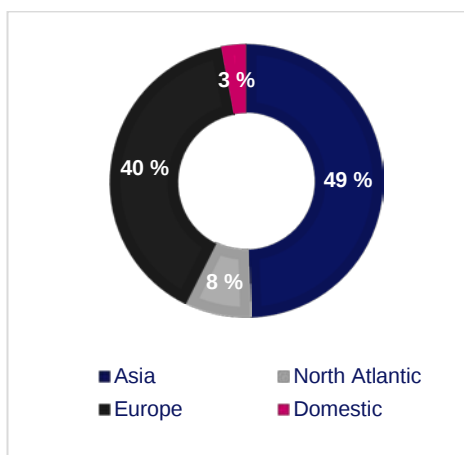
#### Ticket revenue and traffic data by area, Q3/2017

| Traffic area   | Ticket revenue |             | ASK             |             | RPK            |             | PLF         |                |
|----------------|----------------|-------------|-----------------|-------------|----------------|-------------|-------------|----------------|
|                | EUR mill.      | Change %    | Mill. km        | Change %    | Mill. km       | Change %    | %           | Change %-point |
| Asia           | 281.7          | 25.3        | 4,987.3         | 15.1        | 4,523.8        | 20.0        | 90.7        | 3.7            |
| North Atlantic | 40.2           | 4.9         | 800.9           | 0.3         | 714.8          | 10.2        | 89.3        | 8.1            |
| Europe         | 238.9          | 11.7        | 4,005.1         | 9.5         | 3,363.6        | 11.0        | 84.0        | 1.1            |
| Domestic       | 32.1           | 3.1         | 299.6           | 0.1         | 196.7          | -4.0        | 65.7        | -2.8           |
| Unallocated    | 4.8            | -37.7       |                 |             |                |             |             |                |
| <b>Total</b>   | <b>597.7</b>   | <b>15.9</b> | <b>10,092.9</b> | <b>11.1</b> | <b>8,799.0</b> | <b>15.0</b> | <b>87.2</b> | <b>3.0</b>     |

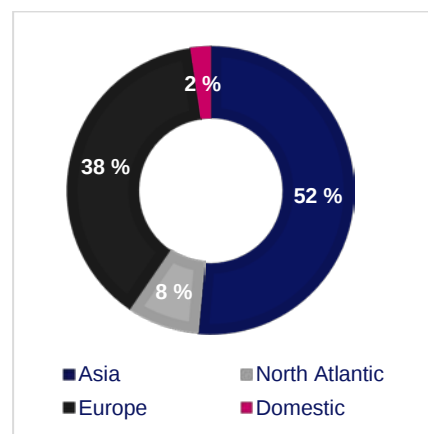
#### Q3 passenger revenue (M€)



#### Q3 capacity (ASKs)



#### Q3 traffic (RPKs)



Passenger traffic capacity (measured in Available Seat Kilometres (ASK)) grew by 11.1 per cent overall in the third quarter. Traffic measured in revenue passenger kilometres (RPK) grew by 15.0 per cent, while the passenger load factor (PLF) increased markedly, particularly in long-haul traffic.

In Asian traffic, ASKs increased by 15.1 per cent. This reflected the introduction of A350 aircraft in Asian traffic and added frequencies on the Tokyo and Hong Kong routes. RPKs increased by 20.0 percent and the PLF rose by 3.7 per cent to 90.7 per cent. Capacity on the North Atlantic routes remained broadly unchanged (+0.3%). In

the summer, Finnair operated a new seasonal route to San Francisco, replacing the Miami route operated in summer 2016. RPKs increased by 10.2 per cent and the PLF rose by 8.1 percentage points to 89.3 per cent.

In European traffic, ASKs grew by 9.5 per cent and RPKs increased by 11.0 per cent as the PLF rose by 1.1 percentage points to 84.0 per cent. Capacity in domestic traffic remained at the same level as in the comparison period (+0.1 per cent), but runway renovation in June at the main domestic destination, Oulu, and subsequent traffic restrictions in August were reflected as a decline in traffic. Traffic decreased by 4.0 per cent and the PLF declined by 2.8 percentage point to 65.7 per cent.

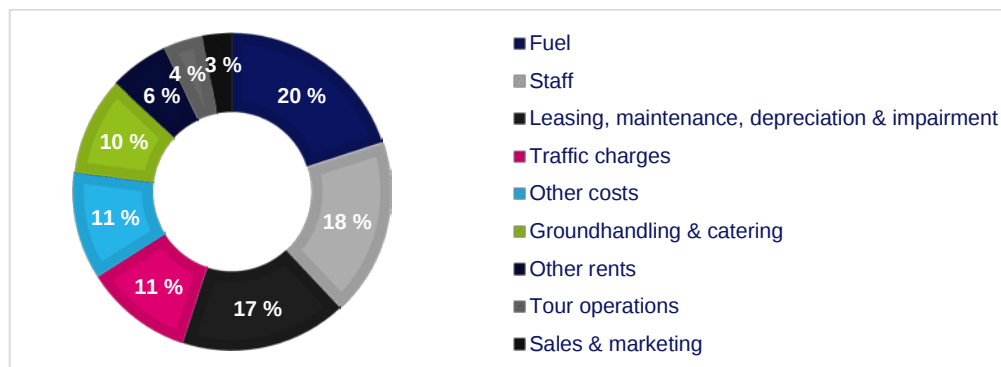
Ancillary and retail revenue increased by 10.5 per cent and amounted to 37.4 million euros, or 11.4 euros per passenger. Growth was particularly strong in advance seat reservations and travel class upgrades. Available cargo tonne kilometres increased by 12.3 per cent, whereas revenue cargo tonne kilometres increased by 16.3 per cent reflecting a higher cargo load factor. Average cargo yields decreased by 2.3 per cent year on year. Cargo revenue increased by 13.6 per cent, amounting to 51.6 million euros.

In Finnair's travel services (Aurinkomatkat Suntours) in the third quarter, the number of travellers increased by 7.7 per cent, and the load factor in Suntours' fixed seat allotment was 98 per cent. Revenue increased by 15.8 per cent to 48.7 million euros (42.0). The reduction in travel agencies' revenue to zero is attributable to the divestment of SMT, completed in November 2016.

#### Cost development and result July-September 2017

Finnair's operating expenses in the third quarter increased by 7.3 per cent to 634.6 million euros (591.4). Unit cost (CASK) decreased by 3.5 per cent and totalled 6.11 euro cents (6.33). CASK ex fuel at constant currency increased by 0.2 per cent.

#### **Q3 split of operating costs (€635 mn in total)**



Operating expenses excluding fuel increased by 10.4 per cent, and amounted to 510.8 million euros (462.7). Fuel costs, including hedging results and emissions trading costs, decreased by 3.8 per cent to 123.8 million euros (128.7). Fuel efficiency as measured by fuel consumption per ASK improved by 2.9 per cent reflecting in particular the introduction of the more fuel-efficient A350s. Fuel consumption per RTK, which also accounts for improvements in the passenger and cargo load factors, improved by 6.5 per cent.

Staff costs increased to 112.9 million euros (87.4). The growth is explained by an increase in the number of personnel, acquisition of Finnair Kitchen, extensive training of flight crew and provisions made in the third quarter for incentives and profit-based contributions in the personnel fund. Meanwhile, fleet growth and renewal increased aircraft leases and depreciations. Other rents decreased, since wet leases used in the comparison period were no longer needed.

Finnair's comparable EBITDAR increased to 188.9 million euros (118.3). Comparable operating result, or operating result excluding items affecting comparability, capital gains and changes in the fair value of

derivatives and in the value of foreign currency-denominated fleet maintenance reserves, improved to 118.9 million euros (65.7).

The change in the fair value of derivatives and in the value of foreign currency denominated fleet maintenance reserves amounted to 4.7 million euros (7.4). The items affecting comparability amounted to -1.5 million euros (42.4), including various currency and derivatives items and one-time expenses related to the redelivery of A340s to Airbus. In the comparison period, the item mostly consisted of the gain on the sale of an A350 aircraft. The operating result was 122.2 million euros (115.5), the result before taxes was 117.0 million euros (109.9) and the result after taxes was 93.6 million euros (87.6).

#### Revenue in January–September 2017

Finnair's revenue in January–September grew by 10.1 per cent to 1,923.1 million euros (1,746.9). All continuing business categories grew versus the comparison period. Travel agency revenue decreased to zero due to the divestment of SMT in November 2016. Unit revenue (RASK) increased by 3.7 per cent and amounted to 7.04 euro cents (6.79).

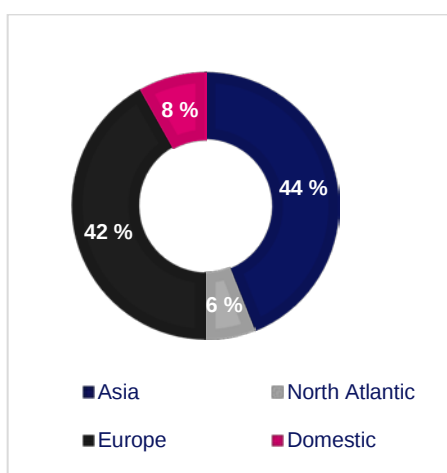
#### Revenue by product

| EUR million                  | Q1–Q3/2017     | Q1–Q3/2016     | Change %    |
|------------------------------|----------------|----------------|-------------|
| Passenger revenue            | 1,529.5        | 1,378.1        | 11.0        |
| Ancillary and retail revenue | 107.4          | 93.7           | 14.5        |
| Cargo                        | 140.2          | 127.7          | 9.8         |
| Travel services              | 146.0          | 135.2          | 8.0         |
| Travel agencies              | 0.0            | 12.1           | -100.0      |
| <b>Total</b>                 | <b>1,923.1</b> | <b>1,746.9</b> | <b>10.1</b> |

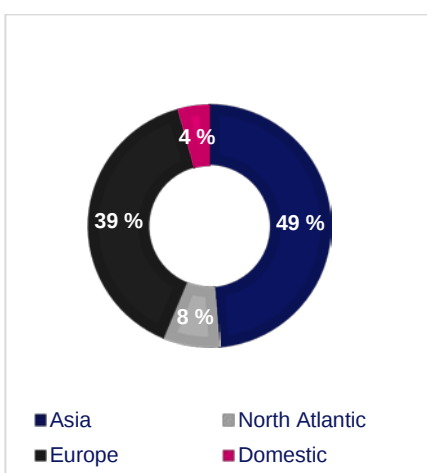
#### Ticket revenue and traffic data by area, Q1-Q3/2017

| Traffic area   | Ticket revenue |             | ASK             |            | RPK             |             | PLF         |                |
|----------------|----------------|-------------|-----------------|------------|-----------------|-------------|-------------|----------------|
|                | EUR mill.      | Change %    | Mill. km        | Change %   | Mill. km        | Change %    | %           | Change %-point |
| Asia           | 669.2          | 18.7        | 13,315.8        | 7.2        | 11,758.3        | 15.2        | 88.3        | 6.1            |
| North Atlantic | 92.9           | 0.1         | 2,054.0         | -2.3       | 1,741.3         | 3.2         | 84.8        | 4.5            |
| Europe         | 636.5          | 10.0        | 10,767.3        | 6.9        | 8,735.9         | 9.6         | 81.1        | 2.0            |
| Domestic       | 124.6          | 4.3         | 1,178.2         | 4.8        | 796.6           | 2.5         | 67.6        | -1.5           |
| Unallocated    | 6.2            | -73.3       |                 |            |                 |             |             |                |
| <b>Total</b>   | <b>1,529.5</b> | <b>11.0</b> | <b>27,315.4</b> | <b>6.2</b> | <b>23,032.0</b> | <b>11.6</b> | <b>84.3</b> | <b>4.1</b>     |

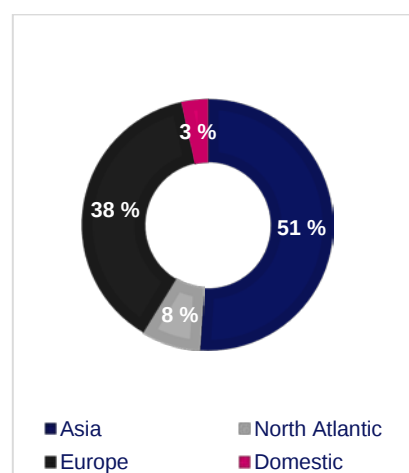
Q1-Q3 passenger revenue (M€)



Q1-Q3 capacity (ASKs)



Q1-Q3 traffic (RPKs)



Passenger traffic capacity (measured in Available Seat Kilometres (ASK)) grew by 6.2 per cent overall in January–September – the growth rate was 0.1 per cent in Q1, 6.8 per cent in Q2 and 11.1 per cent in Q3. Traffic measured in revenue passenger kilometres (RPK) grew by 11.6 per cent; the passenger load factor (PLF) improved particularly in Asian traffic. ASKs grew in all other traffic areas except the North Atlantic, where Miami flights operated earlier around the year were suspended at the beginning of May and the new San Francisco route was opened only in June. In addition, the New York route was operated at the beginning of the year with a smaller wet leased aircraft.

In Asian traffic, ASKs grew 7.2 per cent from the comparison period. Capacity was augmented by the introduction of A350 aircraft in Asian traffic and additional frequencies to Tokyo and Hong Kong, while there were negative contributions from the suspension of the Chongqing route between 11 January and 2 May due to A350 pilot training and several cancellations at the beginning of the year due to a temporary shortage of pilots. The PLF in Asian traffic rose by 6.1 percentage points to 88.3 per cent. The capacity in North Atlantic traffic decreased by 2.3 per cent. RPKs in North Atlantic traffic increased by 3.2 per cent and the PLF rose by 4.5 percentage points to 84.8 per cent.

In European traffic, ASKs increased by 6.9 and RPKs increased by 9.6 per cent as the PLF rose by 2.0 percentage points to 81.1 per cent. Domestic capacity increased by 4.8 per cent and traffic by 2.5 per cent. Traffic growth was heavily concentrated on the beginning of the year, when capacity was added to Lapland to meet the growing tourist demand for Northern Finland. In the summer, the largest domestic destination, Oulu, was closed throughout July due to runway renovation, and traffic restrictions at the airport continued in August. During the period as a whole, the PLF declined by 1.5 percentage points to 67.6.

