Finnair Group Interim Report 1 January–31 March 2020

29 April 2020

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Revenue, number of passengers and comparable operating profit significantly down due to the coronavirus impact

January–March 2020

- Earnings per share were -1.14 euros (-0.33).
- Revenue decreased by 16.0% to 561.2 million euros (668.2)*.
- Unit revenue (RASK) decreased by 7.3%. Unit revenue at constant currency decreased by 7.5%.
- Unit cost (CASK) increased by 5.1%. Unit cost excluding fuel increased by 4.0%.
- Fuel costs decreased by only 1.3 million euros (-0.9%). The coronavirus-related decline in capacity was almost fully netted by the impact of the fuel price**.
- The comparable operating result was -91.1 million euros (-16.2). The operating result was -95.6 million euros (-17.6).
- Financial net expenses increased significantly, with 55 million euros of the increase related to jet fuel and foreign exchange hedging that was reclassified from other comprehensive income.
- Net cash flow from operating activities was -133.5 million euros (148.3) and net cash flow from investing activities was -67.3 million euros (-70.2).***
- The number of passengers decreased by 15.6% to 2.7 million (3.1).
- Available seat kilometres (ASK) decreased by 9.4%.
- Passenger load factor (PLF) was 72.6% (-5.7 points).

* *Unless otherwise stated, comparisons and figures in parentheses refer to the comparison period, i.e. the same period last year.*
** *Fuel price including impact of currencies and hedging.*
*** *In Q1, net cash flow from investing activities includes 49.2 million euros of redemptions in money market funds or other financial assets maturing after more than three months. These redemptions are part of the Group's liquidity management.*

Outlook

Guidance on 29 April 2020:

Finnair's current assumption is that it will operate the current minimum network throughout Q2 due to the coronavirus situation. At the same time, the company estimates that the recovery of air traffic will begin in stages from the beginning of July 2020. However, the pace of recovery cannot be assessed at this stage, leaving the outlook for the second half of 2020 unclear. Finnair is preparing for the future with different scenarios to have the ability to quickly adapt its capacity to changing demands.

Finnair estimates that with the current minimum network, its comparable operating result will be a daily loss of approximately 2 million euros throughout the second quarter, despite cost adjustments.

Due to the current situation, Finnair's revenue will decrease significantly in 2020 compared to 2019. The comparable operating loss will be significant in the financial year 2020 as the company announced in its profit warning on 16 March 2020. In addition, Finnair's capacity will decrease significantly this year compared to 2019. Due to these factors, Finnair will also update its financial targets for the strategy period.

Finnair updates its outlook and guidance in connection with the Q2 interim report.

CEO Topi Manner:

The first quarter of 2020 will be remembered for the onset of the global coronavirus pandemic. We started our year strongly, with January developing noticeably better than expected. However, from February onwards, the coronavirus situation caused a dramatic change in revenues – a change that compares to nothing in the entire 100-year history of commercial aviation. During the quarter, our revenue decreased by 16 per cent to 561 million euros.

The effects were visible in all our traffic areas and the number of passengers decreased by 15.6 per cent. Despite determined cost reductions, our comparable operating result decreased significantly year-on-year and the operating loss was 91.1 million euros.

We issued profit warnings on 28 February and 16 March, and at the same time, we announced measures we took to reduce our costs. We have made good progress in achieving these savings. These measures, which are necessary in this situation, include temporary layoffs for all Finnair employees. Other measures include a strong adjustment of our network as well as cuts in sales and marketing costs, supplier agreements, IT costs and investments. At the same time, management salaries will be cut by 15% and the Board will waive its remuneration in the same proportion. Thanks to our strict cost adjustment efforts, we started the second quarter with a cost level that is approximately 70% less than the monthly level prior to the coronavirus period. Excluding depreciation, costs have decreased by 80%. The impact of the adjustment measures will be more clearly reflected in costs during the second quarter when we will operate a minimum network corresponding to approximately 5% of our capacity.

The coronavirus is a major blow to global aviation and to Finnair. In the current quarter, the majority of our fleet is grounded, and the loss for the second quarter will be considerable, approximately 2 million euros per day, even after the cost adjustments.

At the end of the first quarter, our liquid cash funds were 833 million euros, including a raised 175-million-euro revolving credit facility. In the event that these exceptional circumstances continue, we have drawn up an additional financing plan, which includes a 600-million-euro pension premium loan to be drawn, if necessary, as well as aircraft sale and leaseback arrangements. Even if the coronavirus situation continues, Finnair's cash position will be secured beyond the first half of 2021.

Due to the exceptional circumstances, no dividend will be paid for 2019. We have also announced that we are planning for an approximately 500-million-euro share issue to strengthen the company's equity. Despite the blow caused by the coronavirus, we want to ensure that Finnair remains a competitive airline in the future.

