

**Welcome to Finnair Plc's  
Annual General Meeting 2015**

***FINNAIR***



# **1. Opening of the Meeting**

**Chairman of the Board of Directors  
Klaus W. Heinemann**



Distinguished Finnair shareholders, ladies and gentlemen,

Welcome to Finnair Annual General Meeting for 2015. It is a pleasure to see so many of you here today.

2014 was an eventful year for Finnair, and CEO Pekka Vauramo will discuss it in more detail in his presentation. Nevertheless, I want to raise a few important points already now in my opening words.



One of the most important events last year was that we managed together with the personnel to agree on collective labor and savings agreements with all personnel groups.

For this, I want to express my sincere and warm thanks to the whole Finnair personnel. We are very fortunate that we are not in the same position as some of our competitors, many of whom have struggled with strikes during this and last year.





Year 2015 is for us an important year, as we now enter a new phase, where we in line with our strategy seek to increase revenue. Even if the changes ahead are positive in nature, they will not be easy ones, as launching new products and taking new aircraft into use always requires an organization to learn new things and also move away from the old ways of working. I do believe that the Finnair team is well aware of the great opportunities the upcoming changes of 2015 offer us in terms of improving our performance.

I also believe that the Finnair spirit will support the performance of the team.



In last year's annual general meeting I expressed a wish to have a constructive discussion in Finland about Finnair ownership structure and the future of the company in the consolidating aviation market. I have the same wish also this year, as I believe that Finnair's future matters to the whole Finnish national economy. Aviation is a significant catalyst for economy, and air connections are critical in the global marketplace. I think it would be worthwhile to consider how the air connections could best be secured in this consolidating world.

Over the past months we have seen consolidation move forward on its inevitable course: British Airways' parent company IAG is in the process of buying Aer Lingus and Qatar acquired a 9,9% stake in IAG.



I fully understand that Finland must exercise caution and carefully evaluate the different future alternatives. At the same time, it is crucial to ensure the possibility to take action, should it be deemed sensible for the nation. Hence, I feel the discussion on leeway in terms of government ownership is still needed, and the Finnair Board of Directors considers such discussion and evaluation to be important. However, as I already last year pointed out, it is equally important that the majority of Finnair shares remain in Finnish hands also in the future.



Finally, I would like to say a few words about Finnair's domestic flying, which has been financially in the red for a long time. We tried to address these issues with the Flybe cooperation, but our joint venture was heavily loss-making, and last year it became evident that Finnair and Flybe UK, the mother company of Flybe Nordic, have very different views on how the domestic flying could be restored to profitability. Consequently, Flybe UK withdrew from the cooperation, and Finnish companies StaffPoint and GWS will join us as new owners for Flybe Nordic.



I naturally understand the national concern in Finland over maintaining air connections - or connections in general. I am familiar with Finland's aviation strategy and the statements by Transportation Minister Risikko.

I have understood that the purpose of the regional working groups that were established after the strategy was completed is that the regions together with local businesses seek ways to enable maintaining air connections. The strategy also emphasizes improving the way different traffic modes fit together to form so called travel chains, to make traffic flows smoother.



It is excellent to see this emphasis on the cooperation between different traffic modes in the strategy. Based on our studies, customers expect not only the schedules of different traffic modes to fit together, but also the related services such as ticketing and baggage handling to be integrated. Such cooperation has produced good results elsewhere in Europe and for example in Japan.

A responsible Board of Directors has a legal duty to address also the challenge presented by loss-making domestic flying. Finnair has also expressed its interest in taking part in discussions on the ways to stimulate demand for aviation in Finland. Nevertheless, it is important to separate the obligation of the public sector to provide a service, and the obligations of a listed company.