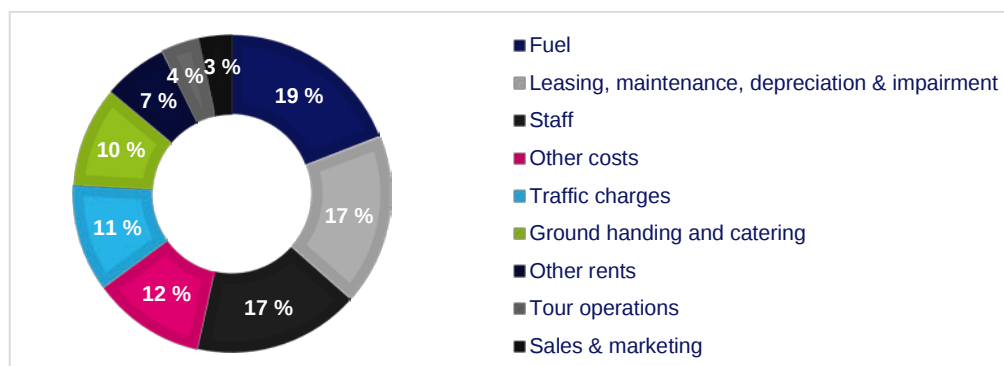
Ancillary and retail revenue increased by 14.5 per cent and amounted to 107.4 million euros, or 12.0 euros per passenger (11.3 euros). There was growth particularly in advance seat reservations. Available cargo tonne kilometres increased by 3.4 per cent, and revenue cargo tonne kilometres increased by 7.7 per cent. Average cargo yields increased by 2.0 per cent. Cargo revenue increased by 9.8 per cent to 140.2 million euros.

Revenue from the tour operating business (Aurinkomatkat Suntours) increased by 8.0 per cent to 146.0 million euro. The decrease in travel agencies' revenue is attributable to the divestment of SMT, which was completed in November 2016.

#### Cost development and result January–September 2017

Finnair's operating expenses in the first nine months of 2017 increased by 4.8 per cent to 1,832.8 million euros (1,749.5). Unit cost (CASK) decreased by 1.3 per cent and totalled 6.50 euro cents (6.58). CASK ex fuel at constant currency increased by 1.4 per cent.

#### **Split of operating costs in January–September (1,833 M€ in total)**



Operating expenses excluding fuel increased by 8.0 per cent to 1,483.0 million euros (1,372.9). Fuel costs, including hedging results and emissions trading costs, decreased by 7.1 per cent to 349.8 million euros (376.6).

Fuel efficiency as measured by fuel consumption per ASK improved by 3.0 per cent primarily reflecting the introduction of the more fuel-efficient A350s. Fuel consumption per RTK, which also accounts for improvements in the passenger and cargo load factors, improved by 6.8 per cent.

Staff costs increased to 310.3 million euros (272.2). The growth is explained by an increase in the number of personnel, the acquisition of Finnair Kitchen, extensive training of flight crew and provisions made for incentive schemes and profit-based contribution in the personnel fund. Fleet growth and renewal increased depreciations, aircraft lease payments and maintenance cost. Other expenses increased to 211.2 million euros (195.6). In the comparison period, the item included a significant positive hedging result. As a result of the implementation of IFRS 9, effective 1 January 2017, the impacts of currency hedging are now allocated, to the relevant expense rows (fuel costs, lease payments for aircraft, maintenance and traffic charges).

The previously announced 20-million euro cost-efficiency programme was successfully completed in full and on schedule. After the conclusion of the programme, Finnair will improve efficiency through continuous development, without separate programmes.

Finnair's comparable EBITDAR increased to 342.2 million euros (211.0). The comparable operating result, or operating result excluding items affecting comparability, capital gains and changes in the fair value of derivatives and in the value of foreign currency-denominated fleet maintenance reserves, improved to 147.5 million euros (53.5).

The change in the fair value of derivatives and in the value of foreign currency denominated fleet maintenance reserves amounted to 10.8 million euros (11.7). The items affecting comparability amounted to 43.0 million euros (32.7) including a gain on the sale of an A350 aircraft and one-time expenses related to A340 aircraft redelivered to Airbus. The operating result was 201.3 million euros (98.0), the result before taxes was 190.4 million euros (89.9) and the result after taxes was 152.3 million euros (71.5).

### **Balance sheet on 30 September 2017**

The Group's balance sheet totalled 2,824.8 million euros at the end of the period under review (31 Dec 2016: 2,528.7). Non-current assets increased by 243.5 million euros in January–September primarily due to aircraft investments. Assets held for sale decreased by 139.1 million euros, as four A340 aircraft were redelivered to Airbus in accordance with a previous agreement. The remaining payment from this transaction, approximately 100 million euros, will be received in 2018 and is shown as an increase in trade and other receivables, totaling 191.7 million euros. Shareholders' equity was 980.8 million euros (31 Dec 2016: 857.0), or 7.68 euros per share (31 Dec 2016: 6.73).

Shareholders' equity includes a fair value reserve that is affected by changes in the fair values of jet fuel and currency derivatives used for hedging as well as actuarial gains and losses related to pilots' defined benefit plans according to IAS 19. The value of the item at the end of September 2017 was 33.3 million euros (31 Dec 2016: 33.9) after deferred taxes. In the review period, it was reduced by changes in the fair value of the hedging instruments mentioned above, but this impact was offset by a change in accounting principles and actuarial gains.

### **Cash flow and financial position**

Finnair has a strong financial position, which supports business development and future investments. In January–September, net cash flow from operating activities amounted to 289.6 million euros (189.2). The increase in cash flow was primarily attributable to the growth of the comparable operating result. Net cash flow from investments amounted to -71.9 million euros (-234.8) and was particularly attributable to aircraft investments and divestments as well as the maturity of money market investments with maturities exceeding three months used as part of the Group's liquidity management.

The equity ratio on 30 September 2017 stood at 34.7 per cent (31 Dec 2016: 33.9) and gearing was negative at -21.7 per cent (31 Dec 2016: -11.2). Adjusted gearing was 69.2 per cent (31 Dec 2016: 78.3). At the end of September, adjusted interest-bearing debt amounted to 764.8 million euros (31 Dec 2016: 701.5) and interest-bearing net debt was negative at -212.6 million euros (31 Dec 2016: -95.8).

The company's liquidity was strong in the review period. The Group's cash funds at period-end amounted to 977.3 million euros (31 Dec 2016: 797.3). 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 175-million-euro unsecured syndicated credit facility, intended as reserve funding. The arrangement has a maturity of three years from June 2016 with two optional one-year extensions. In March, Finnair issued a 200-million-euro senior unsecured bond and redeemed 85 million euros of its existing corresponding bond.

Finnair has a 200-million-euro short-term commercial paper program, which was unused at the end of the review period. Net cash flow from financing in January–September amounted to 68.5 million euros (270.2). Financial income was -0.1 million euros (1.2) due to negative interest rates, while financial expenses were -10.7 million euros (-9.4).

## **Capital expenditure**

During 1.1.-30.9.2017, capital expenditure excluding advance payments totalled 440.3 million euros (424.0)) and was primarily related to fleet investments. Cash flow from investments totalled -338.4 million euros, including advance payments.

Cash flow from investments for 2017 is estimated at approximately 410 million euros, or 250 million net, taking into account e.g. the sale and leaseback agreement for the A350 aircraft delivered in April 2017. The cash flow from investments includes, in addition to investment commitments, also an estimate of investments which have been decided upon, but not yet concluded with a counterparty.

Finnair will add seating capacity to its current Airbus narrow-body aircraft in 2017–2018 by modifying storage and technical space at the front and rear of the aircraft. The investment concerns 23 Airbus narrow-body aircraft.

In addition to fleet investments, Finnair has developed a modern cargo terminal, which will be taken into use in phases from October onwards. Finnair will also introduce WiFi connectivity to the majority of its current narrow-body fleet between 2017–2018. All of Finnair's wide-body fleet already has WiFi connectivity.

The current favourable state of the credit markets and Finnair's good debt capacity enable the financing of future fixed-asset investments on competitive terms. The company has 35 unencumbered aircraft, which account for approximately 64 per cent of the balance sheet value of the entire fleet of 1,161 million euros.\*

*\*€44 million of the balance sheet value of the fleet relates to long-term operational lease contracts, which are reported on the balance sheet.*

## **Fleet**

### Fleet operated by Finnair

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair Plc. At the end of September 2017, Finnair itself operated 52 aircraft, of which 19 were wide-body and 33 narrow-body aircraft. Of the aircraft, 25 were owned by Finnair Aircraft Finance Oy, 20 were on operating lease and 7 on finance lease.

At the end of September 2017, the average age of the fleet operated by Finnair was 9,2 years.

| Fleet operated by Finnair*<br>30/09/2017 | Seats   | #         | Change from<br>31/12/2016 | Own**     | Leased<br>(Operating<br>leasing) | Leased<br>(Finance<br>leasing) | Average<br>age<br>30/09/2017 | Ordered  |
|------------------------------------------|---------|-----------|---------------------------|-----------|----------------------------------|--------------------------------|------------------------------|----------|
| <b>Narrow-body fleet</b>                 |         |           |                           |           |                                  |                                |                              |          |
| Airbus A319                              | 138     | 8         | -1                        | 7         | 1                                |                                | 16,4                         |          |
| Airbus A320                              | 165     | 10        |                           | 7         | 1                                | 2                              | 15,1                         |          |
| Airbus A321                              | 209/196 | 15        | 4                         | 4         | 9                                | 2                              | 8,1                          |          |
| <b>Wide-body fleet</b>                   |         |           |                           |           |                                  |                                |                              |          |
| Airbus A330                              | 289/263 | 8         |                           |           | 5                                | 3                              | 7,9                          |          |
| Airbus A340                              | 263/257 | 0         | -4                        |           |                                  |                                |                              |          |
| Airbus A350                              | 297/336 | 11        | 4                         | 7         | 4                                |                                | 1,1                          | 8        |
| <b>Total</b>                             |         | <b>52</b> | <b>3</b>                  | <b>25</b> | <b>20</b>                        | <b>7</b>                       | <b>9,2</b>                   | <b>8</b> |

\* Finnair's Air Operator Certificate (AOC).

\*\* Includes JOLCO-financed (Japanese Operating Lease with Call Option) A350 aircraft.

\*\*\* All A340 aircraft are disposed from the fleet.

### Fleet renewal

Finnair has ordered a total of 19 Airbus A350 XWB aircraft from Airbus S.A.S., three of which were delivered in 2015 and four in 2016. By the end of the third quarter, Finnair had taken delivery of all four of the aircraft scheduled for delivery in 2017 and thus completed the first phase of the fleet renewal consisting of the original 11 aircraft orders. According to the current delivery schedule, Finnair will receive the remaining eight A350 aircraft between 2018 and 2023. Finnair's investment commitments for property, plant and equipment, totalling 1,130 million euros, include the upcoming investments in the wide-body fleet.

Finnair has phased out its A340 aircraft, following the successful delivery and entry into service of the A350 XWB aircraft. Finnair sold its four Airbus A340-300 aircraft back to Airbus and all have left revenue service and fleet.

Finnair has the possibility to adjust the size of its fleet flexibly based on demand and outlook due to the staggered maturities of its lease agreements.

In 2017, Finnair will add seven new Airbus A321 narrow-body aircraft to its fleet with an operating lease agreement. By the end of the third quarter, Finnair had taken the delivery of four of these aircraft.

### Fleet operated by Norra (purchased traffic)

Nordic Regional Airlines (Norra) operates a fleet of 24 aircraft for Finnair on a contract flying basis. All aircraft are leased from Finnair Aircraft Finance.

| Fleet operated by Norra*<br>30/09/2017 | Seats | #         | Change from<br>31/12/2016 | Own**     | Leased<br>(Operating<br>leasing) | Average<br>age<br>30/09/2017 | Ordered |
|----------------------------------------|-------|-----------|---------------------------|-----------|----------------------------------|------------------------------|---------|
| ATR                                    | 68-72 | 12        |                           | 6         | 6                                | 8,2                          |         |
| Embraer E190                           | 100   | 12        |                           | 9         | 3                                | 9,3                          |         |
| <b>Total</b>                           |       | <b>24</b> | <b>0</b>                  | <b>15</b> | <b>9</b>                         | <b>8,7</b>                   |         |

\* Nordic Regional Airlines Oy's Air Operator Certificate (AOC).

\*\* Aircraft owned by Finnair Aircraft Finance include JOLCO-financed E190 aircraft.

## **Air traffic services and products**

### Route network and alliances

Finnair specialises in traffic between Asia and Europe with 19 destinations in Asia and nearly 100 in Europe. There are more than 1,000 Finnair flights weekly from Helsinki to other Finnish and European destinations.

The maximum weekly number of flights to Asia was 87 during the summer season 2017. For summer 2017, Finnair added frequencies to Tokyo and Hong Kong as well as Copenhagen, Berlin and St Petersburg. In addition, new routes were introduced from Helsinki to San Francisco, Alicante, Ibiza, Corfu, Menorca and Reykjavik.

For the winter season 2017/2018, Finnair will increase capacity to Finnish Lapland by over 20% and launch several new leisure-focused destinations, including Havana, Puerto Vallarta, Puerto Plata and Goa, as well as direct flights to Finnish Lapland from London, Paris and Zurich.

Finnair is part of the **oneworld** alliance and it also engages in closer cooperation with certain **oneworld** partners through participation in joint businesses, namely the Siberian Joint Business and the Atlantic Joint Business. The joint businesses are agreements covering revenue sharing and coordination of prices and capacity for the route areas in question.

### Other renewals and services

In June, Finnair launched a new product, called Finnair Holidays, combining the best of independent travelling and package holidays. Customers can tailor their holiday by choosing suitable Finnair- and **oneworld**-flights, a hotel and experiences selected by travel professionals. Finnair Holidays can be designed and purchased on Finnair's website (<https://holidays.finnair.com>).

Finnair was the first airline in the world to offer Alipay on board as a payment method, which is widely used by Chinese customers. The Alipay system has now been rolled out to all Chinese routes. In June, the sales system used on all Finnair flights was also replaced by a new user-friendly SkyPay system, which speeds up inflight purchasing and enables the use of contactless payment by customers.

The entire Finnair wide-body fleet now has wireless WiFi connectivity. The new A350 aircraft are delivered WiFi-capable, and installations on the A330 fleet were completed in Q2. Installations on the Airbus narrow-body fleet began this year and are expected to be completed in 2018.

Finnair is testing digital Finnish-language newspapers and magazines on its long-haul flights. Customers can read the newspapers and magazines as PDF files free of charge on Finnair's Nordic Sky portal, which is accessible on the customers' own devices free of charge.

The expansion of Finnair's hub, Helsinki Airport, is proceeding, and the new south wing of Terminal 2 has been inaugurated. In addition, the Finnair lounge in the Schengen area was refurbished and Fazer was introduced as the new service provider in mid-summer.

Finnair Kitchen's integration into the Finnair group as of April has proceeded as planned. In honour of Finland's 100 years of independence in December 2017, Finnair will serve a centennial themed menu for its long-haul business passengers in the coming winter season. To celebrate Finland's world-renowned education system, the economy class offers a school lunch menu selected in cooperation with elementary school pupils.

