Finnair Group interim report 1 January – 30 June 2015

Number of passengers and passenger yields increasing, profitability improved; result still negative

April–June 2015

- Revenue on a par with second quarter of 2014, at 561.0 million euros (565.7).
- Operational result improved to -12.9 million euros (-19.6).
- Operational EBITDAR was 37.4 million euros (35.5).
- Net cash flow from operating activities stood at 88.4 million euros (69.2), and cash flow from investments totalled -53.7 million euros (-92.3).
- Unit cost at constant currency excluding fuel (CASK excl. fuel) increased by 0.7% year-on-year.
- Unit revenue at constant currency (RASK) decreased by 1.9% year-on-year.
- Earnings per share amounted to -0.06 cents (-0.20).

January–June 2015

- Revenue on a par with first half of 2014, at 1,101.4 million euros (1,109.0).
- Operational result improved to -41.3 million euros (-53.9).
- Operational EBITDAR was 56.6 million euros (53.0).
- Net cash flow from operating activities stood at 101.4 million euros (48.7), and cash flow from investments totalled 89.2 million euros (141.4).
- Unit cost at constant currency excluding fuel (CASK excl. fuel) increased by 0.9% year-on-year.
- Unit revenue at constant currency (RASK) decreased by 1.2% year-on-year.
- Earnings per share amounted to -0.16 cents (-0.44).
- Finnair updates its guidance and estimates that, in 2015, its operational result is around break-even or slightly positive.

CEO Pekka Vauramo:

Our passenger traffic revenue from tickets and ancillary services saw strong growth in the second quarter of 2015, and we achieved a new record in June by carrying more than 37,500 passengers in one day. At the same time, ancillary sales grew by one third from the previous year. Our customers have heartily welcomed the Chicago route as well as our new seasonal summer routes, with demand exceeding our expectations. Furthermore, business travel has picked up noticeably.

Profitability improved significantly, although the operational result still showed a loss of 12.9 million euros. The result improvement is attributed to revenue growth in our core business operations, the progress of cost reduction measures and the decline in fuel prices, which is reflected in our costs gradually due to our hedging policy. The appreciation of the dollar diluted the benefit from fallen jet fuel price and significantly increased our other dollar-denominated costs, but at the same time, the appreciation of our income currencies boosted our revenues particularly in Asia. In addition, our positive performance was supported by the result improvement at Aurinkomatkat Suntours.

While we cannot be satisfied with our loss-making result, our financial position and liquidity are very strong. Our long-haul fleet renewal, which will start this autumn, will significantly improve the cost-competitiveness and customer experience of our long-haul traffic. At the same time, we will continue to focus on increasing our revenue through, for example, ancillary services and product improvements in intercontinental traffic.

We are moving in the right direction and our strategy, which was updated in the spring, is clear. Our goal is profitable growth, which we will be better equipped to achieve once the Airbus 350 aircraft start joining our fleet later this year. They will enable the gradual growth of capacity and substantially reduce our fuel costs on long-haul flights. In addition, we have begun to recruit cabin crew with a view to future growth. Our whole team is enthusiastically preparing for Finnair's next phase.

Outlook

Outlook published on 7 May 2015

The demand outlook for passenger and cargo traffic in Finnair's main markets still involves uncertainty. Finnair estimates that, in 2015, its capacity measured in Available Seat Kilometres will grow by approximately 3 per cent and that its revenue will remain at the 2014 level. Finnair further estimates, as a change to its previous guidance, and when calculated with the same accounting principles as earlier, that its unit costs excluding fuel will increase from the 2014 level due to the structural changes in the company's business and the strong appreciation of the US dollar. By applying the changed calculation method, that neutralises the effect of these changes as defined in notes 16 and 18 to the interim financial statements, Finnair estimates that its 2015 unit costs excluding fuel at constant currency will decrease from the 2014 level.

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

According to its disclosure policy, Finnair will issue guidance on the expected development of its operational result in connection with the January–June interim report. As a separate guidance Finnair estimates that, when calculated using the exchange rates effective at the end of the review period, the non-recurring items associated with the long haul fleet renewal in 2015 will have a substantial positive impact on Finnair's operating result due to the strengthened US dollar. Finnair has previously estimated that the long haul fleet renewal would not have a significant effect on its operating result in 2014 and 2015. The non-recurring items related to the long haul fleet renewal react substantially to changes in the euro-dollar exchange rate.

Outlook on 14 August 2015

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

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

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

Strategic objectives

As a part of its annual strategy review, Finnair's Board of Directors approved on 6 May 2015 a new vision and updated the company's mission and strategic targets. Finnair's new vision is to offer its passengers a *unique Nordic experience*. Finnair's mission is to offer the smoothest, fastest connections in the northern hemisphere via Helsinki, and the best network to the world from its home markets.

Updated strategic objectives for the company are to double its Asian traffic by 2020 from the 2010 level, to deliver a unique customer experience and achieve world-class operations, and to create shareholder value.

Business environment

Traffic continued to grow in Finnair's main markets in the second quarter of 2015. Measured in available seat kilometres, scheduled market capacity between Helsinki and Finnair's European destinations grew by approximately 4.9 per cent year-on-year, while direct market capacity between Finnair's Asian and European destinations grew by 2.7 per cent year-on-year.* Finnair's market share in European traffic (between Helsinki and Finnair's European destinations) increased to 58.0 per cent (53.0) and fell slightly in Asian traffic, to 4.6 per cent (5.0).**

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

Cargo traffic capacity growth between Asia and Europe continued to outpace demand grow, which further weakened average yields and load factors in Finnair's main markets for cargo traffic.

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

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

Significant events during the review period

<u>Nordic Regional Airlines ownership negotiations</u>

On 31 March 2015, Finnair acquired Flybe Ltd's 60% ownership of Flybe Nordic AB for a transaction price of 1 euro, and Flybe Nordic was transferred entirely to Finnair's ownership. Flybe Nordic owned all shares in its Finnish subsidiary Flybe Finland, which operated a substantial part of Finnair's domestic and European routes as purchase traffic using ATR and Embraer aircraft, as well as certain routes in Finland and neighbouring countries at its own commercial risk.

As a result of the acquisition, starting from 31 March 2015, Flybe Nordic was consolidated in Finnair's financial statements in accordance with IFRS as a non-current asset held for sale. Furthermore, the name of Flybe Finland was changed to Nordic Regional Airlines Oy (Norra), and the name of the parent company Flybe Nordic AB was changed to Nordic Regional Airlines AB.

Finnair, Staffpoint Holding Ltd (Staffpoint) and G.W. Sohlberg Ltd (GWS) have previously indicated an intention to conclude a transaction whereby 60 percent of the shares in Nordic Regional Airlines AB would be transferred to the ownership of Staffpoint and GWS. As of 31 March 2015, Finnair has owned 100 percent of the company during an interim permission by the Finnish Competition and Consumer Authority (FCCA). Due to the negotiations being protracted and the interim permission expiring, Finnair announced on 6 August having filed an application with the FCCA to approve the current ownership structure until further notice.

Negotiations on the ownership arrangements continue, and Finnair expects the transaction to proceed within the next few months. Norra ownership arrangements do not have a significant financial impact on Finnair in 2015.

Discontinuation of the operations of the cargo airline NGA

Finnair's associated company Nordic Global Airlines Ltd (NGA) decided to discontinue its operations by 31 May 2015 due to financial reasons. Finnair Cargo Oy owned 40 per cent of NGA, and the other shareholders were Neff Capital Management LLC, Daken Capital Partners LLC and Mutual Pension Insurance Company Ilmarinen.

The discontinuation of NGA's operations did not have a material impact on Finnair's cargo business or Finnair's financial position. The non-recurring effect on the operating result for the second quarter was -1.9 million euros.