Once this acute crisis has eased, we will face an important rebuilding period. We expect aviation to recover slowly from July onwards, and passenger numbers to return to 2019 levels in two to three years. Therefore, it is likely that we will have to continue the temporary layoffs, even after the summer, and adapt our resources to the decreased traffic.

By managing this period well, we will have a good foundation for longer-term growth and job creation. That is why we will continue preparing for different alternatives. We have drafted scenarios and amended our operations to be more flexible so that we can time our future choices as well as possible.

We are currently also assessing how the coronavirus impacts our long-term strategy, including financial targets and fleet investments. We still believe that after the rebuilding period, aviation is a growth sector and then Finnair will continue to seek sustainable, profitable growth. Finnair's most important strengths to help us in overcoming this challenge are committed personnel, loyal customers, a strong brand, common values, our strategy based on sustainable geographical competitive advantage and a strong ownership structure.

Finally, I want to say my heartfelt thanks to all Finnair employees for the excellent cooperation, good team spirit and courage they have showed in this very challenging situation. This tough journey has only begun and returning to the path of growth will require determined measures from all of us. However, I'm confident we will be strong when we come out of this situation. My warmest thanks also go to our customers for their patience and the encouraging messages they have sent to us. They really mean a lot to all of us at Finnair during these trying times.

Business environment in Q1

The coronavirus impact was reflected in the aviation sector globally, as well as in Finnair's Q1 operations. The month of March in particular illustrated the cumulative effect of the Asian route cancellations, which began to impact traffic figures in February.

Market capacity between Helsinki and many European markets has declined, especially to Spain, Italy and within Finland. Measured in available seat kilometres, scheduled market capacity between origin Helsinki and Finnair's European destinations decreased by 8.3 per cent (+10.5). Demand on European and domestic routes was strong in the beginning of the quarter but was heavily affected by the coronavirus-related route and frequency cancellations as well as travel restrictions for the latter part of Q1. In European traffic, Finnair's market share increased to 66.6 per cent (57.8).[1]

Direct market capacity between Finnair's Asian and European destinations decreased by 16.6 per cent (+6.7) year-on-year. Market capacity declined mostly between Europe and Greater China. Demand between Europe and Finnair's Asian destinations saw a strong decline during the period. In Asian traffic, Finnair's market share increased to 6.5 per cent (+6.2).[2]

Finnair engages in closer cooperation with certain oneworld partners through participation in joint businesses, namely the Siberian Joint Business (SJB) on flights between Europe and Japan, and the Atlantic Joint Businesses (AJB) on flights between Europe and North America. Joint businesses strengthen Finnair's market position, reduce the risks related to growth and make a significant contribution to Finnair's revenue. For customers, they provide more route and fare options; for airlines, joint businesses are a way to gain benefits that are typically associated with consolidation. In both joint businesses, revenue declined even more than capacity in Q1 due to the coronavirus impact and lower passenger load factors, which resulted in adverse development of the joint business traffic.

Customer demand for package holidays in the beginning of the first quarter was higher than the same period in 2019 and, at the same time, travel services allotment-based package holiday capacity was lower than in the comparison period. The coronavirus started to negatively affect demand in February, and holiday production was interrupted in mid-March following the travel restrictions set by the authorities in Finland as well as at the destinations. The outlook for the upcoming months is uncertain and depends on the duration of the travel restrictions and the pace of customer demand recovery.

The global air freight market was also heavily impacted by the coronavirus in Q1, decreasing industry freight volumes significantly. The weakening demand, in turn, suppressed Finnair's cargo revenue. Market softness due to the coronavirus was visible particularly in Finnair's key cargo markets in Asia although other traffic areas were affected as well. As a result, Finnair's global cargo volumes declined year-on-year, driven by the cuts in passenger capacity, and the load factor decreased compared to 2019.

The US dollar, which is the most significant expense currency for Finnair after the euro, appreciated by 3.0 per cent against the euro year-on-year. With respect to key income currencies, the Japanese yen was 4.2 per cent stronger against the euro than in the comparison period. The Chinese yuan depreciated by 0.4 per cent against the euro. The market price of jet fuel was 22.0 per cent lower in the first quarter than in the comparison period, but this decline does not fully impact Finnair's Q1 fuel costs due to its hedging policy. Finnair hedges its fuel purchases and key foreign currency items; hence, market fluctuations are not reflected directly in its result. Finnair's Q1 fuel bill was almost the same as in the comparison period. The capacity decline effect was netted by the fuel price impact.

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[1] Based on external sources (capacity data from SRS Analyser and market share data based on DDS passenger volume estimates for January–February 2020). The basis for calculation is Finnair's non-seasonal destinations.
[2] Based on external sources (capacity data from SRS Analyser and market share data based on DDS passenger volume estimates for January–February 2020). The basis for calculation is Finnair's non-seasonal destinations.