### Awards

The OAG Punctuality League publication released in January ranked Finnair's arrival punctuality in 2016 (84.12%) as the sixteenth-highest in the world. In January, FlightStats recognised the **oneworld** alliance as the most punctual airline alliance in 2016.

In March, Finnair was named the best European airline operating in China at the TTG China Travel Awards for the second consecutive year. The award was based on votes cast by the readers of TTG's publications.

The German ESG rating company oekom research AG confirmed its analysis of Finnair's responsibility. The ESG rating was affirmed as C+-, which is the highest rating in the category comprising 69 companies in the transport and logistics sector. Finnair kept its *Prime* status indicating the suitability of Finnair's securities for responsible investors.

In March, Aurinkomatkat - Suntours was again found to be Finland's most sustainable travel service company by Sustainable Brands Index, which is the largest brand study focused on sustainability and corporate responsibility in the Nordics. The study is made annually by interviewing consumers in four Nordic countries and the Netherlands. The survey is based on the 10 principles of the UN Global Compact initiative.

In June, the Skytrax World Airline Awards chose Finnair as the best airline in Northern Europe for the eighth consecutive year. The award is based on an independent Skytrax survey conducted between August 2016 and May 2017 in 105 countries. The survey covers more than 40 criteria including check-in, seat comfort, cabin cleanliness and service.

In September, Finnair was awarded a Four Star Global Airline rating by the Airline Passenger Experience Association (APEX). The ratings are based on verified feedback given by customers. APEX 2018 assessment covered 470 airlines worldwide, of which only 15% received sufficient votes for Four Stars, and 12% received sufficient votes for Five Stars.

## Personnel

Finnair employed an average of 5,417 (4,909)\* people in January–September 2017, which is 10,3 per cent more than in the comparison period. The number of personnel in continuing operations grew by 6,8 per cent from the comparison period.

The number of employees on 30 September 2017 was 5,739 (30 Sept 2016: 5,044; 31 Dec 2016: 4,838). During the review period (1–9/2017), the number of personnel increased by 901. The change was due to the migration of LSG Finland personnel (approximately 500) to Finnair Kitchen Ltd, and growth in the number of cabin crew and pilots in particular.

The collective labour agreement with IAU will expire on 15 November, and negotiations are in progress. The agreement with PRO will expire on 31 January 2018, and negotiations are expected to commence in the near future. Collective labour agreements with the cabin crew union SLSY were renewed in autumn 2016, and with the pilots' union SLL in February 2017.

*\* The principle of calculating the number of personnel was revised as of the beginning of 2017 so that personnel in basic training are not yet included.*

## Own shares

In July–September 2017, Finnair did not exercise the authorisation granted by the AGM to acquire or dispose of its own shares. During the first quarter, Finnair transferred a total of 348,257 shares as incentives to the participants of the FlyShare employee share savings plan and as a reward to the key personnel included in Finnair's share-based incentive scheme 2014–2016.

On 30 September 2017, Finnair held a total of 440,707 of its own shares (31 Dec 2016: 788,964), representing 0.34 per cent of the total share capital.

## Share price development and trading

Finnair's market capitalisation increased by 178 per cent in January–September 2017 to stand at 1,436.4 million euros on 30 September 2017 (31 Dec 2016: 516.4). The closing price of the share on 30 September 2017 was 11.21 euros (31 Dec 2016: 4.03). In January–September 2017, the highest price for the Finnair Plc share on the Nasdaq Helsinki was 11.40 euros, the lowest price 3.98 euros and the average price 7.39 euros. Some 30.2 million company shares, with a total value of 222.9 million euros, were traded.

The number of Finnair shares recorded in the Trade Register was 128,136,115 at the end of the period. The Finnish state owned 55.8 per cent (55.8) of Finnair's shares, while 16.7 per cent (31 Dec 2016: 8.9) were held by foreign investors or in the name of a nominee.

## Corporate responsibility

Economic, 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 corporate responsibility. Finnair cooperates with industry operators and the authorities in areas such as reducing the climate impacts of aviation, promoting the use of biofuels and the consideration of sustainability within the supply chain. Finnair's corporate responsibility is reflected in its strategy and vision as well as its values of commitment to care, simplicity and courage.

Finnair's sustainability strategy is crystallised in a three-pronged commitment: cleaner, caring, collaborative, and it embeds sustainability even deeper in the group strategy, brand and product development. The programme measures are geared to contribute to cost containment, risk mitigation as well as value creation. In 2017, Finnair also updated its Corporate Responsibility Policy.

In May, Finnair undertook to implement the UN Agenda2030 for sustainable development goals by signing the Finnish Government's Society's Commitment to Sustainable Development. With these commitments, companies and communities pledge themselves to promoting sustainable development in their work and operations. Finnair's commitment was themed "Equality and non-discrimination in both in the air and on ground" whereby Finnair will, in particular, emphasise equality and diversity in its own activities, promote equality and non-discrimination in customer processes and promote diversity in different occupational groups. In July, Finnair participated in the UN sustainable development forum as part of the Finnish delegation, presenting its efforts in sustainable development and its commitment.

In the third quarter, Finnair began cooperation with the Crisis Management Initiative (CMI) organisation to promote peace. Finnair Plus customers have the opportunity to donate their points to support the work of the organisation. Finnair was named "the responsible company of the year" by the Association of Finnish Travel Agents in the Travel Gala 2017 event to acknowledge its longstanding and comprehensive work in sustainable development.

Finnair is committed to the sector's common goals of carbon-neutral growth from 2020 onwards, and cutting emissions from the 2005 level in half by 2050. The key performance indicators for corporate responsibility are presented in this half-year report under "Key Figures", the first table in the tables section below.

## Significant near-term risks and uncertainties

Aviation is an industry that is sensitive to global economic cycles and reacts quickly to external disruptions, seasonal variation and economic trends. In the implementation of its strategy, Finnair is faced with various risks and opportunities. Finnair has 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 variations in fuel price and how these are passed on to ticket prices or affect capacity growth in Finnair's main markets pose a risk for Finnair's revenue development, as do sudden adverse changes in foreign exchange rates and slowing demand growth.

Capacity increases and product improvements among Finnair's existing or new competitors may have an impact on the demand for and yield of 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 additional revenue and efficiency improvements sought through Finnair's digital business transformation and new services involves risks as does the implementation of Finnair's strategy and fleet renewal. Finnair's growth plan and its resourcing could generate further cost pressure and operational challenges in the short term.

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. Interpretation of these decisions involves risks, for example relating to the injunction sought by the Finnish Consumer Ombudsman in September regarding Finnair's compensation practices. In addition, regulations on the reporting of non-financial information (corporate responsibility) and other stakeholder requirements have increased substantially.

Geopolitical uncertainty, the elevated threat of terrorism and other potential external disruptions may, if they materialise, significantly affect the demand for air travel and Finnair's operations. Potentially increasing protectionism in the political environment may also hinder market access required for the implementation of Finnair's growth plan.

The construction work associated with the extension of Helsinki Airport, which will continue until 2020, may cause traffic disruptions. Finnair is engaged in close cooperation with Finavia to minimise the negative impacts of the expansion project on its operations. The expansion will facilitate the increase of the airport's annual passenger volume to 20 million and enable implementation of Finnair's growth strategy.

Finnair's risk management and risks related to the company's operations are described in more detail on the company's website at <https://investors.finnair.com/en/governance/risk-management>.

### **Seasonal variation and sensitivities in business operations**

Due to the seasonal variation of the airline business, the Group's revenue and profit are generally at their lowest in the first quarter and at their highest in the third quarter of the year. The growing proportional share of Asian traffic increases seasonal fluctuation due to destination-specific seasons in Asian leisure and business travel.

In addition to operational activities and market conditions, 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, divestments of aircraft, aircraft lease payments, aircraft maintenance, overflight royalties and foreign currency revenue. Significant dollar-denominated expense items are fuel costs and aircraft lease payments. The largest investments, namely the acquisition of aircraft and their spare parts, are also mainly denominated in US dollars. The most significant income currencies after the euro are the Japanese yen, the Chinese yuan and the Swedish krona.

The company hedges its currency, interest rate and jet fuel exposure using a variety of derivative instruments, such as forward contracts, swaps and options, in compliance with the risk management policy approved annually 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, impact on comparable operating profit<br>(rolling 12 months from date of financial statements) |  | 1 percentage (point) change |
|--------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------|
| Passenger load factor (PLF, %)                                                                                                       |  | EUR 24 million              |
| Average yield of passenger traffic                                                                                                   |  | EUR 22 million              |
| Unit cost (CASK ex. fuel)                                                                                                            |  | EUR 21 million              |

| Fuel sensitivities<br>(rolling 12 months from date of financial statements) | 10% change<br>without hedging | 10% change,<br>taking<br>hedging into<br>account | Hedging ratio |         |
|-----------------------------------------------------------------------------|-------------------------------|--------------------------------------------------|---------------|---------|
|                                                                             |                               |                                                  | H2/2017       | H1/2018 |
| Fuel                                                                        | EUR 47 million                | EUR 20 million                                   | 76%           | 69%     |

| Currency<br>distribution<br>%  | 7-9<br>2017 | 7-9<br>2016 | 1-9/<br>2017 | 1-9/<br>2016 | 2016 | Currency sensitivities<br>USD and JPY<br>(rolling 12 months from date of<br>financial statements for<br>operational cash flows) |                                                  | Hedging ratio<br>for operational<br>cash flows<br>(rolling next 12<br>months) |
|--------------------------------|-------------|-------------|--------------|--------------|------|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------|
|                                |             |             |              |              |      | 10% change<br>without hedging                                                                                                   | 10% change,<br>taking<br>hedging into<br>account |                                                                               |
| <b>Sales<br/>currencies</b>    |             |             |              |              |      |                                                                                                                                 |                                                  |                                                                               |
| EUR                            | 49          | 48          | 55           | 55           | 56   | -                                                                                                                               | -                                                |                                                                               |
| USD*                           | 5           | 6           | 5            | 4            | 4    | see below                                                                                                                       | see below                                        | see below                                                                     |
| JPY                            | 13          | 12          | 10           | 9            | 9    | EUR 19 mill.                                                                                                                    | EUR 8 mill.                                      | 67%                                                                           |
| CNY                            | 10          | 10          | 7            | 7            | 7    | -                                                                                                                               | -                                                |                                                                               |
| KRW                            | 4           | 4           | 4            | 3            | 3    | -                                                                                                                               | -                                                |                                                                               |
| SEK                            | 3           | 4           | 3            | 5            | 5    | -                                                                                                                               | -                                                |                                                                               |
| Other                          | 16          | 16          | 16           | 17           | 16   | -                                                                                                                               | -                                                |                                                                               |
| <b>Purchase<br/>currencies</b> |             |             |              |              |      |                                                                                                                                 |                                                  |                                                                               |
| EUR                            | 57          | 55          | 57           | 54           | 54   | -                                                                                                                               | -                                                |                                                                               |
| USD*                           | 35          | 38          | 36           | 39           | 38   | EUR 55 mill.                                                                                                                    | EUR 20 mill.                                     | 66%                                                                           |
| Other                          | 8           | 7           | 7            | 7            | 8    |                                                                                                                                 |                                                  |                                                                               |

\* Hedging ratio for and sensitivity analysis for USD basket, which consists of net cash flows in USD CNY and HKD. The sensitivity analysis assumes that the correlation of the Chinese yuan and the Hong Kong dollar with the US dollar continue in line with historical levels.

## Events after the review period

Finnair announced on 11 October that it will acquire 60% of Nordic Regional Airlines AB from Staffpoint Holding Oy and Kilco Oy. Finnair currently owns 40% of the company, and following the transaction Norra will transfer full ownership to Finnair on an interim basis. Finnair aims to find a new, industrial partner to develop Norra's business further with Finnair. The transaction has no impact on Norra's operations or personnel, and it requires approval by the Finnish Competition and Consumer Authority.

## Financial reporting

The publication dates of Finnair's financial reports in 2018 are as follows:

|                                               |                  |
|-----------------------------------------------|------------------|
| Financial Statements 2017:                    | 16 February 2018 |
| Interim Report 1 January – 31 March 2018:     | 25 April 2018    |
| Interim Report 1 January – 30 June 2018:      | 17 July 2018     |
| Interim Report 1 January – 30 September 2018: | 25 October 2018  |

FINNAIR PLC  
Board of Directors

## Briefings

Finnair will hold a result press conference on 25 October 2017 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 09 7479 0361 (Finland), 0200 880 389 (Sweden), 0800 358 6377 (UK) or +44 (0)330 336 9105 (all other countries). The confirmation code is 2226645. To join the live webcast, please register at:

