



Finnair Group Interim Report 1 January–30 September 2020

28 October 2020

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Heavy COVID-19 impact continued – Finnair implemented further cost reductions and took measures to improve the equity and cash position in line with its rebuild plan.

July–September 2020

- Earnings per share were -0.15 euros (0.08)*.
- Revenue decreased by 88.7% to 97.4 million euros (865.4).
- The comparable operating result was -167.0 million euros (100.7). The operating result was -183.1 million euros (94.9).
- Financial net expenses were 74.6 million euros (20.1) and they increased significantly, with c. 54 million euros of the increase related to jet fuel and foreign exchange hedging that was reclassified from other comprehensive income.
- Net cash flow from operating activities was -267.3 million euros (119.3) and net cash flow from investing activities was 21.6 million euros (-110.3).**
- The number of passengers decreased by 88.9% to 0.5 million (4.1).
- Available seat kilometres (ASK) decreased by 86.8%.
- Passenger load factor (PLF) was 38.7% (-47.5 points).

January–September 2020

- Earnings per share were -0.56 euros (0.06)*.
- Revenue decreased by 68.7% to 727.2 million euros (2,322.8).
- The comparable operating result was -432.4 million euros (131.7). The operating result was -449.9 million euros (125.3).
- Financial net expenses were 200.3 million euros (60.4) and they increased significantly, with c. 138 million euros of the increase related to jet fuel and foreign exchange hedging that was reclassified from other comprehensive income.
- Net cash flow from operating activities was -864.5 million euros (444.4) and net cash flow from investing activities was 216.4 million euros (-327.5).**
- The number of passengers decreased by 71.2% to 3.2 million (11.1).
- Available seat kilometres (ASK) decreased by 67.2%.
- Passenger load factor (PLF) was 66.6% (-15.9 points).

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

** In Q3, net cash flow from investing activities includes 11.3 million euros of redemptions in money market funds or other financial assets maturing after more than three months. In Q1-Q3, these decreased in net terms by 382.6 million euros. These redemptions are part of the Group's liquidity management.

Outlook

Guidance issued on 24 July 2020:

In Q3, Finnair gradually increases its capacity and will operate c. 25% of flights in July compared to the same period in 2019. Based on the current assumption, the share of flights operated increases to c. 50% in September. There are uncertainties relating to COVID-19 development and lifting of travel restrictions. As a result, the outlook remains unclear and the company does not provide revenue guidance for Q3.

As ramp-up is an investment, and there are costs associated with it, and Finnair will be running with clearly reduced capacity, the comparable operating loss in Q3 will be of a similar magnitude than in Q2.

Further, the company reiterates its previous guidance and states that the revenue will decrease significantly in 2020 compared to 2019 and that the comparable operating loss will be significant in the financial year 2020. In addition, Finnair's capacity will decrease significantly this year compared to 2019.

Finnair updates its outlook and guidance in connection with the Q3 interim report.

New guidance on 28 October 2020:

Due to the continued strict travel restrictions, the comparable operating loss in Q4 will be of a similar magnitude as in Q2 and Q3.

As Finnair has announced today, certain amendments to the terms of Finnair pension fund have been approved and these and potential other similar changes are expected to have a significant positive one-off impact on Finnair's operating result in Q4. This impact is not included in the expected comparable operating result.

Based on the current assumptions, the revenue and capacity (measured in ASKs) will both decrease more than 70% in 2020 compared to 2019.

Finnair updates its outlook and guidance in connection with the financial statements bulletin for 2020.

CEO Topi Manner:

The pandemic continued to impact Finnair heavily during the third quarter. Travel restrictions, which are particularly strict in Finland, led us to deviate from our plans and we continued to operate a restricted network throughout the quarter. This was reflected in our passenger numbers, revenue and result.

Demand for cargo flights remained strong, and we were able to re-open scheduled flights to Asia, supported by cargo demand. Cargo's share of Finnair's total revenue remained higher than usual.

During the review period, we continued to take action to strengthen our financial position and equity. We refinanced our previous hybrid bond of 200 million euros, conducted a sale-and-leaseback arrangement for one of our A350 aircraft, and drew a second 200-million-euro tranche of our 600-million-euro pension premium loan. Thanks to these measures, our cash position remains strong and our balance sheet is healthy.

We also made good progress in achieving permanent cost reductions and have identified new savings opportunities. We are now increasing our target for permanent annual cost reductions to 140 million euros from the previous target of 100 million euros starting from the beginning of 2022, compared to 2019. We seek reductions in all cost categories. The post-pandemic market will be highly competitive, and we are preparing with these measures for the future market conditions.

We completed the co-determination negotiations on personnel reductions in Finland and the respective processes outside Finland. The resulting cut of approximately 700 jobs is very unfortunate and difficult for Finnair employees. All in all, including these measures, we will have almost 1,100 employees fewer at Finnair compared to the start of the year. We have developed a support programme called NEXT to support the re-employment of those who are losing their jobs.

The number of redundancies resulting from the co-determination process is slightly lower than our preliminary estimate, partly thanks to the agreements achieved with personnel on permanent and temporary cost savings. I want to take this opportunity to extend my warm thanks to the employee groups that contributed to the savings, for their flexibility and commitment to our common cause. In October, we announced an incentive plan that, if its targets are met, will reward the personnel groups who contributed to the permanent savings for the successful rebuild efforts.

Between February and September, we have paid over 400 million euros to customers in refunds for flights cancelled due to the COVID-19 situation. We have now worked through the backlog of refund requests and the processing times are close to normal. The anticipated refunds amount to 40 million

euros, meaning a materially lesser burden on our operating cash flow going forward. We are also delighted that our Net Promoter Score, which measures customer satisfaction, was at a record-high level of 56 during the review period. Based on customer feedback, our customers have been particularly satisfied with the health and safety measures which have been our focus areas.

During the winter season, we will continue to operate a somewhat limited network, as the strict travel restrictions have had a significant impact on demand. In October, we launched a campaign in Finland on responsible travel. The campaign also underscores the significant economic and employment impact of the travel sector. The Finnish travel industry employs more than 140,000 people and the situation affects the future of these people and their employers.

Visibility on market development is now exceptionally limited. We have, however, as a part of our rebuild plan, developed agile processes that allow us to adapt our operations to the rapidly changing environment. Our industry needs harmonised Europe-wide travel standards and testing practices in order to enable both industry players and travelers to execute on their respective plans.

Business environment in Q3

Similarly to Q2, the COVID-19 pandemic heavily impacted the global aviation sector, as well as Finnair's operations in Q3. Airlines the world over were forced to significantly cut their capacity due to the continued strict travel restrictions and lack of demand. This applied especially to Finnair as it operated a limited network of only c. 13 per cent of its capacity (ASK) compared to Q3 2019. Thus, Finnair was not able to ramp up its operations in accordance with its previous estimate in Q2. The company has already announced that it will operate a limited network also in Q4 2020 and Q1 2021 before the estimated ramp-up starting from summer 2021.

Market capacity between Helsinki and many European markets declined drastically year-on-year. Measured in available seat kilometres, scheduled market capacity between origin Helsinki and Finnair's European destinations decreased by 81.2 per cent (+0.3). Demand on European and domestic routes remained soft during the quarter due to the COVID-19-related route and frequency cancellations as well as strict travel restrictions. Direct market capacity between Finnair's Asian and European destinations decreased by 85.7 per cent (+4.0) year-on-year. Due to travel restrictions caused by COVID-19, demand between Europe and Finnair's Asian destinations saw a strong decline during the period.¹

Finnair engages in closer cooperation with certain oneworld partners through participation in joint businesses, namely the Siberian Joint Business (SJB) on flights between Europe and Japan, and the Atlantic Joint Businesses (AJB) on flights between Europe and North America. In these unprecedented circumstances, Finnair and its JB partners are working closely together to ensure the continued delivery of efficiencies and customer benefits, despite the severely reduced capacity and revenue. Further, Finnair is continuing the preparations to launch a Joint Business with Juneyao Airlines in H1 2021.

Package holidays offering has been low during Q3 due to the COVID-19 pandemic and related travel restrictions and guidelines. Therefore, package holidays have been produced only to a limited amount of destinations and demand for package holidays has stayed low during the quarter, being less than 5% compared to the normal level. On the other hand, demand for the next summer season's holidays has been higher than normal during this period. During Q3, Aurinkomatkat opened domestic package holidays for sale and the demand has been higher than expected, focusing on year-end 2020 and beginning of 2021. The outlook for the next months continues to be uncertain and is dependent on the COVID-19 development and related travel restrictions as well as the recovery of customer demand. Finnair estimates that the demand and supply of package holidays will come back to 2019 levels in approximately 2–4 years.

The global air freight market was also heavily impacted by COVID-19 in Q3, decreasing industry cargo volumes significantly as the scheduled traffic capacity was down. On the other hand, a market for cargo-only operations was available also in Q3 (Finnair operated 235 one-way cargo-only flights)

¹ Based on external sources (capacity data from SRS Analyser). The basis for calculation is Finnair's non-seasonal destinations.

and therefore, Finnair was able to increase the number of scheduled Asian flights carrying belly cargo despite the low passenger load factor as demand for cargo remained strong. This also alleviated the decline in Finnair's cargo revenue that had resulted from lower cargo volumes year-on-year. The total cargo load factor increased significantly compared to 2019.

The US dollar, which is the most significant expense currency for Finnair after the euro, depreciated by 5.0 per cent against the euro year-on-year. The market price of jet fuel was 46.8 per cent lower in the third quarter than in the comparison period, but this decline does not fully impact Finnair's Q3 fuel costs due to its hedging policy. Finnair hedges its fuel purchases and key foreign currency items; hence, market fluctuations are not reflected directly in its result. Finnair's Q3 fuel bill, however, decreased significantly due to the capacity decline.

Financial performance in Q3

Revenue in Q3

Finnair's total revenue decreased significantly due to the COVID-19 impact.

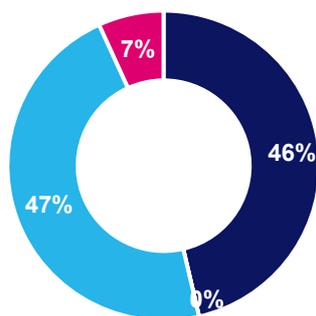
Revenue by product

EUR million	Q3/2020	Q3/2019	Change %
Passenger revenue	54.7	709.9	-92.3
Ancillary revenue	8.8	45.7	-80.8
Cargo	31.7	52.8	-40.0
Travel services	2.3	57.0	-96.0
Total	97.4	865.4	-88.7

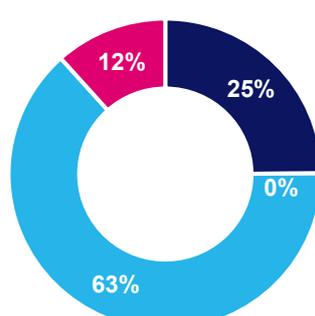
Unit revenue (RASK) decreased by 14.7 per cent and amounted to 5.85 euro cents (6.86). The unit revenue at constant currency decreased by 13.5 per cent to 5.87 euro cents (6.79).

Passenger revenue and traffic data by area, Q3 2020

Traffic area	Passenger revenue			ASK		RPK		PLF	
	MEUR	Share %	Change %	Mill. km	Change %	Mill. km	Change %	%	Change %-p
Asia	10.5	19.2	-96.8	775.6	-87.3	160.4	-97.0	20.7	-66.5
North Atlantic	-0.4	-0.8	-100.8	0.0	-100.0	0.0	-100.0	N/A	N/A
Europe	35.0	63.9	-87.7	778.2	-84.5	409.4	-90.4	52.6	-32.4
Domestic	9.6	17.6	-70.6	112.8	-66.3	74.8	-67.6	66.3	-2.6
Unallocated	0.0	0.0	-99.9						
Total	54.7	100.0	-92.3	1,666.6	-86.8	644.6	-94.1	38.7	-47.5

Q3 capacity (ASKs)

- Asia
- North-America
- Europe
- Domestic

Q3 traffic (RPKs)

- Asia
- North-America
- Europe
- Domestic

The COVID-19 pandemic had a significant negative impact on all Q3 traffic figures. Passenger traffic capacity, measured in Available Seat Kilometres (ASK), decreased by 86.8 per cent overall against the comparison period. The number of passengers decreased by 88.9 per cent to 453,800 passengers. Traffic measured in Revenue Passenger Kilometres (RPK) decreased by 94.1 per cent and the passenger load factor (PLF) decreased by 47.5 percentage points to 38.7 per cent.

In Asian traffic, the number of scheduled flights was limited. As a result, ASKs were down by 87.3 per cent and RPKs decreased by 97.0 per cent. PLF declined by 66.5 percentage points to 20.7 per cent but it was supported by the cargo operations and a very high cargo load factor.

Capacity in North Atlantic traffic decreased by 100.0 per cent year-on-year, as no scheduled flights were operated. Thus, RPKs decreased by 100.0 per cent and no PLF was available.

Capacity also decreased in European traffic by 84.5 per cent, due to the COVID-19 pandemic impact. RPKs decreased by 90.4 per cent and the PLF was down by 32.4 percentage points to 52.6 per cent.

Domestic traffic capacity decreased by 66.3 per cent whereas RPKs decreased by 67.6 per cent and PLF by 2.6 percentage points to 66.3 per cent.

Ancillary revenue decreased by 80.8 per cent due to the COVID-19 impact. Flight ticket fees and frequent flyer program related revenue were the largest ancillary categories.

COVID-19 was also clearly visible in Finnair's Q3 cargo volumes due to the limited number of scheduled flights. Available scheduled cargo tonne kilometres decreased by 87.4 per cent, whereas revenue scheduled cargo tonne kilometres decreased by 83.0 per cent. However, cargo related available tonne kilometres decreased by 79.6 per cent and revenue tonne kilometres decreased by 71.7 per cent and they both include the cargo-only flights (235 one-way flights in Q3), which were operated mainly between Europe and Asia as well as Europe and North America. Compared to Q2, Finnair operated fewer cargo-only flights in Q3, as it was able to replace them with scheduled Asian passenger flights carrying belly cargo; these flights had excellent cargo load factors due to continued strong cargo demand. As a result, cargo revenue decreased only by 40.0 per cent.

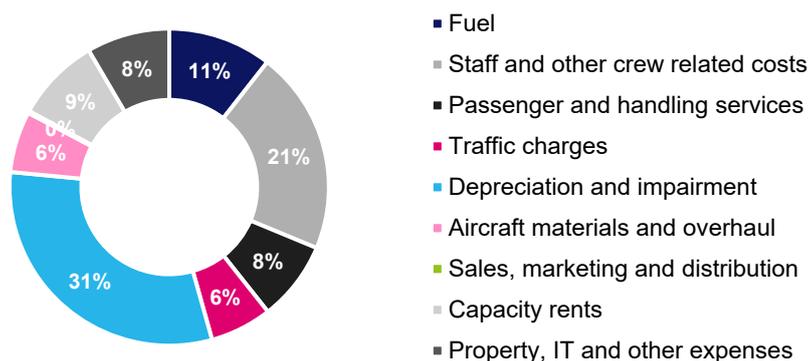
Package holidays' financial development has been significantly affected by COVID-19 and the related travel restrictions and guidelines. During Q3, a limited number of destinations was operated. The total number of Travel Services passengers declined by 96.3 per cent and the load factor in Aurinkomatkat's allotment-based capacity was 88.0 per cent. Travel Services revenue decreased by 96.0 per cent. Comparison year figures include Aurinkomatkat's Estonian operations, which were closed at the end of 2019.

Cost development in Q3

Finnair's operating expenses decreased by 64.6 per cent, which is less than the decline in revenue, due primarily to fixed cost items as e.g. depreciation and impairment increased from the comparison period. Finnair continued its significant cost adjustment initiatives in Q3, including *inter alia* temporary layoffs, which was also visible in the significant decline in operating expenses.

Unit cost (CASK) increased by 161.9 per cent and totalled 15.86 euro cents (6.06). CASK excluding fuel increased by more than 200 per cent and totalled 14.12 euro cents (4.55). The surges were caused by the limited capacity and certain inelastic cost items.