Financial performance in Q1

<u>Revenue in Q1</u>

Finnair revenue decreased by 16.0 per cent due to the coronavirus impact. Passenger revenue decreased by 17.4 per cent whereas ancillary revenue increased by 5.4 per cent. Travel services revenue decreased by 13.8 per cent and cargo revenue by 22.6 per cent.

Unit revenue (RASK) decreased by 7.3 per cent and amounted to 5.80 euro cents (6.26). The unit revenue at constant currency decreased by 7.5 per cent. The RASK decline was driven by the coronavirus-related route and frequency cancellations. The decline was slightly netted by ancillary revenue, which was boosted by cancellation fees and other similar service fees.

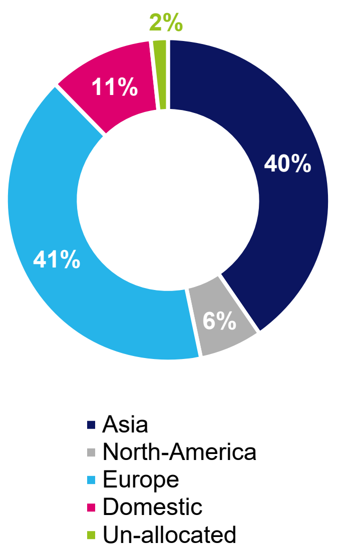
Revenue by product

EUR million	Q1/2020	Q1/2019	Change %
Passenger revenue	423.3	512.5	-17.4
Ancillary revenue	42.8	40.7	5.4
Cargo	36.7	47.4	-22.6
Travel services	58.4	67.7	-13.8
Total	**561.2**	**668.2**	**-16.0**

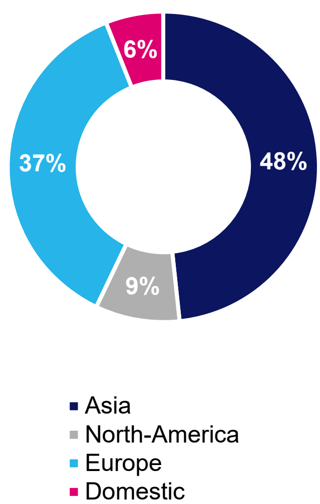
Passenger revenue and traffic data by area, Q1 2020

	Passenger revenue		ASK		RPK		PLF	
Traffic area	MEUR	Change, %	Mill. km	Change, %	Mill. km	Change, %	%	Change, %-p
Asia	171.2	-25.5	4,673.8	-14.2	3,568.4	-20.7	76.3	-6.2
North Atlantic	26.6	-3.0	847.0	16.3	647.0	10.1	76.4	-4.3
Europe	173.5	-10.1	3 569.3	-6.7	2,457.1	-14.1	68.8	-5.9
Domestic	44.8	-16.9	580.7	-12.9	352.8	-13.9	60.8	-0.7
Unallocated	7.2	-13.6						
Total	**423.3**	**-17.4**	**9,670.8**	**-9.4**	**7,025.3**	**-15.9**	**72.6**	**-5.7**

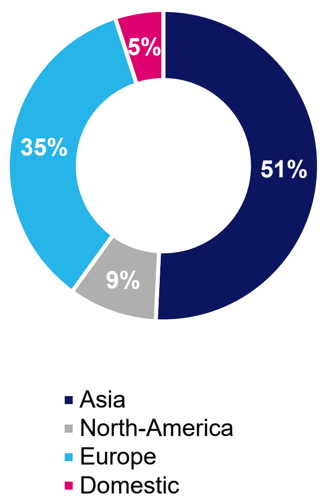
Q1 passenger revenue (M€)



Q1 capacity (ASKs)



Q1 traffic (RPKs)



Even though the coronavirus had an impact on the Asian traffic figures starting in February, the impact was significant in all traffic areas in March, thus, resulting in a material decline in Q1 traffic figures. Passenger traffic capacity, measured in Available Seat Kilometres (ASK), decreased by 9.4 per cent overall against the comparison period. The number of passengers decreased by 15.6 per cent to 2,655,500 passengers. Traffic measured in Revenue Passenger Kilometres (RPK) decreased by 15.9 per cent and the passenger load factor (PLF) decreased by 5.7 percentage points to 72.6 per cent.

In Asian traffic, capacity declined significantly starting in February due to the coronavirus and ASKs were down by 14.2 per cent. In total Asian traffic, RPKs decreased by 20.7 per cent and the PLF decreased by 6.2 percentage points to 76.3 per cent.

Capacity in North Atlantic traffic increased by 16.3 per cent year-on-year despite the coronavirus due to a new route, Los Angeles, that was opened at the end of March 2019 and ad hoc frequencies that were added in February when the coronavirus cancelled frequencies from Asia. In total North Atlantic traffic, RPKs increased by 10.1 per cent but the PLF decreased by 4.3 percentage points to 76.4 per cent.