<https://slideassist.webcasts.com/starthere.jsp?ei=1163618>

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| Key figures                                                                   | Q3 2017 | Q3 2016 | Change % | Q1-Q3 2017 | Q1-Q3 2016 | Change % | 2016      |
|-------------------------------------------------------------------------------|---------|---------|----------|------------|------------|----------|-----------|
| <b>Revenue and result</b>                                                     |         |         |          |            |            |          |           |
| Revenue, EUR million                                                          | 735.4   | 640.9   | 14.7     | 1,923.1    | 1,746.9    | 10.1     | 2,316.8   |
| Comparable operating result, EUR million                                      | 118.9   | 65.7    | 81.0     | 147.5      | 53.5       | 175.5    | 55.2      |
| Comparable operating result, % of revenue                                     | 16.2    | 10.3    | 5.9 %-p  | 7.7        | 3.1        | 4.6 %-p  | 2.4       |
| Operating result, EUR million                                                 | 122.2   | 115.5   | 5.9      | 201.3      | 98.0       | 105.4    | 116.2     |
| Comparable EBITDAR, EUR million                                               | 188.9   | 118.3   | 59.6     | 342.2      | 211.0      | 62.2     | 270.4     |
| Net result, EUR million                                                       | 93.6    | 87.6    | 6.8      | 152.3      | 71.5       | 113.2    | 85.1      |
| <b>Balance sheet and cash flow</b>                                            |         |         |          |            |            |          |           |
| Equity ratio, %                                                               |         |         |          | 34.7       | 33.6       | 1.1 %-p  | 33.9      |
| Gearing, %                                                                    |         |         |          | -21.7      | -26.1      | 4.5 %-p  | -11.2     |
| Adjusted gearing, %                                                           |         |         |          | 69.2       | 67.7       | 1.5 %-p  | 78.3      |
| Interest-bearing net debt, EUR million                                        |         |         |          | -212.6     | -216.5     | 1.8      | -95.8     |
| Adjusted net debt, EUR million                                                |         |         |          | 678.3      | 560.6      | 21.0     | 670.6     |
| Adjusted net debt / Comparable EBITDAR, LTM                                   |         |         |          | 1.7        | 2.1        | -0.4 %-p | 2.5       |
| Gross capital expenditure, EUR million                                        | 109.5   | 104.9   | 4.3      | 440.3      | 424.0      | 3.8      | 518.9     |
| Return on capital employed (ROCE), LTM, %                                     |         |         |          | 13.6       | 15.4       | -1.7 %-p | 8.9       |
| Return on equity (ROE), LTM, %                                                |         |         |          | 18.4       | 19.9       | -1.6 %-p | 10.7      |
| Net cash flow from operating activities, EUR million                          | 103.6   | 59.1    | 75.1     | 289.6      | 189.2      | 53.1     | 219.7     |
| <b>Share</b>                                                                  |         |         |          |            |            |          |           |
| Share price at the end of quarter, EUR                                        |         |         |          | 11.21      | 4.39       | 155.4    | 4.03      |
| Earnings per share (EPS), EUR                                                 | 0.71    | 0.66    | 7.6      | 1.12       | 0.47       | 137.7    | 0.55      |
| <b>Traffic data and responsibility indicators</b>                             |         |         |          |            |            |          |           |
| Passengers, 1,000                                                             | 3,274   | 2,987   | 9.6      | 8,948      | 8,267      | 8.2      | 10,867    |
| Available seat kilometres (ASK), million                                      | 10,093  | 9,087   | 11.1     | 27,315     | 25,720     | 6.2      | 33,914    |
| Revenue passenger kilometres (RPK), million                                   | 8,799   | 7,653   | 15.0     | 23,032     | 20,645     | 11.6     | 27,065    |
| Passenger load factor, %                                                      | 87.2    | 84.2    | 3.0 %-p  | 84.3       | 80.3       | 4.1 %-p  | 79.8      |
| Unit revenue per available seat kilometre, (RASK), cents/ASK                  | 7.29    | 7.05    | 3.3      | 7.04       | 6.79       | 3.7      | 6.83      |
| RASK at constant currency, cents/ASK                                          | 7.31    | 7.05    | 3.7      | 7.04       | 6.79       | 3.6      | 6.83      |
| Unit revenue per revenue passenger kilometre (yield), cents/RPK               | 6.79    | 6.74    | 0.8      | 6.64       | 6.68       | -0.5     | 6.71      |
| Unit cost per available seat kilometre (CASK), cents/ASK                      | 6.11    | 6.33    | -3.5     | 6.50       | 6.58       | -1.3     | 6.67      |
| CASK excluding fuel, cents/ASK                                                | 4.88    | 4.91    | -0.7     | 5.22       | 5.12       | 2.0      | 5.22      |
| CASK excluding fuel at constant currency, cents/ASK                           | 4.92    | 4.91    | 0.2      | 5.19       | 5.12       | 1.4      | 5.22      |
| Ancillary and retail revenue per passenger (PAX)                              | 11.41   | 11.31   | 0.8      | 12.00      | 11.34      | 5.8      | 11.55     |
| Available cargo tonne kilometres (cargo ATK), million*                        | 413     | 368     | 12.3     | 1,093      | 1,057      | 3.4      | 1,385     |
| Revenue cargo tonne kilometres (cargo RTK), million                           | 274     | 236     | 16.3     | 714        | 663        | 7.7      | 873       |
| Cargo and mail, tonnes                                                        | 43,831  | 38,839  | 12.9     | 116,142    | 109,816    | 5.8      | 144,596   |
| Cargo traffic unit revenue per revenue cargo tonne kilometre, cents/cargo RTK | 18.82   | 19.27   | -2.3     | 19.65      | 19.26      | 2.0      | 19.90     |
| Overall load factor, %                                                        | 70.0    | 68.5    | 1.4 %-p  | 68.0       | 66.1       | 1.9 %-p  | 65.6      |
| Flights, number                                                               | 29,480  | 27,878  | 5.7      | 85,749     | 83,050     | 3.2      | 110,198   |
| Arrival punctuality, %                                                        | 87.1    | 87.3    | -0.2 %-p | 85.5       | 86.7       | -1.2 %-p | 85.3      |
| Fuel consumption, tonnes                                                      | 250,312 | 232,166 | 7.8      | 685,340    | 665,030    | 3.1      | 874,148   |
| Fuel consumption, tonnes/ASK                                                  | 0.0248  | 0.0256  | -2.9     | 0.0251     | 0.0259     | -3.0     | 0.0258    |
| Fuel consumption, tonnes/RTK                                                  | 0.2357  | 0.2521  | -6.5     | 0.2470     | 0.2650     | -6.8     | 0.2653    |
| CO <sup>2</sup> emissions, tonnes                                             | 788,483 | 731,323 | 7.8      | 2,158,822  | 2,094,845  | 3.1      | 2,753,567 |
| CO <sup>2</sup> emissions, tonnes/ASK                                         | 0.0781  | 0.0805  | -2.9     | 0.0790     | 0.0814     | -3.0     | 0.0812    |
| CO <sup>2</sup> emissions, tonnes/RTK                                         | 0.7424  | 0.7941  | -6.5     | 0.7781     | 0.8346     | -6.8     | 0.8358    |
| Customer satisfaction on a scale of 1 (very poor) - 10 (very good)            | 8.3     | 8.2     | 0.9      | 8.2        | 8.1        | 0.9      | 8.1       |
| <b>Personnel</b>                                                              |         |         |          |            |            |          |           |
| Average number of employees**                                                 | 5,744   | 5,035   | 14.1     | 5,417      | 4,909      | 10.3     | 4,908     |

\* Finnair has adjusted its methodology for the calculation of belly cargo capacity (available cargo tonne kilometres) from June 2017. The changes are described in more detail in note 18. Restatement of key ratio.

\*\* The principle of calculating the number of personnel was revised as of the beginning of 2017 so that personnel in basic training are not yet included.

## CONSOLIDATED INCOME STATEMENT

| in mill. EUR                                                                                   | Q3 2017      | Q3 2016      | Change %    | Q1-Q3 2017     | Q1-Q3 2016     | Change %     | 2016           | LTM            |
|------------------------------------------------------------------------------------------------|--------------|--------------|-------------|----------------|----------------|--------------|----------------|----------------|
| <b>Revenue</b>                                                                                 | <b>735.4</b> | <b>640.9</b> | <b>14.7</b> | <b>1,923.1</b> | <b>1,746.9</b> | <b>10.1</b>  | <b>2,316.8</b> | <b>2,493.0</b> |
| Other operating income                                                                         | 18.2         | 16.2         | 12.1        | 57.2           | 56.2           | 1.8          | 75.5           | 76.5           |
| <b>Operating expenses</b>                                                                      |              |              |             |                |                |              |                |                |
| Staff costs                                                                                    | -112.9       | -87.4        | 29.2        | -310.3         | -272.2         | 14.0         | -362.5         | -400.6         |
| Fuel costs                                                                                     | -123.8       | -128.7       | -3.8        | -349.8         | -376.6         | -7.1         | -491.5         | -464.7         |
| Other rents                                                                                    | -36.5        | -42.1        | -13.2       | -119.5         | -121.3         | -1.5         | -167.4         | -165.7         |
| Aircraft materials and overhaul                                                                | -39.7        | -39.1        | 1.6         | -125.0         | -113.3         | 10.3         | -147.3         | -159.0         |
| Traffic charges                                                                                | -72.8        | -70.6        | 3.2         | -199.5         | -198.0         | 0.8          | -262.8         | -264.3         |
| Ground handling and catering expenses                                                          | -62.8        | -65.8        | -4.5        | -189.6         | -193.2         | -1.9         | -258.9         | -255.3         |
| Expenses for tour operations                                                                   | -26.4        | -22.1        | 19.0        | -72.8          | -64.6          | 12.7         | -87.8          | -96.0          |
| Sales and marketing expenses                                                                   | -20.9        | -19.0        | 10.2        | -60.3          | -57.2          | 5.5          | -76.9          | -80.0          |
| Other expenses                                                                                 | -68.7        | -64.0        | 7.4         | -211.2         | -195.6         | 8.0          | -266.6         | -282.2         |
| <b>Comparable EBITDAR</b>                                                                      | <b>188.9</b> | <b>118.3</b> | <b>59.6</b> | <b>342.2</b>   | <b>211.0</b>   | <b>62.2</b>  | <b>270.4</b>   | <b>401.6</b>   |
| Lease payments for aircraft                                                                    | -35.2        | -27.0        | 30.4        | -100.5         | -82.7          | 21.5         | -109.5         | -127.3         |
| Depreciation and impairment                                                                    | -34.7        | -25.6        | 35.4        | -94.2          | -74.8          | 26.0         | -105.8         | -125.2         |
| <b>Comparable operating result</b>                                                             | <b>118.9</b> | <b>65.7</b>  | <b>81.0</b> | <b>147.5</b>   | <b>53.5</b>    | <b>175.5</b> | <b>55.2</b>    | <b>149.1</b>   |
| Fair value changes in derivatives and changes in exchange rates of fleet overhauls             | 4.7          | 7.4          | -36.0       | 10.8           | 11.7           | -7.7         | 32.0           | 31.1           |
| Items affecting comparability                                                                  | -1.5         | 42.4         | <-200 %     | 43.0           | 32.7           | 31.2         | 29.0           | 39.3           |
| <b>Operating result</b>                                                                        | <b>122.2</b> | <b>115.5</b> | <b>5.9</b>  | <b>201.3</b>   | <b>98.0</b>    | <b>105.4</b> | <b>116.2</b>   | <b>219.5</b>   |
| Financial income                                                                               | -0.2         | 0.2          | <-200 %     | -0.1           | 1.2            | <-200 %      | 1.0            | -0.3           |
| Financial expenses                                                                             | -5.1         | -5.8         | 11.7        | -10.7          | -9.4           | -14.7        | -11.5          | -12.9          |
| <b>Result before taxes</b>                                                                     | <b>117.0</b> | <b>109.9</b> | <b>6.4</b>  | <b>190.4</b>   | <b>89.9</b>    | <b>111.9</b> | <b>105.8</b>   | <b>206.3</b>   |
| Income taxes                                                                                   | -23.4        | -22.3        | -4.8        | -38.1          | -18.4          | -106.7       | -20.6          | -40.3          |
| <b>Result for the period</b>                                                                   | <b>93.6</b>  | <b>87.6</b>  | <b>6.8</b>  | <b>152.3</b>   | <b>71.5</b>    | <b>113.2</b> | <b>85.1</b>    | <b>166.0</b>   |
| <b>Attributable to</b>                                                                         |              |              |             |                |                |              |                |                |
| Owners of the parent company                                                                   | 93.6         | 87.6         | 6.8         | 152.3          | 71.5           | 113.2        | 85.1           | 166.0          |
| Earnings per share attributable to shareholders of the parent company, EUR (basic and diluted) | 0.71         | 0.66         | 7.6         | 1.12           | 0.47           | 137.7        | 0.55           | 1.20           |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| in mill. EUR                                                                       | Q3 2017      | Q3 2016     | Change %          | Q1-Q3 2017   | Q1-Q3 2016   | Change %          | 2016         | LTM          |
|------------------------------------------------------------------------------------|--------------|-------------|-------------------|--------------|--------------|-------------------|--------------|--------------|
| <b>Result for the period</b>                                                       | <b>93.6</b>  | <b>87.6</b> | <b>6.8</b>        | <b>152.3</b> | <b>71.5</b>  | <b>113.2</b>      | <b>85.1</b>  | <b>166.0</b> |
| <b>Other comprehensive income items</b>                                            |              |             |                   |              |              |                   |              |              |
| <b>Items that may be reclassified to profit or loss in subsequent periods</b>      |              |             |                   |              |              |                   |              |              |
| Change in fair value of hedging instruments                                        | 36.4         | 11.1        | > 200 %           | -54.8        | 82.8         | <-200 %           | 145.2        | 7.6          |
| Tax effect                                                                         | -7.3         | -2.2        | <-200 %           | 11.0         | -16.6        | > 200 %           | -29.0        | -1.5         |
| <b>Items that will not be reclassified to profit or loss in subsequent periods</b> |              |             |                   |              |              |                   |              |              |
| Actuarial gains and losses from defined benefit plans                              | 10.7         | -16.2       | > 200 %           | 35.2         | -39.4        | > 200 %           | -18.1        | 56.5         |
| Tax effect                                                                         | -2.1         | 3.2         | <-200 %           | -7.0         | 7.9          | <-200 %           | 3.6          | -11.3        |
| <b>Other comprehensive income items total</b>                                      | <b>37.7</b>  | <b>-4.1</b> | <b>&gt; 200 %</b> | <b>-15.7</b> | <b>34.8</b>  | <b>&lt;-200 %</b> | <b>101.7</b> | <b>51.3</b>  |
| <b>Comprehensive income for the period</b>                                         | <b>131.3</b> | <b>83.5</b> | <b>57.2</b>       | <b>136.6</b> | <b>106.2</b> | <b>28.6</b>       | <b>186.9</b> | <b>217.3</b> |
| <b>Attributable to</b>                                                             |              |             |                   |              |              |                   |              |              |
| Owners of the parent company                                                       | 131.3        | 83.5        | 57.2              | 136.6        | 106.2        | 28.6              | 186.9        | 217.3        |