Q3 split of operating expenses (€275.6 million in total)



EUR million	Q3/2020	Q3/2019	Change %
Staff and other crew related costs	57.2	131.7	-56.6
Fuel costs	29.0	190.1	-84.7
Capacity rents	23.7	33.2	-28.6
Aircraft materials and overhaul	17.2	50.7	-66.1
Traffic charges	17.3	93.3	-81.4
Sales, marketing and distribution costs	0.6	43.6	-98.7
Passenger and handling costs	22.4	122.9	-81.8
Property, IT and other expenses	23.2	31.2	-25.7
Depreciation and impairment	85.0	81.3	4.6
Total	275.6	778.0	-64.6

Operating expenses excluding fuel decreased by 58.1 per cent.

Fuel costs, including hedging results and emissions trading costs, decreased in line with capacity. Fuel efficiency (as measured by fuel consumption per ASK) weakened by 25.7 per cent, as the cargo-only flights are included in the fuel consumption, but they do not generate ASKs. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, increased by 50.3 per cent due to low passenger load factors.

Staff and other crew related costs decreased as capacity was significantly down and, therefore, Finnair continued the COVID-19-related temporary layoffs in Q3. On the other hand, elements such as summer holidays in between temporary layoffs and certain inelastic pension fund costs had an opposite effect on the staff and other crew related costs.

Passenger and handling costs (including also tour operation expenses related to *inter alia* hotels) were driven down by the volume decline in both passenger and cargo traffic. Sales, marketing and distribution costs were at a very low level due to almost non-existent marketing activities and limited sales intake.

Aircraft materials and overhaul costs decreased due to decline in capacity. On the other hand, certain other costs were fixed. Fleet growth from comparison period increased depreciation and impairment costs. Traffic charges decreased almost in line with the traffic decline even though the traffic mix was structurally different due to relatively increased wide-body operations caused by cargo-only flights, which led to additional costs.

Capacity rents, covering purchased traffic from Norra and any wet leases or potential cargo rents, were closer to the comparison period's level due to Norra's significant operations. The same applied to property, IT and other expenses; they mainly consist of fixed costs, even though some cost savings were achieved.

Result in Q3

Finnair's Q3 result was heavily impacted by the COVID-19 pandemic due to extensive route and frequency cancellations as well as strict travel restrictions in many countries worldwide.

EUR million	Q3/2020	Q3/2019	Change %
Comparable EBITDA	-81.9	181.9	-145.0
Depreciation and impairment	-85.0	-81.3	4.6
Comparable operating result	-167.0	100.7	<-200
Items affecting comparability	-16.1	-5.8	>200
Operating result	-183.1	94.9	<-200
Financial income	9.6	0.5	>200
Financial expenses	-84.2	-20.7	>200
Exchange gains and losses	8.3	-2.7	>200
Result before taxes	-249.4	72.0	<-200
Income taxes	49.9	-14.4	>200
Result for the period	-199.5	57.6	<-200

As operating expenses did not decline in line with the revenue, mainly due to fixed costs, Finnair's comparable EBITDA and comparable operating result, or operating result excluding changes in the value of foreign currency-denominated fleet maintenance reserves, changes in the fair value of derivatives, capital gains and other items affecting comparability, both decreased significantly.

Unrealised changes in foreign currencies of fleet overhaul provisions were 6.4 million euros (-5.6) and fair value changes of derivatives where hedge accounting is not applied totalled 0.0 million euros (0.5). Other items affecting comparability (sales gains or losses and/or restructuring costs) totalled -22.6 million euros during the quarter (-0.6); nearly all related to staff restructuring costs caused by the COVID-19 impact. Driven by the significant restructuring costs during the period, Finnair's operating result declined more year-on-year than comparable EBITDA or comparable operating result.

Financial expenses increased significantly, and c. 63 million euros of the growth related to jet fuel and foreign exchange hedging which was reclassified from other comprehensive income based on IFRS 9. On the other hand, financial income increased by c. 9 million euros due to the same reason and, thus, the negative net effect was c. 54 million euros. In Q3, foreign exchange gains were mainly related to USD denominated aircraft lease payments and liabilities.

Finnair's result before taxes and result after taxes declined more than the other result key figures especially due to the increase in financial expenses.

Financial performance in January–September

Revenue in January–September

In Q1–Q3, Finnair's revenue decreased significantly due to the COVID-19 impact.

Revenue by product

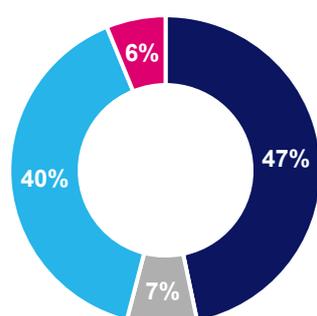
EUR million	Q1–Q3/2020	Q1–Q3/2019	Change %
Passenger revenue	491.7	1,863.9	-73.6
Ancillary revenue	57.1	131.7	-56.6
Cargo	117.8	154.9	-23.9
Travel services	60.6	172.3	-64.8
Total	727.2	2,322.8	-68.7

Unit revenue (RASK) decreased by 4.6 per cent and amounted to 6.23 euro cents (6.52). The unit revenue at constant currency decreased by 4.4 per cent.

Passenger revenue and traffic data by area, Q1–Q3 2020

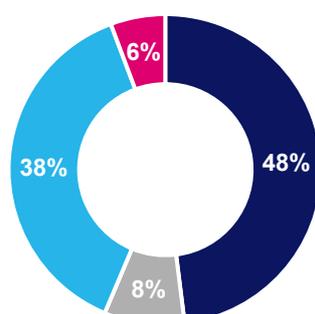
Traffic area	Passenger revenue			ASK		RPK		PLF	
	MEUR	Share %	Change %	Mill. km	Change %	Mill. km	Change %	%	Change, %-p
Asia	179.8	36.6	-78.3	5,460.4	-68.9	3,737.8	-74.7	68.5	-15.6
North Atlantic	26.3	5.4	-80.8	848.9	-72.2	647.1	-75.7	76.2	-10.9
Europe	221.0	44.9	-70.5	4,652.2	-65.7	2,957.6	-73.3	63.6	-17.8
Domestic	57.0	11.6	-55.7	720.5	-48.6	441.2	-51.6	61.2	-3.7
Unallocated	7.6	1.5	-64.7						
Total	491.7	100.0	-73.6	11,681.9	-67.2	7,783.8	-73.5	66.6	-15.9

Q1–Q3 capacity (ASKs)



- Asia
- North-America
- Europe
- Domestic

Q1–Q3 traffic (RPKs)



- Asia
- North-America
- Europe
- Domestic

The COVID-19 pandemic had an impact on the Asian traffic figures already in February and the impact was significant in all traffic areas from March. This resulted in a material decline in Q1–Q3 traffic figures. Passenger traffic capacity, measured in Available Seat Kilometres (ASK), decreased by 67.2 per cent overall against the comparison period. The number of passengers decreased by 71.2 per cent to 3,207,300 passengers. Traffic measured in Revenue Passenger Kilometres (RPK) decreased by 73.5 per cent and the passenger load factor (PLF) decreased by 15.9 percentage points to 66.6 per cent.

In Asian traffic, capacity declined significantly starting from February and there were only few scheduled flights in Q2 and a limited number in Q3. Even though the number of scheduled flights increased somewhat in Q3 from Q2, ASKs were nevertheless down by 68.9 per cent. In total Asian traffic, RPKs decreased by 74.7 per cent and the PLF decreased by 15.6 percentage points to 68.5 per cent.

As there was only one passenger flight in Q2 and none in Q3, capacity in North Atlantic traffic decreased by 72.2 per cent year-on-year even though Q1 was still positive due to a new route, Los Angeles, that was opened at the end of March 2019 and ad hoc frequencies that were added in February when COVID-19 measures prompted cancelled frequencies from Asia. In total North Atlantic traffic, RPKs decreased by 75.7 per cent and the PLF decreased by 10.9 percentage points to 76.2 per cent.

Also in European traffic, capacity decreased due to the COVID-19 impact by 65.7 per cent. RPKs decreased by 73.3 per cent and the PLF was down by 17.8 percentage points to 63.6 per cent.

Domestic traffic capacity decreased by 48.6 per cent. RPKs decreased by 51.6 per cent and the PLF decreased by 3.7 percentage points to 61.2 per cent.

Ancillary revenue decreased by 56.6 per cent, mainly due to low number of passengers especially in Q2 and Q3. In addition to service charges, advance seat reservations and excess baggage were the largest ancillary categories.

Due to the limited number of scheduled flights especially in Q2 but also in Q3, COVID-19 was visible in Finnair's Q1–Q3 cargo volumes. Finnair commenced its cargo-only operations in April as demand was strong in the market due to overall lack of capacity. In Q3, Finnair was able to increase the number of Asian scheduled passenger flights carrying belly cargo as the cargo demand remained strong even though the passenger load factor was low. Available scheduled cargo tonne kilometres decreased by 69.6 per cent, whereas revenue scheduled cargo tonne kilometres decreased by 70.4 per cent. However, cargo related available tonne kilometres decreased by 60.4 per cent and revenue tonne kilometres decreased by 57.6 per cent and they included also the cargo-only flights operated primarily between Asia and Europe but also between Europe and North America. Cargo revenue decreased by 23.9 per cent.

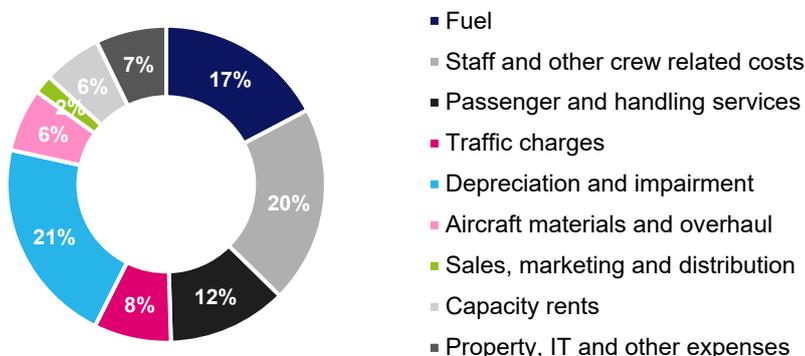
Despite the improved package holiday demand in early Q1, travel services development was negatively affected by the lower allotment-based capacity in Q1 caused by the COVID-19 impact and later temporarily cancelled production both in allotment-based holidays and dynamic products in Q2. Further, Aurinko Estonia operations were discontinued at the end of 2019. As a result, there was no revenue in Q2 and Q3 saw only a limited amount of production. On the other hand, Aurinkomatkat opened domestic package holidays for sale during Q3 and related demand has been stronger than estimated. The total number of travel services passengers declined by 77.0 per cent and the load factor in Aurinkomatkat's allotment-based capacity was 94.4 per cent. Travel services revenue decreased by 64.8 per cent.

Cost development in January–September

In Q1–Q3, Finnair's operating expenses decreased notably less than the decline in revenue, due to inelasticity of certain cost items. Finnair has, however, introduced significant cost adjustment initiatives, including *inter alia* temporary layoffs, due to the COVID-19 impact and their effect was visible in Q2 and Q3.

Unit cost (CASK) increased by 61.3 per cent and totalled 9.93 euro cents (6.15). CASK excluding fuel increased by 73.5 per cent and totalled 8.16 euro cents (4.71). The significant increase was a result of the costs not declining in line with the limited capacity in Q2 and Q3.

Q1–Q3 split of operating expenses (1,195.7 million in total)



EUR million	Q1–Q3/ 2020	Q1–Q3/ 2019	Change %
Staff and other crew related costs	241.4	398.3	-39.4
Fuel costs	206.2	515.9	-60.0
Capacity rents	71.4	98.1	-27.3
Aircraft materials and overhaul	76.9	147.7	-48.0
Traffic charges	93.7	252.6	-62.9
Sales, marketing and distribution costs	23.1	127.6	-81.9
Passenger and handling costs	144.7	358.4	-59.6
Property, IT and other expenses	85.7	97.4	-12.0
Depreciation and impairment	252.7	235.9	7.1
Total	1,195.7	2,232.1	-46.4

Operating expenses excluding fuel decreased by 42.3 per cent. Fuel costs, including hedging results and emissions trading costs, decreased mainly due to COVID-19-related capacity cuts and this was visible especially in Q2 and Q3 although the cost decrease². Fuel efficiency (as measured by fuel consumption per ASK) weakened by 10.8 per cent. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, increased by 20.3 per cent.

Staff and other crew related costs decreased as capacity was cut significantly and Finnair commenced the majority of its planned temporary layoffs in April 2020 and, thus, the effect was visible in Q2 and Q3. On the other hand, items maintaining the costs were summer holidays in the middle of temporary layoffs, inelastic pension fund costs, an increase in the employer's health insurance contribution in 2020 and a salary increase due to recently negotiated CLAs.

Passenger and handling costs were driven down by volume decline in both passenger and cargo traffic. The category includes also tour operation expenses.

Sales, marketing and distribution costs decreased even more than revenue due to a decline in sales commissions and payment costs added to material marketing cost savings. Further, some booking fees paid especially in Q1 were credited due to the wave of COVID-19 related flight cancellations.

Aircraft materials and overhaul costs also decreased and notably in Q1, they were positively impacted by a new engine MRO agreement and related revaluation, but this was netted by the decline in the USD-based discount rates of maintenance reserves. In Q2 and Q3, the capacity decline was the main cause for the cost decrease.

Fleet growth and technical maintenance increased depreciation and impairment costs. Traffic charges decreased somewhat in line with traffic decline. Capacity rents, covering purchased traffic from Norra and any wet leases or cargo rents, decreased from the comparison period due to decline in capacity despite Norra's relatively significant operations during Q2 and Q3. Property, IT and other expenses were nearly at the comparison period's level as they are mainly fixed even though some cost savings initiatives have already been executed.

Result in January–September

Finnair's Q1–Q3 result was impacted by COVID-19, which led to route and frequency cancellations as well as strict travel restrictions in many countries worldwide starting from mid-Q1. As a result, demand softened significantly.

EUR million	Q1–Q3/2020	Q1–Q3/2019	Change %
Comparable EBITDA	-179.7	367.6	-148.9
Depreciation and impairment	-252.7	-235.9	7.1
Comparable operating result	-432.4	131.7	<-200
Items affecting comparability	-17.5	-6.4	>200
Operating result	-449.9	125.3	<-200
Financial income	34.2	2.8	>200
Financial expenses	-234.5	-63.2	>200
Exchange gains and losses	7.5	-2.2	>200
Result before taxes	-642.7	62.6	<-200
Income taxes	128.5	-12.5	>200
Result for the period	-514.2	50.1	<-200

² Fuel price including impact of currencies and hedging.

Finnair's comparable EBITDA and comparable operating result, or operating result excluding changes in the value of foreign currency-denominated fleet maintenance reserves, changes in the fair value of derivatives, capital gains and other items affecting comparability, decreased significantly as revenue declined notably more than operating expenses.

Unrealised changes in foreign currencies of fleet overhaul provisions were 6.0 million euros (-5.7) and fair value changes of derivatives where hedge accounting is not applied totalled -0.2 million euros (0.5). Other items affecting comparability (sales gains or losses and/or restructuring costs) totalled -23.3 million euros (-1.2) and nearly all related to Q3 restructuring costs caused by the COVID-19 impact.

Financial expenses increased significantly, and c. 169 million euros of the growth related to jet fuel and foreign exchange hedging which was reclassified from other comprehensive income due to IFRS 9. On the other hand, financial income increased by c. 31 million euros due to the same reason and, thus, the negative net effect was c. 138 million euros. In Q1–Q3, foreign exchange gains were mainly related to USD denominated aircraft lease payments and liabilities.

Finnair's result before taxes and result after taxes declined more than the other result key figures especially due to the increase in financial expenses.