Also in European traffic, capacity decreased due to the coronavirus impact by 6.7 per cent. RPKs decreased by 14.1 per cent and the PLF was down by 5.9 percentage points to 68.8 per cent. Domestic traffic capacity decreased by 12.9 per cent. RPKs decreased in domestic traffic by 13.9 per cent and the PLF decreased by 0.7 percentage points to 60.8 per cent.

Ancillary revenue increased by 5.4 per cent, mainly due to service charges. In addition to service charges, advance seat reservations and excess baggage were the largest ancillary categories.

A soft global air cargo demand due to the coronavirus was also visible in Finnair's Q1 cargo volumes. Available scheduled cargo tonne kilometres decreased by 10.8 per cent, whereas revenue cargo tonne kilometres decreased by 20.6 per cent. Cargo revenue decreased by 22.6 per cent.

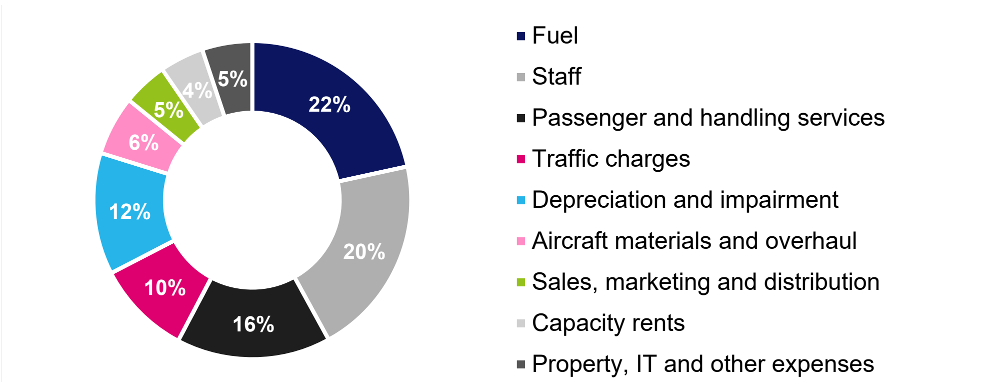
Despite the improved package holiday demand, which positively affected the results in the beginning of Q1, travel services development compared to 2019 weakened due to lower allotment-based capacity and discontinued travel services in Estonia. Towards the end of Q1, travel services were heavily impacted by the coronavirus. The total number of travel services passengers declined by 24.3 per cent and the load factor in Aurinkomatkat's allotment-based capacity was 88.9 per cent. Travel services revenue decreased by 13.8 per cent.

Cost development in Q1

Finnair's operating expenses decreased by 4.7 per cent, which is notably less than the decline in revenue, due to short-term inelasticity of certain cost items. Finnair has already introduced significant cost adjustment initiatives, including inter alia temporary layoffs, due to the coronavirus impact but their effect will be more visible starting from Q2.

Unit cost (CASK) increased by 5.1 per cent and totalled 6.75 euro cents (6.41). CASK excluding fuel increased by 4.0 per cent.

Q1 split of operating costs (€666.3 million in total)



EUR million	Q1/2020	Q1/2019	Change %
Staff costs	136.1	129.7	4.9
Fuel costs	143.9	145.2	-0.9
Capacity rents	29.9	32.1	-6.9
Aircraft materials and overhaul	40.2	46.3	-13.2
Traffic charges	64.5	72.1	-10.5
Sales, marketing and distribution costs	30.4	41.6	-27.0
Passenger and handling costs	104.7	122.8	-14.7
Property, IT and other expenses	34.1	33.3	2.4
Depreciation and impairment	82.5	75.9	8.7
Total	**666.3**	**699.1**	**-4.7**

Operating expenses excluding fuel decreased by 5.7 per cent. Fuel costs, including hedging results and emissions trading costs, decreased by 0.9 per cent. Even though the fuel cost was down, due to coronavirus-related capacity cuts, by 20 million euros, it was almost fully netted by the 18 million euro increase in fuel price[3] paid. Fuel efficiency (as measured by fuel consumption per ASK) improved by 4.1 per cent. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, increased by 4.8 per cent.

Staff costs increased by 4.9 per cent. They grew with the increase in the number of employees even though capacity was cut significantly (Finnair commenced the majority of coronavirus-related temporary layoffs in April 2020), one-off pension costs, increase in the employer's health insurance contribution in 2020 and a salary increase due to recently negotiated CLAs.

Passenger and handling costs decreased by 14.7 per cent, driven by volume decline in both passenger and cargo traffic. The category includes also tour operation expenses. Sales, marketing and distribution costs decreased also significantly due to decline in sales commissions and payment costs added with material marketing cost savings.

Aircraft materials and overhaul costs decreased by 13.2 per cent and they were positively impacted by a new engine MRO agreement and related revaluation, but this was netted by the decline in the USD-based discount rates of maintenance reserves.