## CONSOLIDATED BALANCE SHEET

| in mill. EUR                                       |       | 30 Sep 2017    | 30 Sep 2016    | 31 Dec 2016    |
|----------------------------------------------------|-------|----------------|----------------|----------------|
| <b>ASSETS</b>                                      |       |                |                |                |
| <b>Non-current assets</b>                          |       |                |                |                |
| Intangible assets                                  | O     | 14.2           | 8.6            | 12.4           |
| Tangible assets                                    | O     | 1,409.6        | 1,106.8        | 1,166.5        |
| Investments in associates and joint ventures       | O     | 2.5            | 2.5            | 2.5            |
| Loan and other receivables                         | O     | 6.0            | 8.3            | 7.4            |
| <b>Non-current assets total</b>                    |       | <b>1,432.2</b> | <b>1,126.2</b> | <b>1,188.7</b> |
| <b>Current assets</b>                              |       |                |                |                |
| Inventories                                        | O     | 15.8           | 13.0           | 14.9           |
| Trade and other receivables                        | O     | 334.8          | 225.5          | 211.9          |
| Derivative financial instruments                   | O/IA* | 64.5           | 85.5           | 176.6          |
| Other financial assets                             | IA    | 859.7          | 447.5          | 727.9          |
| Cash and cash equivalents                          | IA    | 117.6          | 426.9          | 69.4           |
| <b>Current assets total</b>                        |       | <b>1,392.4</b> | <b>1,198.3</b> | <b>1,200.7</b> |
| Assets held for sale                               | O     | 0.2            | 140.7          | 139.3          |
| <b>Assets total</b>                                |       | <b>2,824.8</b> | <b>2,465.2</b> | <b>2,528.7</b> |
| <b>EQUITY AND LIABILITIES</b>                      |       |                |                |                |
| <b>Equity attributable to owners of the parent</b> |       |                |                |                |
| Share capital                                      | E     | 75.4           | 75.4           | 75.4           |
| Other equity                                       | E     | 905.3          | 753.0          | 781.6          |
| <b>Equity total</b>                                |       | <b>980.8</b>   | <b>828.5</b>   | <b>857.0</b>   |
| <b>Non-current liabilities</b>                     |       |                |                |                |
| Deferred tax liabilities                           | O     | 66.7           | 17.2           | 32.7           |
| Interest-bearing liabilities                       | IL    | 604.7          | 577.9          | 617.3          |
| Pension obligations                                | O     | 6.5            | 53.8           | 31.9           |
| Provisions                                         | O     | 76.0           | 58.2           | 63.6           |
| Other liabilities                                  | O     | 4.7            | 5.0            | 4.9            |
| <b>Non-current liabilities total</b>               |       | <b>758.6</b>   | <b>712.1</b>   | <b>750.4</b>   |
| <b>Current liabilities</b>                         |       |                |                |                |
| Provisions                                         | O     | 16.2           | 27.3           | 22.2           |
| Interest-bearing liabilities                       | IL    | 145.1          | 77.2           | 100.4          |
| Trade payables                                     | O     | 87.3           | 90.6           | 94.4           |
| Derivative financial instruments                   | O/IL* | 68.8           | 54.3           | 25.2           |
| Deferred income and advances received              | O     | 487.1          | 446.7          | 424.6          |
| Liabilities related to employee benefits           | O     | 125.2          | 87.5           | 93.4           |
| Other liabilities                                  | O     | 155.7          | 132.7          | 161.1          |
| <b>Current liabilities total</b>                   |       | <b>1,085.5</b> | <b>916.3</b>   | <b>921.3</b>   |
| Liabilities related to assets held for sale        | O     | 0.0            | 8.3            | 0.0            |
| <b>Liabilities total</b>                           |       | <b>1,844.1</b> | <b>1,636.7</b> | <b>1,671.7</b> |
| <b>Equity and liabilities total</b>                |       | <b>2,824.8</b> | <b>2,465.2</b> | <b>2,528.7</b> |

Finnair reports its interest-bearing debt, net debt and adjusted gearing to give an overview of Finnair's financial position. Balance sheet items included in interest-bearing net debt are marked with an "IA" or "IL". The calculation of capital employed includes items marked with an "E" or "IL". Other items are marked with an "O".

| Additional information to Balance Sheet: Interest-bearing net-debt and adjusted gearing |  | 30 Sep 2017   | 30 Sep 2016   | 31 Dec 2016   |
|-----------------------------------------------------------------------------------------|--|---------------|---------------|---------------|
| Interest-bearing liabilities                                                            |  | 749.8         | 655.0         | 717.7         |
| Cross currency Interest rate swaps *                                                    |  | 14.9          | 2.8           | -16.1         |
| <b>Adjusted interest-bearing liabilities</b>                                            |  | <b>764.8</b>  | <b>657.9</b>  | <b>701.5</b>  |
| Other financial assets                                                                  |  | -859.7        | -447.5        | -727.9        |
| Cash and cash equivalents                                                               |  | -117.6        | -426.9        | -69.4         |
| <b>Interest-bearing net debt</b>                                                        |  | <b>-212.6</b> | <b>-216.5</b> | <b>-95.8</b>  |
| Lease payments for aircraft for the last twelve months (LTM) * 7                        |  | 890.8         | 777.1         | 766.4         |
| <b>Adjusted interest-bearing net debt</b>                                               |  | <b>678.3</b>  | <b>560.6</b>  | <b>670.6</b>  |
| Equity total                                                                            |  | 980.8         | 828.5         | 857.0         |
| <b>Adjusted gearing, %</b>                                                              |  | <b>69.2 %</b> | <b>67.7 %</b> | <b>78.3 %</b> |

\* Cross-currency interest rate swaps are used for hedging the currency and interest rate risk of interest-bearing loans, but hedge accounting is not applied. Changes in fair net value correlate with changes in the fair value of interest-bearing liabilities. Therefore, the fair net value of cross-currency interest rate swaps recognised in derivative assets/liabilities and reported in Note 5, is considered an interest-bearing liability in the net debt calculation.

# 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 total |
|-------------------------------------------------------|---------------|------------------------|-------------------------------------|---------------------------|-------------------|--------------|--------------|
| <b>Equity 31 Dec 2016</b>                             | <b>75.4</b>   | <b>168.1</b>           | <b>33.9</b>                         | <b>248.6</b>              | <b>132.8</b>      | <b>198.2</b> | <b>857.0</b> |
| Change in accounting principles                       |               |                        | 15.2                                |                           | -16.1             |              | -0.9         |
| <b>Equity 1 Jan 2017</b>                              | <b>75.4</b>   | <b>168.1</b>           | <b>49.0</b>                         | <b>248.6</b>              | <b>116.6</b>      | <b>198.2</b> | <b>856.1</b> |
| Result for the period                                 |               |                        |                                     |                           | 152.3             |              | 152.3        |
| Change in fair value of hedging instruments           |               |                        | -43.9                               |                           |                   |              | -43.9        |
| Actuarial gains and losses from defined benefit plans |               |                        | 28.1                                |                           |                   |              | 28.1         |
| <b>Comprehensive income for the period</b>            | <b>0.0</b>    | <b>0.0</b>             | <b>-15.7</b>                        | <b>0.0</b>                | <b>152.3</b>      | <b>0.0</b>   | <b>136.6</b> |
| Dividend                                              |               |                        |                                     |                           | -12.8             |              | -12.8        |
| Share-based payments                                  |               |                        |                                     | 0.8                       |                   |              | 0.8          |
| <b>Equity 30 Sep 2017</b>                             | <b>75.4</b>   | <b>168.1</b>           | <b>33.3</b>                         | <b>249.5</b>              | <b>256.2</b>      | <b>198.2</b> | <b>980.8</b> |

| in mill. EUR                                          | Share capital | Other restricted funds | Hedging reserve and other OCI items | Unrestricted equity funds | Retained earnings | Hybrid bond  | Equity total |
|-------------------------------------------------------|---------------|------------------------|-------------------------------------|---------------------------|-------------------|--------------|--------------|
| <b>Equity 1 Jan 2016</b>                              | <b>75.4</b>   | <b>168.1</b>           | <b>-67.9</b>                        | <b>248.1</b>              | <b>67.6</b>       | <b>236.2</b> | <b>727.5</b> |
| Result for the period                                 |               |                        |                                     |                           | 71.5              |              | 71.5         |
| Change in fair value of hedging instruments           |               |                        | 66.3                                |                           |                   |              | 66.3         |
| Actuarial gains and losses from defined benefit plans |               |                        | -31.5                               |                           |                   |              | -31.5        |
| <b>Comprehensive income for the period</b>            | <b>0.0</b>    | <b>0.0</b>             | <b>34.8</b>                         | <b>0.0</b>                | <b>71.5</b>       | <b>0.0</b>   | <b>106.2</b> |
| Hybrid bond interests and expenses                    |               |                        |                                     |                           | -1.4              |              | -1.4         |
| Purchase of own shares                                |               |                        |                                     |                           | -4.3              |              | -4.3         |
| Share-based payments                                  |               |                        |                                     | 0.4                       |                   |              | 0.4          |
| <b>Equity 30 Sep 2016</b>                             | <b>75.4</b>   | <b>168.1</b>           | <b>-33.1</b>                        | <b>248.5</b>              | <b>133.4</b>      | <b>236.2</b> | <b>828.5</b> |

# CONSOLIDATED CASH FLOW STATEMENT

| in mill. EUR                                                         | Q3 2017      | Q3 2016      | Q1-Q3<br>2017 | Q1-Q3<br>2016 | 2016          | LTM           |
|----------------------------------------------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|
| <b>Cash flow from operating activities</b>                           |              |              |               |               |               |               |
| Result for the period                                                | 93.6         | 87.6         | 152.3         | 71.5          | 85.1          | 166.0         |
| Depreciation and impairment                                          | 34.7         | 26.4         | 94.2          | 79.1          | 102.9         | 118.1         |
| Other adjustments to result for the period                           |              |              |               |               |               |               |
| Financial income and expenses                                        | 5.3          | 5.6          | 10.9          | 8.1           | 10.5          | 13.2          |
| Income taxes                                                         | 23.4         | 22.3         | 38.1          | 18.4          | 20.6          | 40.3          |
| <b>EBITDA</b>                                                        | <b>156.9</b> | <b>141.8</b> | <b>295.5</b>  | <b>177.1</b>  | <b>219.2</b>  | <b>337.6</b>  |
| Gains and losses on aircraft and other transactions                  | 1.3          | -42.2        | -43.6         | -33.5         | -30.4         | -40.5         |
| Non-cash transactions *                                              | 8.8          | -3.0         | 24.1          | -7.2          | -19.6         | 11.7          |
| Changes in working capital                                           | -54.8        | -42.1        | 31.0          | 48.5          | 55.5          | 37.9          |
| Financial expenses paid, net                                         | -8.6         | 4.7          | -17.4         | 4.2           | -5.0          | -26.6         |
| <b>Net cash flow from operating activities</b>                       | <b>103.6</b> | <b>59.1</b>  | <b>289.6</b>  | <b>189.2</b>  | <b>219.7</b>  | <b>320.1</b>  |
| <b>Cash flow from investing activities</b>                           |              |              |               |               |               |               |
| Investments in intangible assets                                     | -7.0         | -2.5         | -8.9          | -7.1          | -10.3         | -12.1         |
| Investments in tangible assets                                       | -89.6        | -124.3       | -336.1        | -436.0        | -475.7        | -375.8        |
| Investments in group shares                                          | 0.0          | 0.0          | 6.7           | 0.0           | 0.0           | 6.7           |
| Divestments of fixed assets and group shares                         | 1.2          | 132.3        | 156.8         | 149.4         | 153.2         | 160.6         |
| Net change in financial assets maturing after more than three months | 15.0         | 156.3        | 109.7         | 58.5          | -168.4        | -117.2        |
| Change in non-current receivables                                    | 0.0          | -0.3         | 0.0           | 0.4           | 1.6           | 1.2           |
| <b>Net cash flow from investing activities</b>                       | <b>-80.5</b> | <b>161.5</b> | <b>-71.9</b>  | <b>-234.8</b> | <b>-499.6</b> | <b>-336.6</b> |
| <b>Cash flow from financing activities</b>                           |              |              |               |               |               |               |
| Proceeds from loans                                                  | 0.0          | 0.0          | 199.3         | 377.4         | 377.4         | 199.3         |
| Loan repayments and changes                                          | -10.0        | -71.6        | -118.0        | -101.2        | -115.1        | -131.9        |
| Hybrid bond repayments                                               | 0.0          | 0.0          | 0.0           | 0.0           | -38.3         | -38.3         |
| Hybrid bond interests and expenses                                   | 0.0          | 0.0          | 0.0           | -1.7          | -19.1         | -17.4         |
| Purchase of own shares                                               | 0.0          | 0.0          | 0.0           | -4.3          | -4.3          | 0.0           |
| Dividends paid                                                       | 0.0          | 0.0          | -12.8         | 0.0           | 0.0           | -12.8         |
| <b>Net cash flow from financing activities</b>                       | <b>-10.0</b> | <b>-71.6</b> | <b>68.5</b>   | <b>270.2</b>  | <b>200.5</b>  | <b>-1.1</b>   |
| <b>Change in cash flows</b>                                          | <b>13.0</b>  | <b>149.0</b> | <b>286.3</b>  | <b>224.6</b>  | <b>-79.3</b>  | <b>-17.6</b>  |
| Liquid funds, at beginning                                           | 651.6        | 533.3        | 378.4         | 457.7         | 457.7         | 682.3         |
| Change in cash flows                                                 | 13.0         | 149.0        | 286.3         | 224.6         | -79.3         | -17.6         |
| <b>Liquid funds, at end **</b>                                       | <b>664.7</b> | <b>682.3</b> | <b>664.7</b>  | <b>682.3</b>  | <b>378.4</b>  | <b>664.7</b>  |
| <b>Notes to consolidated cash flow statement</b>                     |              |              |               |               |               |               |
| <b>* Non-cash transactions</b>                                       |              |              |               |               |               |               |
| Employee benefits                                                    | 5.5          | 3.2          | 12.6          | 10.5          | 15.1          | 17.2          |
| Fair value changes in derivatives                                    | -1.8         | -6.6         | -1.5          | -9.7          | -34.0         | -25.8         |
| Other adjustments                                                    | 5.0          | 0.4          | 13.0          | -7.9          | -0.6          | 20.3          |
| <b>Total</b>                                                         | <b>8.8</b>   | <b>-3.0</b>  | <b>24.1</b>   | <b>-7.2</b>   | <b>-19.6</b>  | <b>11.7</b>   |
| <b>** Liquid funds</b>                                               |              |              |               |               |               |               |
| Other financial assets                                               | 859.7        | 447.5        | 859.7         | 447.5         | 727.9         | 859.7         |
| Cash and cash equivalents                                            | 117.6        | 426.9        | 117.6         | 426.9         | 69.4          | 117.6         |
| <b>Liquid funds in balance sheet</b>                                 | <b>977.3</b> | <b>874.3</b> | <b>977.3</b>  | <b>874.3</b>  | <b>797.3</b>  | <b>977.3</b>  |
| Maturing after more than three months                                | -312.6       | -192.0       | -312.6        | -192.0        | -418.9        | -312.6        |
| <b>Total</b>                                                         | <b>664.7</b> | <b>682.3</b> | <b>664.7</b>  | <b>682.3</b>  | <b>378.4</b>  | <b>664.7</b>  |

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASICS OF PREPARATION

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

### 2. ACCOUNTING PRINCIPLES

Finnair Group early adopted IFRS 9: Financial Instruments (2014), endorsed by the EU on 22.11.2016, with a date of initial application on 1 January 2017. The following changes to the accounting principles are described in the note 17 Changes in accounting principles. Finnair also presents an updated evaluation of the upcoming implementation and effects of IFRS 15 standard (Revenue from Contracts with Customers) and IFRS 16 (Leases). Otherwise the accounting principles applied are disclosed in the 2016 Consolidated Financial Statements.

The figures presented in this statement are not rounded; therefore, the total sum of individual figures does not necessarily match the corresponding sum stated herein. The key figures stated here are calculated using the exact figures.