Financial position and capital expenditure

Balance sheet

The Group's balance sheet totalled 3,629.0 million euros at the end of September (31 Dec 2019: 3,877.9). Fleet book value increased 27.6 million euros mainly due to A350 deliveries in February and September 2020; the right-of-use fleet decreased by 13.3 million euros mainly due to depreciation despite the increasing effect of an A350 sale-and-leaseback transaction. Netted deferred tax assets have increased to 84.1 million euros (31 Dec 2019: -64.3) due to estimated tax losses caused by the COVID-19 impact on Finnair's result. Receivables related to revenue decreased significantly due to the COVID-19 impact to 56.3 million euros (31 Dec 2019: 160.6).

Deferred income and advances received also decreased significantly to 176.3 million euros (31 Dec 2019: 552.7) mainly due to the decline in ticket related liabilities. The unflown ticket liability amounted to 101.8 million euros (31 Dec 2019: 451.2) and it includes unprocessed refunds of c. 15 million euros and estimated refunds of c. 25 million euros related to already cancelled flights based on which no refund claims have yet been received. By the end of September, Finnair had paid out COVID-19 related refunds of over 400 million euros.

The loss for the period decreased shareholders' equity. Shareholders' equity also 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 was -52.9 million euros after deferred taxes (31 Dec 2019: -6.7) as the decrease in the fair value of hedge instruments had a decreasing effect on equity especially due to the decline in the jet fuel price and actuarial losses from defined benefit pension plans.

By the end of September 2020, Finnair had booked 503.1 million euros of net proceeds related to a rights offering which was finalised in July. Finnair also issued a new hybrid bond of 200 million euros in September but purchased only 157.8 million euros of the previous 200-million-euro hybrid bond in Q3. Thus, the remaining tranche of 42.2 million euros to be repaid in October 2020 increased the equity. Shareholders' equity totalled 940.3 million euros (31 Dec 2019: 966.4), or 0.67 euros per share (31 Dec 2019: 1.39³).

³ A rights offering was implemented between June and July 2020. The shareholders' equity per share for the comparison period has been restated accordingly.

Cash flow and financial position

Cash flow

EUR million	Q1–Q3/2020	Q1–Q3/2019
Net cash flow from operating activities	-864.5	444.4
Net cash flow from investing activities	216.4	-327.5
Net cash flow from financing activities	802.2	-163.7

In January–September, the COVID-19 impact was clearly visible in net cash flow from operating activities which turned negative primarily due to working capital movements related to flight cancellations (e.g. paid refunds of over 400 million euros in total of which 129 million euros in Q3) and the decline in the financial result. Net cash flow from investments turned positive mainly due to net changes in financial assets maturing after more than three months, an A350 sale-and-leaseback transaction in August and somewhat lower fleet investments. Also net cash flow from financing turned positive mainly due to the drawn 400-million-euro instalment of the 600-million-euro statutory pension premium loan and the rights offering proceeds of 501.1 million received in cash. The 175-million-euro unsecured syndicated revolving credit facility⁴ drawn in March was repaid in September. Its maturity date is in January 2023, and it includes a one-year extension option.

Capital structure

%	30 Sep 2020	31 Dec 2019
Equity ratio	25.9	24.9
Gearing	125.7	64.3

The equity ratio on 30 September 2020 was slightly higher than at the end of 2019 despite the declined result for the period and the change in the fair value reserve as 503.1 million euros related to the rights offering were booked. In addition, the remaining 42.2 million euros of the previous hybrid bond is repaid in October, thus, increasing the equity. Gearing, on the contrary, rose significantly as interest-bearing net debt increased.

Liquidity and net debt

EUR million	30 Sep 2020	31 Dec 2019
Cash funds	725.3	952.7
Adjusted interest-bearing liabilities	1,907.2	1,573.7
Interest-bearing net debt	1,182.0	621.0

The company's liquidity remained strong during the period under review. Even though Finnair Group's cash funds declined due to the purchase of two A350 aircraft (one in Q1 and one in Q3) and negative net cash flow from operating activities, drawn 400 million euros of the 600-million-euro pension premium loan as well as an A350 sale-and-leaseback transaction in August netted the decline. Further, rights offering net proceeds of 501.1 million received in cash and the 42.2 million euros tranche of the previous hybrid bond to be repaid in October increased the cash funds.

In addition to the currently fully undrawn 175-million-euro revolving credit facility, Finnair still has a 200-million-euro short-term commercial paper program, which was unused at the end of September. Further, the remaining part of statutory pension premium loan (up to 200 million euros) can be drawn by the company, if necessary.

Interest-bearing liabilities increased from 2019 year-end mainly as a result of the A350 sale-and-leaseback transaction and pension premium loan. The share of lease liabilities amounted to 1,018.3 million euros (31 Dec 2019: 1,054.0). Interest-bearing net debt increased from the end of 2019 due to the decline in cash funds and the increase in interest-bearing liabilities.

Capital expenditure

Gross capital expenditure excluding advance payments totalled 424.4 million euros in Q1–Q3 (363.1) and was primarily related to fleet investments.

⁴ The revolving credit facility includes a financial covenant based on adjusted gearing. The covenant level of adjusted gearing was waived during Q2 2020, was then reset to 225 per cent until 30 June 2021, goes down to 200 per cent until 30 June 2022 and then to 175 per cent thereafter. At the closing date, the figure was 125.7 per cent.

Cash flow from investments (including fixed asset investments and divestments, sublease payments received and advance payments) totalled -166.2 million euros (-333.8).

The net change in financial assets maturing after more than three months totalled 382.6 million (6.3) also forming a part of the net cash flow from investments, which amounted to 216.4 million euros (-327.5).

Cash flow from investments (including only fixed asset investments and advance payments) for the financial year 2020 relates mainly to fleet and is expected to total approximately -342 million euros. Investment cash flow includes both committed investments as well as estimates for planned, but not yet committed, investments.

The company has 42 unencumbered aircraft, which account for approximately 55 per cent of the balance sheet value of the entire fleet of 2,297.3 million euros.⁵

Fleet

Finnair's operating fleet

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair. At the end of the third quarter, Finnair itself had 61 aircraft, of which 24 were wide-body and 37 narrow-body aircraft. Of these aircraft, 33 were owned by Finnair Aircraft Finance Oy and 28 were leased.

At the end of the third quarter, the average age of the fleet operated by Finnair was 10.7 years.

Fleet operated by Finnair*	Seats	#	Change from 31.12.2019	Own**	Leased	Average age 30.9.2020	Ordered
Narrow-body fleet							
Airbus A319	144	8		7	1	19.4	
Airbus A320	174	10		8	2	18.1	
Airbus A321	209	19		4	15	9.3	
Wide-body fleet							
Airbus A330	289/263	8		4	4	10.9	
Airbus A350	297/336	16	2	10	6	3.2	3
Total		61	2	33	28	10.7	3

* Finnair's Air Operator Certificate (AOC).

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

Fleet renewal

During the third quarter, Finnair took delivery of one new Airbus A350 aircraft, and the end of third quarter, Finnair had sixteen A350 aircraft, which have been delivered between 2015–2020. Based on the current delivery schedule, Finnair will receive the remaining three A350 aircraft as follows: two in 2021 and one in 2022. Finnair's investment commitments for property, plant and equipment, totalling 441 million euros, include the upcoming investments in the wide-body fleet.

Finnair has the possibility to adjust the size of its fleet in line with demand forecasts through the staggered maturities of its lease agreements and changes in the number of owned aircraft and by renegotiating the delivery schedules of committed aircraft purchases.

Fleet operated by Norra (purchased traffic)

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

⁵ Fleet value includes right of use assets as well as prepayments of future aircraft deliveries.

Fleet operated by Norra*	Seats	#	Change from 31.12.2019	Own**	Leased	Average age 30.9.2020	Ordered
ATR	68-72	12		6	6	11.2	
Embraer E190	100	12		9	3	12.3	
Total		24	0	15	9	11.7	

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

Strategy implementation

Finnair is targeting sustainable, profitable growth. The company implements its updated strategy for the period of 2020–2025 in five focus areas, namely: Network and fleet, Operational excellence, Modern premium airline, Sustainability, as well as Culture and ways of working.

Due to the COVID-19 impact, the company has decided to reassess its strategy; though the foundation is still valid - for example, Finnair is still fully committed to Asian megacities and transfer traffic between Asia and Europe - the focus areas related to growth, network and fleet investments and their schedules will be reassessed as a result of the impacts on demand caused by the COVID-19 pandemic.

The company estimates that it will return to the path of sustainable, profitable growth after a rebuilding period of 2–3 years. The company's long-term financial targets, i.e. comparable EBIT of over 7.5 per cent over the cycle (at constant fuel and currency) and ROCE of over 10 per cent over the cycle (at constant fuel and currency), remain unchanged but the ramp-up period is longer than anticipated due to the aforementioned rebuilding period. The financial targets and the timing for their implementation may be amended depending on the length and impact of the COVID-19 pandemic.

Network and fleet

Exclusive of the COVID-19 impact, Finnair is targeting Asian market level growth focusing primarily on the most profitable Asian mega cities and transfer traffic. The previously expected annual capacity growth between 3–5% was in line with the anticipated market growth. However, the capacity growth rate will be reassessed.

Finnair continues to leverage its home hub's unique geographical location, maximizing its efficiencies. Currently committed aircraft investments will be made. The time horizon of the investment plan will, however, be reassessed. The company will in particular follow the rapidly evolving aircraft market when it plans its future investments.

Operational excellence

Finnair is recognised as one of the world's safest airlines. The safety culture, as well as the reliability and productivity of Finnair's operations, continues to be at the core of the company's strategy. As a result, more effort will be put into technology, automation and utilising data as well as into working together cross-functionally. The focus will be especially in fuel efficiency and on-time performance which have a great impact on both cost and productivity as well as customer experience. In terms of on-time performance and fuel efficiency, Finnair aims to develop from being in line with peers to being among the leaders. The on-time performance in Q3 was excellent (96.0%).

In August, Finnair announced that it is targeting 100-million-euro permanent cost base decline by 2022, compared to 2019 levels, increasing its savings target published in May by 20 million euros. Finnair continues to seek savings in such areas as real estate, aircraft leasing, IT, sales and distribution and administration as well as employee compensation structures. The company will further continue streamlining its operations and the digitalisation and automation of its customer processes. The company will also renegotiate its supplier and partner agreements. In addition, it commenced co-operation negotiations due to the COVID-19 situation and initially estimated that those would result in a reduction of 1,000 jobs. Also, the indefinite and temporary layoffs were continued.

Modern premium airline

Finnair aims to be defined as a modern, premium airline. This will be achieved by offering a more extensive product portfolio as well as by enabling a smooth travel experience. These offerings cover different customer needs and ancillary products allow the customers to tailor the way they want to travel.

To win in the competitive airline market, Finnair must also excel in everyday customer experience. Finnair's Net Promoter Score (NPS) measuring customer satisfaction was at an excellent level with a score of 56 (38) in Q3. This demonstrates that Finnair's excellent safety culture has been clearly visible during the pandemic.

Due to the COVID-19 pandemic, Finnair continued its Fly with Confidence measures in Q3 to restore customers' trust in air travel and to ensure their health and safety when flying with Finnair. Further, a partnership related to COVID-19 testing with Finnish healthcare service provider Terveystalo was launched in September.

Finnair will additionally continue to develop its distribution channels, Finnair.com and the travel agent channel. Finnair became the first European airline to modernize airline product sales using New Distribution Capabilities (NDC) with TravelSky, a leading Chinese distribution system and Tongcheng-Elong, a leading Chinese online travel service provider.

During Q3, the average monthly number of unique Finnair website visitors totalled 2.0 million (2.3). The number of active users of the Finnair mobile application decreased by 59 per cent to 147,000 from Q3 2019 due to COVID-19 impact. Direct sales in Finnair's digital channels increased to 46.0 per cent (24.5) of all tickets sold.

Sustainability

Sustainability is an essential part of Finnair and, thus, visible in everything done at Finnair. As a result, Finnair's emphasis on sustainability and the sustainability targets will remain unchanged despite the COVID-19 impacts. Finnair will, however, reassess how its action plan to reach the targets should be amended due to COVID-19.

Finnair's long-term goal is carbon neutrality by 2045, with a 50% reduction in net emissions by the end of 2025 compared to 2019 level. The company is on track to reach 50% reductions in single use plastics and food waste by end of 2022 and 2020 respectively.

Due to the COVID-19 impact, Finnair has especially concentrated on its social responsibilities by offering extensive and active support to its employees who have been, or will be, laid off. The company has introduced a program consisting *inter alia* of start-up grants and entrepreneurship training, communication of employment opportunities in other companies, career coaching, education possibilities and wellbeing initiatives.

Culture and ways of working

The strategy will be implemented by engaging the entire Finnair personnel and thus the strategy will be closely linked to the everyday work and targets. The strategy emphasises genuine collaboration, target-oriented leadership and utilising of new working methods such as lean and agile. Further, Finnair's service and safety cultures resonate well with customers in the NPS scores which has been visible especially during the pandemic.

Finnair employed an average of 6,568 (6,902) people in Q3 2020, which is 4.8 per cent less than in the corresponding period. The number of employees decreased by 66 or 1.0 per cent during Q3, totalling 6,535 at the end of September (6,823). Altogether 21 new people were hired into Finnair during in Q3 2020, mostly fixed term documentation and accounting assistants at Finnair Business Services in Estonia. The attrition rate for the last 12 months was 9.2 per cent (3.8) which is higher than in the comparison period due to temporary layoffs and low number of active employees. The number of absences due to illness was lower than in the comparison period and was 2.60 per cent (4.49).

Sustainability and corporate responsibility

Economic, social and environmental aspects have for a long time been integral to Finnair's overall business strategy and operations. Finnair is a responsible global citizen and responds to its stakeholders' needs, including those concerned with corporate sustainability. The strength in sustainability is important in order to stay relevant and to be able to run a successful business. As certain global challenges become more difficult to address, companies also need to step up and actively contribute to the United Nations Sustainable Development Goals (SDG).

In March, Finnair announced its new sustainability strategy and targets relating to climate change. The company has identified six SDGs where it is expected to act and can make a significant impact.

- SDG 5: Gender equality
- SDG 9: Industry, innovation and infrastructure
- SDG 12: Responsible consumption and production
- SDG 13: Climate action
- SDG 16: Peace, justice and strong institutions
- SDG 17: Partnerships for the goals

The biggest expectations towards Finnair are on reducing the CO₂ emissions of flights. Finnair is committed to the sector's common goal of carbon-neutral growth from 2020 onwards but sees this commitment as only a starting point. According to the new strategy, Finnair commits to becoming carbon neutral by 2045 and already by the end of 2025 reducing the CO₂ net emissions by 50%. This is a challenging target but seen as important for the future of the company and to push the industry even further.

Finnair's sustainability is reflected in its strategy and vision, as well as its values of commitment to care, simplicity, courage and working together. Its current sustainability strategy embeds sustainability even deeper into the group strategy, brand and product development. The strategy measures contribute to cost containment and risk mitigation as well as value creation.

Finnair's ethical business principles are outlined in its Code of Conduct. The Code applies to all Finnair personnel and all locations. Finnair requires that its suppliers comply with ethical standards essentially similar to those which Finnair complies with in its own operations. Finnair's Supplier Code of Conduct provides clear principles to ensure ethical purchasing, including zero tolerance for corruption.

Safety has the highest priority in Finnair operations. Finnair is committed to implementing, maintaining and constantly developing strategies and processes to ensure that all its aviation activities take place with an appropriate allocation of organisational resources. This is to achieve the highest level of safety performance and compliance with the regulatory requirements while delivering our services.

The key performance indicators for corporate sustainability are presented in the Key Performance Indicators table of this interim report.

Changes in company management

During the first quarter, there were no changes in the company management.

Piia Karhu, Senior Vice President, Customer Experience, and a member of the Finnair executive board left the company on 30 June 2020. As a result, Finnair's Customer Experience unit was organised so that the operative parts of the unit were transferred to Finnair's Operations unit, which is led by Jaakko Schildt, and the travel service provider Aurinkomatkat, the Contact centers and the customer service development functions became a part of Finnair's commercial unit, headed by Ole Orvér. The Commercial unit was renamed as Commercial and Customer experience (CX) unit.