Investment decisions on a new cargo terminal and wireless connectivity across the fleet

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

Aircraft sale and leaseback agreements

The sale and leaseback transactions referred to in the memorandum of understanding signed in December 2014 between Finnair and GOAL German Operating Aircraft Leasing GmbH & Co for three Embraer 190 aircraft owned by Finnair and operated by Norra were finalised in March. The sale and leaseback transactions referred to in the memorandum of understanding signed in December 2014 between Finnair and Doric Asset Finance GmbH & Co. for six ATR 72 aircraft owned by Finnair and operated by Norra were also finalised in March. After the conclusion of the agreements, Finnair continues to sublease the aircraft to Norra. The combined value of the transactions was approximately 140 million euros and they have a positive impact of approximately 40 million euros on Finnair's operating profit for the first quarter of 2015.

Financial performance in April–June 2015

Finnair's revenue in the second quarter of 2015 declined slightly, by 0.8% year-on-year to 561.0 million euros (565.7). Revenue was boosted by higher passenger traffic revenue and was negatively affected by the decrease in cargo traffic and yields as well as the elimination of revenue from businesses sold after the comparison period. Capacity measured in available seat kilometres (ASK) grew by 0.4 per cent year-on-year.

Operational costs excluding fuel were on a par with the comparison period, amounting to 422.7 million euros (423.6). Fuel costs, including hedging and emissions trading costs, decreased by 6.3 per cent to 155.7 million euros (166.1). Fuel costs were reduced by the dollar-denominated price of jet fuel declining by nearly 40 per cent year-on-year, but the positive impact of this development was dampened by the dollar appreciating against the euro by almost 20 per cent over the same time period. Due to Finnair's hedging policy, changes in the price of jet fuel have a delayed effect on costs.

Traffic charges increased to 65.8 million euros (58.4), primarily due to appreciation of the dollar. Overall, euro-denominated operational costs decreased by 1.9% from the comparison period, totalling 578.3 million euros (589.7). Finnair's EBITDAR was 37.4 million euros (35.5). The company's operational result, which refers to the operating result excluding non-recurring items, capital gains and changes in the fair value of derivatives and in the value of foreign currency-denominated fleet maintenance reserves, was -12.9 million euros (-19.6).

Finnair's income statement includes the change in the fair value of derivatives and in the value of foreign currency-denominated fleet maintenance reserves that took place during the period under review, but will fall due later. This is an unrealised valuation result based on IFRS, where the result has no cash flow effect and which is not included in the operational result. The change in the fair value of derivatives and in the value of foreign currency denominated fleet maintenance reserves amounted to 20.9 million euros (-4.5). The non-recurring items for April–June amounted to -13.6 million euros (-2.2) and were primarily related to the renewal of the fleet and the phasing out of A340 aircraft. The operating result was -5.7 million euros (-26.3), the result before taxes was -7.4 million euros (-31.0) and the result after taxes was -6.0 million euros (-23.9).

Unit revenue at constant currency (RASK) decreased by 1.9 per cent year-on-year and amounted to 6.06 euro cents (6.17). Unit cost excluding fuel at constant currency (CASK excl. fuel) increased by 0.7 per cent and totalled 4.55 euro cents (4.52). The increase was primarily attributable to structural changes in traffic, specifically the higher proportion of domestic and European flights, which involve higher costs, compared to long-haul routes operated with wide-body aircraft.

Financial performance in January–June 2015

Revenue for the first half of 2015 decreased marginally, by 0.7%, year-on-year, and amounted to 1,101.4 million euros (1,109.0). Revenue was boosted by higher passenger traffic revenue and negatively affected by a decrease in cargo traffic and yields, and the elimination of revenue from businesses sold after the comparison period. Capacity measured in available seat kilometres (ASK) grew by 1.7 per cent year-on-year.

Operational costs excluding fuel were on a par with the comparison period, at 843.9 million euros (844.6). Fuel costs, including hedging and costs incurred from emissions trading, decreased by 6.2 per cent to 307.0 million euros (327.1). Fuel costs were reduced by the dollar-denominated price of jet fuel declining by nearly 40 per cent year-on-year, but the positive impact of this development was dampened by the dollar appreciating against the euro by almost 20 per cent over the same time period. Due to Finnair's hedging policy, changes in the price of jet fuel have a delayed effect on costs.

Traffic charges increased to 128.3 million euros (110.0), primarily due to appreciation of the dollar. Overall, euro-denominated operational costs decreased from the comparison period, totalling 1,151.0 million euros (1,171.8). Finnair's EBITDAR was 56.6 million euros (53.0). The company's operational result, which refers to the operating result excluding non-recurring items, capital gains and changes in the fair value of derivatives and in the value of foreign currency-denominated fleet maintenance reserves, was -41.3 million euros (-53.9).

The change in the fair value of derivatives and in the value of foreign currency denominated fleet maintenance reserves amounted to 14.1 million euros (-11.4). The non-recurring items for January–June amounted to 13.3 million euros (10.6) and mainly consisted of costs related to the A340 aircraft being phased out, as well as positive items related to sale and leaseback agreements for ATR and Embraer aircraft. The operating result was -13.9 million euros (-54.7), the result before taxes was -19.5 million euros (-64.9) and the result after taxes was -15.8 million euros (-52.0).

Unit revenue at constant currency (RASK) decreased by 1.2% year-on-year and amounted to 5.99 euro cents (6.07). Unit cost excluding fuel at constant currency (CASK excl. fuel) increased by 0.9% and totalled 4.61 euro cents (4.56). The increase was primarily due to structural changes in traffic.

Balance sheet on 30 June 2015

The Group's balance sheet totalled 1,967.2 million euros at the end of the period under review (1,944.5 million euros on 30 June 2014). Shareholders' equity decreased to 555.1 million euros (608.4), or 4.34 euros per share (4.75). Shareholders' equity decreased year-on-year primarily due to the loss-making results after the comparison period, but rose in the review period due to the company's comprehensive income showing a profit.

Shareholders' equity includes a fair value reserve that is affected by changes in the fair values of oil and currency derivatives used for hedging as well as actuarial gains and losses related to pilots' defined benefit plans according to IAS 19. The value of the item at the end of June 2015 was -26.6 million euros (-28.0) after deferred taxes, and it was affected particularly by changes in the fair value of hedging instruments.

Cash flow and financial position

Finnair has a strong financial position, which supports business development and future investments. In January–June 2015, net cash flow from operating activities amounted to 101.4 million euros (48.7). The change was mainly due to the company's losses being lower than in the comparison period, as well as changes in working capital. Net cash flow from investments amounted to 89.2 million euros (141.4) and was affected by the finalisation of sale and leaseback agreements for nine aircraft in the first quarter. By comparison, sale and leaseback agreements were finalised for four A330 aircraft in the corresponding period in the previous year.

The equity ratio was 28.2 per cent (31.3) and gearing was -30.1 per cent (-11.4). The adjusted gearing was 81.4 per cent (63.5). At the end of June, interest-bearing debt amounted to 364.8 million euros (416.6) and interest-bearing net debt stood at -167.3 million euros (-69.5).

The company's liquidity remained strong in the review period. The Group's cash funds amounted to 532.1 million euros (486.1) at the end of June. In addition to the cash funds on the balance sheet, the Group has the option of re-borrowing employment pension fund reserves worth approximately 430 million euros from its employment pension insurance company. Using these reserves requires a bank guarantee. Finnair has an entirely unused 180 million euro syndicated credit facility, which was intended as reserve funding and matures at the end of July 2016.

Advance payments related to fixed asset investments were 79.5 million euros (66.3).

Finnair has a 200-million-euro short-term commercial paper program, which was unused at the end of June. Net cash flow from financing amounted to -69.4 million euros (-183.4). Financial expenses totalled -6.4 million euros (-11.2) and financial income 0.9 million euros (3.2).

Capital expenditure

In January–June, capital expenditure excluding advance payments totalled 19.8 million euros (53.0) and was related to improvements to the fleet and engines. Capital expenditure for the full year 2015, including advance payments and the currency hedging of advance payments, is estimated at approximately 427 million euros, with investments in the fleet representing a majority of this total. The actual amount of net capital expenditure will be substantially lower than this figure if the sale and leaseback agreements for the first two Airbus A350 XWB aircraft are finalised in the second half of 2015 as planned.

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

Fleet

<u>Fleet operated by Finnair</u>

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

The average age of the fleet operated by Finnair was 10.7 years at the end of June 2015.