Dear shareholders,

Year 2015 carries a significant meaning for Finnair. We enter into a new phase. Our long-haul fleet renewal starts in the second half of the year, and once it is completed, we will have the most modern long-haul fleet in Europe. We intend to utilize this competitive advantage very effectively. At the same time, we continue to work to increase productivity and revenues, because our target is clear: we want to create a sustainably profitable Finnair integrated into a global aviation world that succeeds in the international race.

**Thank you**





# Finnair Executive Board



**Pekka Vauramo**  
CEO



**Eija Hakala**  
HR



**Ville Iho**  
COO



**Juha Järvinen**  
CCO



**Sami Sarelius**  
Legal



**Mika Stirkkinen**  
interim CFO



**Arja Suominen**  
Communications and CR



- 2. Calling the Meeting to order**
- 3. Election of persons to scrutinise the minutes and to supervise the counting of votes**
- 4. Recording the legality of the Meeting**



- 5. Recording the attendance at the Meeting and adoption of the list of votes**
- 6. Presentation of the annual accounts including the consolidated annual accounts, the report of the Board of Directors and the auditor's report for the year 2014**
  - Review by the Chief Executive Officer



CEO's review  
Pekka Vauramo



# 2014 Result

Revenue

**2,285 M€**

**-4.8%**

Operational result

**-36.5 M€**

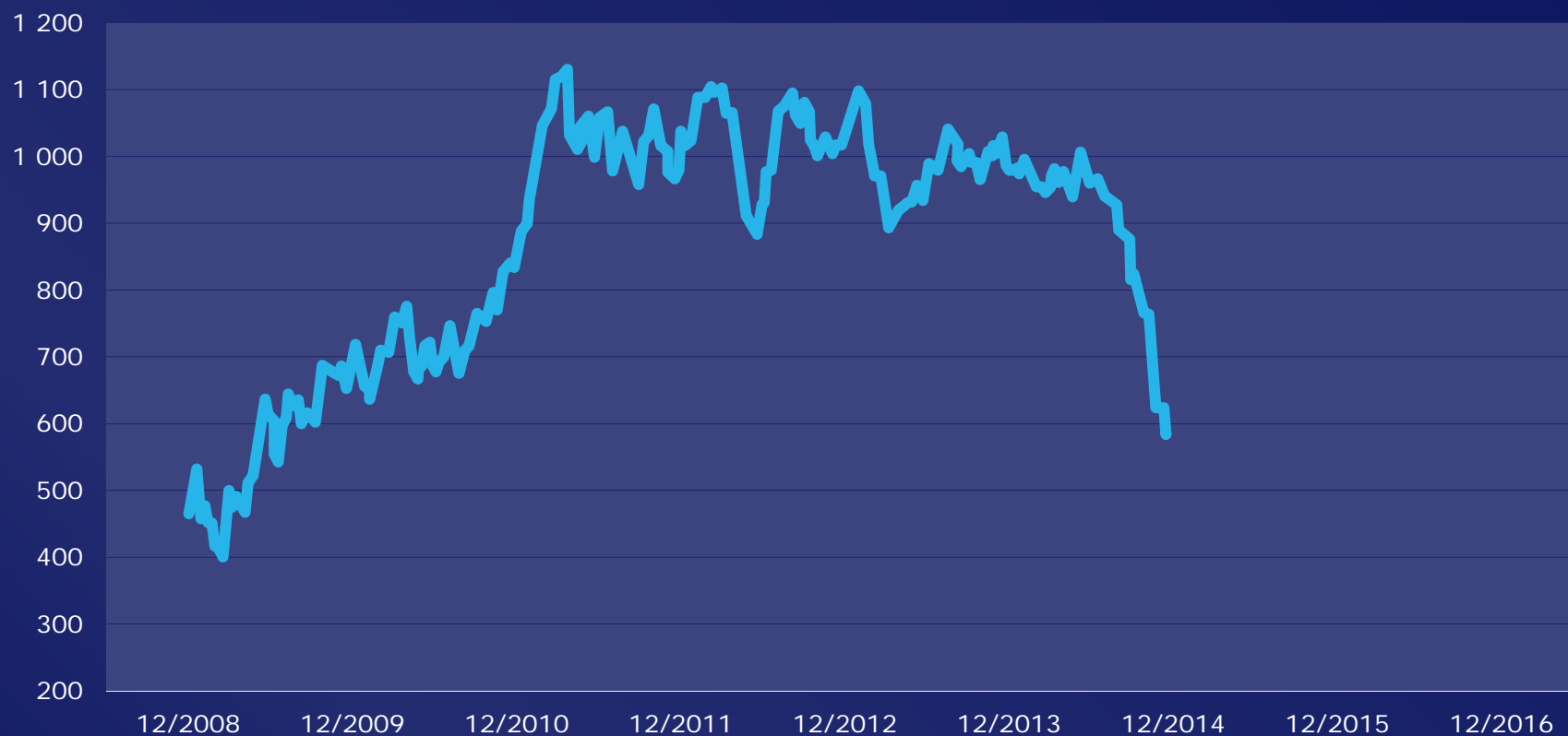
Result for the period

**– 82.5 M€**

- Weak domestic demand
- Exchange rate fluctuations
- Decrease in Aurinkomatkat – Suntours sales



# Jet fuel price development: hedging delays the impacts





## In Q4 2014 saw a change in unit revenue development

Unit revenue (RASK) turned to growth in the fourth quarter after a difficult first half of the year

Unit cost (CASK ex. fuel) continued to decline thanks to progress made in the cost savings program