During the third quarter, there were no changes in the company management. However, it was announced that Arja Suominen, Senior Vice President, Communications and Corporate Responsibility and member of the Finnair executive board will leave the executive board on 31 October 2020 but will continue to serve as executive advisor in Finnair until 31 December 2020. Further, it was announced that Päivyt Tallqvist has been appointed Senior Vice President, Communications and a member of

Finnair's Executive Board as of 1 November 2020. Tallqvist currently works as Director, Media Relations at Finnair, and has prior to her Finnair career served in different communications leadership roles in Nokia.

Share price development and trading

Finnair's market capitalisation was 541.3 million euros at the end of September (31/12/2019: 753.4).

The closing price of the share on 30 September 2020 was 0.38 euros (31/12/2019: 1.08 euros). During January–September, the highest price for the Finnair Plc share on the Nasdaq Helsinki was 1.68 euros, the lowest price 0.37 euros and the average price 0.69 euros. Some 377.2 million company shares, with a total value of 469.7 million euros, were traded on the Nasdaq Helsinki exchange.

The number of Finnair shares recorded in the Trade Register was 1,407,401,265 at the end of the period. The Finnish state owned 55.9 per cent (55.8) of Finnair's shares, while 7.6 per cent (31/12/2019: 13.9) were held by foreign investors or in the name of a nominee at the end of the period.

Own shares

On 31 December 2019, Finnair held a total of 552,313 own shares (31/12/2018: 649,008), representing 0.43 per cent (0.51) of the total number of shares and votes.

In Q1, Finnair transferred, using the authorisation granted by the 2019 AGM, a total of 72,939 own shares as incentives to the participants of the FlyShare employee share savings plan. It also transferred 269,774 own shares as a reward to the key personnel included in Finnair's share-based incentive scheme 2017–2019.

In Q2 or Q3, Finnair did not exercise the authorisation granted by the AGM 2019 or 2020 to acquire or dispose its own shares.

On 30 September 2020, Finnair held a total of 209,600 own shares (30/9/2019: 558,653), representing 0.01 per cent (0.44) of the total number of shares and votes.

Effective authorisations granted by the Annual General Meeting 2020

Finnair's Annual General Meeting was held in Vantaa on 29 May 2020 under special arrangements due to the COVID-19 pandemic.

The AGM authorised the Board of Directors to decide on the repurchase of the company's own shares and/or on the acceptance as pledge and on the disposal of own shares held by the company. The authorisation shall not exceed 5,000,000 shares, which corresponds to approximately 0.4 per cent of all the shares in the company. The authorisations are effective for a period of 18 months from the resolution of the AGM.

The AGM also authorised the Board of Directors to decide on donations up to an aggregate maximum of EUR 250,000 for charitable or corresponding purposes. The authorisation is effective until the next Annual General Meeting.

The resolutions of the AGM are available in full on the company's website <https://investors.finnair.com/en/governance/general-meetings/agm-2020>

Significant near-term risks and uncertainties

Aviation is an industry that is sensitive to global economic cycles and reacts quickly to external disruptions, seasonal variations and economic trends as the global COVID-19 pandemic starting in Q1 has demonstrated.

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.

The risks and uncertainties described below are considered as potentially having 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.

Uncertainties related to the recovery of air traffic pose a risk to Finnair's revenue development. The key factors affecting revenue and operating loss, that Finnair can affect, are operating cost adjustments and the ability to respond to changes in demand. Factors beyond Finnair's control are mainly related to the duration of the COVID-19 pandemic and the measures to fight the pandemic as well as the recovery of air traffic. Other general risk factors in the industry and business, such as the fluctuation in prices of jet fuel, fluctuation in the demand, currency exchange fluctuations as well as regulatory and tax changes are also beyond Finnair's control.

Exceptional variations in the fuel price (including the impact of currencies and hedging) might affect capacity in Finnair's main markets. This together with changes in ticket prices pose a risk to Finnair's revenue development, as do sudden changes in the foreign exchange rates and slowing growth in demand. Generally, Finnair aims to pass exceptional variations in the fuel price to customers via ticket prices, however, the market conditions prevailing from time to time may not allow this.

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. Industry consolidation could have a significant impact on the competitor landscape. Introduction of new digital distribution technologies and channels in Finnair's distribution strategy, including transition towards differentiation of fare content and availability between the channels, involves implementation and commercial risks.

The aviation industry is affected by a number of regulatory trends. Estimating the impacts of the regulatory changes on airlines' operational activities and/or costs in advance is difficult. Examples of such regulatory trends include regulation related to emissions trading, noise regulation and other environmental regulation, as well as regulations on privacy and consumer protection. Due to the extraordinary circumstances caused by the COVID-19 pandemic, uncertainties related to agreements and authority policies as well as interpretation and implementation of legislation, such as approval of state aid, may increase. This may increase the likelihood of litigation processes.

Geopolitical uncertainty, the threat of trade wars, the threat of terrorism, cyber-attacks and pandemic risks (such as COVID-19) as well as other potential external disruptions may, if they materialise, significantly affect the demand for air travel and Finnair's operations. The COVID-19 pandemic had a significant negative impact on Finnair's first, second and third quarters and the negative impact will continue in the last quarter of the year. A prolonged COVID-19 pandemic would result in a deterioration in Finnair's cash funds, but the company has already acted to mitigate this risk by introducing a funding package consisting of a revolving credit facility which was already drawn, a 600-million-euro premium pension loan of which 400 million euros was already drawn as well as sale and leaseback arrangements of aircraft. In case of a prolonged pandemic, it will also reduce the company's equity significantly. As a result, Finnair has also introduced significant cost adjustment initiatives, including temporary layoffs, affecting all Finnair personnel. Along with these actions, Finnair executed a 512-million-euro rights offering to strengthen the equity and to ensure that it will weather also a prolonged pandemic and resulting impacts within the next 12 months.

Potentially increasing protectionism in the political environment may have an adverse impact on the market access required for the implementation of Finnair's strategy. The UK's exit from the European Union and the transition period until the end of 2020 include many commercial threats. In case of unsuccessful trade and traffic negotiations, there is a danger that the traffic rights of the UK and European airlines regarding flights between and via the UK and EU would be reduced, which may have a considerable effect on the airlines' businesses, including that of Finnair. Such effects may be negative or positive and may not be the same for all airlines.

The overall labour market situation in Finland is challenging and it may also have an impact on Finnair's future operations. No specific issues have been identified with collective labour agreements Finnair has recently negotiated and Finnair does not have any pending negotiations.

The construction work associated with the extension of Helsinki Airport, which will continue until 2022, may cause traffic delays and consequently a decline in the customer experience.

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 seasonality of the airline business, the Group's revenue and result are in a normal situation 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, the 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, the US dollar 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. Under normal circumstances, 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 would normally be 90 and 60 per cent for the following six months. Currently, Finnair has hedged fuel purchases for the coming c. 15 months but due to the COVID-19 impact, calculation of the hedging degrees would require better visibility on capacity development.

Due to the COVID-19 pandemic and lack of visibility in business operations, a reliable forecast is not available. Thus, sensitivities in business operations and fuel and their impact on comparable operating result as well as currency sensitivities and their impact on operational cash flows, which Finnair would report in a normal situation, are not available.

Hedged fuel and average hedged price		
(rolling 15 months from date of financial statements)	Hedged fuel, tonnes*	Average hedge price, USD/ton* **
September 2020	13,000	652
Q4 2020	36,000	634
Q1 2021	34,000	606
Q2 2021	65,000	516
Q3 2021	99,000	510
Q4 2021 and after	30,000	492
Total	277,000	549

* Based on the hedged period, i.e. not hedging related cash flow.

** Average of swaps and bought call options strikes.

Currency distribution, %	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Sales currencies					
EUR	56	47	58	52	53
USD	2	6	4	5	5
JPY	4	14	7	12	11
CNY	6	9	5	7	7
KRW	4	3	3	3	3
SEK	3	2	3	3	3
Other	26	19	21	18	19
Purchase currencies					
EUR	62	56	58	57	57
USD	35	37	35	36	36
Other	3	7	6	7	7

Hedging of foreign currency exposure in the balance sheet

Due to the introduction of IFRS 16 in 2019, Finnair's asset-related foreign currency exposure increased with the recognition of the present value of qualifying operating lease liabilities in the balance sheet as right-of-use assets. Unrealised foreign exchange losses/gains caused by the translation of the USD denominated liability will have an impact on Finnair's net result. In the future, the effect and amount of the foreign currency exchange could be positive or negative, depending on the USD-rate at the closing date. Since the beginning of 2019, Finnair has mitigated the foreign exchange volatility introduced by this difference by using hedges and is looking for alternative solutions to hedge this position. The annual effect in net result going forward is dependent on the size of the qualifying operating lease portfolio, the duration of the leases and hedging ratio. At the end of September 2020, the hedging ratio of USD denominated aircraft lease payments and liabilities was approximately 50 per cent.

Events after the review period

On 6 October 2020, Finnair announced changes to its traffic plan for the upcoming winter with reduction in the number of flights to approximately 75 flights per day following the spread of the COVID-19 and the related travel restrictions but it will continue to review its traffic program based on estimated demand. The company also announced that it is planning to increase the number of destinations and weekly frequencies in the summer season 2021.

Finnair announced on 9 October 2020, that its Board of Directors has approved a new performance share plan covering the period from 1 July 2020 through 30 June 2023. The plan is directed to the company's Executive Board, including the CEO. At the same time, it decided to cancel the Executive Board members' and the CEO's participation in the existing 2018–2020, 2019–2021 and 2020–2022 performance share plans. If the targets set for the plan for the performance period 1 July 2020–30 June 2023 are fully achieved, the maximum number of shares to be delivered based on this plan is approximately 20,000,000.

Finnair also announced on 9 October 2020, that it has prepared a long-term incentive programme for those personnel groups with whom it reaches agreements on permanent cost savings that support Finnair's recovery. The incentive programme will start during this year and end in the third quarter of 2023.

On 20 October 2020, Finnair announced that it has completed the co-operation process started in September on its plans to reduce up to 1,000 jobs, to make other structural changes and to implement additional temporary layoffs due to the impacts of the COVID-19 pandemic. As a result of the ended co-operations process, Finnair will terminate approximately 600 jobs in Finland. Similar

discussions have been held outside of Finland and related redundancies amount to approximately 100 jobs.

On 28 October 2020, Finnair has announced that it is targeting 140-million-euro permanent, annual cost base reductions by 2022, compared to 2019 levels. The previous target was 100 million euros.

On 28 October 2020, Finnair has also announced that certain amendments to the terms of Finnair pension fund have been approved. The amendments are expected to have a positive one-off impact of 85 million euros on Finnair's operating result in the fourth quarter of 2020. The impact will be reported as an item affecting comparability and it will, thus, have no impact on the comparable operating result.

Financial reporting in 2021

The publication dates of Finnair's financial reports in 2021 are the following:

- Financial Statements Bulletin for 2020 on Thursday 18 February 2021
- Interim Report for January–March 2021 on Tuesday 27 April 2021
- Half-year Report for January–June 2021 on Thursday 15 July 2021
- Interim Report for January–September 2021 on Tuesday 26 October 2021

FINNAIR PLC
Board of Directors

Briefings

Finnair will hold a results press conference (in Finnish) on 28 October 2020 at 11:00 a.m. via a live webcast: <https://finnairgroup.videosync.fi/2020-1028-press>

An English-language telephone conference and webcast will begin at 1:00 p.m. Finnish time. The conference may be attended by dialling your local access number +358 (0)9 8171 0310 (Finland), 08 5664 2651 (Sweden), 033 3300 0804 (UK) or +44 (0)33 3300 0804 (all other countries). The confirmation code is 78153995#. To join the live webcast, please register at: <https://finnairgroup.videosync.fi/2020-q3>

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Key performance indicators

EUR in millions, unless otherwise indicated	Q3 2020	Q3 2019	Change %	Q1-Q3 2020	Q1-Q3 2019	Change %	2019
Revenue and profitability							
Revenue	97.4	865.4	-88.7	727.2	2,322.8	-68.7	3,097.7
Comparable operating result	-167.0	100.7	<-200	-432.4	131.7	<-200	162.8
Comparable operating result at constant currency and fuel price	-167.4	114.8	<-200	-392.7	166.3	<-200	205.7
Comparable operating result, % of revenue	-171.4	11.6	-183.0 %-p	-59.5	5.7	-65.1 %-p	5.3
Operating result	-183.1	94.9	<-200	-449.9	125.3	<-200	160.0
Comparable EBITDA, % of revenue	-84.1	21.0	-105.1 %-p	-24.7	15.8	-40.5 %-p	15.8
Earnings per share (EPS), basic, EUR	-0.15	0.08	<-200	-0.56	0.06	<-200	0.09
Earnings per share (EPS), diluted, EUR	-0.15	0.08	<-200	-0.56	0.06	<-200	0.09
Unit revenue per available seat kilometre (RASK), cents/ASK	5.85	6.86	-14.7	6.23	6.52	-4.6	6.56
RASK at constant currency, cents/ASK	5.87	6.79	-13.5	6.21	6.50	-4.4	6.53
Unit revenue per revenue passenger kilometre (yield), cents/RPK	8.49	6.53	30.0	6.32	6.34	-0.4	6.44
Unit cost per available seat kilometre (CASK), cents/ASK	15.86	6.06	161.9	9.93	6.15	61.3	6.22
CASK excluding fuel, cents/ASK	14.12	4.55	> 200	8.16	4.71	73.5	4.76
CASK at constant currency and fuel price, cents/ASK	15.92	5.88	170.7	9.57	6.03	58.7	6.10
Capital structure							
Equity ratio, %				25.9	22.8	3.1 %-p	24.9
Gearing, %				125.7	73.6	52.1 %-p	64.3
Interest-bearing net debt				1,182.0	677.9	74.4	621.0
Interest-bearing net debt / Comparable EBITDA, LTM				-20.0	1.4	-21.5 %-p	1.3
Gross capital expenditure	220.6	51.1	> 200	424.4	363.1	16.9	443.8
Return on capital employed (ROCE), LTM, %				-13.9	7.4	-21.3 %-p	6.3
Cash to sales, LTM, %				48.3	34.0	14.3 %-p	30.8
Traffic							
Passengers, 1,000	454	4,088	-88.9	3,207	11,147	-71.2	14,650
Flights, number	8,589	33,881	-74.6	39,569	98,885	-60.0	131,186
Available seat kilometres (ASK), million	1,667	12,624	-86.8	11,682	35,601	-67.2	47,188
Revenue passenger kilometres (RPK), million	645	10,877	-94.1	7,784	29,383	-73.5	38,534
Passenger load factor (PLF), %	38.7	86.2	-47.5 %-p	66.6	82.5	-15.9 %-p	81.7
Operational excellence							
Jet fuel consumption, tonnes	50,121	302,063	-83.4	311,459	856,895	-63.7	1,132,219
On-time performance, %	96.0	80.2	15.8 %-p	89.9	78.0	11.9 %-p	79.3
Modern premium airline							
Net Promoter Score (NPS)	56	38	46.8	47	37	26.1	38
Share of digital direct ticket sales, %	46.0	24.5	21.5 %-p	41.4	25.3	16.1 %-p	25.9
Average number of monthly visitors at finnair.com, millions	2.0	2.3	-11.5	2.1	2.0	6.6	2.0
Active users for Finnair mobile app, thousands	147.0	355.0	-58.6	207.7	321.7	-35.4	332.6
Ancillary and retail revenue	8.8	45.7	-80.8	57.1	131.7	-56.6	176.2
Sustainability							
Flight CO ₂ emissions, tonnes	157,882	951,497	-83.4	981,096	2,699,220	-63.7	3,566,491
Flight CO ₂ emissions, tonnes/ASK	0.0947	0.0754	25.7	0.0840	0.0758	10.8	0.0756
Flight CO ₂ emissions, tonnes/RTK	1.1321	0.7530	50.3	0.9444	0.7847	20.3	0.7853
Culture and ways of working							
Average number of employees	6,568	6,902	-4.8	6,686	6,770	-1.2	6,771
Absences due to illness, %	2.60	4.49	-1.89 %-p	4.14	4.63	-0.49 %-p	4.62
Attrition rate, LTM, %				9.2	3.8	5.4 %-p	3.8

Performance indicators classified as alternative performance measures

Finnair uses alternative performance measures referred to in the European Securities Markets Authority (ESMA) Guidelines on Alternative Performance Measures to describe its operational and financial performance, to provide a comparable view of its business and to enable better comparability relative to its industry peers. The alternative performance measures do not replace IFRS indicators.