Fleet growth and technical maintenance increased depreciation and impairment costs. Traffic charges decreased in line with traffic decline. Capacity rents, covering purchased traffic from Norra and any wet leases or cargo rents, were nearly at the comparison period's level as were also property, IT and other expenses.

Result in Q1

Finnair's Q1 result was heavily impacted by the coronavirus which led to route and frequency cancellations as well as strict travel restrictions in many countries worldwide.

EUR million	Q1/2020	Q1/2019	Change %
Comparable EBITDA	**-8.6**	**59.7**	**<-200**
Depreciation and impairment	-82.5	-75.9	8.7
Comparable operating result	**-91.1**	**-16.2**	**<-200**
Items affecting comparability	-4.5	-1.3	<-200
Operating result	**-95.6**	**-17.6**	**<-200**
Financial income	9.2	0.7	>200
Financial expenses	-88.9	-21.3	<-200
Exchange gains and losses	-3.0	-10.3	71.3
Result before taxes	**-178.2**	**-48.5**	**<-200**
Income taxes	35.6	9.7	>200
Result for the period	**-142.6**	**-38.8**	**<-200**

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

[3] Fuel price including impact of currencies and hedging.

Unrealised changes in foreign currencies of fleet overhaul provisions were -3.7 million euros (-2.0) and fair value changes of derivatives where hedge accounting is not applied totalled -0.2 million euros (0.7). Other items affecting comparability (sales gains or losses and/or restructuring costs) totalled -0.6 million euros during the quarter (0.0). Thus, operating result declined somewhat in line with comparable EBITDA and comparable operating result.

Financial expenses increased significantly, and 69 million euros of the growth related to jet fuel and foreign exchange hedging which was reclassified from other comprehensive income due to IFRS 9. On the other hand, financial income increased by 14 million euros due to the same reason and, thus, the negative net effect was 55 million euros. In Q1, foreign exchange losses were mainly related to USD denominated aircraft lease payments and liabilities.

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

Financial position and capital expenditure

Balance sheet

The Group's balance sheet totalled 3,756.5 million euros at the end of March (31 Dec 2019: 3,877.9). Fleet book value increased 72.3 million euros mainly due to an A350 delivery in February 2020; the right-of-use fleet decreased by 31.1 million euros, mainly due to depreciation. Receivables related to revenue decreased significantly due to the coronavirus impact to 73.2 million euros (31 Dec 2019: 160.6). Deferred income and advances received also decreased significantly to 437.0 million euros (31 Dec 2019: 552.7) mainly due to the decline in ticket related liabilities. The unflown ticket liability amounts to 353.2 million euros (31 Dec 2019: 451.2) and it includes unprocessed refunds of approximately 200 million euros due to rapid increase in refund claims.

The loss for the period decreased shareholders' equity. Shareholders' equity also includes a fair value reserve that is affected by changes in the fair values of jet fuel and currency derivatives used for hedging as well as actuarial gains and losses related to pilots' defined benefit plans according to IAS 19. The value of the item at the end of March was -95.2 million euros after deferred taxes (31 Dec 2019: -6.7) as the decrease in the fair value of hedge instruments had a decreasing effect on equity especially due to the decline in the jet fuel price whereas actuarial gains from defined benefit pension plans netted the negative impact. Shareholders' equity totalled 735.7 million euros (31 Dec 2019: 966.4), or 5.75 euros per share (31 Dec 2019: 7.57).

Cash flow and financial position

Cash flow

EUR million	Q1/2020	Q1/2019
Net cash flow from operating activities	**-133.5**	**148.3**
Net cash flow from investing activities	**-67.3**	**-70.2**
Net cash flow from financing activities	**135.5**	**-37.1**

In January–March, however, the coronavirus impact was clearly visible in net cash flow from operating activities which turned negative especially due to working capital movements related to flight cancellations and the decline in result. Net cash flow from investments was almost the same as during the comparison period. Net cash flow from financing turned positive mainly due to a 175-million-euro unsecured syndicated revolving credit facility[4] which was drawn in March and which was previously fully unused.

[4] The revolving credit facility includes a financial covenant based on adjusted gearing. The covenant level of adjusted gearing is 175 per cent, while at the closing date, the figure was 125.5 per cent. The maximum level set by the Board of Directors is 175 per cent.

Capital structure

%	31 Mar 2020	31 Dec 2019
Equity ratio	**19.6**	**24.9**
Gearing	**125.5**	**64.3**

The equity ratio on 31 March 2020 was lower than at the end of 2019 due to declined result for the period and change in the fair value reserve. Gearing, on the contrary, rose significantly as equity decreased and interest-bearing net debt increased.

Liquidity and net debt

EUR million	31 Mar 2020	31 Dec 2019
Cash funds	832.5	952.7
Interest-bearing liabilities	1,755.5	1,573.7
Interest-bearing net debt	**923.0**	**621.0**

The company's liquidity remained strong during the period under review. Even though Finnair Group's cash funds declined due to a purchase of one A350 aircraft and negative net cash flow from operating activities, a 175-million-euro revolving credit facility, which was drawn, netted the decline. Finnair has a 200-million-euro short-term commercial paper program, which was unused at the end of March. Further, a statutory pension premium loan totalling up to 600 million euros can be raised by the company, if necessary, and the State of Finland will guarantee the potential loan.