# Savings agreements and 217 M€ cost savings

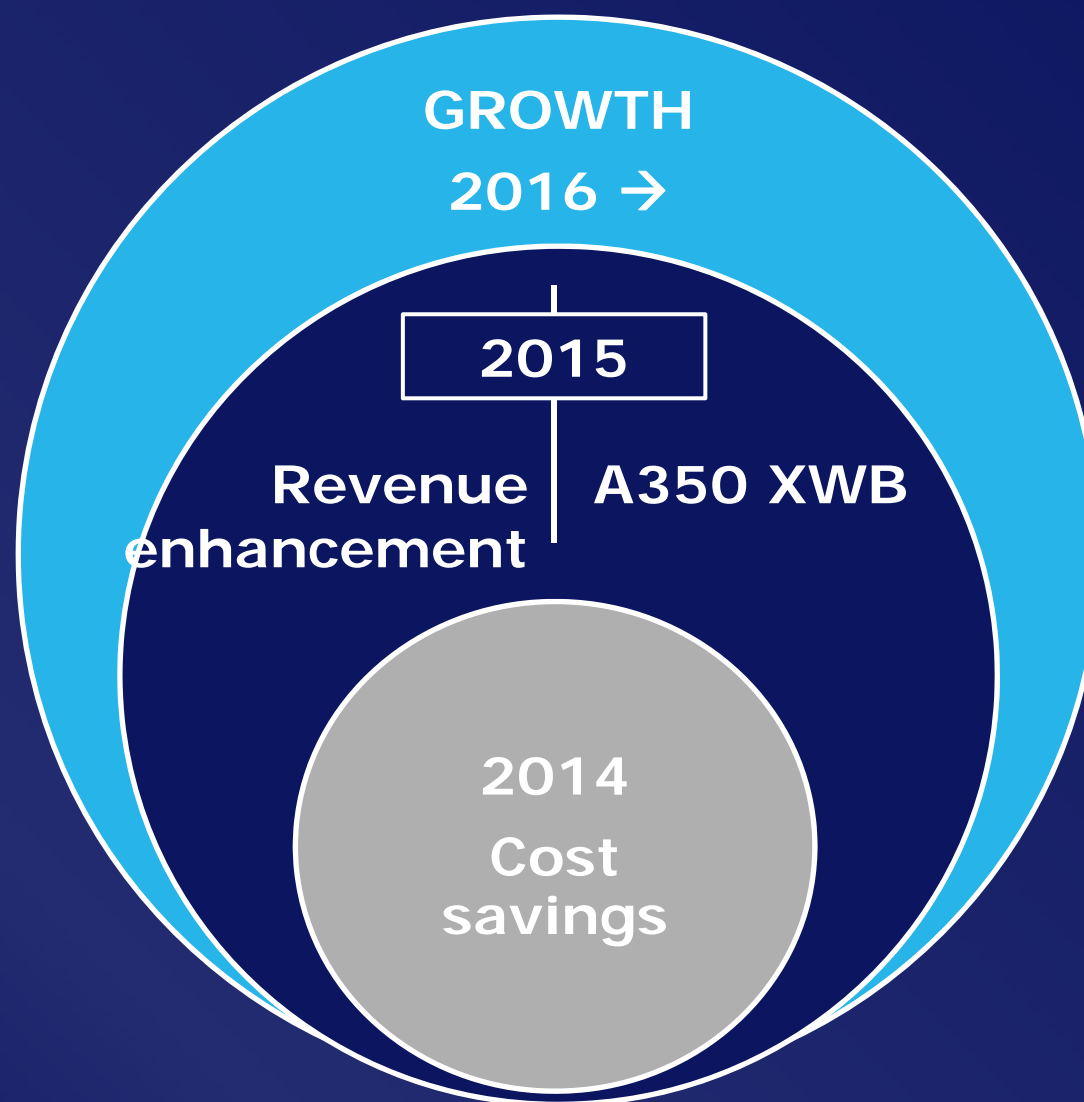




World-class operational  
quality



**Year 2015**  
**Finnair is ready for  
the next phase**





**Customers are at the center of  
product and service renewals**

Carrier

2:52 PM



## DEPARTURE IN 6 DAYS

Check-in opens in 4 days



18:30

09:15 +1

AY95

T2

HELSINKI – BANGKOK

N/A

AVAILABLE UPGRADES



**Upgrade to Business Class**  
Get more space, exclusive  
meals and refreshments

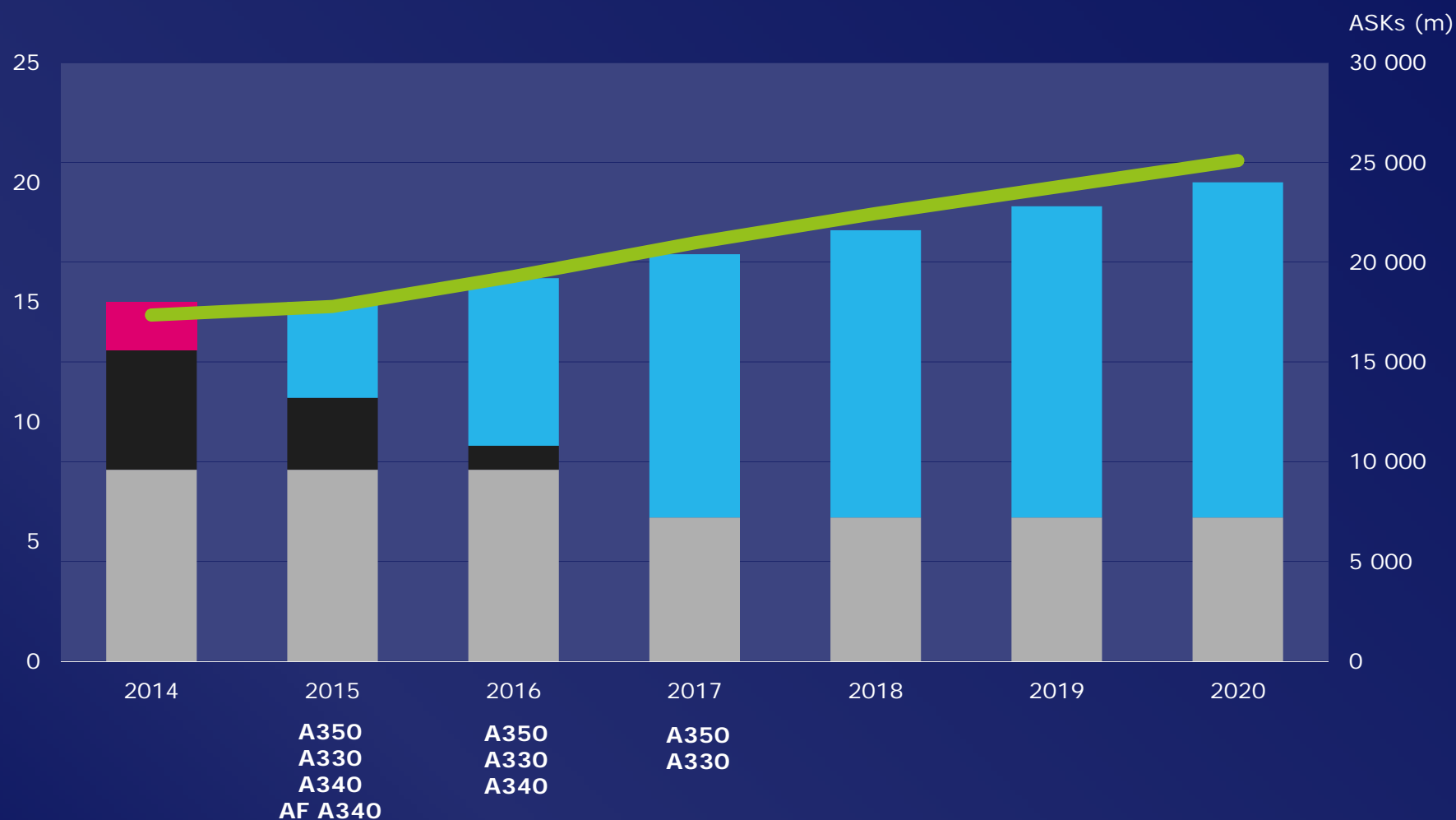








# The most modern long haul fleet in Europe





1,000  
new jobs







**Asia continues to be  
a growth market**



New phase for Finnair



transfer service

Creating value for shareholders



*FINNAIR*



**7. Adoption of the annual accounts including the consolidated annual accounts**

**8. Resolution on the use of the profit shown on the balance sheet and the payment of dividend.**

- The Board of Directors proposes to the Annual General Meeting that no dividend is paid based on the balance sheet adopted for the year 2014.

**9. Resolution on the discharge of the members of the Board of Directors and the CEO from liability**

# **Proposals of The Shareholders Nomination Board**

Finnair Plc's Annual General Meeting  
25 March 2015



# The Shareholders Nomination Board

- The Nomination Board met twice, 13 November 2014 ja 28 January 2015
- Attendance rate 100%
- Composition:
  - Eero Heliövaara, Director General of the Government Ownership Steering Department, Prime Minister's Office (Chairman);
  - Director Per Wennberg, Skagen-funds
  - Robin Backman, Portfolio Manager, KEVA; and
  - Klaus Heinemann, the Chairman of Finnair's Board of Directors.
  - Per Wennberg resigned from the Nomination Board in early December. He was succeeded by Harri Sailas, Managing Director, Ilmarinen, from 15 December 2014 onward.