Alternative performance measures	Calculation	Reason to use the measure
Items affecting comparability	Unrealized changes in foreign currencies of fleet overhaul provisions + Fair value changes of derivatives where hedge accounting is not applied + Sales gains and losses on aircraft and other transactions + Restructuring costs	Component used in calculating comparable operating result.
Comparable operating result	Operating result - Items affecting comparability	Comparable operating result is presented to better reflect the Group's business performance when comparing results to previous periods.
Comparable operating result, % of revenue	Comparable operating result / Revenue x 100	Comparable operating result is presented to better reflect the Group's business performance when comparing results to previous periods.
Revenue at constant currency	Revenue + Currency impact adjustment at 2018 currency	Component used in calculating comparable operating result at constant currency and fuel price and RASK at constant currency. All changes in currency levels and hedging results since 2018 are excluded from the measurement.
Costs at constant currency and fuel price	Other operating income + Operating expenses included in comparable operating result + Currency and fuel price impact adjustment at 2018 currency and price	Component used in calculating comparable operating result at constant currency and fuel price and CASK at constant currency and fuel price. All changes in fuel price, currency levels and hedging results since 2018 are excluded from the measurement.
Comparable operating result at constant currency and fuel price	Revenue at constant currency + Costs at constant currency and fuel price	Comparable operating result at constant currency and fuel price aims to provide a comparative, currency and fuel price neutral measurement for comparable operating result. All changes in fuel price, currency levels and hedging results since 2018 are excluded from the measurement.
RASK at constant currency	Revenue at constant currency / Available seat kilometres (ASK)	Unit revenue (RASK) at constant currency aims to provide a comparative, currency neutral measurement for unit revenues. All changes in currency levels and hedging results since 2018 are excluded from the measurement.
CASK at constant currency and fuel price	Costs at constant currency and fuel price / Available seat kilometres (ASK)	Unit cost (CASK) at constant currency and fuel price aims to provide a comparative, currency and fuel price neutral measurement for unit costs. All changes in fuel price, currency levels and hedging results since 2018 are excluded from the measurement.
Comparable EBITDA	Comparable operating result + Depreciation and impairment	Comparable EBITDA is presented to better reflect the Group's business performance when comparing results to previous periods. Comparable EBITDA is a common measure in airline business which aims to reflect comparable operating result excluding capital cost.
Comparable EBITDA, % of revenue	Comparable EBITDA / Revenue x 100	Comparable EBITDA is presented to better reflect the Group's business performance when comparing results to previous periods. Comparable EBITDA is a common measure in airline business which aims to reflect comparable operating result excluding capital cost.

Equity ratio, %	Equity total / Equity and liabilities total x 100	Equity ratio provides information on the financial leverage used by the Group to fund its assets.
Adjusted interest-bearing liabilities	Lease liabilities + Other interest-bearing liabilities + Cross currency interest rate swaps in derivative financial instruments	Component used in calculating gearing.
Cash funds	Cash and cash equivalents + Other financial assets	Component used in calculating gearing. Cash funds represent the total amount of financial assets that are available for use within short notice. Therefore, cash funds provide the true and fair view of the Group's financial position.
Interest-bearing net debt	Adjusted interest-bearing liabilities - Cash funds	Interest-bearing net debt provides view of the Group's total external debt financing.
Gearing, %	Interest-bearing net debt / Equity total x 100	Gearing provides view of the level of the Group's indebtedness.
Interest-bearing net debt / Comparable EBITDA, LTM	Interest-bearing net debt / Comparable EBITDA, for the last twelve months	The ratio provides information on the Group's leverage by comparing the Group's net debt to the amount of income generated before covering interest, taxes, depreciation and impairment.
Gross capital expenditure	Additions in fixed assets + New contracts in right-of-use assets + Reassessments and modifications in right-of-use assets	Gross capital expenditure provides information on the Group's capitalized investments and lease modifications.
Return on capital employed (ROCE), LTM, %	(Result before taxes + Financial expenses + Exchange rate gains and losses, for the last twelve months) / (Equity total + Lease liabilities + Other interest-bearing liabilities, average of reporting period and comparison period)	The ratio provides a view to monitor the return of capital employed.
Cash to sales, LTM, %	Cash funds / Revenue for the last twelve months x 100	The ratio provides information about the Group's liquidity in terms of available cash as a percentage of its sales.

Reconciliation of performance indicators classified as alternative performance measures

Items affecting comparability EUR in millions	Q3 2020	Q3 2019	Change %	Q1-Q3 2020	Q1-Q3 2019	Change %	2019
Operating result	-183.1	94.9	<-200	-449.9	125.3	<-200	160.0
Unrealized changes in foreign currencies of fleet overhaul provisions	-6.4	5.6	<-200	-6.0	5.7	<-200	1.4
Fair value changes of derivatives where hedge accounting is not applied	0.0	-0.5	100.4	0.2	-0.5	130.7	-1.3
Sales gains and losses on aircraft and other transactions	-0.1	0.0	<-200	0.0	-0.2	76.3	-0.2
Restructuring costs	22.7	0.6	> 200	23.4	1.4	> 200	3.0
Comparable operating result	-167.0	100.7	<-200	-432.4	131.7	<-200	162.8

Comparable operating result, RASK and CASK at constant currency and fuel price EUR in millions	Q3 2020	Q3 2019	Change %	Q1-Q3 2020	Q1-Q3 2019	Change %	2019
Revenue	97.4	865.4	-88.7	727.2	2,322.8	-68.7	3,097.7
Currency impact adjustment at 2018 currency	0.4	-8.5	104.5	-2.0	-9.9	79.7	-14.8
Revenue at constant currency	97.8	856.9	-88.6	725.2	2,312.9	-68.6	3,082.9
Other operating income	11.2	13.3	-15.6	36.1	41.0	-12.0	56.4
Operating expenses included in comparable operating result	-275.6	-778.0	-64.6	-1,195.7	-2,232.1	-46.4	-2,991.3
Currency and fuel price impact adjustment at 2018 currency and price	-0.8	22.6	103.7	41.7	44.6	6.5	57.7
Costs at constant currency and fuel price	-265.2	-742.2	-64.3	-1,117.9	-2,146.5	-47.9	-2,877.2
Comparable operating result at constant currency and fuel price	-167.4	114.8	<-200	-392.7	166.3	<-200	205.7
Available seat kilometres (ASK), million	1,667	12,624	-86.8	11,682	35,601	-67.2	47,188
RASK at constant currency, cents/ASK	5.87	6.79	-13.5	6.21	6.50	-4.4	6.53
CASK at constant currency and fuel price, cents/ASK	15.92	5.88	170.7	9.57	6.03	58.7	6.10

Equity ratio	30 Sep	30 Sep		31 Dec
EUR in millions, unless otherwise indicated	2020	2019	Change %	2019
Equity total	940.3	921.0	2.1	966.4
Equity and liabilities total	3,629.0	4,037.2	-10.1	3,877.9
Equity ratio, %	25.9	22.8	3.1 %-p	24.9

Gearing, interest-bearing net debt and interest-bearing net debt / Comparable EBITDA, LTM	30 Sep	30 Sep		31 Dec
EUR in millions, unless otherwise indicated	2020	2019	Change %	2019
Lease liabilities	1,018.3	1,105.3	-7.9	1,054.0
Other interest-bearing liabilities	879.7	601.5	46.2	520.8
Cross currency interest rate swaps*	9.2	-8.1	> 200	-1.1
Adjusted interest-bearing liabilities	1,907.2	1,698.7	12.3	1,573.7
Other financial assets	-311.0	-826.8	-62.4	-800.8
Cash and cash equivalents	-414.3	-194.1	113.5	-151.9
Cash funds	-725.3	-1,020.9	-29.0	-952.7
Interest-bearing net debt	1,182.0	677.9	74.4	621.0
Equity total	940.3	921.0	2.1	966.4
Gearing, %	125.7	73.6	52.1 %-p	64.3
Comparable EBITDA, LTM	-59.0	471.6	-112.5	488.3
Interest-bearing net debt / Comparable EBITDA, LTM	-20.0	1.4	-21.5 %-p	1.3

* 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 10, is considered an interest-bearing liability in the net debt calculation.

Gross capital expenditure				Q1-Q3	Q1-Q3		
EUR in millions	Q3 2020	Q3 2019	Change %	2020	2019	Change %	2019
Additions in fixed assets	165.3	35.1	> 200	332.1	350.7	-5.3	420.2
New contracts in right-of-use assets	90.8	10.3	> 200	93.5	13.5	> 200	29.2
Reassessments and modifications in right-of-use assets	-7.6	5.7	<-200	-1.2	-1.1	-13.0	-5.6
Gross capital expenditure	248.5	51.1	> 200	424.4	363.1	16.9	443.8

Return on capital employed (ROCE), LTM	30 Sep	30 Sep		31 Dec
EUR in millions, unless otherwise indicated	2020	2019	Change %	2019
Result before taxes, LTM	-612.3	104.6	<-200	93.0
Financial expenses, LTM	254.9	84.7	> 200	83.6
Exchange rate gains and losses, LTM	-22.4	10.8	<-200	-12.7
Return, LTM	-379.8	200.2	<-200	163.9
Equity total	940.3	921.0	2.1	966.4
Lease liabilities	1,018.3	1,105.3	-7.9	1,054.0
Other interest-bearing liabilities	879.7	601.5	46.2	520.8
Capital employed	2,838.3	2,627.8	8.0	2,541.1
Capital employed, average of reporting period and comparison period	2,733.1	2,699.8*	1.2	2,616.8*
Return on capital employed (ROCE), LTM, %	-13.9	7.4	-21.3 %-p	6.3

* Capital employed accounted was EUR 2,771.7 million as at 30 Sep 2018 and EUR 2,692.5 million as at 31 Dec 2018.

Cash to sales, LTM	30 Sep	30 Sep		31 Dec
EUR in millions, unless otherwise indicated	2020	2019	Change %	2019
Other financial assets	311.0	826.8	-62.4	800.8
Cash and cash equivalents	414.3	194.1	113.5	151.9
Cash funds	725.3	1,020.9	-29.0	952.7
Revenue, LTM	1,502.2	3,006.1	-50.0	3,097.7
Cash to sales, LTM, %	48.3	34.0	14.3 %-p	30.8

Other performance indicators

Revenue and profitability	
Earnings per share (EPS), basic	(Result for the period - Hybrid bond expenses net of tax) / Average number of outstanding shares during the period
Earnings per share (EPS), diluted	(Result for the period - Hybrid bond expenses net of tax) / Average number of outstanding shares during the period taking into account the diluting effect resulting from changing into shares all potentially diluting shares
Unit revenue per available seat kilometre (RASK)	Unit revenue (RASK) represents the Group's revenue divided by available seat kilometres (ASK).
Unit revenue per revenue passenger kilometre (yield)	Passenger revenue by product divided by Revenue passenger kilometres (RPK).
Unit 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.
CASK excluding fuel	(Comparable operating result - Revenue - Fuel costs) / ASK x 100
Traffic	
Available seat kilometres (ASK)	Total number of seats available × kilometres flown
Revenue passenger kilometres (RPK)	Number of revenue passengers × kilometres flown
Passenger load factor (PLF)	Share of revenue passenger kilometres of available seat kilometres
Operational excellence	
On-time performance	The share of flights arrived less than 15 minutes late
Modern premium airline	
Net Promoter Score (NPS)	Net Promoter Score is based on a question: "Thinking about all aspects of this journey, how likely would you be to recommend Finnair to a relative, friend or colleague?" Scale is 0-10: The share of detractors (ratings 0-6) is deducted from the share of promoters (ratings 9-10).
Share of digital direct ticket sales	Share of ticket sales in Finnair's own direct channels in relation to total ticket sales for the period. Direct channels include Finnair.com, Finnair mobile app, New Distribution Capability (NDC) solutions and Finnair Holidays.
Sustainability	
Flight CO ₂ emissions	CO ₂ emissions from jet fuel consumption
Culture and ways of working	
Absences due to illness	Share of sickness absence hours relating to planned work hours
Attrition rate, LTM	Number of leavers on own request during the last twelve months compared to active employments on reporting date and leavers on own request during the last twelve months

Consolidated interim financial report 1 January - 30 September 2020

Consolidated income statement

EUR in millions	Note	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Revenue	5	97.4	865.4	727.2	2,322.8	3,097.7
Other operating income		11.2	13.3	36.1	41.0	56.4
Operating expenses						
Staff and other crew related costs	6	-57.2	-131.7	-241.4	-398.3	-534.7
Fuel costs		-29.0	-190.1	-206.2	-515.9	-687.3
Capacity rents		-23.7	-33.2	-71.4	-98.1	-130.2
Aircraft materials and overhaul		-17.2	-50.7	-76.9	-147.7	-201.2
Traffic charges		-17.3	-93.3	-93.7	-252.6	-331.3
Sales, marketing and distribution costs		-0.6	-43.6	-23.1	-127.6	-172.1
Passenger and handling services		-22.4	-122.9	-144.7	-358.4	-476.7
Property, IT and other expenses		-23.2	-31.2	-85.7	-97.4	-132.4
Comparable EBITDA		-81.9	181.9	-179.7	367.6	488.3
Depreciation and impairment	7	-85.0	-81.3	-252.7	-235.9	-325.4
Comparable operating result		-167.0	100.7	-432.4	131.7	162.8
Unrealized changes in foreign currencies of fleet overhaul provisions	8	6.4	-5.6	6.0	-5.7	-1.4
Fair value changes of derivatives where hedge accounting is not applied	8	0.0	0.5	-0.2	0.5	1.3
Sales gains and losses on aircraft and other transactions	8	0.1	0.0	0.0	0.2	0.2
Restructuring costs	8	-22.7	-0.6	-23.4	-1.4	-3.0
Operating result		-183.1	94.9	-449.9	125.3	160.0
Financial income		9.6	0.5	34.2	2.8	4.8
Financial expenses		-84.2	-20.7	-234.5	-63.2	-83.6
Exchange rate gains and losses		8.3	-2.7	7.5	-2.2	12.7
Share of results in associates and joint ventures						-0.9
Result before taxes		-249.4	72.0	-642.7	62.6	93.0
Income taxes	13	49.9	-14.4	128.5	-12.5	-18.4
Result for the period		-199.5	57.6	-514.2	50.1	74.5
Attributable to						
Owners of the parent company		-199.5	57.6	-514.2	50.1	74.5
Earnings per share attributable to shareholders of the parent company, EUR						
Basic earnings per share	9	-0.15	0.08	-0.56	0.06	0.09
Diluted earnings per share	9	-0.15	0.08	-0.56	0.06	0.09

Consolidated statement of comprehensive income

EUR in millions	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Result for the period	-199.5	57.6	-514.2	50.1	74.5
Other comprehensive income items					
Items that may be reclassified to profit or loss in subsequent periods					
Change in fair value of hedging instruments	43.3	7.7	-48.8	58.9	75.8
Tax effect	-8.7	-1.5	9.8	-11.8	-15.2
Items that will not be reclassified to profit or loss in subsequent periods					
Actuarial gains and losses from defined benefit plans	-1.2	-49.3	-9.0	-74.3	-50.2
Tax effect	0.2	9.9	1.8	14.9	10.0
Other comprehensive income items total	33.7	-33.2	-46.2	-12.4	20.5
Comprehensive income for the period	-165.9	24.4	-560.4	37.7	95.0
Attributable to					
Owners of the parent company	-165.9	24.4	-560.4	37.7	95.0