Interest-bearing liabilities increased from 2019 year-end mainly as a result of the drawn revolving credit facility. The share of lease liabilities amounted to 1,066.7 million euros (31 Dec 2019: 1,054.0). Interest-bearing net debt increased from the end of 2019 due to the decline in cash funds and the increase in interest-bearing liabilities.

Capital expenditure

Capital expenditure excluding advance payments totalled 187.4 million euros (158.2) and was primarily related to fleet investments. Cash flow from investments totalled -122.7 million euros (-126.8), including advance payments. The net change in financial assets maturing after more than three months totalled 49.2 million (52.6). The net cash flow from investments amounted to -67.3 million euros (-70.2).

Cash flow from investments for the financial year 2020 relates mainly to fleet and is expected to total approximately -433 million euros, including advance payments. Investment cash flow includes both committed investments as well as estimates for planned, but not yet committed, investments.

The company has 42 unencumbered aircraft, which account for approximately 56 per cent of the balance sheet value of the entire fleet of 2,311.0 million euros.[5]

Fleet

Finnair's operating fleet

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair. At the end of the first quarter, Finnair itself operated 60 aircraft, of which 23 were wide-body and 37 narrow-body aircraft. Of these aircraft, 33 were owned by Finnair Aircraft Finance Oy and 27 were leased.

At the end of the first quarter, the average age of the fleet operated by Finnair was 10.3 years.

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

Fleet operated by Finnair* 31.3.2020	Seats	#	Change from 31.12.2019	Own**	Leased	Average age 31.3.2020	Ordered
Narrow-body fleet							
Airbus A319	144	8		7	1	18.9	
Airbus A320	174	10		8	2	17.6	
Airbus A321	209	19		4	15	8.8	
Wide-body fleet							
Airbus A330	289/263	8		4	4	10.4	
Airbus A350	297/336	15	1	10	5	2.9	4
Total		**60**	**1**	**33**	**27**	**10.3**	**4**

* Finnair's Air Operator Certificate (AOC).
** Includes JOLCO-financed (Japanese Operating Lease with Call Option) A350 aircraft.

Fleet renewal

During the first quarter, Finnair had one new Airbus A350 aircraft delivered and now operates fifteen A350 XWB aircraft, which have been delivered between 2015–2020. Based on the current delivery schedule, Finnair will receive the remaining four A350 XWB aircraft as follows: one during the first half of 2020, two in 2021 and one in 2022. Finnair's investment commitments for property, plant and equipment, totalling 634 million euros, include the upcoming investments in the wide-body fleet.

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

Fleet operated by Norra (purchased traffic)

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

Fleet operated by Norra* 31.3.2020	Seats	#	Change from 31.12.2019	Own**	Leased	Average age 31.3.2020	Ordered
ATR	68–72	12		6	6	10.7	
Embraer E190	100	12		9	3	11.8	
Total		**24**	**0**	**15**	**9**	**11.2**	

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

Strategy implementation

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

Due to the coronavirus impact, the company has decided to reassess its strategy which is still valid for many parts; Finnair is for example still fully committed to Asian megacities and transfer traffic between Asia and Europe. The focus areas related to growth, network and fleet investments and their schedules will, however, be reassessed. In connection with the strategy reassessment, the company will determine how and when it will return to the path of sustainable, profitable growth. It will report about possible effects the reassessment work might have to its strategy in due time. The company will also update its long-term financial targets and the related schedule.

Network and fleet

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

Finnair continues to leverage its home hub's unique geographical location, leveraging its efficiencies. Building a fourth bank of flights enables better utilisation of the aircraft as well as airport capacity and, thus, traffic growth will be mostly outside the main afternoon bank. As a result, the network and fleet will be further optimised, and aircraft investments will be made to improve the narrow-body to wide-body ratio enabling better utilisation of the whole fleet. Also the investment plan will, however, be reassessed when the strategy is updated. The company will especially follow the rapidly evolving aircraft market when it plans its future investments.

Operational excellence

Finnair is recognised as one of the world’s safest airlines. The safety culture, as well as the reliability and productivity of Finnair’s operations, continues to be at the core of the company’s strategy. As a result, more effort will be put into technology, automation and utilising data as well as into working together cross-functionally.

Even though Finnair has reached its previous growth targets, productivity can be improved. The focus will be especially in fuel efficiency and on-time performance which have a great impact on both cost and productivity as well as customer experience. As the whole aviation sector will undoubtedly be restructured, the company will strongly emphasise cost efficient actions.