# Remuneration



## Remunerations mainly the same as earlier

- Chairperson 61,200 euros per year;
- Vice Chairperson **and Chairpersons of the Audit Committee and Compensation and Nomination Committee** 32,400 euros per year;
- other members 30,000 euros per year.
- fee for a meeting in the member's country of residence or phone meeting 600 euros and 2,400 euros for other meetings
- reimbursement of reasonable travel and representation expenses in accordance with the company's general expenses policy





## **Ticket benefit as earlier**

- Board members and their spouses would be entitled to discounted travel on the company's flights in accordance with the company's discount ticket policy regarding the Board of Directors.
- 4 return or 8 one-way tickets on Finnair flights per calendar year in Economy or Business Class
- the fare of these tickets is zero, exclusive of any airport taxes, fees and charges, which are payable by the Directors
- these tickets constitute taxable income in Finland.



# Composition of the Board of Directors

**Number of members the same as earlier (1+6)**

## **No changes**

- Klaus W. Heinemann (Chairman)
- Maija-Liisa Friman
- Jussi Itävuori
- Harri Kerminen
- Gunvor Kronman
- Jaana Tuominen
- Nigel Turner

## **10. Resolution on the remuneration of the members of the Board of Directors**

- The Shareholders' Nomination Board proposes to the General Meeting that the annual remunerations of the members of the Board of Directors would be the following:
  - Chairperson 61,200 euros per year;
  - Vice Chairperson 32,400 euros per year;
  - Chairpersons of the Audit Committee and Compensation and Nomination Committee 32,400 euros per year, where these individuals are neither the Chairperson nor the Vice Chairperson of the Board; and
  - other members 30,000 euros per year.



- **The Nomination Board further proposes**
  - to the General Meeting that each member's fee for a meeting of the Board of Directors or its Committee would be 600 euros when the meeting takes place in the member's country of residence and 2,400 euros for other meetings. For telephone meetings, the fee would be 600 euros.
  - The Board members would be entitled to reimbursement of reasonable travel and representation expenses in accordance with the company's general expenses policy.
  - The Nomination Board also proposes to the General Meeting that Board members and their spouses would be entitled to discounted travel on the company's flights in accordance with the company's discount ticket policy regarding the Board of Directors.



## **11. Resolution on the number of members of the Board of Directors**

- The Shareholders' Nomination Committee proposes that the number of members of the Board of Directors would be confirmed at seven.

## **12. Election of the Chairman and other members of the Board of Directors**

- The Shareholders' Nomination Committee proposes
  - Maija-Liisa Friman
  - Klaus W. Heinemann (Chairman)
  - Jussi Itävuori
  - Harri Kerminen
  - Gunvor Kronman
  - Jaana Tuominen
  - Nigel Turner



**Maija-Liisa  
Friman**



**Klaus W.  
Heinemann**



**Jussi  
Itävuori**



**Harri  
Kerminen**



**Gunvor  
Kronman**



**Jaana  
Tuominen**



**Nigel  
Turner**



### **13. Resolution on the remuneration of the auditor**

- In accordance with the Audit Committee's recommendation, the Board of Directors proposes that the auditors' fees be paid according to the auditors' reasonable invoice.

### **14. Election of the auditor**

- In accordance with the Audit Committee's recommendation, the Board of Directors proposes that Authorised Public Accountants PricewaterhouseCoopers Oy, which has announced that APA Mikko Nieminen would be acting as the principal auditor, be elected as the auditor of the company for the term of office ending at the end of the next Annual General Meeting.



## **15. Authorising the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of own shares**

- The Board of Directors proposes that the Annual General Meeting would authorise the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares.

The amount of own shares to be repurchased and/or accepted as pledge shall not exceed 5,000,000 shares, which corresponds to approximately 3.9 per cent of all the shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation.





## **16. Authorising the Board of Directors to decide on the disposal of the company's own shares**

- The Board of Directors proposes that the Annual General Meeting would authorise the Board of Directors to decide on the disposal of own shares held by the company.

The amount of shares to be disposed based on the authorisation shall not exceed 5,000,000 shares, which corresponds to approximately 3.9 per cent of all the shares in the company. The Board of Directors decides on all the conditions of the disposals.

## **17. Closing of the Meeting**

**Thank you for participating!**

***FINNAIR***