Consolidated balance sheet

EUR in millions	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS				
Non-current assets				
Fleet	15, 17	1,574.3	1,494.7	1,533.3
Right-of-use fleet	16, 17	723.1	767.8	736.4
Fleet total		2,297.3	2,262.5	2,269.7
Other fixed assets	15, 17	181.2	182.9	178.4
Right-of-use other fixed assets	16, 17	151.8	131.1	141.1
Other fixed assets total		332.9	314.1	319.5
Other non-current assets		28.8	44.6	39.5
Deferred tax assets	13	84.1		
Non-current assets total		2,743.2	2,621.2	2,628.7
Current assets				
Receivables related to revenue		56.3	199.5	160.6
Inventories and other current assets		92.9	91.8	80.2
Derivative financial instruments	10, 11	11.3	103.8	55.7
Other financial assets	11	311.0	826.8	800.8
Cash and cash equivalents		414.3	194.1	151.9
Current assets total		885.8	1,416.0	1,249.2
Assets total		3,629.0	4,037.2	3,877.9
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		75.4	75.4	75.4
Other equity		864.9	845.6	890.9
Equity total		940.3	921.0	966.4
Non-current liabilities				
Lease liabilities	20	878.3	965.5	913.6
Other interest-bearing liabilities	20	835.8	498.3	477.3
Pension obligations	19	97.8	101.0	77.1
Provisions and other liabilities	21	161.1	150.0	156.9
Deferred tax liabilities	13		33.2	64.3
Non-current liabilities total		1,973.0	1,748.1	1,689.1
Current liabilities				
Lease liabilities	20	140.1	139.8	140.4
Other interest-bearing liabilities	20	43.8	103.2	43.5
Provisions	21	37.7	19.2	17.2
Trade payables		44.6	84.3	84.7
Derivative financial instruments	10, 11	135.4	69.1	38.9
Deferred income and advances received	22	176.3	611.9	552.7
Liabilities related to employee benefits		80.1	107.6	119.4
Other liabilities		57.7	233.1	225.7
Current liabilities total		715.6	1,368.1	1,222.4
Liabilities total		2,688.6	3,116.1	2,911.5
Equity and liabilities total		3,629.0	4,037.2	3,877.9

Consolidated statement of changes in equity

EUR in millions	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	Equity total
Equity 1 Jan 2020	75.4	168.1	-6.7	256.1	275.2	198.2	966.4
Result for the period					-514.2		-514.2
Change in fair value of hedging instruments			-39.0				-39.0
Actuarial gains and losses from defined benefit plans			-7.2				-7.2
Comprehensive income for the period			-46.2		-514.2		-560.4
Share issue				511.7			511.7
Share issue costs				-8.7			-8.7
Proceeds from hybrid bond						200.0	200.0
Hybrid bond repayments						-157.8	-157.8
Hybrid bond interests and expenses					-10.4	-0.6	-11.0
Share-based payments				0.0			0.0
Equity 30 Sep 2020	75.4	168.1	-52.9	759.2	-249.4	239.8	940.3

According to the final results of Finnair Plc's rights offering, a total of 1,416,635,293 new shares were subscribed for in the offering, corresponding to approximately 110.7 per cent of the offer shares, and the offering was oversubscribed. A total of 1,253,946,070 offer shares were subscribed for pursuant to the exercise of subscription rights. The remaining 25,319,080 offer shares subscribed for without subscription rights were allocated in the secondary subscription in accordance with the terms and conditions of the offering. The subscription price was EUR 0.40 per offer share. Finnair received gross proceeds of EUR 511.7 million from the offering.

During the third quarter of 2020 Finnair successfully refinanced its EUR 200 million hybrid bond and tendered the outstanding hybrid bond issued in 2015. The final results of the new hybrid bond issue and tender have been published in August 2020. Finnair redeemed the capital securities tendered EUR 157.8 million and paid accrued interest of EUR 11.1 million in September 2020. The remaining EUR 42.2 million of the outstanding hybrid bond and accrued interest will be redeemed according to the terms and conditions of the hybrid bond in October 2020.

EUR in millions	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	Equity total
Equity 1 Jan 2019	75.4	168.1	-27.2	255.2	248.8	198.2	918.5
Result for the period					50.1		50.1
Change in fair value of hedging instruments			47.1				47.1
Actuarial gains and losses from defined benefit plans			-59.4				-59.4
Comprehensive income for the period			-12.4		50.1		37.7
Dividend					-35.0		-35.0
Acquisitions of own shares					-0.5		-0.5
Share-based payments				0.3			0.3
Equity 30 Sep 2019	75.4	168.1	-39.6	255.5	263.4	198.2	921.0

Consolidated cash flow statement

EUR in millions	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Cash flow from operating activities					
Result before taxes	-249.4	72.0	-642.7	62.6	93.0
Depreciation and impairment	85.0	81.3	252.7	235.9	325.4
Items affecting comparability	16.1	5.8	17.5	6.4	2.8
Financial income and expenses	66.3	22.9	192.8	62.7	66.1
Share of results in associates and joint ventures					0.9
Comparable EBITDA	-81.9	181.9	-179.7	367.6	488.3
Change in provisions	-4.5	11.6	5.4	19.9	29.5
Employee benefits	4.1	3.1	11.2	9.8	10.6
Other adjustments	0.6	0.5	0.5	1.1	1.5
Non-cash transactions	0.2	15.2	17.2	30.7	41.5
Changes in trade and other receivables	13.1	-2.8	94.5	-15.3	33.4
Changes in inventories	0.5	-1.2	0.5	-2.4	-2.2
Changes in trade and other payables	-106.2	-93.8	-618.9	87.7	46.9
Changes in working capital	-92.6	-97.8	-523.9	69.9	78.1
Financial expenses paid, net	-92.9	19.8	-171.6	-12.9	-31.5
Income taxes paid	0.0	0.2	-6.4	-11.0	-11.9
Net cash flow from operating activities	-267.3	119.3	-864.5	444.4	564.5
Cash flow from investing activities					
Investments in fleet	-105.0	-57.8	-274.7	-326.4	-453.1
Investments in other fixed assets	-2.9	-8.1	-19.9	-20.4	-25.2
Divestments of fixed assets	114.1	0.6	116.3	0.7	1.3
Lease and lease interest payments received	4.0	4.0	12.0	12.3	16.3
Net change in financial assets maturing after more than three months	11.3	-49.2	382.6	6.3	-53.4
Change in other non-current assets	0.0	0.2	0.0	0.0	0.8
Net cash flow from investing activities	21.6	-110.3	216.4	-327.5	-513.2
Cash flow from financing activities					
Proceeds from loans	200.0		575.0		
Loan repayments	-185.1	-9.4	-206.9	-30.1	-42.0
Repayments of lease liabilities	-32.5	-33.4	-95.5	-98.2	-132.2
Share issue	131.3		511.7		
Share issue costs	-10.6		-10.6		
Hybrid bond repayments	-157.8		-157.8		
Proceeds from hybrid bond	200.0		200.0		
Hybrid bond interests and expenses	-13.6		-13.6		-15.8
Acquisitions of own shares				-0.5	-0.5
Dividends paid				-35.0	-35.0
Net cash flow from financing activities	131.6	-42.8	802.2	-163.7	-225.4
Change in cash flows	-114.1	-33.7	154.1	-46.8	-174.1
Liquid funds, at beginning	750.0	642.7	481.7	655.8	655.8
Change in cash flows	-114.1	-33.7	154.1	-46.8	-174.1
Liquid funds, at end *	635.9	609.0	635.9	609.0	481.7
* Liquid funds					
Other financial assets	311.0	826.8	311.0	826.8	800.8
Cash and cash equivalents	414.3	194.1	414.3	194.1	151.9
Cash funds	725.3	1,020.9	725.3	1,020.9	952.7
Maturing after more than three months	-89.4	-411.9	-89.4	-411.9	-470.9
Liquid funds	635.9	609.0	635.9	609.0	481.7

Notes to the consolidated interim financial report 1 January - 30 September 2020

1. BASIS OF PREPARATION

This consolidated interim financial report has been prepared in accordance with the Interim Financial Reporting standard IAS 34 and its figures are unaudited. The consolidated interim financial report has been authorized for publication on 27th October, 2020.

Consolidated income statement includes, in addition to operating result, comparable operating result and EBITDA which are presented to better reflect the Group's business performance when comparing results to previous periods. Comparable operating result does not include capital gains and losses, changes in the unrealized fair value of foreign currency denominated fleet maintenance reserves, changes in the unrealized fair value of derivatives or restructuring costs. The basis for this is explained in more detail in the note 8. Items affecting comparability. Comparable EBITDA is a common measure in airline business which aims to reflect comparable operating result excluding capital cost. Therefore, comparable EBITDA is calculated by excluding depreciations from comparable operating result.

Finnair uses alternative performance measures referred to in the European Securities Markets Authority (ESMA) Guidelines on Alternative Performance Measures to describe its operational and financial performance, to provide a comparable view of its business and to enable better comparability relative to its industry peers. The alternative performance measures do not replace IFRS indicators. Finnair's alternative performance measures reported in financial statements are comparable operating result and EBITDA. Comparable operating result is reconciled in the note 8. Items affecting comparability. Finnair applies consistent principles when excluding items from comparable operating results. The principles are described in more detail in the note 8. Items affecting comparability.

2. ACCOUNTING PRINCIPLES

The accounting principles applied correspond to the accounting principles disclosed in the Consolidated Financial Statements 2019. The figures presented in this statement are rounded and consequently the sum of individual figures may not precisely add up to the corresponding totals stated herein. The reported key figures have been calculated using exact figures.

Finnair has adopted a minor change in the presentation of its consolidated financial statements and changed the description of the line item 'Staff cost' to 'Staff and other crew related costs' in order to better describe the nature of the line item. The content of the line item remains unchanged both in the current and comparable periods and is disclosed in more detail in note 6. The change was initially applied in Finnair's half-year report published on 24th July 2020.

3. CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF UNCERTAINTY

The preparation of the consolidated interim financial report requires the company's management to make estimates and assumptions that influence the levels of reported assets and liabilities as well as the revenue and expenses. The actual outcome may differ from the estimates made. The main identified items requiring the use of critical accounting estimates and assumptions include impairment testing, leasing arrangements, pension obligations, maintenance reserves of the fleet, Finnair Plus - customer loyalty program as well as deferred tax assets.

Since the publication of the annual report 2019, the global world economy has weakened rapidly due to the global pandemic caused by the COVID-19 virus. This has also increased the level of uncertainty relating to the near- and long-term development of the world economy and its impacts on the aviation industry's operating environment. Given the unpredictability of the duration and reach of the pandemic, its impact on Finnair's future profitability, financial position and cash flows may differ from the current management estimates and assumptions made.

4. COVID-19 AND MANAGEMENT'S ASSESSMENT OF THE COMPANY AS A GOING CONCERN

The consolidated interim financial report for the period ending 30th September, 2020 has been prepared based on the going concern assumption. The Finnair Board of Directors has assessed the Group's ability to continue as a going concern based on the company's ability to meet its obligations as they come due at least 12 months after the financial statements are issued. The Board's assessment is based on the Board-approved, COVID-adjusted forecast as well as its refinancing plan as described below.

The spread of COVID-19 and the consequent restrictive measures relating to cross-border travel and negative impact on customer demand has had a significant, adverse effect on Finnair's financial and operating performance. Not only have sales decreased as travel restrictions came into effect and passenger demand decreased, but also refunds of ticket purchases to customers have increased as many of Finnair's flights were cancelled. The primary impact of lower sales is seen in the operating result and the impact of the refunds in operating cash flow.

The global aviation industry, including Finnair, has suffered significantly from COVID-19 pandemic. The company has already announced that it will operate a limited network also in Q4 2020 and Q1 2021 due to the COVID-19 development and the outlook for the next months continues to be uncertain. Based on the latest forecast approved by the Finnair Board of Directors, the Group is expecting to see the recovery for flights to start in summer 2021. The company expects a return to the path of sustainable, profitable growth within a rebuilding period of 2-3 years. In addition, the company has been actively striving to adjust its operations and renewing its capital structure to respond to the challenging financial situation caused by the COVID-19 pandemic. The company has undertaken measures to mitigate the COVID-related impacts, uncertainties and risks, as well as secure the company's financial position, competitiveness and sufficient funding. Finnair has, among others, adjusted its operations in terms of traffic and personnel and undertaken measures to achieve savings in, for example, real estate costs, aircraft leasing costs, compensation structures, sales and distribution costs, IT costs as well as administration costs. The company is also renegotiating terms of existing agreements with its suppliers and partners. Finnair has increased its previously announced savings target of 100 million euros to 140 million euros. As part of the company's savings program, Finnair has on 20th October 2020 announced having finalized significant co-operation negotiations which will result in a reduction of ca. 700 jobs and plans to continue with temporary layoffs of its employees.

In addition, in order to secure adequate funding, the company has already begun to implement a refinancing plan, comprising of (i) already agreed amendments under the company's revolving credit facility, (ii) already agreed EUR 600 million pension premium loan with Ilmarinen Mutual Pension Insurance Company, (iii) refinancing of the company's outstanding hybrid notes and (iv) potential sale and leaseback arrangements and other financing transactions of unencumbered aircraft. In July, the Group finalized an (v) equity offering of around EUR 500 million for which the final results were announced on 7th July 2020. The gross proceeds received by Finnair from the equity offering amounted to approximately EUR 512 million before taking into account transaction costs relating to the offering. During Q3, Finnair has finalized first of the planned sale and leaseback transactions relating to an unencumbered A350 aircraft.

Considering the above-mentioned circumstances and uncertainties, as well as the undertaken and planned measures to mitigate the impacts of the COVID-19 situation, the Board has concluded that the assessment does not cast significant doubt on the company's ability to continue as a going concern and that consequently, there is no cause for deviating from its earlier assessments of preparing the financial statements based on the going concern assumption. The Board's conclusion is based on the information available as at the date of the issuance of the interim financial report and an assessment conducted based on the information assuming, that the company is able to conduct its adjusted business operations according to the plan and to secure the financing under its refinancing plan.

Despite the various mitigating measures implemented by the company, the upcoming months will continue to be significantly affected by decreased demand for air travel resulting in lower revenue and weaker financial performance than in the past for a duration that is currently uncertain. Should future events or conditions cause the Group to be unable to continue its operations in accordance with the management's current assessment, using the going concern principle may prove to be no longer justified and the carrying values as well as the classification of the Group's assets and liabilities would have to be adjusted accordingly.

5. SEGMENT INFORMATION AND REVENUE

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 was significantly impacted by COVID-19 pandemic due to extensive route and frequency cancellations as well as strict travel restrictions in many countries worldwide.