In terms of on-time performance and fuel efficiency, Finnair aims to develop from being in line with peers to being one of the leaders. The on-time performance in Q1 was 87.4%.

Modern premium airline

Finnair aims to be defined as a modern, premium airline. This will be achieved by offering even more extensive destination and product portfolios as well as additional frequencies and by enabling a smooth travel experience. The extensive destination and product portfolios together with added frequencies cover different customer needs and ancillary products allow the customers to tailor the way they want to travel. To grow and win in the competitive airline market, Finnair must also excel in everyday customer experience. Finnair’s Net Promoter Score (NPS) measuring customer satisfaction was 43 (37).

Finnair will additionally continue to develop its distribution channels, Finnair.com and the travel agent channel. During Q1, the average number of monthly unique Finnair website visitors totalled 2.3 million (1.6). The renewed Finnair.com website, which makes it easier for the customer to buy tickets and services, has already gone live in more than 30 markets. The number of active users of the Finnair mobile application increased by 17 per cent to 338,000 from the year 2019. Direct sales in Finnair’s digital channels represented 33.0 per cent (26.7) of all tickets sold and 52.9 per cent of ancillary sales (57.9).

Sustainability

Sustainability is an essential part of Finnair and, thus, visible in everything done at Finnair. This will remain unchanged despite the coronavirus impacts.

Finnair published its sustainability plan in March and, based on it, Finnair’s long-term goal is carbon neutrality by 2045, with a 50% reduction by the end of 2025 compared to 2019 level. In order to achieve this goal, Finnair will further increase the focus on fuel efficiency by e.g. investing in new, more sustainable fleet, and significantly grow the usage of sustainable aviation fuels (SAF) by commencing SAF flights also from Helsinki.

Finnair will also invest and participate in research and development projects that aim at finding solutions for dramatic emission decrease in the future, such as Power to X and electric flying. Focused activities continue in material management, and the company is on track to reach 50% reductions in single use plastics and food waste by end of 2022 and 2020 respectively. In addition, Finnair takes part in voluntary and non-voluntary offsetting schemes.

Culture and ways of working

The updated strategy will be implemented by engaging the entire Finnair personnel and thus the strategy will be closely linked to their everyday work and targets. The strategy emphasises genuine collaboration, target-oriented leadership and utilising of new working methods such as lean and agile.

A genuine service culture resonates well with customers in the NPS scores, which is something Finnair wants to continue improving on during the strategy period.

Finnair employed an average of 6,804 (6,541) people in Q1 2020, which is 4.0 per cent more than in the corresponding period. The number of employees decreased during Q1 by 16 or -0.2 per cent, totalling 6,790 at the end of March (6,589). Altogether 169 new people were hired into Finnair in Q1 2020. The increase in personnel was mostly due to growth in the number of cabin crew members, Aurinkomatkat travel guides, aircraft mechanics and co-pilots. The attrition rate for the last 12 months was 3.9 per cent (3.5). The number of absences due to illness was slightly lower than in the comparison period and was 4.82 per cent (4.86).

Sustainability and corporate responsibility

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

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

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

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

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

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

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

From January 2019 onwards, Finnair offered its customers the possibility of offsetting the CO2 emissions of their flights through an emissions reduction project, and/or through support of the use of biofuel on Finnair flights. The Push for Change service has been available on the Finnair Shop web pages and the take-up has increased month on month. In February 2020, the National Police Board of Finland deemed offsetting to be charitable fund-raising that cannot be done by corporations. Therefore, the Push for Change service was discontinued, and work started to find an alternative way to offer a similar opportunity to the customers.

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

Changes in company management

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

Share price development and trading

Finnair’s market capitalisation was 469.0 million euros at the end of March (31/12/2019: 753.4). The closing price of the share on 31 March 2020 was 3.66 euros (31/12/2019: 5.88 euros). During January–March, the highest price for the Finnair Plc share on the Nasdaq Helsinki was 6.53 euros, the lowest price 3.01 euros and the average price 4.70 euros. Some 32.1 million company shares, with a total value of 151.2 million euros, were traded on the Nasdaq Helsinki exchange.

The number of Finnair shares recorded in the Trade Register was 128,136,115 at the end of the period. The Finnish state owned 55.8 per cent (55.8) of Finnair’s shares, while 10.5 per cent (31/12/2019: 13.9) were held by foreign investors or in the name of a nominee at the end of the period.

Own shares

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

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

On 31 March 2020, Finnair held a total of 209,600 own shares (31/3/2019: 542,002), representing 0.16 per cent (0.42) of the total number of shares and votes.

Authorisations granted by the Annual General Meeting 2020

Finnair's Annual General Meeting 2020 was scheduled to be held in Helsinki on 18 March 2020, but it was cancelled due to coronavirus related limitations and will be held at a new date announced later.

Significant near-term risks and uncertainties

Aviation is an industry that is sensitive to global economic cycles and reacts quickly to external disruptions, seasonal variation and economic trends as the globally spread coronavirus pandemic demonstrated already during Q1.