### 3. CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF UNCERTAINTY

The preparation of the Interim Report requires the company's management to make estimates and assumptions that influence the levels of reported assets and liabilities as well as of revenue and expenses. The actual outcome may differ from the estimates made. The critical accounting estimates and sources of uncertainty are disclosed in the financial statements 2016.

### 4. SEGMENT INFORMATION, REVENUE AND ITEMS AFFECTING COMPARABILITY

Finnair Executive Board, defined as the chief operative decision maker according to IFRS 8 Segment reporting, considers the business as one operating segment. Therefore, segment information is not reported.

#### Revenue by product and traffic area

| Q3 2017, in mill. EUR        | Asia         | North Atlantic | Europe       | Domestic    | Unallocated revenue | Total        | Share % |
|------------------------------|--------------|----------------|--------------|-------------|---------------------|--------------|---------|
| Passenger revenue            | 281.7        | 40.2           | 238.9        | 32.1        | 4.8                 | 597.7        | 81.3    |
| Ancillary and retail revenue | 8.0          | 1.5            | 12.5         | 1.1         | 14.3                | 37.4         | 5.1     |
| Cargo                        | 37.2         | 2.8            | 8.5          | 0.0         | 3.1                 | 51.6         | 7.0     |
| Travel services              | 0.0          | 0.0            | 50.1         | 0.2         | -1.7                | 48.7         | 6.6     |
| <b>Total</b>                 | <b>326.9</b> | <b>44.6</b>    | <b>310.0</b> | <b>33.3</b> | <b>20.6</b>         | <b>735.4</b> |         |
| Share %                      | 44.5         | 6.1            | 42.2         | 4.5         | 2.8                 |              |         |

| Q3 2016, in mill. EUR        | Asia         | North Atlantic | Europe       | Domestic    | Unallocated revenue | Total        | Share % |
|------------------------------|--------------|----------------|--------------|-------------|---------------------|--------------|---------|
| Passenger revenue            | 224.9        | 38.4           | 213.8        | 31.1        | 7.8                 | 515.9        | 80.5    |
| Ancillary and retail revenue | 6.6          | 1.3            | 10.0         | 0.7         | 15.3                | 33.8         | 5.3     |
| Cargo                        | 35.0         | 3.4            | 4.0          | 0.8         | 2.3                 | 45.5         | 7.1     |
| Travel services              | 0.0          | 0.0            | 41.7         | 0.1         | 0.2                 | 42.0         | 6.6     |
| Travel agencies              |              |                |              |             | 3.7                 | 3.7          | 0.6     |
| <b>Total</b>                 | <b>266.4</b> | <b>43.0</b>    | <b>269.4</b> | <b>32.7</b> | <b>29.3</b>         | <b>640.9</b> |         |
| Share %                      | 41.6         | 6.7            | 42.0         | 5.1         | 4.6                 |              |         |

| Q1-Q3 2017, in mill. EUR     | Asia         | North Atlantic | Europe       | Domestic     | Unallocated revenue | Total          | Share % |
|------------------------------|--------------|----------------|--------------|--------------|---------------------|----------------|---------|
| Passenger revenue            | 669.2        | 92.9           | 636.5        | 124.6        | 6.2                 | 1,529.5        | 79.5    |
| Ancillary and retail revenue | 24.6         | 3.8            | 31.4         | 3.3          | 44.3                | 107.4          | 5.6     |
| Cargo                        | 103.1        | 8.2            | 21.5         | 1.3          | 6.0                 | 140.2          | 7.3     |
| Travel services              | 22.5         | 7.1            | 118.3        | 0.3          | -2.2                | 146.0          | 7.6     |
| <b>Total</b>                 | <b>819.5</b> | <b>112.0</b>   | <b>807.7</b> | <b>129.5</b> | <b>54.4</b>         | <b>1,923.1</b> |         |
| Share %                      | 42.6         | 5.8            | 42.0         | 6.7          | 2.8                 |                |         |

| Q1-Q3 2016, in mill. EUR     | Asia         | North Atlantic | Europe       | Domestic     | Unallocated revenue | Total          | Share % |
|------------------------------|--------------|----------------|--------------|--------------|---------------------|----------------|---------|
| Passenger revenue            | 563.7        | 92.9           | 578.9        | 119.4        | 23.2                | 1,378.1        | 78.9    |
| Ancillary and retail revenue | 19.0         | 3.5            | 26.3         | 2.5          | 42.5                | 93.7           | 5.4     |
| Cargo                        | 98.2         | 9.0            | 11.9         | 2.7          | 5.9                 | 127.7          | 7.3     |
| Travel services              | 23.2         | 7.9            | 103.3        | 0.4          | 0.4                 | 135.2          | 7.7     |
| Travel agencies              |              |                |              |              | 12.1                | 12.1           | 0.7     |
| <b>Total</b>                 | <b>704.1</b> | <b>113.2</b>   | <b>720.4</b> | <b>125.0</b> | <b>84.2</b>         | <b>1,746.9</b> |         |
| Share %                      | 40.3         | 6.5            | 41.2         | 7.2          | 4.8                 |                |         |

| 2016, in mill. EUR           | Asia         | North Atlantic | Europe       | Domestic     | Unallocated revenue | Total          | Share % |
|------------------------------|--------------|----------------|--------------|--------------|---------------------|----------------|---------|
| Passenger revenue            | 739.5        | 115.7          | 761.0        | 165.1        | 34.9                | <b>1,816.1</b> | 78.4    |
| Ancillary and retail revenue | 27.5         | 4.6            | 35.8         | 3.5          | 54.1                | <b>125.5</b>   | 5.4     |
| Cargo                        | 134.5        | 11.1           | 15.8         | 4.0          | 8.4                 | <b>173.8</b>   | 7.5     |
| Travel services              | 35.5         | 11.4           | 139.2        | 0.5          | 1.0                 | <b>187.5</b>   | 8.1     |
| Travel agencies              |              |                |              |              | 13.8                | <b>13.8</b>    | 0.6     |
| <b>Total</b>                 | <b>937.0</b> | <b>142.7</b>   | <b>951.8</b> | <b>173.0</b> | <b>112.2</b>        | <b>2,316.8</b> |         |
| Share %                      | 40.4         | 6.2            | 41.1         | 7.5          | 4.8                 |                |         |

| PLF, %         | Q3 2017     | Q3 2016     | Change %       | Q1-Q3 2017  | Q1-Q3 2016  | Change %       | 2016        |
|----------------|-------------|-------------|----------------|-------------|-------------|----------------|-------------|
| Asia           | 90.7        | 87.0        | 3.7 %-p        | 88.3        | 82.2        | 6.1 %-p        | 81.8        |
| North Atlantic | 89.3        | 81.2        | 8.1 %-p        | 84.8        | 80.2        | 4.5 %-p        | 79.5        |
| Europe         | 84.0        | 82.8        | 1.1 %-p        | 81.1        | 79.2        | 2.0 %-p        | 78.6        |
| Domestic       | 65.7        | 68.4        | -2.8 %-p       | 67.6        | 69.1        | -1.5 %-p       | 69.1        |
| <b>Total</b>   | <b>87.2</b> | <b>84.2</b> | <b>3.0 %-p</b> | <b>84.3</b> | <b>80.3</b> | <b>4.1 %-p</b> | <b>79.8</b> |

| ASK, mill. km  | Q3 2017         | Q3 2016        | Change %    | Q1-Q3 2017      | Q1-Q3 2016      | Change %   | 2016            |
|----------------|-----------------|----------------|-------------|-----------------|-----------------|------------|-----------------|
| Asia           | 4,987.3         | 4,332.1        | 15.1        | 13,315.8        | 12,423.7        | 7.2        | 16,434.2        |
| North Atlantic | 800.9           | 798.5          | 0.3         | 2,054.0         | 2,102.9         | -2.3       | 2,692.7         |
| Europe         | 4,005.1         | 3,656.8        | 9.5         | 10,767.3        | 10,069.0        | 6.9        | 13,247.9        |
| Domestic       | 299.6           | 299.2          | 0.1         | 1,178.2         | 1,124.3         | 4.8        | 1,539.4         |
| <b>Total</b>   | <b>10,092.9</b> | <b>9,086.7</b> | <b>11.1</b> | <b>27,315.4</b> | <b>25,719.9</b> | <b>6.2</b> | <b>33,914.2</b> |

| RPK, mill. km  | Q3 2017        | Q3 2016        | Change %    | Q1-Q3 2017      | Q1-Q3 2016      | Change %    | 2016            |
|----------------|----------------|----------------|-------------|-----------------|-----------------|-------------|-----------------|
| Asia           | 4,523.8        | 3,770.5        | 20.0        | 11,758.3        | 10,208.5        | 15.2        | 13,446.8        |
| North Atlantic | 714.8          | 648.4          | 10.2        | 1,741.3         | 1,687.2         | 3.2         | 2,140.7         |
| Europe         | 3,363.6        | 3,029.6        | 11.0        | 8,735.9         | 7,972.1         | 9.6         | 10,413.8        |
| Domestic       | 196.7          | 204.8          | -4.0        | 796.6           | 777.2           | 2.5         | 1,064.0         |
| <b>Total</b>   | <b>8,799.0</b> | <b>7,653.3</b> | <b>15.0</b> | <b>23,032.0</b> | <b>20,645.0</b> | <b>11.6</b> | <b>27,065.3</b> |

#### Items affecting comparability

Items affecting comparability are classified into three categories: Gains and losses on aircraft transactions, Gains and losses on other transactions and Restructuring costs. Gains and losses on transactions include sales gains and losses and other items that can be considered to be directly related to the sale of the asset. As an example, write-down that might occur when item is classified as assets held for sale according IFRS 5, is reported as gains and losses on transactions. Restructuring costs include termination benefits and other costs that are directly linked to restructurings of operations.

| in mill. EUR                                                                              | Q3 2017     | Q3 2016     | Change %          | Q1-Q3 2017  | Q1-Q3 2016  | Change %    | 2016        |
|-------------------------------------------------------------------------------------------|-------------|-------------|-------------------|-------------|-------------|-------------|-------------|
| Unrealized changes in foreign currencies of fleet overhaul provisions                     | 2.9         | 0.8         | > 200 %           | 9.4         | 2.0         | > 200 %     | -2.0        |
| Fair value changes of derivatives where hedge accounting is not applied                   | 1.8         | 6.6         | -72.4             | 1.5         | 9.7         | -84.7       | 34.0        |
| <b>Fair value changes in derivatives and changes in exchange rates of fleet overhauls</b> | <b>4.7</b>  | <b>7.4</b>  | <b>-36.0</b>      | <b>10.8</b> | <b>11.7</b> | <b>-7.7</b> | <b>32.0</b> |
| Gains and losses on aircraft transactions                                                 | -1.3        | 41.5        | <-200 %           | 41.3        | 33.3        | 24.1        | 26.6        |
| Gains and losses on other transactions                                                    | 0.0         | 0.8         | -99.2             | 2.2         | 0.2         | > 200 %     | 3.8         |
| Restructuring costs                                                                       | -0.1        | 0.1         | <-200 %           | -0.6        | -0.7        | 17.1        | -1.4        |
| <b>Items affecting comparability</b>                                                      | <b>-1.5</b> | <b>42.4</b> | <b>&lt;-200 %</b> | <b>43.0</b> | <b>32.7</b> | <b>31.2</b> | <b>29.0</b> |

## 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 2016 financial statements. The tables below present the nominal value or the amount and net fair value of derivative contracts used in Group's hedge accounting.

| Derivatives, in mill. EUR                           | 30 Sep 2017    |                | 30 Sep 2016    |                | 31 Dec 2016    |                |
|-----------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                                     | Nominal value  | Fair net value | Nominal value  | Fair net value | Nominal value  | Fair net value |
| <b>Currency derivatives</b>                         |                |                |                |                |                |                |
| Operational cash flow hedging (forward contracts)   | 383.6          | -8.9           |                |                |                |                |
| Operational cash flow hedging (options)             |                |                |                |                |                |                |
| Bought options                                      | 166.5          | 5.7            |                |                |                |                |
| Sold options                                        | 173.7          | -3.2           |                |                |                |                |
| Jet fuel currency hedging                           |                |                | 290.7          | 0.8            | 307.3          | 16.5           |
| Fair value hedging of aircraft acquisitions         | 278.0          | -13.2          | 361.7          | 52.7           | 377.1          | 74.6           |
| Currency hedging of lease payments                  | 146.5          | -8.1           | 152.1          | 4.2            | 172.4          | 9.6            |
| Hedge accounting items total                        | 1,148.3        | -27.7          | 804.5          | 57.8           | 856.8          | 100.7          |
| Operational cash flow hedging (forward contracts)   |                |                | 188.6          | -2.8           | 157.4          | 3.3            |
| Operational cash flow hedging (options)             |                |                |                |                |                |                |
| Bought options                                      |                |                | 150.3          | 1.8            | 173.2          | 5.9            |
| Sold options                                        |                |                | 236.5          | -8.5           | 245.4          | -2.4           |
| Hedging of assets held for sale                     | 101.3          | 2.4            |                |                | 123.7          | -7.3           |
| Balance sheet hedging (forward contracts)           | 113.6          | -0.3           | 211.9          | -0.8           | 118.3          | 1.5            |
| Items outside hedge accounting total                | 214.9          | 2.1            | 787.2          | -10.4          | 818.0          | 0.9            |
| <b>Currency derivatives total</b>                   | <b>1,363.2</b> | <b>-25.7</b>   | <b>1,591.7</b> | <b>47.4</b>    | <b>1,674.8</b> | <b>101.6</b>   |
| <b>Commodity derivatives</b>                        |                |                |                |                |                |                |
| Jet fuel forward contracts, tonnes                  | 800,000        | 22.1           | 641,000        | -22.2          | 650,000        | 18.9           |
| Options                                             |                |                |                |                |                |                |
| Bought options, jet fuel, tonnes                    | 148,000        | 3.3            |                |                |                |                |
| Sold options, jet fuel, tonnes                      | 148,000        | -0.5           |                |                |                |                |
| Electricity derivatives, MWh                        | 3,314          | 0.0            | 13,141         | 0.0            | 13,140         | 0.0            |
| Hedge accounting items total                        |                | 24.9           |                | -22.2          |                | 18.9           |
| Jet fuel forward contracts, tonnes                  |                |                | 24,000         | -0.6           | 24,000         | 0.6            |
| Options                                             |                |                |                |                |                |                |
| Bought options, jet fuel, tonnes                    |                |                | 195,000        | 5.2            | 236,000        | 13.3           |
| Sold options, jet fuel, tonnes                      | 84,000         | -0.2           | 390,000        | -3.1           | 472,000        | -4.4           |
| Electricity derivatives, MWh                        |                |                | 6,628          | 0.0            |                |                |
| Items outside hedge accounting total                |                | -0.2           |                | 1.5            |                | 9.4            |
| <b>Commodity derivatives total</b>                  |                | <b>24.8</b>    |                | <b>-20.8</b>   |                | <b>28.4</b>    |
| <b>Currency and interest rate swaps and options</b> |                |                |                |                |                |                |
| Interest rate swaps                                 | 64.9           | 0.9            | 150.0          | 4.4            | 150.0          | 3.6            |
| Hedge accounting items total                        | 64.9           | 0.9            | 150.0          | 4.4            | 150.0          | 3.6            |
| Cross currency Interest rate swaps                  | 247.7          | -14.9          | 280.0          | -2.8           | 291.8          | 16.1           |
| Items outside hedge accounting total                | 247.7          | -14.9          | 280.0          | -2.8           | 291.8          | 16.1           |
| <b>Interest rate derivatives total</b>              | <b>312.6</b>   | <b>-14.0</b>   | <b>430.0</b>   | <b>1.6</b>     | <b>441.8</b>   | <b>19.8</b>    |
| <b>Equity derivatives</b>                           |                |                |                |                |                |                |
| Stock options                                       |                |                |                |                |                |                |
| Bought options                                      | 3.0            | 21.2           | 3.0            | 2.9            | 3.0            | 1.8            |
| Sold options                                        | 3.0            | -10.5          | 3.0            | -0.4           | 3.0            | -0.2           |
| Hedge accounting items total                        | 6.0            | 10.7           | 6.0            | 2.5            | 6.0            | 1.6            |
| <b>Equity derivatives total</b>                     | <b>6.0</b>     | <b>10.7</b>    | <b>6.0</b>     | <b>2.5</b>     | <b>6.0</b>     | <b>1.6</b>     |
| <b>Derivatives total</b>                            |                | <b>-4.3</b>    |                | <b>30.8</b>    |                | <b>151.4</b>   |