Revenue by product and traffic area

Q3 2020, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	10.5	-0.4	35.0	9.6	0.0	54.7	56.1
Ancillary and retail revenue	2.6	-0.2	1.3	0.3	4.8	8.8	9.0
Cargo	25.2	3.1	3.5	0.1	-0.1	31.7	32.5
Travel services	0.0	0.0	2.2	0.0	0.0	2.3	2.3
Total	38.3	2.5	42.0	10.0	4.6	97.4	
Share %	39.3	2.6	43.1	10.3	4.7		

Q3 2019, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	324.8	58.5	284.6	32.8	9.3	709.9	82.0
Ancillary and retail revenue	14.0	3.3	12.2	1.4	14.7	45.7	5.3
Cargo	39.0	3.6	8.4	0.4	1.4	52.8	6.1
Travel services	0.2	0.3	56.3	0.2	0.0	57.0	6.6
Total	378.0	65.6	361.5	34.9	25.5	865.4	
Share %	43.7	7.6	41.8	4.0	2.9		

Q1-Q3 2020, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	179.8	26.3	221.0	57.0	7.6	491.7	67.6
Ancillary and retail revenue	16.5	1.8	9.1	2.0	27.7	57.1	7.8
Cargo	98.2	7.5	14.3	0.2	-2.4	117.8	16.2
Travel services	19.0	8.1	33.8	0.0	-0.2	60.6	8.3
Total	313.4	43.6	278.2	59.2	32.7	727.2	
Share %	43.1	6.0	38.3	8.1	4.5		

Q1-Q3 2019, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	828.2	136.8	748.8	128.5	21.6	1,863.9	80.2
Ancillary and retail revenue	40.9	8.4	33.1	4.0	45.2	131.7	5.7
Cargo	113.8	9.8	24.0	1.0	6.2	154.9	6.7
Travel services	24.6	10.4	134.6	0.7	1.9	172.3	7.4
Total	1,007.5	165.6	940.5	134.3	74.9	2,322.8	
Share %	43.4	7.1	40.5	5.8	3.2		

2019, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	1,083.6	179.1	997.9	181.4	37.8	2,479.8	80.1
Ancillary and retail revenue	54.8	11.1	45.1	5.2	60.0	176.2	5.7
Cargo	156.8	13.8	32.9	1.3	7.3	212.1	6.8
Travel services	32.9	13.0	183.6	0.0	-0.1	229.5	7.4
Total	1,328.2	217.1	1,259.5	187.9	105.0	3,097.7	
Share %	42.9	7.0	40.7	6.1	3.4		

Key figures quarterly, last 24 months	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Revenue	97.4	68.6	561.2	774.9	865.4	789.1	668.2	683.4
Passenger revenue	54.7	13.7	423.3	615.9	709.9	641.5	512.5	530.9
Ancillary and retail revenue	8.8	5.5	42.8	44.6	45.7	45.3	40.7	39.2
Cargo	31.7	49.5	36.7	57.2	52.8	54.7	47.4	60.0
Travel services	2.3	0.0	58.4	57.3	57.0	47.6	67.7	53.3
Comparable EBITDA	-81.9	-89.2	-8.6	120.7	181.9	125.9	59.7	104.1
Comparable operating result	-167.0	-174.3	-91.1	31.2	100.7	47.2	-16.2	26.5
Operating result	-183.1	-171.2	-95.6	34.7	94.9	47.9	-17.6	73.1

6. STAFF AND OTHER CREW RELATED COSTS

EUR in millions	Q3 2020	Q3 2019	Change %	Q1-Q3 2020	Q1-Q3 2019	Change %	2019
Wages and salaries	-45.6	-89.2	-48.9	-182.7	-279.3	-34.6	-371.4
Defined contribution schemes	-6.7	-15.8	-57.8	-29.6	-48.0	-38.4	-63.4
Defined benefit schemes	-3.8	-3.1	20.8	-11.4	-9.4	20.8	-11.2
Pension expenses total	-10.5	-18.9	-44.7	-41.0	-57.4	-28.7	-74.6
Other social expenses	1.9	-6.3	-129.8	8.0	-7.9	<-200	-16.7
Salaries, pension and social costs	-54.2	-114.4	-52.7	-215.7	-344.7	-37.4	-462.7
Operative staff related costs	-1.3	-10.7	-88.2	-14.2	-32.2	-56.0	-42.8
Leased and outsourced crew	-0.4	-4.1	-90.9	-5.7	-12.1	-53.2	-16.2
Other personnel related costs	-1.4	-2.5	-44.6	-5.9	-9.2	-36.6	-13.0
Total	-57.2	-131.7	-56.6	-241.4	-398.3	-39.4	-534.7

7. DEPRECIATION AND IMPAIRMENT

in mill. EUR	Q3 2020	Q3 2019	Change %	Q1-Q3 2020	Q1-Q3 2019	Change %	2019
Depreciation of owned fleet	-47.9	-43.9	9.3	-139.3	-123.3	13.0	-171.2
Depreciation of other fixed assets	-5.5	-5.2	6.7	-18.3	-15.7	17.2	-24.7
Depreciation of right-of-use fleet	-26.6	-26.5	0.5	-79.4	-79.3	0.1	-106.1
Depreciation of right-of-use other assets	-5.0	-5.7	-13.5	-15.6	-17.6	-11.4	-23.3
Total	-85.0	-81.3	4.6	-252.7	-235.9	7.1	-325.4

8. ITEMS AFFECTING COMPARABILITY

Comparable operating result aims to provide a comparable view on business development between periods. Therefore, items affecting comparability are excluded from the comparable operating result. The principles related to income statement presentation and principles related to usage of alternative performance measures are described under Basis of preparation. Calculation principles of alternative performance measures are also defined in the section Performance indicators classified as alternative performance measures. The detailed content of items affecting comparability, and the reasoning behind excluding those from comparable operating results, is described below.

Unrealised exchange rate differences of mainly in US dollars denominated aircraft maintenance provisions are not included in the comparable operating result. These changes are not included in the comparable operating result until the maintenance event or redelivery occurs and the exchange rate differences realise. Finnair provides for the redelivery condition related to leased aircraft according to the principles described in the note 1.3.6 Provisions in the 2019 Consolidated Financial Statements.

Further, unrealised fair value changes of derivatives where hedge accounting is not applied, are not included in the comparable operating result, as the business transactions which they are hedging are recognised in the comparable operating result only when they occur. The treatment of realised gains and losses on these derivatives is described in the note 3.8 Derivatives in the 2019 Consolidated Financial Statements.

In addition to above, gains and losses on aircraft and other transactions and restructuring costs are not included in the comparable operating result. Gains and losses on transactions include sales gains and losses as well as other items that can be considered being directly related the sale of the asset. For example, a write-down, that might occur when an asset is classified under "Assets held for sale" in accordance with IFRS 5, is included in gains and losses on the transactions. Restructuring costs include termination benefits and other costs that directly related to the restructuring of operations.

EUR in millions	Q3 2020			Q3 2019			Change %
	Operating result	Items affecting comparability	Comparable operating result	Operating result	Items affecting comparability	Comparable operating result	
Revenue	97.4		97.4	865.4		865.4	-88.7
Sales gains on aircraft and other transactions	0.1	-0.1		-0.1	0.1		> 200
Other operating income	11.2		11.2	13.3		13.3	-15.6
Operating expenses							
Staff and other crew related costs	-75.9	18.7	-57.2	-132.3	0.6	-131.7	-42.6
Fuel costs	-29.1	0.0	-29.0	-189.6	-0.5	-190.1	-84.7
Capacity rents	-23.7		-23.7	-33.2		-33.2	-28.6
Aircraft materials and overhaul	-10.8	-6.4	-17.2	-56.4	5.6	-50.7	-80.9
Traffic charges	-17.3		-17.3	-93.3		-93.3	-81.4
Sales, marketing and distribution costs	-0.6		-0.6	-43.6		-43.6	-98.7
Passenger and handling services	-22.4		-22.4	-122.9		-122.9	-81.8
Sales losses on aircraft and other transactions	0.0	0.0		0.1	-0.1		100.0
Property, IT and other expenses	-27.2	3.9	-23.2	-31.3	0.0	-31.2	-13.1
EBITDA	-98.1	16.1	-81.9	176.2	5.7	181.9	-155.7
Depreciation and impairment	-85.0		-85.0	-81.3		-81.3	4.6
Operating result	-183.1	16.1	-167.0	94.9	5.7	100.7	<-200

EUR in millions	Q1-Q3 2020			Q1-Q3 2019			Change %
	Operating result	Items affecting comparability	Comparable operating result	Operating result	Items affecting comparability	Comparable operating result	
Revenue	727.2		727.2	2,322.8		2,322.8	-68.7
Sales gains on aircraft and other transactions	0.1	-0.1		0.1	-0.1		37.9
Other operating income	36.1		36.1	41.0		41.0	-12.0
Operating expenses							
Staff and other crew related costs	-260.8	19.4	-241.4	-399.7	1.4	-398.3	-34.7
Fuel costs	-206.3	0.2	-206.2	-515.4	-0.5	-515.9	-60.0
Capacity rents	-71.4		-71.4	-98.1		-98.1	-27.3
Aircraft materials and overhaul	-70.9	-6.0	-76.9	-153.4	5.7	-147.7	-53.8
Traffic charges	-93.7		-93.7	-252.6		-252.6	-62.9
Sales, marketing and distribution costs	-23.1		-23.1	-127.6		-127.6	-81.9
Passenger and handling services	-144.7		-144.7	-358.4		-358.4	-59.6
Sales losses on aircraft and other transactions	-0.1	0.1		0.1	-0.1		181.3
Property, IT and other expenses	-89.7	4.0	-85.7	-97.4	0.0	-97.4	-8.0
EBITDA	-197.2	17.5	-179.7	361.2	6.4	367.6	-154.6
Depreciation and impairment	-252.7		-252.7	-235.9		-235.9	7.1
Operating result	-449.9	17.5	-432.4	125.3	6.4	131.7	<-200

9. EARNINGS PER SHARE

The basic earnings per share figure is calculated by dividing the result for the period attributable to the parent company's shareholders by the weighted average number of shares outstanding during the period. The result for the period is adjusted for the after-tax amounts of hybrid bond interests regardless of payment date, transaction costs of the new hybrid bond issued and premium paid, when a hybrid bond is redeemed. When calculating the earnings per share adjusted by dilution, the weighted average of the number of shares takes into account the diluting effect resulting from changing into shares all potentially diluting shares. Finnair has not granted any options.

Finnair offered 1,279,265,150 new shares for subscription in a rights issue between 17 June 2020 and 1 July 2020. At the end of June 2020 the company received EUR 380.4 million for 951,074,910 new shares subscribed by 29 June 2020. The remaining EUR 131.3 million for 328,190,240 new shares were received at the beginning of July 2020.

The exercise price in the rights offering was less than the fair value of the shares immediately before the exercise of rights. A bonus element included in the rights issue effected on the number of outstanding shares before the rights issue in the calculation of basic and diluted earnings per share. The fair value per share was EUR 3.90 and theoretical ex-rights fair value per share was EUR 0.72. The fair value per share divided by theoretical ex-rights fair value per share results in bonus element multiplier 5.43.

EUR in millions, unless otherwise indicated	Q3 2020	Q3 2019	Q1-Q3 2020	Q1-Q3 2019	2019
Result for the period	-199.5	57.6	-514.2	50.1	74.5
Hybrid bond interests and expenses	-7.2	-3.9	-15.1	-11.8	-15.8
Tax effect	1.4	0.8	3.0	2.4	3.2
Adjusted result for the period	-205.3	54.5	-526.2	40.6	61.9
Weighted average number of outstanding shares, mill. pcs	1,398.8	692.9	932.8	692.6	692.7
Earnings per share (EPS), basic, EUR	-0.15	0.08	-0.56	0.06	0.09
Earnings per share (EPS), diluted, EUR	-0.15	0.08	-0.56	0.06	0.09

10. MANAGEMENT OF FINANCIAL RISKS

No significant permanent changes have been made to the Group's risk management principles in the reporting period. However, a short-term amendment until the end of year 2020 regarding hedging levels was executed. Lower levels of hedging limits for jet fuel and foreign exchange were lowered to zero. This change was done to avoid a situation where Finnair would be forced to hedge even though the COVID-19 related uncertainty would still be significant. Additionally, balance sheet hedging limit was lowered to 50%. Due to the COVID-19 Finnair has unwound a significant amount of fuel and foreign exchange hedges, which has been recognized in the P&L statement instead of OCI. The objectives and principles of risk management are consistent with the information presented in the Group's 2019 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, EUR in millions	30 Sep 2020		30 Sep 2019		31 Dec 2019	
	Nominal value	Fair net value	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives						
Operational cash flow hedging (forward contracts)	299.4	-1.6	931.3	30.7	924.4	17.6
Operational cash flow hedging (options)						
Bought options	112.3	0.2	187.5	7.9	201.5	3.3
Sold options	103.6	-1.0	188.0	-1.6	201.8	-1.0
Fair value hedging of aircraft acquisitions	208.4	-7.5	358.2	31.1	336.5	18.6
Currency hedging of lease payments			50.5	5.3	22.3	1.7
Hedge accounting items total	723.7	-9.9	1,715.6	73.5	1,686.5	40.2
Operational cash flow hedging (forward contracts)	358.8	0.6				
Operational cash flow hedging (options)						
Bought options	45.2	0.0				
Sold options	45.2	0.1				
Balance sheet hedging (forward contracts)	506.4	-2.0	841.7	6.3	775.1	-9.3
Items outside hedge accounting total	955.6	-1.4	841.7	6.3	775.1	-9.3
Currency derivatives total	1,679.3	-11.2	2,557.3	79.7	2,461.6	30.9
Commodity derivatives						
Jet fuel forward contracts, tonnes	277,000	-41.1	896,000	-52.3	898,000	-15.3
Options						
Bought options, jet fuel, tonnes			75,000	0.6	57,000	0.7
Sold options, jet fuel, tonnes			75,000	-1.2	57,000	-0.5
Hedge accounting items total	277,000	-41.1	1,046,000	-53.0	1,012,000	-15.1
Jet fuel forward contracts, tonnes	592,000	-62.6				
Options						
Sold options, jet fuel, tonnes			75,000	-0.1	42,000	-0.1
Items outside hedge accounting total	592,000	-62.6	75,000	-0.1	42,000	-0.1
Commodity derivatives total	869,000	-103.7	1,121,000	-53.1	1,054,000	-15.2
Currency and interest rate swaps and options						
Cross currency interest rate swaps	194.7	-9.2	229.8	8.1	217.9	1.1
Items outside hedge accounting total	194.7	-9.2	229.8	8.1	217.9	1.1
Interest rate derivatives total	194.7	-9.2	229.8	8.1	217.9	1.1
Derivatives total		-124.1		34.7		16.8

COVID-19 virus had a significant impact on oil price during the year 2020. The decrease in oil price is also visible in the valuations of jet fuel derivatives in comparison to 2019 year end.

11. 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, EUR in millions	30 Sep 2020	Level 1	Level 2
Financial assets at fair value through profit and loss			
Securities held for trading	311.0	308.0	3.0
Derivatives held for trading			
Currency derivatives	7.5		7.5
- of which in fair value hedge accounting	0.3		0.3
- of which in cash flow hedge accounting	3.8		3.8
Commodity derivatives	3.8		3.8
Total	322.3	308.0	14.3

Financial liabilities recognised at fair value through profit and loss

Derivatives held for trading			
Currency and interest rate swaps and options	9.2		9.2
Currency derivatives	18.7		18.7
- of which in fair value hedge accounting	7.8		7.8
- of which in cash flow hedge accounting	6.2		6.2
Commodity derivatives	107.4		107.4
- of which in cash flow hedge accounting	41.1		41.1
Total	135.4		135.4

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, to a significant extent, based on input data other than the quoted prices included in Level 1, but still mainly based directly observable data (price) or indirectly observable data (derived from price) for the particular asset or liability.

12. COMPANY ACQUISITIONS AND DIVESTMENTS

There were no business acquisitions or disposals during three first quarters of 2020.

13. INCOME TAXES

The effective tax rate for Q1-Q3 2020 was -20.0% (20.0%). Deferred tax liabilities of EUR 64.3 million as at 31 December 2019 turned to deferred tax assets of EUR 84.1 million as at 30 September 2020 mainly due to a significant taxable loss caused by COVID-19 virus. Tax loss to be confirmed for the year 2020 will expire within 10 years and Finnair expects that this can be used against its future taxable results based on the forecast approved by the Board. Finnair did not have confirmed tax losses at the end of 2019.

14. DIVIDEND PER SHARE

In accordance with the proposal of the Board of Directors, the Annual General Meeting on 29 May 2020 resolved that no dividend be paid based on the balance sheet adopted for the year 2019.

A dividend for 2018 of EUR 0.274 per share, amounting to a total of EUR 35.0 million, was decided in the Annual General Meeting on 20 March 2019. The dividend was paid on 2 April 2019.

15. CHANGE IN FIXED ASSETS

EUR in millions	30 Sep 2020	30 Sep 2019	31 Dec 2019
Carrying amount at the beginning of period	1,711.7	1,493.5	1,493.5
Additions	332.1	350.7	420.2
Change in advances	-40.6	-13.4	-2.8
Currency hedging of aircraft acquisitions	26.0	-13.6	-1.1
Disposals and reclassifications	-116.3	-0.6	-2.0
Depreciation	-157.6	-138.9	-195.9
Carrying amount at the end of period	1,755.4	1,677.7	1,711.7

Due to the global lack of demand for air travel, the delivery of one A350 aircraft was deferred from the first half of 2020 to the third quarter of 2020. Disposals and reclassifications include a sale and leaseback transaction of EUR 115.9 million. An impairment of EUR 2.3 million was recognized in profit and loss.