Fleet operated by Finnair on 30.6.2015*	Seats	#	Own	Leased (Operational leasing)	(Finance leasing)	Average age 30.6.2015	Change from 31.12.2014	Ordered
Narrow-body fleet								
Airbus A319	138	9	7	2		13.9		
Airbus A320	165	10	6	4		12.9		
Airbus A321	209/196	11	4	7		8.6		
Wide-body fleet								
Airbus A330	289/263	8	0	5	3	5.7		
Airbus A340	266/263/257	7	5	2		12.5		
Airbus A350	297							19
Total		**45**	**22**	**20**	**3**	**10.7**	**0**	**19**

* Finnair's Air Operator Certificate (AOC).

Renewal of the long-haul fleet

Finnair has ordered a total of 19 Airbus A350 XWB aircraft from Airbus. Based on the current delivery schedule, Finnair will receive the first four A350 XWB aircraft in the second half of 2015, seven between 2016 and 2017, and eight more between 2018 and 2023. The investment commitments for property, plant and equipment on Finnair's balance sheet, totalling 1,981 million euros, include the upcoming investments in the long-haul fleet.

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

Finnair has signed an agreement for the sale and leaseback of its first two Airbus A350 XWB aircraft. The agreement is expected to be concluded in conjunction with the delivery of the first Airbus A350 XWB aircraft in autumn 2015. Based on the exchange rates effective at the end of the review period, Finnair estimates that, due to the strengthening of the dollar, the non-recurring items associated with the renewal of the long-haul fleet in 2015 will have a substantial positive impact on the company's result, as opposed to its original estimate that the renewal of the long-haul fleet would not have a significant effect on its result in 2014 and 2015. The non-recurring items are related to sale and leaseback arrangements and the phasing out of A340 aircraft from the fleet. The non-recurring items will be realised over several stages and they will vary from one quarter to the next. The non-recurring items pertaining to A340 aircraft are allocated over the period during which the aircraft are phased out. As aircraft purchases and sales are denominated in dollars, the non-recurring items related to the renewal of the long-haul fleet react substantially to changes in the euro-dollar exchange rate.

Fleet operated by Norra (purchased traffic)

Nordic Regional Airlines (Norra) operates a fleet of 26 aircraft for Finnair on a contract flying basis. Contract flying is an operated by a wholly-owned subsidiary of the Group after Flybe Nordic was transferred under Finnair's ownership on an interim basis on 31 March 2015. After the finalisation of sale and leaseback agreements for nine aircraft in March, 13 of the aircraft operated by Norra are owned by Finnair, and another 13 are leased.

Fleet operated by Norra on 30.6.2015*	Seats	#	Aircraft owned by Finnair	Leased** (Operational leasing)	Average age 30.6.2015	Change from 31.12.2014	Ordered
ATR 72	68–72	12	6	6	5.9		
Embraer 170	76	2	2		9.3		
Embraer 190	100	12	5	7	7.0		
Total		**26**	**13**	**13**	**6.7**	**0**	**0**

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

Business area development in April–June 2015

The segment reporting of Finnair Group's financial statements is based on business areas. The reporting business areas are Airline Business and Travel Services.

Airline Business

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

Key figures	4–6 2015	4–6 2014	Change %	1–6 2015	1–6 2014	Change %	2014
Revenue and result							
Revenue, EUR million	534.8	541.3	-1.2	1,045.6	1,049.4	-0.4	2,167.7
Operational result, EUR million	-14.7	-20.8	29.3	-38.8	-55.3	29.8	-43.5
Operating result, EBIT, EUR million	-7.2	-27.0	73.4	-11.0	-55.2	80.0	-78.4
Operating result, % of revenue	-1.3	-5.0	73.1	-1.1	-5.3	80.0	-3.6
Personnel							
Average number of employees	3,949	4,367	-9.6	3,963	4,450	-11.0	4,232

The revenue of Airline Business decreased by 1.2 per cent in April–June and amounted to 534.8 million euros (541.3). Revenue was boosted by improved ticket and ancillary sales and decreased particularly by the winding-down of dedicated freighter traffic during the reporting period and the sale of the Travel Retail shop business after the comparison period. Revenue from passenger traffic constituted approximately 83 per cent of the segment's revenue, while ancillary revenue constituted 5 per cent, cargo revenue 9 per cent, and other revenue 3 per cent. The segment's operational result improved substantially year-on-year but nevertheless showed a loss of 14.7 million euros (-20.8).

Revenue from passenger traffic in the second quarter increased from the previous year, and profitability improved among other things due to increased business class ticket revenue, higher ancillary revenue and the favourable development of the exchange rates of income currencies. Ticket revenue per available seat kilometre in passenger traffic increased overall by 4.3 percent, showing positive growth in all traffic areas except Europe. Long-haul passenger capacity decreased due to the configuration changes improving passenger comfort, such as new business class seats and the introduction of the economy comfort passenger class sold as an ancillary service. The cabin configuration changes were carried out during the winter season 2014–2015.

Capacity measured in available seat kilometres decreased by 4.2 per cent year-on-year in Asian traffic reflecting, in addition to the above cabin configuration change, discontinuation of the Hanoi route. At the same time, capacity in North American traffic increased by 5.0 per cent due to the introduction of the Chicago route. European traffic capacity increased by 4.7 per cent largely on account of a number of flights operated as leisure flights during the comparison period now being operated as scheduled traffic. Domestic capacity increased by 7.6 per cent primarily due to previous routes operated by Norra at its own risk being transferred to Finnair during the second quarter. Revenue passenger kilometres increased in all traffic areas except Asia. Passenger load factors increased in Asian and domestic traffic and decreased in European and North American traffic. Total passenger traffic capacity grew by 0.4 per cent and revenue passenger kilometres decreased by 0.1 per cent. The passenger load factor decreased by 0.4 percentage points to 79.1 per cent.

Cargo traffic revenue decreased substantially year-on-year, but profitability improved in the second quarter. Cargo traffic during the review period consisted almost entirely of belly cargo on scheduled flights after Finnair discontinued freighter flights to Asia at the end of 2014. Available cargo tonne kilometres decreased by 10.7 per cent. Capacity was reduced by the discontinuation of freighter flights and increased by leisure flights being changed to scheduled flights, which means that the routes are included in cargo capacity. Revenue cargo tonne kilometres in Finnair's scheduled traffic decreased by 19.2 per cent year-on-year, while the amount of cargo and mail carried by Finnair declined by 18.2 per cent. Finnair Cargo sells and manages JAL Cargo's capacity on the Helsinki–Tokyo (Narita) route and leases freighter capacity for flights between its Helsinki and Brussels hubs.

Traffic data and responsibility indicators	4–6 2015	4–6 2014	Change %	1–6 2015	1–6 2014	Change %	2014
Passenger traffic							
Passengers, 1,000	2,622	2,516	4.2	4,905	4,730	3.7	9,630
Available seat kilometres (ASK), million	7,822	7,792	0.4	15,537	15,273	1.7	30,889
Revenue passenger kilometres (RPK), million	6,188	6,197	-0.1	12,211	12,082	1.1	24,772
Passenger load factor (PLF), %	79.1	79.5	-0.4%-p	78.6	79.1	-0.5%-p	80.2
Unit revenue per revenue passenger kilometre (yield) cents/RPK	6.97	6.60	4.8	6.78	6.51	2.8	6.65
Unit revenue (actual), RASK, cents/ASK	6.29	6.17	1.9	6.17	6.07	1.7	6.23
Unit revenue at constant currency, RASK, cents/ASK	6.06	6.17	-1.9	5.99	6.07	-1.2	6.23
Unit cost excluding fuel (actual), CASK ex. fuel, cents/ASK	4.74	4.52	4.8	4.78	4.56	4.8	4.49
Unit cost ex. fuel at constant currency, CASK, cents/ASK	4.55	4.52	0.7	4.61	4.56	0.9	4.49
Unit cost (actual), CASK, cents/ASK	6.74	6.54	3.0	6.75	6.60	2.2	6.55
Customer satisfaction on a scale of 1 (very poor) – 10 (very good)	8.1	8.1	0%	8.1	8.1	0%	8.1
Cargo traffic							
Available cargo tonne kilometres (ATK), million	338	379	-10.7	676	706	-4.2	1,420
Revenue cargo tonne kilometres (RTK), million	190	235	-19.2	370	446	-17.0	912
Cargo and mail, tonnes	31,475	38,469	-18.2	61,904	73,689	-16.0	149,141
Cargo traffic unit revenue (actual), cents/RTK	21.95	23.22	-5.5	22.60	23.35	-3.2	23.40
Airline Business, total							
Overall load factor, %	65.4	67.0	-1.5%-p	64.4	66.0	-1.6%-p	67.4
Flights, number	27,691	25,419	8.9	51,960	49,401	5.2	99,056
Arrival punctuality	89.4	89.8	-0.5	88.0	88.2	-0.2	88.3
Fuel consumption, tonnes/ASK	0.0268	0.0237	13.19	0.0255	0.0237	7.44	0.024
CO2 emissions, tonnes/ASK*	0.0845	0.0747	13.19	0.0804	0.0748	7.44	0.075

* Please see section "Corporate Responsibility" on page 12.