**6. FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE****Fair value hierarchy of financial assets and liabilities valued at fair value**

| Fair values at the end of the reporting period, in mill. EUR  | 30 Sep 2017  | Level 1      | Level 2      |
|---------------------------------------------------------------|--------------|--------------|--------------|
| <b>Financial assets at fair value through profit and loss</b> |              |              |              |
| Securities held for trading                                   | 859.7        | 735.4        | 124.4        |
| Derivatives held for trading                                  |              |              |              |
| Currency and interest rate swaps and options                  | 0.9          |              | 0.9          |
| - of which in fair value hedge accounting                     | 0.9          |              | 0.9          |
| Currency derivatives                                          | 16.5         |              | 16.5         |
| - of which in fair value hedge accounting                     | 0.8          |              | 0.8          |
| - of which in cash flow hedge accounting                      | 12.4         |              | 12.4         |
| Commodity derivatives                                         | 25.9         |              | 25.9         |
| - of which in cash flow hedge accounting                      | 25.9         |              | 25.9         |
| Equity derivatives                                            | 21.2         |              | 21.2         |
| - of which in fair value hedge accounting                     | 21.2         |              | 21.2         |
| <b>Total</b>                                                  | <b>924.3</b> | <b>735.4</b> | <b>188.9</b> |

**Financial liabilities recognised at fair value through profit and loss**

|                                              |             |            |             |
|----------------------------------------------|-------------|------------|-------------|
| Derivatives held for trading                 |             |            |             |
| Currency and interest rate swaps and options | 14.9        |            | 14.9        |
| - of which in fair value hedge accounting    | 0.0         |            | 0.0         |
| Currency derivatives                         | 42.2        |            | 42.2        |
| - of which in fair value hedge accounting    | 14.1        |            | 14.1        |
| - of which in cash flow hedge accounting     | 26.9        |            | 26.9        |
| Commodity derivatives                        | 1.2         |            | 1.2         |
| - of which in cash flow hedge accounting     | 1.0         |            | 1.0         |
| Equity derivatives                           | 10.5        |            | 10.5        |
| - of which in fair value hedge accounting    | 10.5        |            | 10.5        |
| <b>Total</b>                                 | <b>68.8</b> | <b>0.0</b> | <b>68.8</b> |

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 DIVESTMENTS

There were no acquisitions or divestments during the third quarter. During the second quarter, Finnair reassumed the control over its catering operations, as Finnair and LSG Sky Chefs agreed on 21st of April that LSG Sky Chefs Finland Oy will be transferred under the control of Finnair. The company was renamed as Finnair Kitchen Oy. The transaction did not have material effect on Finnair's results. There were no business acquisitions or disposals during Q1 2017.

## 8. INCOME TAXES

The effective tax rate for Q1-Q3 2017 was 20.0% (20.5%).

## 9. DIVIDEND PER SHARE

A dividend for 2016 of 0.10 euro per share, amounting to a total of EUR 12.8 million, was decided in the Annual General Meeting on 16 March 2017. The dividend was paid on 4 April 2017.

The Annual General Meeting on 17 March 2016 decided that no dividend was paid for 2015.

## 10. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

| in mill. EUR                                                  | 30 Sep 2017    | 30 Sep 2016    | 31 Dec 2016    |
|---------------------------------------------------------------|----------------|----------------|----------------|
| Carrying amount at the beginning of period                    | 1,178.8        | 821.0          | 821.0          |
| Additions                                                     | 440.3          | 424.0          | 518.9          |
| Change in advances                                            | -96.4          | 50.9           | 80.4           |
| Currency hedging of aircraft acquisitions                     | 87.8           | 28.2           | 6.4            |
| Disposals and reclassifications                               | -92.8          | -132.0         | -139.9         |
| Depreciation                                                  | -94.2          | -74.8          | -105.8         |
| Depreciation included in items affecting comparability        | 0.3            | -1.9           | -2.2           |
| <b>Carrying amount at the end of period</b>                   | <b>1,423.8</b> | <b>1,115.5</b> | <b>1,178.8</b> |
| Proportion of assets held for sale at the beginning of period | 139.3          | 123.0          | 123.0          |
| Proportion of assets held for sale at the end of period       | 0.1            | 132.0          | 139.3          |

## 11. NON-CURRENT ASSETS HELD FOR SALE

Aircraft classified as held for sale included at the end of 2016 four A340 aircraft, of which three were sold during Q2 2017 and one was sold during Q3 2017 to Airbus. These wide-body aircraft have been replaced by new A350 aircraft. The sale of one ATR 72 aircraft, that was classified as assets held for sale at the end of 2016, was cancelled and therefore reclassified to tangible assets.

| Non-current assets held for sale        | 30 Sep 2017 | 30 Sep 2016  | 31 Dec 2016  |
|-----------------------------------------|-------------|--------------|--------------|
| Intangible and tangible assets          | 0.1         | 132.0        | 139.3        |
| Inventories                             | 0.0         | 1.4          | 0.0          |
| Trade receivables and other receivables |             | 7.2          |              |
| <b>Total</b>                            | <b>0.2</b>  | <b>140.7</b> | <b>139.3</b> |

| Liabilities of non-current assets held for sale | 30 Sep 2017 | 30 Sep 2016 | 31 Dec 2016 |
|-------------------------------------------------|-------------|-------------|-------------|
| Trade payables and other liabilities            |             | 8.3         |             |
| <b>Total</b>                                    | <b>0.0</b>  | <b>8.3</b>  | <b>0.0</b>  |

## 12. INTEREST-BEARING LIABILITIES

During the first quarter of 2017, Finnair issued a senior unsecured bond of EUR 200 million. The bond matures on 29 March 2022, it bears a fixed annual interest at the rate of 2.250 percent and had an issue price of 99.925 percent. The bond is callable before its final maturity. In conjunction with the new issue, Finnair purchased back EUR 85,082,000 out of the total outstanding nominal amount of EUR 150 million of its senior unsecured bond maturing in 29 August 2018. The purchase price for the notes was 107.096 percent.

During the second and third quarters of 2017 Finnair amortized its loans according to the loan instalment program.

## 13. CONTINGENT LIABILITIES

| in mill. EUR                               | 30 Sep 2017 | 30 Sep 2016  | 31 Dec 2016 |
|--------------------------------------------|-------------|--------------|-------------|
| Pledges on own behalf                      |             | 53.8         |             |
| Guarantees on behalf of group undertakings | 70.7        | 73.0         | 69.0        |
| Guarantees on behalf of others             |             | 0.1          | 0.0         |
| <b>Total</b>                               | <b>70.7</b> | <b>126.8</b> | <b>69.0</b> |

Investment commitments for property, plant and equipment as at 30 September 2017 totalled 1,130 million euros (31 December 2016: 1,601).

## 14. OPERATING LEASE COMMITMENTS

| in mill. EUR                         | 30 Sep 2017    | 30 Sep 2016    | 31 Dec 2016    |
|--------------------------------------|----------------|----------------|----------------|
| Lease commitments for fleet payments | 1,291.9        | 1,040.6        | 1,069.9        |
| Other lease commitments              | 278.6          | 296.7          | 290.0          |
| <b>Total</b>                         | <b>1,570.5</b> | <b>1,337.3</b> | <b>1,359.8</b> |

## 15. RELATED PARTY TRANSACTIONS

| in mill. EUR                                           | Q1-Q3 2017 | Q1-Q3 2016 | 2016  |
|--------------------------------------------------------|------------|------------|-------|
| <b>Sales of goods and services</b>                     |            |            |       |
| Associates and joint ventures                          | 33.1       | 32.1       | 42.9  |
| Pension fund                                           |            |            | 0.1   |
| <b>Purchases of goods and services</b>                 |            |            |       |
| Associates and joint ventures                          | 78.9       | 82.1       | 106.8 |
| Pension fund                                           | 2.5        | 2.4        | 3.2   |
| <b>Receivables</b>                                     |            |            |       |
| Current receivables from associates and joint ventures | 8.9        | 9.0        | 9.3   |
| <b>Liabilities</b>                                     |            |            |       |
| Non-current liabilities to pension fund                | 4.2        | 51.6       | 29.7  |
| Current liabilities to associates and joint ventures   |            | 0.3        | 0.2   |

## 16. EVENTS AFTER THE CLOSING DATE

Finnair announced on 11 October 2017 that it will acquire 60% of Nordic Regional Airlines AB from Staffpoint Holding Oy and Kilco Oy. Finnair currently owns 40% of the company, and following the transaction Norra will transfer full ownership to Finnair on an interim basis. Finnair aims to find a new, industrial partner to develop Norra's business further with Finnair. The transaction has no impact on Norra's operations or personnel, and it requires approval by the Finnish Competition and Consumer Authority.

## 17. CHANGES IN ACCOUNTING PRINCIPLES

### IFRS 9 Financial Instruments

Finnair Group early adopted IFRS 9: Financial Instruments (2014), endorsed by the EU on 22.11.2016, with a date of initial application on 1 January 2017.

IFRS 9 replaces IAS 39 and addresses the classification, measurement and derecognition of financial assets and liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The new hedge accounting rules have aligned the accounting for hedging instruments more closely with Finnair's risk management practices. Under IFRS 9, more hedge relationships are eligible for hedge accounting. The change has decreased volatility in Finnair's operating result, because unrealised fair value changes of a larger amount of derivatives are recognised in other comprehensive income instead of operating result. Changes related to the classification and impairment of financial instruments did not have any significant effects on Finnair.

The key changes that have impacted Finnair's financial statements are described in more detail below.

#### 1 Impairment of financial assets

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL), rather than only incurred credit losses as is the case under IAS 39. The only aspect affecting Finnair is related to the credit risk from trade receivables, and the change resulted in earlier recognition of credit losses on trade receivables. There was no impact on Finnair's credit risk position when moving from IAS 39 to IFRS 9.

Credit risk from trade receivables – According to IFRS 9, Finnair can use a simplified credit loss matrix for trade receivables as trade receivables do not have a significant financing component. Accordingly, the credit loss allowance is measured at an amount equal to the lifetime expected credit losses. The expected credit loss model is forward-looking, and expected default rates are based on historical realised credit losses. The lifetime expected credit loss allowance is calculated using the gross carrying amount of outstanding trade receivables and an expected default rate. The lifetime expected credit loss allowance total was recognised as an adjustment of 1.2 million euros to the opening balance of retained earnings in the year 2017, and thereafter the changes in expected credit losses will be recognised in profit and loss. However, the yearly recognition of credit losses in profit and loss is expected to be low due to nature of the business; flight tickets and other services provided by Finnair are usually paid before the service is delivered.

The impairment model does not affect investments in bonds and money market funds included in other financial assets as those are measured at fair value through profit and loss both under IAS 39 and IFRS 9, which already takes into account expected credit losses. With respect to the assets measured at amortised cost, Finnair is actively following such instruments and will recognise impairment through profit and loss if there is evidence of deterioration in credit quality.

#### 2 Changes in the classification of financial assets and liabilities

The new business-model driven classification of financial assets contains three different classes: amortised cost (replaces Finnair's previous classification "Loans and trade receivables" and "Held-to-maturity investments"), fair value through profit and loss (replaces "Held for trading") and fair value through other comprehensive income (replaces "Available for sale financial assets").

Based on Finnair's analysis, the application of IFRS 9 did not have any significant impact on the recognition or measurement of the Group's financial assets. Investments in debt securities, such as commercial paper and deposits, are measured at amortised cost, but only when the objective of the business model is to hold the asset to collect the contractual cash flows and the asset's contractual cash flows represent only payments of principal and interest. Due to the nature of short-term receivables and other receivables, their book value is expected to be equal to the fair value. Other financial assets, such as investments in bonds and money market funds, are measured at fair value. The changes in the fair values of financial assets are recognised in the income statement.

Liabilities are classified into two different classes: amortised cost (replaces "Loans and receivables" and "Valued at amortised cost") and fair value through profit and loss. Finnair's liabilities are mainly classified as amortised cost, except for derivative liabilities. IFRS 9 did not bring any changes to company's previous classification and measurement of financial liabilities.

### 3 Hedge accounting

IFRS 9 introduced a new hedge accounting model to simplify hedge accounting outcomes and more closely align hedge accounting with risk management strategy and objectives.

The key changes impacting Finnair Group's hedge accounting include:

**Risk components** – IFRS 9 (2014) allows derivatives that are hedging a non-financial component of a price risk that is separately identifiable and measurable to be designated in a hedge relationship for that risk component only. Previously, non-financial components were prohibited from being designated as hedged items under IAS39. The Group uses options and swaps on jet fuel, and could potentially use, for example, gasoil and Brent oil to hedge exposure to movements in the price of jet fuel. The change will allow Finnair to apply hedge accounting to such instruments under IFRS 9, which would not have been possible under IAS 39.