16. CHANGE IN RIGHT-OF-USE ASSETS

EUR in millions	30 Sep 2020	30 Sep 2019	31 Dec 2019
Carrying amount at the beginning of period	877.5	998.6	998.6
New contracts	93.5	13.5	29.2
Reassessments and modifications	-1.2	-1.1	-5.6
Disposals	0.0	-15.1	-15.1
Depreciation	-95.1	-97.0	-129.5
Carrying amount at the end of period	874.7	898.9	877.5

New contracts include a sale and leaseback transaction which increased right-of-use assets by EUR 86.7 million.

17. IMPAIRMENT TEST

Fleet and other non-current assets subject to depreciation, including the right-of-use assets, are stated at historical cost less accumulated depreciation and impairment loss, when applicable. The Group reviews the assets for impairment at each reporting date or whenever there is indication of impairment. Goodwill and intangible assets with indefinite useful life are not subject to depreciation but to annual impairment review at each reporting date. An impairment loss is recognized if an asset's recoverable amount is below its carrying amount. Recoverable amount is determined as the higher of the asset's fair value less costs to sell or its value in use.

The impairment review is carried out at the level of a cash-generating unit ('CGU'). Finnair is a network carrier with highly integrated fleet operations and considers all its fleet and other closely related assets as one CGU. The intangible assets with indefinite useful life, including goodwill, have been identified to belong to the aircraft CGU for impairment testing purposes. As of 30.9.2020 and 31.12.2019, the amount of goodwill in Finnair's balance sheet amounted to EUR 0.5 million and the other intangible assets with indefinite useful life to EUR 1.7 million.

The recoverable amount of the CGU has been measured based on its value in use with no indication for impairment. Since the COVID-19 situation, Finnair is using the value in use methodology instead of the fair value less costs to sell due to the deemed impact of the COVID-19 situation on the accuracy of the market prices resulting from the lower transaction volume and potential impact of the distress situations on realized prices. The value in use measurement is based on a discounted cash flow model where the cash flow projections are based on a business forecast approved by the Board. Cash flows beyond the five-year period are projected to increase in line with management's long-term growth assumptions. The discount rate applied to the cash flow projections are derived from the Group's long-term weighted average cost of capital, adjusted for the risks specific to the assets.

Key assumptions used in impairment review	30 Sep 2020
Discount rate (derived from the long-term weighted average cost of capital), %	8.4
Long-term growth rate, %	2.4
Fuel cost range per ton (USD)	500-615

The calculation of the recoverable amount is impacted primarily by changes in the forecasted EBITDA, discount rate used and the estimated business growth. The business growth and EBITDA are based on management's assessment of the speed of recovery from the current COVID-19 situation as well as the future market demand and environment, which are benchmarked against external information sources. The (after-tax) discount rate used is based on the weighted average cost of capital (WACC), which reflects the market assessment of the time value of money and the risks specific in Finnair's business. The value-in-use calculations for the CGU are based on managements estimates and forecasts, which inherently contain some degree of uncertainty. The main uncertainty factors in forecasts are the ultimate duration of the pandemic and speed of recovery, unit revenue development and cost of jet fuel. Based on sensitivity analysis of the VIU model, the highest impact on impairment test outcome is caused by the discount rate (WACC), EBITDA margin, fuel price and the terminal growth rate. A 1% point decrease in EBITDA margin would not result in impairment, however corresponding increase in WACC or decrease in terminal growth rate would possibly result in impairment of assets. In case EBITDA margin % would decrease by 2.295% points over the whole period, the headroom would decrease to 0. The headroom would also decline to 0 if WACC increased to 9.11% or if terminal growth rate decreased to 1.425%. Similarly, in case utilized hedge-weighted fuel price based on forward curve as of 30th September 2020 would step up by 4.56% over the whole period, the headroom would decrease to 0. The movements on the above mentioned parameters to opposite direction would cause vice versa impacts.

18. STATE AID RELATING TO FINNAIR'S REFINANCING

The European Commission has concluded that the State of Finland's guarantee of Finnair's pension premium loan up to EUR 540 million, which was approved by the European Commission on 18 May 2020, and the State of Finland's participation in the rights offering are so closely linked that they must be regarded as an overall transaction that constitutes State aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union. Under the Commission's decision, the Company has agreed to certain conditions following the offering, which include, among other things, a ban on acquisitions, restricting the Company from acquiring a stake of more than 10 per cent in competitors or other operators in the same line of business, including upstream or downstream operations for a period of three years from the offering.

As a result of the restrictions based on the Commissions decision, the remuneration of each member of Finnair's management will not go beyond the fixed part of his/her remuneration on 31 December 2019. For persons becoming members of the management on or after the rights issue, the applicable limit of the remuneration for such new member will be benchmarked to the remuneration of comparable managerial positions and areas of responsibility in Finnair applied on 31 December 2019. Finnair will not pay bonuses and other variable or comparable remuneration elements during the three fiscal years 2020-2022 to the members of the management.

Further, Finnair is committed to publishing information about the use of the aid received within 12 months from the date of the offering and thereafter periodically every 12 months, for a period of three years. In particular, this should include information on how the company's use of the aid received supports its activities in line with EU objectives and national obligations linked to the green and digital transformation, including the EU objective of climate neutrality by 2050.

19. PENSION OBLIGATIONS

Net pension obligations rose by 26.9% to EUR 97.8 million (31 December 2019: 77.1) mainly due to the increase of EUR 23.1 million relating to the discounting rate of 0.58% (31 December 2019: 0.87%), the decrease of EUR 14.4 million in the market values of plan assets as well as the current and past service cost of EUR 11.4 million for the reporting period, which were partly offset by the decrease of EUR 17.0 million relating to the inflation of 0.80% (31 December 2019 1.10%) and the decrease of EUR 7.7 million relating to salary increase assumptions.

20. INTEREST-BEARING LIABILITIES

An unsecured syndicated revolving credit facility totaling to EUR 175 million was taken into use during the first quarter of 2020 and it was paid fully back during the third quarter of 2020. The facility has a maturity date in January 2023, and it includes two one-year extension options of which one has been exercised.

During second quarter 2020, and as part of the refinancing plan, Finnair negotiated a covenant waiver with the syndicate banks. The waiver temporarily raises the gearing level according to the following table.

Covenant value	Before the waiver	Until 30 June 2021	1 July 2021 - June 2022	After 30 June 2022
Gearing, %	175	225	200	175

A pension premium loan facility of EUR 600 million was negotiated during second quarter of 2020 and EUR 200 million was withdrawn from the facility in June 2020 and additional EUR 200 million in September 2020. The facility is contingent on Finnair delivering guarantees for the full amount. Currently, Government is guaranteeing 90% of the facility and a commercial bank the remaining 10% including all other costs associated with the loan.

During the third quarter of 2020 Finnair has entered into a sale and leaseback agreement regarding one A350 aircraft, which increased lease liability with EUR 85.9 million.

The existing loans are being amortized according to the loan instalment programs.

Interest-bearing liabilities

EUR in millions	30 Sep 2020	30 Sep 2019	31 Dec 2019
Non-current interest-bearing liabilities			
Lease liabilities	878.3	965.5	913.6
JOLCO loans* and other	237.2	298.7	277.6
Bonds	199.8	199.6	199.6
Loans from financial institutions	398.9		
Total	1,714.1	1,463.8	1,390.8
Current interest-bearing liabilities			
Lease liabilities	140.1	139.8	140.4
JOLCO loans* and other	43.8	103.2	43.5
Total	183.9	243.0	183.9

* JOLCO loans include the JOLCO loans (Japanese Operating Lease with Call Option) for three A350 aircraft. The transactions are treated as loans and owned aircraft in Finnair's accounting.

Maturity dates of financial liabilities as at 30 Sep 2020

EUR in millions	1-12 months	13-24 months	25-36 months	37-48 months	49-60 months	Later	Total
JOLCO loans and other, fixed interest					29.6	14.8	44.4
JOLCO loans and other, variable interest	43.8	39.4	27.9	28.8	77.1	23.0	240.0
Bonds, fixed interest		200.0					200.0
Lease liabilities, fixed interest	99.5	101.2	97.8	91.7	93.3	167.4	650.8
Lease liabilities, variable interest	40.6	42.5	45.4	47.8	43.5	147.8	367.5
Loans from financial institutions, variable interest			400.0				400.0
Interest-bearing financial liabilities total*	183.9	383.0	571.0	168.3	243.4	353.0	1,902.7
Payments from interest rate and currency derivatives	1,310.8	80.3					1,391.1
Income from interest rate and currency derivatives	-1,291.4	-79.3					-1,370.6
Commodity derivatives	97.9	5.8					103.7
Trade payables and other liabilities	102.3						102.3
Interest payments	64.5	55.6	52.1	31.2	29.6	63.5	296.3
Total	468.0	445.4	623.1	199.6	273.0	416.4	2,425.4

* The bonds maturing do not include the amortised cost of EUR 0.2 million paid in 2017 and due on 2022. Respectively, JOLCO loans do not include the amortised cost of EUR 3.3 million paid on 2016 and due on 2025. Loans from financial institutions do not include the amortised cost of EUR 1.1 million paid in 2020 and due on 2022. Therefore, the total amount of interest-bearing financial liabilities differs from the book value by the amount equal to the amortised costs.

21. PROVISIONS

EUR in millions	30 Sep 2020	30 Sep 2019	31 Dec 2019
Aircraft maintenance provision			
Provision at the beginning of period	166.3	132.2	132.2
Provision for the period	20.9	43.2	61.6
Provision used	-14.6	-22.1	-31.7
Provision for right-of-use assets redelivery	0.3	0.0	0.1
Unwinding of discount	0.7	2.1	2.7
Exchange rate differences	-6.0	5.7	1.4
Aircraft maintenance provision total	167.7	161.2	166.3
Of which non-current	155.4	144.6	151.8
Of which current	13.4	16.5	14.5
Other provisions			
Provision at the beginning of period	3.1	1.0	1.0
Provision for the period	25.5	4.9	6.6
Provision used	-3.2	-4.7	-5.7
Reclassifications		2.1	1.1
Other provisions total	25.5	3.4	3.1
Of which non-current	1.2	0.7	0.4
Of which current	24.3	2.7	2.7
Total	193.2	164.5	169.4
Of which non-current	156.5	145.3	152.2
Of which current	37.7	19.2	17.2

Non-current aircraft maintenance provisions are expected to be used by 2032. Other provisions include mainly items related to restructuring actions, which are expected to be used mainly by 2022.

In addition, non-current provisions and other liabilities includes received lease deposits of 4.6 (30 September 2019 and 31 December 2019: 4.7) million euros.

22. DEFERRED INCOME AND ADVANCES RECEIVED

EUR in millions	30 Sep 2020	30 Sep 2019	31 Dec 2019
Deferred revenue on ticket sales	101.8	502.7	451.2
Loyalty program Finnair Plus	47.1	50.9	43.3
Advances received for tour operations	3.6	40.1	45.4
Other items	23.7	18.1	12.7
Total	176.3	611.9	552.7

Deferred revenue on ticket sales and advances received for tour operations were significantly impacted by COVID-19 pandemic due to travel restrictions in many countries and lower demand for air travel worldwide. Deferred revenue on ticket sales includes unprocessed refunds of approximately EUR 40 million.

23. CONTINGENT LIABILITIES

EUR in millions	30 Sep 2020	30 Sep 2019	31 Dec 2019
Guarantees on behalf of group undertakings	41.2	83.2	79.6
Total	41.2	83.2	79.6

Investment commitments for property, plant and equipment as at 30 September 2020 totaled EUR 441 million (31 December 2019: 730). The decrease in guarantees on behalf of group undertakings related to reduced guarantee amounts required by the Finnish Competition and Consumer Authority as a result of lower bookings in tour operations caused by the COVID-19. Lease commitments as at 30 September 2020 for VAT obligations, short-term leases of facilities and leases of low value IT equipment, that do not qualify as IFRS 16 leases, totaled EUR 20.3 million (31 December 2019: 20.1).

24. RELATED PARTY TRANSACTIONS

Finnair's related parties include subsidiaries, associates, joint operations and Finnair pension fund as well as the members of the Board of Directors and the Executive Board and their close family members and controlled entities.

The following table set forth the related party transactions of Finnair. Transactions with the related parties have been carried out on market-based terms. Related party transactions include such operations that are not eliminated in the Group's consolidated financial statement.

EUR in millions	Q1-Q3 2020	Q1-Q3 2019	2019
Sales of goods and services			
Associates and joint ventures	21.4	19.9	27.0
Pension fund	0.4	0.4	0.7
Purchases of goods and services			
Associates and joint ventures	68.4	79.9	107.8
Pension fund	11.9	10.7	12.8
Financial income and expenses			
Associates and joint ventures	2.2	2.9	5.7
Pension fund	-0.5	-0.2	-0.3
Receivables			
Non-current receivables from joint ventures	23.2	37.1	33.7
Current receivables from associates and joint ventures	22.5	22.3	23.4
Liabilities			
Non-current liabilities to joint ventures	3.6	3.6	3.6
Non-current liabilities to pension fund	97.0	99.8	77.0
Current liabilities to associates and joint ventures	2.9	0.3	1.0

The remuneration of President and CEO Topi Manner and the other members of the Executive Board as at 30 September 2020 was EUR 2.8 million (31 December 2019: 5.6) on an accrual basis. Following the rights offering and related EU state aid rules, the Company has agreed on limitations to management remuneration, which are described more detailed in the note 18. State aid relating to Finnair's refinancing. Additionally CEO and the other members of the Executive Board have cut their monthly base salaries by 15% as of April 2020 until further notice.

The remuneration of the Board of Directors as at 30 September 2020 was EUR 311 thousand (31 December 2019: 422) on an accrual basis. The Board of Directors have cut their fixed remuneration by 15% as of April 2020 until further notice.

25. EVENTS AFTER THE REVIEW PERIOD

On 6 October 2020, Finnair announced changes to its traffic plan for the upcoming winter with reduction in the number of flights to approximately 75 flights per day following the spread of the COVID-19 and the related travel restrictions but it will continue to review its traffic program based on estimated demand. The company also announced that it is planning to increase the number of destinations and weekly frequencies in the summer season 2021.

Finnair announced on 9 October 2020, that its Board of Directors has approved a new performance share plan covering the period from 1 July 2020 through 30 June 2023. The plan is directed to the company's Executive Board, including the CEO. At the same time, it decided to cancel the Executive Board members' and the CEO's participation in the existing 2018-2020, 2019-2021 and 2020-2022 performance share plans. If the targets set for the plan for the performance period 1 July 2020-30 June 2023 are fully achieved, the maximum number of shares to be delivered based on this plan is approximately 20,000,000.

Finnair also announced on 9 October 2020, that it has prepared a long-term incentive programme for those personnel groups with whom it reaches agreements on permanent cost savings that support Finnair's recovery. The incentive programme will start during this year and end in the third quarter of 2023.

On 20 October 2020, Finnair announced that it has completed the co-operation process started in September on its plans to reduce up to 1,000 jobs, to make other structural changes and to implement additional temporary layoffs due to the impacts of the COVID-19 pandemic. As a result of the ended co-operations process, Finnair will terminate approximately 600 jobs in Finland. Similar discussions have been held outside of Finland and related redundancies amount to approximately 100 jobs.

On 28 October 2020, Finnair has announced that it is targeting 140-million-euro permanent, annual cost base reductions by 2022 compared to 2019 levels. The previous target was 100 million euros.

On 28 October 2020, Finnair has also announced that certain amendments to the terms of Finnair pension fund have been approved. The amendments are expected to have a positive one-off impact of 85 million euros on Finnair's operating result in the fourth quarter of 2020. The impact will be reported as an item affecting comparability and it will thus have no impact on the comparable operating result.