Air traffic services and products

Route network and alliances

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

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

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

Other renewals and services

Starting from the beginning of May, Finnair passengers on scheduled flights in Finland, Europe and the Middle East have had the option of choosing a new Light ticket type that does not include a checked baggage allowance. The new ticket type is part of continuous service development to improve customers' travel experience and give them more choice.

Finnair Cargo became the first airline to pass the IATA and Brussels Airport Center of Excellence for Independent Validators in Pharmaceutical Handling (IATA CEIV Pharma) certification program. The certificate allows the senders of the most precious and easily degradable products to identify cooperation partners whose service meets the very stringent standards required.

Awards

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

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

Travel Services (Tour Operators and Travel Agencies)

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

Key figures	4–6 2015	4–6 2014	Change %	1–6 2015	1–6 2014	Change %	2014
Revenue and result							
Revenue, EUR million	41.4	42.6	-2.7	102.7	116.8	-12.1	216.7
Operational result, EUR million	1.7	1.1	56.9	-2.5	1.4	<-200.0	7.0
Operating result, EBIT, EUR million	1.5	0.8	99.0	-2.9	0.5	<-200.0	5.9
Operating result, % of revenue	3.6	1.8	104.6	-2.8	0.4	<-200.0	2.7
Personnel							
Average number of employees	585	676	-13.5	587	690	-15.0	645

The revenue of Travel Services in April–June decreased slightly from the previous year and amounted to 41.4 million euros (42.6). The decline in revenues was attributable to the adjustment of supply by almost 20 per cent, and the fact that Aurinkomatkat Suntours' has recently focused on package tours, whereas in the comparison period its offering also included a higher number of stand-alone flights to holiday destinations. The sale of stand-alone flights to holiday destinations presently falls within the scope of Finnair's passenger traffic. The favourable market backdrop coinciding with the reforms made in the marketing, sales steering and product offering at Aurinkomatkat Suntours resulted in a very high load factor (97.5%) and higher average prices than in the comparison period. The leveraging of synergies between Finnair and Aurinkomatkat Suntours saw fixed costs decrease significantly. The segment's operational result improved to 1.7 million euros (1.1).

Changes in senior management and the organisation

Erno Hildén, Chief Financial Officer and member of the Executive Board, left the company on 30 April 2015. Pekka Vähähyyppä (M.Sc. Econ, eMBA) was appointed as Hildén's successor. Mr. Vähähyyppä currently serves as CFO of Stockmann Group. He will start in his new position on 17 August 2015. Mika Stirkkinen, Vice President, Group Treasury, will serve as acting CFO until then.

Piia Karhu (DBA) was appointed Vice President, Resource Management and Corporate Development, on 1 June. She succeeds Greg Kaldahl, who left the company at the end of 2014. Karhu's previous position was Vice President, Corporate Development. She is a member of Finnair's Management Board and reports to the President and CEO.

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

Personnel

Finnair employed an average of 4,885 (5,425) people in January–June, 10.0 per cent fewer than in the comparison period. The Airline Business segment employed an average of 3,963 (4,450) people. Travel Services employed an average of 587 (690) people and other functions 335 (285) people. The number of employees in an employment relationship was 4,903 (5,209) on 30 June 2015. At the end of the review period, the number of Norra employees stood at 626. This is excluded from the group figures, since Norra is classified as an asset held for sale.

Own shares

There were no changes in the number of own shares held by Finnair during the second quarter. In the first quarter, the number of shares held by Finnair increased by 14,893 shares that were returned to Finnair pursuant to the rules of the company's performance share plan for 2010–2012. On 30 June 2015, Finnair held a total of 326,985 of its own shares (306,260), representing 0.26 per cent of the total share capital.

Share price development and trading

At the end of June 2015, Finnair's market value stood at 353.7 million euros (363.9), and the closing price of the share was 2.76 euros (2.84). During the January–June period, the highest price for a Finnair share on the NASDAQ OMX Helsinki Stock Exchange was 3.30 euros (3.01), the lowest price 2.49 euros (2.39) and the average price 3.04 euros (2.79). Some 10.7 million (8.9) of the company's shares, with a total value of 32.6 million euros (24.6), were traded.

The number of shares recorded in Finnair's Trade Register entry was 128,136,115 at the end of the period. The Finnish state owned 55.8 per cent (55.8) of Finnair's shares, while 7.8 per cent (13.4) were held by foreign investors or in the name of a nominee.

Corporate responsibility

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

Responsibility indicators are described above in connection with the Airline Business segment. The increase in fuel consumption and CO_2 emissions during the review period was attributable to structural changes in traffic, specifically the higher proportion of domestic and European flights flown with smaller aircraft compared to long-haul routes operated with wide-body aircraft.

Significant near-term risks and uncertainties

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

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

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

Potential capacity increases and product improvements among Finnair's existing or new competitors may have an impact on the demand for Finnair's services. In addition, joint operations involving closer cooperation than airline alliances, and joint businesses, are expected to develop further. Being left out of this development may have a negative effect on Finnair's competitive position.

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

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

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

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

If implemented, the proposed change to the Finnish pension system with regard to the statutory age of retirement would increase Finnair's pension liabilities unless the company's supplementary pension system were to be adjusted in accordance with the pension reforms.

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

Seasonal variation and sensitivities in business operations

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

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

The company protects itself against the risks of currency, interest rate and jet fuel positions by using different derivative instruments, such as forward contracts, swaps and options, according to the risk management policy verified by the Board of Directors. Fuel purchases are hedged for 24 months forward on a rolling basis, and the degree of hedging decreases towards the end of the hedging period. The higher and lower limits of the degree of hedging are 90 and 60 per cent for the following six months.

Sensitivities in business operations (rolling 12 months from date of financial statements)	**1 percentage point change**
Passenger load factor (PLF)	EUR 15 million
Average yield of passenger traffic	EUR 15 million.
Unit cost in passenger traffic (CASK)	EUR 17 million.

Fuel sensitivities (rolling 12 months from date of financial statements)	**10% change without hedging**	**10% change, taking hedging into account**	**Hedging ratio**	
			H2 2015	H1 2016
Fuel	EUR 50 million	EUR 17 million	66%	52%

Currency distribution %	4–6 2015	4–6 2014	1–6 2015	1–6 2014	2014	Currency sensitivities USD and JPY (rolling 12 months from date of financial statements)		Hedging ratio (rolling 12 months from date of financial statements)
Sales currencies						10% change without hedging	10% change, taking hedging into account	
EUR	54	55	59	55	58	-	-	
USD*	2	3	2	3	3	see below	see below	see below
JPY	9	10	8	10	9	EUR 17 million	EUR 7 million	75%
CNY	8	7	6	7	7	-	-	
KRW	4	3	3	3	3	-	-	
SEK	5	5	5	5	5	-	-	
Other	18	17	17	17	15	-	-	
Purchase currencies								
EUR	49	50	52	53	52	-	-	
USD*	43	40	41	40	41	EUR 68 million	EUR 19 million	72%
Other	8	10	7	7	7			

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

Events after the review period

In July, Finnair Cargo announced it would open a hub in London in cooperation with IAG Cargo and jointly lease freighter capacity for traffic connecting the Helsinki and London hubs. The arrangement adds tens of new great IAG Cargo destinations in North America for Finnair to sell.