**Cost of hedging** – IFRS 9 allows the time value of options to be excluded from the designation of a hedging instrument and accounted for as a cost of hedging. The fair value changes of the time value are recognised in other comprehensive income, and depending on the nature of the hedged item will either be transferred to the Income Statement in the same period that the underlying transaction affects the Consolidated Income Statement or will be capitalised into the initial carrying value of a hedged item. Under IAS 39, Finnair did not apply hedge accounting when options were used for hedging future cash flows, and all the unrealised fair value changes of options were recognised in operating result as "Fair value changes in derivatives and changes in exchange rates of fleet overhauls". Finnair may use options when hedging against foreign currency exchange and fuel price risk, and the ability to apply hedge accounting for those will reduce the fair value changes of derivative instruments being recognised in the Consolidated Income Statement as non-designated derivatives.

**Hedge effectiveness** – Under IFRS 9, IAS 39 requirements for retrospective effectiveness testing as well as for hedge effectiveness of 80 to 125 per cent are removed. The ineffectiveness of hedges previously used by Finnair was minor or non-existent. Finnair expects that the hedge ineffectiveness will also be minor for hedge relationships that become eligible for hedge accounting under IFRS 9.

IFRS 9 (2014) requires that the hedge effectiveness assessment is forward-looking and does not prescribe defined effectiveness parameters for the application of hedge accounting. Under IAS 39, an entity had to test effectiveness both retrospectively and prospectively, and hedge accounting could only be applied if the relationship was 80 to 125 per cent effective. Under IFRS 9, hedge effectiveness is defined as the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item.

IFRS 9 introduces three hedge effectiveness requirements for the application of hedge accounting, the first of which is an economic relationship between the hedged item and the hedging instrument. Therefore, there must be an expectation that the value of the hedging instrument and the value of the hedged item will move in opposite directions as a result of the common underlying or hedged risk. The second criterion relates to the fact that the change in the credit risk of the hedging instrument or the hedged item must not be of such magnitude that it dominates the value changes that result from that economic relationship. The third criterion is that the hedge ratio is defined as the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting. IFRS 9 requires that the hedge ratio used for hedge accounting purposes is the same as that used for risk management purposes. This change has not had a material impact on the Consolidated Income Statement.

Finnair Group has applied the hedge accounting principles of IFRS 9 on a prospective basis. Accordingly, there was no transitional restatement of the Group results.

**Transition adjustment to retained earnings:**

The opening balance of retained earnings is adjusted to take into account the jet fuel hedges (options and swaps) and operative cash flow hedges (forwards and options), which were previously excluded from hedge accounting, but are included in hedge accounting according to IFRS 9. The adjustment due to the reclassification of certain types of derivatives from profit and loss to the hedging reserve resulted in a reduction of retained earnings by 19 million euros (15 million euros net of taxes).

On the date of initial application, 1 January 2017, the financial instruments of the company were as follows, with any reclassifications noted:

| Measurement category                     |                                                             |                        | Carrying amount,<br>1 January 2017 |                       |            |
|------------------------------------------|-------------------------------------------------------------|------------------------|------------------------------------|-----------------------|------------|
|                                          | Original (IAS 39)                                           | New (IFRS 9)           | New<br>EUR mill.                   | Original<br>EUR mill. | Difference |
| <b>Non-current financial assets</b>      |                                                             |                        |                                    |                       |            |
| Loan and other receivables               | Loans and receivables                                       | Amortised cost         | 7.4                                | 7.4                   | -          |
| <b>Current financial assets</b>          |                                                             |                        |                                    |                       |            |
| Cash and cash equivalents                | Loans and receivables                                       | Amortised cost         | 69.4                               | 69.4                  | -          |
| Commercial paper, certificates and bonds | Financial assets at fair value through profit and loss      | FVPL*                  | 261.2                              | 261.2                 | -          |
| Money market funds                       | Financial assets at fair value through profit and loss      | FVPL*                  | 466.6                              | 466.6                 | -          |
| Trade receivables and other receivables  | Loans and receivables                                       | Amortised cost         | 211.9                              | 211.9                 | -          |
| Derivatives                              | Hedge accounting items                                      | Hedge accounting items | 158.5                              | 133.2                 | 25.3       |
| Derivatives                              | Financial assets at fair value through profit and loss      | FVPL*                  | 18.0                               | 43.3                  | -25.3      |
| <b>Non-current liabilities</b>           |                                                             |                        |                                    |                       |            |
| Interest-bearing liabilities             | Financial liabilities valued at amortised cost              | Amortised cost         | 499.6                              | 499.6                 | -          |
| Finance lease liabilities                | Financial liabilities valued at amortised cost              | Amortised cost         | 117.6                              | 117.6                 | -          |
| Trade payables and other liabilities     | Loans and receivables                                       | Amortised cost         | 4.9                                | 4.9                   | -          |
| <b>Current liabilities</b>               |                                                             |                        |                                    |                       |            |
| Interest-bearing liabilities             | Financial liabilities valued at amortised cost              | Amortised cost         | 78.5                               | 78.5                  | -          |
| Finance lease liabilities                | Financial liabilities valued at amortised cost              | Amortised cost         | 22.0                               | 22.0                  | -          |
| Derivatives                              | Hedge accounting items                                      | Hedge accounting items | 14.7                               | 8.4                   | 6.3        |
| Derivatives                              | Financial liabilities at fair value through profit and loss | FVPL*                  | 10.5                               | 16.8                  | -6.3       |
| Trade payables and other liabilities     | Financial liabilities valued at amortised cost              | Amortised cost         | 773.5                              | 773.5                 | -          |

\* FVPL = financial assets or liabilities measured at fair value through profit or loss

On the date of initial application, 1 January 2017, the derivative contracts of the company were as follows, with any change in the application of hedge accounting noted:

|                                                     | Carrying amount,<br>1 January 2017 |                       |
|-----------------------------------------------------|------------------------------------|-----------------------|
|                                                     | New<br>EUR mill.                   | Original<br>EUR mill. |
| <b>Currency derivatives</b>                         |                                    |                       |
| Jet fuel currency hedging                           | 16.5                               | 16.5                  |
| - of which in cash flow hedge accounting            | 16.5                               | 16.5                  |
| Fair value hedging of aircraft acquisitions         | 74.6                               | 74.6                  |
| - of which in fair value hedge accounting           | 74.6                               | 74.6                  |
| Currency hedging of lease payments                  | 9.6                                | 9.6                   |
| - of which in cash flow hedge accounting            | 9.6                                | 9.6                   |
| Operational cash flow hedging (forward contracts)   | 3.3                                | 3.3                   |
| - of which in cash flow hedge accounting            | 3.3                                |                       |
| Operational cash flow hedging (options)             | 3.5                                | 3.5                   |
| - of which in cash flow hedge accounting            | 3.5                                |                       |
| Hedging of assets held for sale                     | -7.3                               | -7.3                  |
| Balance sheet hedging (forward contracts)           | 1.5                                | 1.5                   |
| <b>Commodity derivatives</b>                        |                                    |                       |
| Jet fuel forward contracts                          | 19.5                               | 19.5                  |
| - of which in cash flow hedge accounting            | 19.5                               | 18.9                  |
| Jet fuel options                                    | 8.9                                | 8.9                   |
| - of which in cash flow hedge accounting            | 11.6                               |                       |
| <b>Currency and interest rate swaps and options</b> |                                    |                       |
| Interest rate swaps                                 | 3.6                                | 3.6                   |
| - of which in fair value hedge accounting           | 3.6                                | 3.6                   |
| Cross currency Interest rate swaps                  | 16.1                               | 16.1                  |
| <b>Equity derivatives</b>                           |                                    |                       |
| Stock options                                       | 1.6                                | 1.6                   |
| - of which in fair value hedge accounting           | 1.6                                | 1.6                   |
| <b>Derivatives total</b>                            | <b>151.4</b>                       | <b>151.4</b>          |
| <b>-Items in cash flow hedge accounting total*</b>  | <b>64.0</b>                        | <b>45.0</b>           |
| <b>-Items in fair value hedge accounting total</b>  | <b>79.9</b>                        | <b>79.9</b>           |

\*The change in the carrying amount of items in cash flow hedge accounting resulting from the application of IFRS 9 was recognised as an adjustment to the opening balance of retained earnings on the date of initial application.

#### IFRS 15 Revenue from Contracts with Customers

Finnair will adopt the new standard on revenue recognition in the beginning of 2018. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard will supersede all current revenue recognition requirements under IFRS. Finnair will apply cumulative catch-up method in the transition.

Finnair has been evaluating the effects of the new standard for different revenue streams (products). Finnair has also worked with other airlines through the IATA (International Air Transport Association) Industry Accounting Working Group (IAWG) in coordination with the Airlines Revenue Recognition Task Force of the AICPA (American Institute of Certified Public Accountants) to agree harmonised accounting treatment for issues requiring clarity under the new standard. Based on evaluation, IFRS 15 will not have a significant impact on Finnair financial statements. IFRS 15 will change the timing of revenue recognition mainly in passenger revenue (ticket sales) and ancillary revenue. The changes in recognition are described below and impact is expected to be minor.

In passenger revenue, customers usually pay their tickets upfront but do not always exercise their rights and tickets remain unused (breakage). According to IFRS 15, if the airline expects to be entitled to breakage, the airline should recognise the expected breakage amount as revenue in proportion to the pattern of rights exercised by the passenger. Currently ticket revenue is recognised when the tickets are used or when the rights expire. In practice the recognition of breakage means that revenue is recognised earlier but the impact will be insignificant.

In ancillary sales, the revenue related to change fees will be recognised later than currently, since it is considered as a contract modification instead of separate revenue transaction. The impact will be minor.

Finnair Plus loyalty program accounting treatment or point valuation will not change due to implementation of IFRS 15.

## IFRS 16 Leases

The new leasing standard, published in January 2016, will be effective from 2019 onwards upon EU endorsement. Finnair expects to adopt the standard from 2019 onwards, and plans to apply the full retrospective method. IFRS 16 replaces the previous standard (IAS 17 Leases). Finnair expects that the new standard will have a significant impact on its financial statements and key ratios. The present value of the future operating lease payments for aircraft, real estate and other operating lease arrangements will be recognised as right-of-use assets and interest-bearing liabilities in the balance sheet. Currently, future lease payments are presented in the notes as operating lease commitments at their nominal value (see note 14, Operating lease commitments, for more detail). Based on Finnair's preliminary evaluation, service contracts that relate to the usage of airports and terminals (HEL hub) do not qualify as lease arrangements for IFRS 16 purposes.

The new standard will have significant impact on Finnair's balance sheet -related KPIs, such as the equity ratio and gearing (adjusted gearing already takes future lease payments into account using a specific method; see note 19, calculation of key ratios, for additional detail).

The leasing standard will also impact Finnair's income statement. In the future, operating lease cost will be divided into the depreciation of the right-of-use asset (affecting the comparable operating result) and interest cost associated with the liability (affecting finance net). The interest cost for the liability is at its highest in the beginning of the lease term, decreasing towards the end of the term as the lease liability is amortised. Currently, lease expenses are accrued over the lease term primarily on a straight line basis and recognised in the operating result as lease payments for aircraft and other rents, according to the lease contract terms.

Although the assets associated with operating leases will be denominated in Euros when converted into right of use assets, the majority of Finnair's aircraft lease contracts are payable in US dollars. This will result in an increase of the foreign exchange exposure in Finnair's balance sheet. The company is investigating options to mitigate the effects of this volatility.

## 18. RESTATEMENT OF KEY RATIO

Finnair has adjusted its methodology for the calculation of belly cargo capacity (available cargo tonne kilometres) from June 2017. As opposed to the previous method based on fixed allotments by aircraft type and traffic area, the new method utilises actual cargo capacity available for sale on each flight, which also reflects the weather conditions and other payload.

| Key figures                                           | Restated | Reported |
|-------------------------------------------------------|----------|----------|
| Periodic key figures                                  | Q1 2017  | Q1 2017  |
| Available cargo tonne kilometres (cargo ATK), million | 320      | 336      |

| Key figures                                           | Restated |         |         |         | Reported |         |         |         |
|-------------------------------------------------------|----------|---------|---------|---------|----------|---------|---------|---------|
| Periodic key figures                                  | Q4 2016  | Q3 2016 | Q2 2016 | Q1 2016 | Q4 2016  | Q3 2016 | Q2 2016 | Q1 2016 |
| Available cargo tonne kilometres (cargo ATK), million | 327      | 368     | 368     | 322     | 352      | 386     | 371     | 354     |

| Key figures                                           | Restated |            |            |         | Reported |            |            |         |
|-------------------------------------------------------|----------|------------|------------|---------|----------|------------|------------|---------|
| Cumulative key figures                                | 2016     | Q1-Q3 2016 | Q1-Q2 2016 | Q1 2016 | 2016     | Q1-Q3 2016 | Q1-Q2 2016 | Q1 2016 |
| Available cargo tonne kilometres (cargo ATK), million | 1,385    | 1,057      | 690        | 322     | 1,464    | 1,112      | 725        | 354     |

## 19. CALCULATION OF KEY RATIOS

### Comparable operating result:

Operating result excluding fair value changes in derivatives, changes in the exchange rates of fleet overhauls and items affecting comparability

### Items affecting comparability:

Gains and losses on aircraft and other transactions and restructuring costs

### Comparable EBITDAR:

Comparable operating result + depreciation and impairment + lease payments for aircraft

### EBITDA:

Operating result + depreciation and impairment

### Shareholders' equity:

Equity attributable to owners of the parent

### Gross capital expenditure:

Investments in intangible and tangible assets excluding advance payments

### Last twelve months (LTM):

Twelve months preceding the reporting date

### Liquid funds:

Cash and cash equivalents + other financial assets

### Adjusted interest-bearing liabilities:

Interest-bearing liabilities + cross currency interest rate swaps in derivative financial instruments

### Interest-bearing net debt:

Adjusted interest-bearing liabilities - liquid funds

### Adjusted interest-bearing net debt:

Interest-bearing net debt + lease payments for aircraft, LTMx7

### Average capital employed:

Equity + interest-bearing liabilities (average of reporting period and comparison period)

### Earnings per share:

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

### Equity/share:

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

### Equity ratio, %:

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

### Gearing, %:

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

### Adjusted gearing, %:

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

### Return on equity (ROE), %:

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

### Return on capital employed (ROCE), %:

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

### 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 cargo tonne kilometres (cargo ATK):

Number of tonnes of capacity for carriage of cargo and mail × kilometres flown

### Revenue cargo tonne kilometres (cargo 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 Group's revenue divided by available seat kilometres (ASK).

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 Group's operational costs divided by available seat kilometres. Other operating income is 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.

### Unit revenue per revenue passenger kilometre (yield):

Passenger Revenue by product divided by Revenue passenger kilometres (RPK).

### Cargo traffic unit revenue per cargo revenue tonne kilometre:

Cargo Revenue by product divided by Revenue cargo tonne kilometres (cargo RTK).

The figures of the Interim Report are unaudited.