On 6 August, Finnair announced it had filed an application with the Finnish competition authority to approve its current ownership in Norra until further notice, due to expiry of the interim permission. Negotiations on the ownership arrangements of Norra continue, and Finnair expects the transaction to proceed within the next few months.

Financial reporting

Finnair’s interim report for 1 January – 30 September 2015 will be published on Friday, 30 October 2015.

FINNAIR PLC
Board of Directors

Briefings

Finnair will hold a press conference on 14 August 2015 at 11:00 a.m. and an analyst briefing at 12:30 p.m. at its office at Tietotie 9. An English-language telephone conference and webcast will begin at 2:30 p.m. Finnish time. The conference may be attended by dialling your local access number +358 (0)9 2319 3041(Finland) or +44 (0) 1452 553430 (International) and using the PIN code 2419797#. To join the live webcast, please register at: https://engage.vevent.com/rt/finnair~20150814

For further information, please contact:

Acting Chief Financial Officer **Mika Stirkkinen**, tel. +358 9 818 4960, mika.stirkkinen@finnair.com
Financial Communications Manager **Ilkka Korhonen**, tel. +358 9 818 4705, ilkka.korhonen@finnair.com
IRO **Kati Kaksonen**, tel. +358 9 818 2780, kati.kaksonen@finnair.com,

Key figures	Q2 2015	Q2 2014	Change %	Q1-Q2 2015	Q1-Q2 2014	Change %	2014
Revenue and result							
Revenue, EUR million	561.0	565.7	-0.8	1,101.4	1,109.0	-0.7	2,284.5
Operational result, EUR million	-12.9	-19.6	34.2	-41.3	-53.9	23.3	-36.5
Operational result, % of revenue	-2.3	-3.5	1.2 %-p	-3.7	-4.9	1.1 %-p	-1.6
Operating result, EUR million	-5.7	-26.3	78.4	-13.9	-54.7	74.5	-72.5
Operational EBITDAR, EUR million	37.4	35.5	5.3	56.6	53.0	6.8	176.6
Result before taxes, EUR million	-7.4	-31.0	76.0	-19.5	-64.9	69.9	-99.1
Net result, EUR million	-6.0	-23.9	75.0	-15.8	-52.0	69.6	-82.5
Balance sheet and cash flow							
Equity ratio, % *				28.2	31.3	-3.1 %-p	27.3
Gearing, %				-30.1	-11.4	-18.7 %-p	0.3
Adjusted gearing, %				81.4	63.5	18.0 %-p	107.5
Gross capital expenditure, EUR million	7.3	19.9	-63.1	19.8	53.0	-62.7	82.4
Return on capital employed (ROCE), 12 months rolling, %				-3.2	-1.8	-1.5 %-p	-6.5
Return on equity (ROE), 12 months rolling, %				-8.0	-4.8	-66.3	-13.8
Net cash flow from operating activities, EUR million	88.4	69.2	27.7	101.4	48.7	108.2	24.2
Share							
Share price at the end of quarter, EUR				2.76	2.84	-2.8	2.48
Result for the period per share, EUR	-0.05	-0.19	74.6	-0.12	-0.41	69.5	-0.65
Earnings per share (EPS), EUR	-0.06	-0.20	68.6	-0.16	-0.44	64.2	-0.71
Traffic data, unit costs and revenue							
Passengers, 1,000	2,622	2,516	4.2	4,905	4,730	3.7	9,630
Available seat kilometres (ASK), million	7,822	7,792	0.4	15,537	15,273	1.7	30,889
Revenue passenger kilometres (RPK), million	6,188	6,197	-0.1	12,211	12,082	1.1	24,772
Passenger load factor, %	79.1	79.5	-0.4 %-p	78.6	79.1	-0.5 %-p	80.2
Unit revenue per available seat kilometre, (RASK), cents/ASK *	6.29	6.17	1.9	6.17	6.07	1.7	6.23
RASK at constant currency, cents/ASK *	6.06	6.17	-1.9	5.99	6.07	-1.2	6.23
Unit revenue per revenue passenger kilometre (yield), cents/RPK *	6.97	6.66	4.8	6.78	6.60	2.8	6.65
Unit cost per available seat kilometre (CASK), cents/ASK *	6.74	6.54	3.0	6.75	6.60	2.2	6.55
CASK excluding fuel, cents/ASK *	4.74	4.52	4.8	4.78	4.56	4.8	4.49
CASK excluding fuel at constant currency, cents/ASK *	4.55	4.52	0.7	4.61	4.56	0.9	4.49
Available tonne kilometres (ATK), million	338	379	-10.7	676	706	-4.2	1,420
Revenue tonne kilometres (RTK), million	190	235	-19.2	370	446	-17.0	912
Cargo and mail, tonnes	31,475	38,469	-18.2	61,904	73,689	-16.0	149,141
Cargo traffic unit revenue per revenue tonne kilometre, cents/RTK	21.95	23.22	-5.5	22.60	23.35	-3.2	23.40
Overall load factor, %	65.4	67.0	-1.5 %-p	64.4	66.0	-1.6 %-p	67.4
Flights, number	27,691	25,419	8.9	51,960	49,401	5.2	99,056
Personnel							
Average number of employees	4,872	5,334	-8.7	4,885	5,425	-10.0	5,172

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

CONSOLIDATED INCOME STATEMENT

in mill. EUR	Q2 2015	Q2 2014	Change %	Q1-Q2 2015	Q1-Q2 2014	Change %	2014
Revenue	**561.0**	**565.7**	**-0.8**	**1,101.4**	**1,109.0**	**-0.7**	**2,284.5**
Other operating income	4.4	4.4	1.3	8.2	8.9	-7.6	18.3
Operating expenses							
Staff costs	-87.4	-86.3	1.3	-177.4	-176.3	0.7	-344.5
Fuel costs	-155.7	-166.1	-6.3	-307.0	-327.1	-6.2	-660.4
Other rents	-41.0	-39.4	4.1	-78.7	-78.8	-0.2	-159.7
Aircraft materials and overhaul	-30.9	-30.0	3.3	-62.6	-60.3	3.7	-119.4
Traffic charges	-65.8	-58.4	12.7	-128.3	-110.0	16.6	-230.9
Ground handling and catering expenses	-58.9	-61.1	-3.7	-119.3	-124.3	-4.0	-251.8
Expenses for tour operations	-15.4	-14.6	4.9	-39.1	-39.8	-1.7	-76.7
Sales and marketing expenses	-17.9	-19.6	-8.6	-35.6	-33.9	4.9	-65.3
Other expenses	-55.1	-59.1	-6.7	-105.1	-114.5	-8.2	-217.4
Operational EBITDAR	**37.4**	**35.5**	**5.3**	**56.6**	**53.0**	**6.8**	**176.6**
Lease payments for aircraft	-25.3	-20.3	24.7	-46.2	-36.5	26.6	-78.8
Depreciation and impairment	-25.1	-34.9	-28.2	-51.7	-70.4	-26.5	-134.3
Operational result	**-12.9**	**-19.6**	**34.2**	**-41.3**	**-53.9**	**23.3**	**-36.5**
Fair value changes in derivatives and changes in exchange rates of fleet overhauls	20.9	-4.5	> 200 %	14.1	-11.4	> 200 %	-43.7
Non-recurring items	-13.6	-2.2	<-200 %	13.3	10.6	25.7	7.7
Operating result	**-5.7**	**-26.3**	**78.4**	**-13.9**	**-54.7**	**74.5**	**-72.5**
Financial income	0.4	2.4	-84.8	0.9	3.2	-72.7	3.5
Financial expenses	-2.1	-5.6	61.9	-6.4	-11.2	42.7	-26.9
Share of results in associates and joint ventures	0.0	-1.6	100.0	0.0	-2.2	98.1	-3.2
Result before taxes	**-7.4**	**-31.0**	**76.0**	**-19.5**	**-64.9**	**69.9**	**-99.1**
Income taxes	1.5	7.1	-79.5	3.7	12.9	-71.2	16.5
Result for the period	**-6.0**	**-23.9**	**75.0**	**-15.8**	**-52.0**	**69.6**	**-82.5**
Attributable to							
Owners of the parent company	-6.1	-24.0	74.6	-15.9	-52.2	69.5	-82.7
Non-controlling interests	0.1	0.1	3.7	0.1	0.2	-36.8	0.2
Earnings per share attributable to shareholders of the parent company							
Earnings per share, EUR (diluted and undiluted)	-0.06	-0.20	68.6	-0.16	-0.44	64.2	-0.71
Result for the period per share, EUR	-0.05	-0.19	74.6	-0.12	-0.41	69.5	-0.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in mill. EUR	Q2 2015	Q2 2014	Change %	Q1-Q2 2015	Q1-Q2 2014	Change %	2014
Result for the period	**-6.0**	**-23.9**	**75.0**	**-15.8**	**-52.0**	**69.6**	**-82.5**
Other comprehensive income items							
Items that may be reclassified to profit or loss in subsequent periods							
Change in fair value of hedging instruments	13.7	30.2	-54.5	60.4	11.9	> 200 %	-87.0
Translation differences	0.0	0.0	-	0.3	0.0	-	0.4
Tax effect	-2.7	-6.0	54.5	-12.1	-2.4	<-200 %	17.4
Items that will not be reclassified to profit or loss in subsequent periods							
Actuarial gains and losses from defined benefit plans	18.1	-16.7	> 200 %	15.3	-28.2	154.2	-4.1
Tax effect	-3.6	3.3	<-200 %	-3.1	5.6	-154.2	0.8
Other comprehensive income items total	**25.5**	**10.7**	**137.6**	**60.8**	**-13.0**	**> 200 %**	**-72.4**
Comprehensive income for the period	**19.5**	**-13.2**	**> 200 %**	**45.0**	**-65.0**	**169.3**	**-154.9**
Attributable to							
Owners of the parent company	19.4	-13.3	> 200 %	44.9	-65.2	168.8	-155.1
Non-controlling interests	0.1	0.1	3.7	0.1	0.2	-36.8	0.2

CONSOLIDATED BALANCE SHEET

in mill. EUR	30 Jun 2015	30 Jun 2014	2014
ASSETS			
Non-current assets			
Intangible assets	18.9	17.5	18.4
Tangible assets	806.8	1,090.1	897.8
Investments in associates and joint ventures	4.9	6.0	4.9
Loan and other receivables	9.2	18.5	9.2
Deferred tax assets	21.4	14.1	33.8
Non-current assets total	**861.2**	**1,146.1**	**964.1**
Current assets			
Inventories	13.1	15.6	14.7
Trade and other receivables	245.7	248.0	194.0
Derivative financial instruments	219.3	39.3	163.7
Other financial assets	398.5	248.8	332.8
Cash and cash equivalents	133.6	237.3	93.4
Current assets total	**1,010.2**	**789.0**	**798.6**
Assets held for sale	95.8	9.5	122.4
Assets total	**1,967.2**	**1,944.5**	**1,885.1**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	75.4	75.4	75.4
Other equity	479.1	532.3	438.3
Total	**554.5**	**607.7**	**513.7**
Non-controlling interests	0.5	0.6	0.6
Equity total	**555.1**	**608.4**	**514.3**
Non-current liabilities			
Interest-bearing liabilities	320.0	326.3	337.7
Pension obligations	16.2	44.6	25.3
Provisions	52.8	60.5	52.1
Other liabilities	17.7	27.6	22.1
Non-current liabilities total	**406.7**	**459.0**	**437.3**
Current liabilities			
Provisions	41.8	44.4	44.2
Interest-bearing liabilities	44.9	90.3	89.9
Trade payables and other liabilities	766.3	729.1	600.8
Derivative financial instruments	127.8	13.3	198.5
Current liabilities total	**980.7**	**877.2**	**933.4**
Liabilities related to assets held for sale	24.8	0.0	0.0
Liabilities total	**1,412.1**	**1,336.2**	**1,370.7**
Equity and liabilities total	**1,967.2**	**1,944.5**	**1,885.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in mill. EUR	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	**Equity attributable to owners of the parent**	Non-controlling interests	**Equity total**
Equity 1 Jan 2015	**75.4**	**168.1**	**-87.4**	**247.4**	**-8.8**	**118.9**	**513.7**	**0.6**	**514.3**
Result for the period					-15.9		-15.9	0.1	-15.8
Change in fair value of hedging instruments			48.3				48.3		48.3
Actuarial gains and losses from defined benefit plans			12.2				12.2		12.2
Translation differences			0.3				0.3		0.3
Comprehensive income for the period	**0.0**	**0.0**	**60.8**	**0.0**	**-15.9**	**0.0**	**44.9**	**0.1**	**45.0**
Dividend							0.0	-0.2	-0.2
Share-based payments				0.1			0.1		0.1
Hybrid bond interests and expenses					-4.3		-4.3		-4.3
Equity 30 Jun 2015	**75.4**	**168.1**	**-26.6**	**247.6**	**-29.0**	**118.9**	**554.5**	**0.6**	**555.1**

in mill. EUR	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	**Equity attributable to owners of the parent**	Non-controlling interests	**Equity total**
Equity 1 Jan 2014	**75.4**	**168.1**	**-15.0**	**247.3**	**82.5**	**118.9**	**677.3**	**0.7**	**678.0**
Result for the period					-52.2		-52.2	0.2	-52.0
Change in fair value of hedging instruments			9.6				9.6		9.6
Actuarial gains and losses from defined benefit plans			-22.5				-22.5		-22.5
Comprehensive income for the period	**0.0**	**0.0**	**-13.0**	**0.0**	**-52.2**	**0.0**	**-65.2**	**0.2**	**-65.0**
Dividend							0.0	-0.2	-0.2
Share-based payments				-0.1			-0.1		-0.1
Hybrid bond interests and expenses					-4.3		-4.3		-4.3
Equity 30 Jun 2014	**75.4**	**168.1**	**-28.0**	**247.3**	**25.9**	**118.9**	**607.7**	**0.6**	**608.4**

CONSOLIDATED CASH FLOW STATEMENT

in mill. EUR	Q1-Q2 2015	Q1-Q2 2014	2014
Cash flow from operating activities			
Result for the period	-15.8	-52.0	-82.5
Depreciation and impairment	66.2	70.4	135.7
Other adjustments to result for the period			
Financial income	-0.9	-3.2	-3.5
Financial expenses	6.4	11.2	26.9
Share of results in associates and joint ventures	0.0	2.2	3.2
Income taxes	-3.7	-12.9	-16.5
EBITDA	**52.3**	**15.7**	**63.2**
Non-cash transactions *	-48.1	-12.9	6.2
Changes in working capital	100.1	47.7	-33.2
Interest expenses paid	-3.1	-4.7	-14.1
Other financial expenses paid	-1.2	-2.0	-4.5
Interest income received	1.5	4.9	6.7
Income taxes paid	-0.2	0.0	-0.2
Net cash flow from operating activities	**101.4**	**48.7**	**24.2**
Cash flow from investing activities			
Investments in intangible assets	-2.2	-0.4	-4.3
Investments in tangible assets	-76.2	-66.7	-142.1
Net change in financial interest bearing assets at fair value through profit or loss **	15.1	-21.1	-109.5
Divestments of fixed assets and group shares	152.5	227.2	267.6
Change in non-current receivables	-0.1	2.4	2.6
Net cash flow from investing activities	**89.2**	**141.4**	**14.4**
Cash flow from financing activities			
Loan repayments and changes	-63.9	-178.0	-169.4
Hybrid bond interests and expenses	-5.3	-5.3	-10.7
Dividends paid	-0.2	0.0	-0.2
Net cash flow from financing activities	**-69.4**	**-183.4**	**-180.3**
Change in cash flows	**121.1**	**6.7**	**-141.8**
Liquid funds, at beginning	190.1	331.8	331.8
Change in cash flows	121.1	6.7	-141.8
Liquid funds, at end ***	**311.2**	**338.6**	**190.1**
Notes to consolidated cash flow statement			
*** Non-cash transactions**			
Employee benefits	6.3	5.8	11.4
Fair value changes in derivatives	-20.7	11.0	34.9
Other adjustments	-33.7	-29.7	-40.1
Total	**-48.1**	**-12.9**	**6.2**
**** Net change in financial interest-bearing assets maturing after more than three months**			
***** Liquid funds**			
Other financial assets	398.5	248.8	332.8
Cash and cash equivalents	133.6	237.3	93.4
Short-term cash and cash equivalents in balance sheet	**532.1**	**486.1**	**426.1**
Maturing after more than three months	-220.9	-147.6	-236.0
Total	**311.2**	**338.6**	**190.1**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASICS OF PREPARATION

This consolidated interim report has been prepared according to the International (IAS) Standard 34: Interim Financial Reporting.

2. ACCOUNTING PRINCIPLES

The accounting principles applied are disclosed in the 2014 Consolidated Financial Statements. The new standards and interpretations applied from 2015 onwards are also presented in the Consolidated Financial Statements of 2014, and they don't have significant impact on Finnair's interim reports or Financial Statements. The figures presented in this statement are not rounded, and therefore total sum calculated from these individual figures does not necessarily match the corresponding sum stated here. Key figures stated here are calculated using the exact figures.

3. CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF UNCERTAINTY

The preparation of the interim report requires the company’s management to make estimates and assumptions that influence the levels of reported assets and liabilities as well as of revenue and expenses. The actual outcome may differ from the estimates made. The main estimates used are the same as used while preparing the financial statements 2014.

4. SEGMENT INFORMATION

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

Business segment data

in mill. EUR	Q1-Q2 2015			
	Airline Business	Travel Services	Eliminations	**Group total**
External revenue	999.4	102.0		1,101.4
Internal revenue	46.2	0.7	-46.8	0.0
Revenue	**1,045.6**	**102.7**	**-46.8**	**1,101.4**
Operational result	**-38.8**	**-2.5**		**-41.3**
Operating result	**-11.0**	**-2.9**		**-13.9**
Share of results in associates and joint ventures				0.0
Financial income				0.9
Financial expenses				-6.4
Income taxes				3.7
Non-controlling interests				-0.1
Result for the period				**-15.9**
Depreciation and impairment	51.1	0.6		51.7

Business segment data

in mill. EUR	Q1-Q2 2014			
	Airline Business	Travel Services	Eliminations	**Group total**
External revenue	994.3	114.7		1,109.0
Internal revenue	55.1	2.1	-57.2	0.0
Revenue	**1,049.4**	**116.8**	**-57.2**	**1,109.0**
Operational result	**-55.3**	**1.4**		**-53.9**
Operating result	**-55.2**	**0.5**		**-54.7**
Share of results in associates and joint ventures				-2.2
Financial income				3.2
Financial expenses				-11.2
Income taxes				12.9
Non-controlling interests				-0.2
Result for the period				**-52.2**
Depreciation and impairment	69.7	0.7		70.4

Revenue

in mill. EUR	Q2 2015	Q2 2014	Change %	Q1-Q2 2015	Q1-Q2 2014	Change %	2014
Airline Business	534.8	541.3	-1.2	1,045.6	1,049.4	-0.4	2,167.7
Travel Services	41.4	42.6	-2.7	102.7	116.8	-12.1	216.7
Eliminations	-15.2	-18.2	16.6	-46.8	-57.2	18.2	-100.0
Total	**561.0**	**565.7**	**-0.8**	**1,101.4**	**1,109.0**	**-0.7**	**2,284.5**

Revenue by product

in mill. EUR	Q2 2015	Q2 2014	Change %	Q1-Q2 2015	Q1-Q2 2014	Change %	2014
Airline Business	519.8	524.9	-1.0	999.4	994.3	0.5	2,070.7
Passenger revenue	433.6	415.6	4.3	815.7	776.8	5.0	1,640.2
Ancillary services	24.7	18.6	32.9	48.2	39.2	23.0	79.1
Cargo	45.1	58.5	-23.0	89.9	112.8	-20.3	231.3
Other	16.3	32.2	-49.3	45.7	65.5	-30.3	120.0
Travel Services	41.2	40.8	1.0	102.0	114.7	-11.0	213.8
Total	**561.0**	**565.7**	**-0.8**	**1,101.4**	**1,109.0**	**-0.7**	**2,284.5**

Operational result

in mill. EUR	Q2 2015	Q2 2014	Change %	Q1-Q2 2015	Q1-Q2 2014	Change %	2014
Airline Business	-14.7	-20.8	29.3	-38.8	-55.3	29.8	-43.5
Travel Services	1.7	1.1	56.9	-2.5	1.4	<-200 %	7.0
Total	**-12.9**	**-19.6**	**34.2**	**-41.3**	**-53.9**	**23.3**	**-36.5**

Operating result

in mill. EUR	Q2 2015	Q2 2014	Change %	Q1-Q2 2015	Q1-Q2 2014	Change %	2014
Airline Business	-7.2	-27.0	73.4	-11.0	-55.2	80.0	-78.4
Travel Services	1.5	0.8	99.0	-2.9	0.5	<-200 %	5.9
Total	**-5.7**	**-26.3**	**78.4**	**-13.9**	**-54.7**	**74.5**	**-72.5**

Average number of employees

	Q2 2015	Q2 2014	Change %	Q1-Q2 2015	Q1-Q2 2014	Change %	2014
Airline Business	3949	4367	-9.6	3,963	4,450	-11.0	4,232
Travel Services	585	676	-13.5	587	690	-15.0	645
Other functions	338	291	16.0	335	285	17.6	295
Total	**4872**	**5334**	**-8.7**	**4,885**	**5,425**	**-10.0**	**5,172**

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

5. MANAGEMENT OF FINANCIAL RISKS

No significant changes have been made to the Group's risk management principles in the reporting period. The objectives and principles of risk management are consistent with information presented in the Group's 2014 financial statements. The tables below present the nominal value or the amount and net fair value of derivative contracts used in Group's hedge accounting.

Derivatives, in mill. EUR	30 Jun 2015		30 Jun 2014		2014	
	Nominal value	Fair net value	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives						
Hedge accounting items (forward contracts):						
Jet fuel currency hedging	363.2	40.5	439.9	-6.0	385.4	35.9
Fair value hedging of aircraft acquisitions	718.7	112.8	575.5	6.5	657.6	66.3
Currency hedging of lease payments	162.6	20.8	134.6	0.4	146.6	15.0
Hedge accounting items total	1,244.5	174.2	1,150.0	0.8	1,189.6	117.1
Items outside hedge accounting:						
Jet fuel currency hedging	0.0	0.0	4.9	-0.3	0.0	0.0
Operational cash flow hedging (forward contracts)	270.1	22.0	429.2	3.9	370.4	29.5
Operational cash flow hedging (options)						
Call options	101.3	7.7	123.5	5.8	110.2	7.1
Put options	356.3	-6.3	156.2	-1.1	178.0	-3.0
Balance sheet hedging (forward contracts)	12.6	0.0	12.0	0.3	13.7	0.9
Items outside hedge accounting total	740.2	23.4	725.7	8.5	672.2	34.5
Currency derivatives total	**1,984.8**	**197.5**	**1,875.7**	**9.3**	**1,861.8**	**151.6**
Commodity derivatives						
Hedge accounting items:						
Jet fuel forward contracts, tonnes	523,500	-92.7	546,750	10.7	534,700	-142.3
Electricity derivatives, MWh	37,176	-0.1	20,362	0.0	30,220	0.0
Hedge accounting items total		-92.8		10.7		-142.3
Items outside hedge accounting:						
Jet fuel forward contracts, tonnes	25,500	-2.6	13,500	0.1	33,500	-8.6
Options						
Call options, jet fuel, tonnes	168,500	2.6	221,000	2.5	162,500	0.1
Put options, jet fuel, tonnes	-267,500	-16.9	-221,000	-1.0	171,500	-39.3
Electricity derivatives, MWh	23,962	-0.3	69,127	-0.4	46,904	-0.3
Items outside hedge accounting total		-17.2		1.2		-48.1
Commodity derivatives total		**-110.0**		**11.9**		**-190.4**
Interest rate derivatives						
Hedge accounting items:						
Interest rate swaps	150.0	5.2	150.0	5.0	150.0	5.8
Interest rate options						
Call options	134.1	1.9	0.0	0.0	123.5	2.3
Put options	134.1	-4.0	0.0	0.0	123.5	-4.8
Hedge accounting items total	418.1	3.1	150.0	5.0	397.1	3.4
Items outside hedge accounting:						
Cross currency Interest rate swaps	9.5	-0.3	14.3	-0.4	11.6	-0.6
Interest rate swaps	0.0	0.0	25.0	-0.3	25.0	-0.1
Items outside hedge accounting total	9.5	-0.3	39.3	-0.7	36.6	-0.7
Interest rate derivatives total	**427.6**	**2.8**	**189.3**	**4.3**	**433.7**	**2.7**
Equity derivatives						
Hedge accounting items:						
Stock options						
Call options	3.0	1.0	0.0	0.0	3.0	0.7
Put options	3.0	-0.1	0.0	0.0	3.0	-0.1
Hedge accounting items total	6.0	0.8	0.0	0.0	6.0	0.6
Equity derivatives total	**6.0**	**0.8**	**0.0**	**0.0**	**6.0**	**0.6**
Derivatives total		**91.2**		**25.6**		**-35.4**

6. FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value hierarchy of financial assets and liabilities valued at fair value

Fair values at the end of the reporting period, in mill. EUR	30 Jun 2015	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss				
Securities held for trading	398.5	35.7	362.8	
Derivatives held for trading				
Interest rate derivatives	7.2		7.2	
- of which in fair value hedge accounting	5.2		5.2	
- of which in cash flow hedge accounting	1.9		1.9	
Currency derivatives	207.0		207.0	
- of which in fair value hedge accounting	113.6		113.6	
- of which in cash flow hedge accounting	63.3		63.3	
Commodity derivatives	4.1		4.1	
- of which in cash flow hedge accounting	1.2		1.2	
Equity derivatives	1.0		1.0	
- of which in fair value hedge accounting	1.0		1.0	
Total	**617.8**	**35.7**	**582.1**	**0.0**

Financial liabilities recognised at fair value through profit and loss				
Derivatives held for trading				
Interest rate derivatives	4.4		4.4	
- of which in fair value hedge accounting	0.0		0.0	
- of which in cash flow hedge accounting	4.0		4.0	
Currency derivatives	9.5		9.5	
- of which in fair value hedge accounting	0.8		0.8	
- of which in cash flow hedge accounting	1.9		1.9	
Commodity derivatives	114.1		114.1	
- of which in cash flow hedge accounting	94.0		94.0	
Equity derivatives	0.1		0.1	
- of which in fair value hedge accounting	0.1		0.1	
Total	**128.1**	**0.0**	**128.1**	**0.0**

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

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

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

7. COMPANY ACQUISITIONS AND SALES

At the end of the first quarter (at 31 of March 2015) the joint venture of Finnair and Flybe UK was transferred temporarily to Finnair's ownership as Finnair acquired Flybe UK's 60% share of Flybe Nordic with one euro on an interim basis. Later on Flybe Nordic was renamed as Nordic Regional Airlines (Norra). At the same time Finnair continued discussions with StaffPoint and GWS Group about selling the 60% share further to them, according to previously signed Memorandum of Understanding. Finnair has classified its share in the group as non-current assets and liabilities held for sale according to IFRS 5, and expects to sell the 60% share to new partners on the next coming months.

Norra is consolidated as assets held for sale and its net assets are measured at the lower of carrying amount or fair value less costs to sell at each reporting date. Norra's acquisition does not have an effect in Finnair's income statement presentation. Finnair's results from continuing operations include transactions related to purchase traffic since the arrangement t between parties continues after the disposal of 60 % share.

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

8. INCOME TAXES

The tax rate for Q1-Q2 2015 was -19.0% (-19.8%).

9. DIVIDEND PER SHARE

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

10. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

in mill. EUR	30 Jun 2015	30 Jun 2014	2014
Carrying amount at the beginning of period	916.2	1,311.9	1,311.9
Additions	19.8	53.0	82.4
Change in advances	59.7	13.0	64.4
Currency hedging of aircraft acquisitions	-46.5	-4.3	-64.1
Disposals and reclassifications	-57.2	-195.4	-342.7
Depreciation	-51.7	-70.4	-134.3
Depreciation included in non-recurring items	-14.5	-0.3	-1.4
Carrying amount at the end of period	**825.7**	**1,107.5**	**916.2**
Proportion of assets held for sale at the beginning of period	119.8	9.8	9.8
Proportion of assets held for sale at the end of period	63.4	4.9	119.8

11. NON-CURRENT ASSETS HELD FOR SALE

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

In addition, assets and liabilities held for sale include Finnair's ownership in Nordic Regional Airlines Ab. The Group was previously Finnair's and Flybe UK's joint venture, but Finnair acquired Flybe UK's 60% share on an interim basis at the end of the first quarter. Finnair continues discussions with StaffPoint and GWS Group on further selling the 60% share to them, and is expecting the deal to close on the next coming months.

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

Non-current assets held for sale	30 Jun 2015	30 Jun 2014	2014
Intangible and tangible assets	63.4	4.9	119.8
Inventories	0.2	4.5	2.6
Assets from subsidiary held for sale	32.2	0.0	0.0
Total	**95.8**	**9.5**	**122.4**

Liabilities of non-current assets held for sale	30 Jun 2015	30 Jun 2014	2014
Liabilities from subsidiary held for sale	24.8	0.0	0.0
Total	**24.8**	**0.0**	**0.0**

12. INTEREST-BEARING LIABILITIES

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

13. CONTINGENT LIABILITIES

in mill. EUR	30 Jun 2015	30 Jun 2014	2014
Pledges on own behalf	158.6	208.9	181.1
Guarantees on behalf of group undertakings	65.4	70.0	72.8
Guarantees on behalf of others	0.1	2.2	2.2
Total	**224.2**	**281.1**	**256.1**

Investment commitments for property, plant and equipment at 30 June 2015 totalled 1,981 million euros (897).

14. OPERATING LEASE COMMITMENTS

in mill. EUR	30 Jun 2015	30 Jun 2014	2014
Lease commitments from fleet payments	775.0	599.0	635.8
Other lease commitments	312.5	234.2	246.4
Total	**1,087.5**	**833.2**	**882.2**

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

15. RELATED PARTY TRANSACTIONS

in mill. EUR	30 Jun 2015	30 Jun 2014	2014
Sales of goods and services			
Associates	0.2	0.6	1.4
Joint ventures	13.7	34.9	59.9
Pension fund	0.0	0.4	0.1
Purchases of goods and services			
Associates	2.1	8.9	20.8
Joint ventures	44.9	27.9	228.3
Pension fund	2.3	2.3	4.6
Financial expenses			
Joint ventures	0.0	0.0	10.8
Receivables			
Non-current receivables from joint ventures	0.0	9.9	0.0
Current receivables from associates	0.3	0.7	1.5
Current receivables from joint ventures	0.0	0.0	7.3
Liabilities			
Non-current liabilities to joint ventures	0.0	10.3	8.2
Non-current liabilities to pension fund	16.2	44.4	25.3
Current liabilities to associates	1.7	1.1	4.7
Current liabilities to joint ventures	0.0	2.5	3.4
Contingent liabilities			
Guarantees on behalf of joint ventures	0.0	2.0	2.0

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

16. RESTATEMENT OF KEY RATIOS

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

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

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

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

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

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

17. EVENTS AFTER THE CLOSING DATE

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

18. CALCULATION OF KEY RATIOS

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

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

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

Shareholders' equity:
Equity attributable to owners of the parent

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

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

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

Earnings per share:

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

Result for the period/share:

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

Equity/share:

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

Equity ratio, %:

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

Gearing, %:

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

Adjusted gearing, %:

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

Return on equity (ROE), %:

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

Return on capital employed (ROCE), %:

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

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

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

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

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

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

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

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

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

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

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

The figures of interim report have not been audited.