In the implementation of its strategy, Finnair is faced with various risks and opportunities. Finnair has a comprehensive risk management process to ensure that risks are identified and mitigated as much as possible, although many risks are not within the company’s full control.

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

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

Capacity increases and product improvements among Finnair's existing or new competitors may have an impact on the demand for, and yield of, Finnair's services. In addition, joint operations involving closer cooperation than airline alliances and joint businesses are expected to develop further. Industry consolidation could have a significant impact on the competitor landscape. Introduction of new digital distribution technologies and channels in Finnair's distribution strategy, including transition towards differentiation of fare content and availability between the channels, involves implementation and commercial risks.

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

Geopolitical uncertainty, the threat of trade wars, the threat of terrorism, cyber-attacks and pandemic risks (such as coronavirus) as well as other potential external disruptions may, if they materialise, significantly affect the demand for air travel and Finnair's operations. The coronavirus pandemic had a significant negative impact on Finnair's first quarter and the negative impact will continue in Q2, as Finnair has operated approximately 5 per cent of its capacity starting from the beginning of April and will do so until the situation improves. A prolonged coronavirus pandemic would result in a deterioration in Finnair's cash funds, but the company is acting to mitigate this risk by introducing a funding package consisting of a revolving credit facility which was already drawn, a premium pension loan which can be drawn if deemed necessary and sale and leaseback arrangements of aircraft. In case of a prolonged pandemic, it will also reduce the company's equity significantly. As a result, Finnair has also introduced significant cost adjustment initiatives, including temporary layoffs, affecting all Finnair personnel. Along with these actions already taken, Finnair is planning for an approximately 500-million-euro rights offering to strengthen the equity and to ensure that it will weather also a prolonged pandemic and resulting impacts within the next 12 months.

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

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

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

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

Seasonal variation and sensitivities in business operations

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

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

The company hedges its currency, interest rate and jet fuel exposure using a variety of derivative instruments, such as forward contracts, swaps and options, in compliance with the risk management policy approved annually by the Board of Directors. Under normal circumstances, fuel purchases are hedged for 24 months forward on a rolling basis, and the degree of hedging decreases towards the end of the hedging period. The higher and lower limits of the degree of hedging would normally be 90 and 60 per cent for the following six months. Currently, Finnair has hedged fuel purchases for the coming 21 months but due to the coronavirus impact, calculation of the hedging degrees would require better visibility on capacity development.

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

Hedged fuel and average hedged price (rolling 12 months from date of financial statements)	**Hedged fuel, tonnes***	**Average hedge price, USD/ton* ****
March 2020	59,000	684
Q2 2020	28,000	509
Q3 2020	159,000	606
Q4 2020	153,000	618
Q1 2021	132,000	584
Q2 2021 and after	237,000	532
Total	**768,000**	**584**

* Based on the hedged period, i.e. not hedging related cash flow.
** Average of swaps and bought call options strikes.

Currency distribution, %	Q1 2020	Q1 2019	2019
Sales currencies			
EUR	60	59	53
USD	3	3	5
JPY	7	8	11
CNY	4	5	7
KRW	2	3	3
SEK	3	4	3
Other	20	18	19
Purchase currencies			
EUR	58	59	57
USD	34	33	36
Other	8	8	8

Hedging of foreign currency exposure in balance sheet

Due to introduction of IFRS 16 in 2019, Finnair's asset-related foreign currency exposure increased with the recognition of the present value of qualifying operating lease liabilities in the balance sheet as right-of-use assets. Unrealised foreign exchange losses/gains caused by the translation of the USD denominated liability will have an impact on Finnair's net result. In the future, the effect and amount of the foreign currency exchange could be positive or negative, depending on the USD-rate at the closing date. Finnair mitigates the foreign exchange volatility introduced by this difference by using hedges and is looking for alternative solutions to hedge this position. The annual effect in net result going forward is dependent on the size of the qualifying operating lease portfolio, the duration of the leases and hedging ratio. At the end of March 2020, the hedging ratio of USD denominated aircraft lease payments and liabilities was approximately 80 per cent.

Events after the review period

In Q2, Finnair operates only a minimum network, which is approximately 5 per cent of its normal capacity, until the coronavirus situation improves. As a result, Finnair's costs will be approximately 30 per cent in Q2 compared to a normal situation due to different cost adjustment means.

On 14 April 2020, it was announced that Finnair and Juneyao Air have signed a Letter of Intent to deepen their cooperation between China and Europe subject to required regulatory approvals. The aim is to establish a joint business on the Helsinki – Shanghai route enabling Finnair and Juneyao Air to offer their customers a seamless travel experience through a wider choice of destination, schedule and fare options via their main hubs, Helsinki Airport and Pudong International Airport.

On 29 April 2020, Finnair announced that it is planning for an approximately 500-million-euro rights offering to strengthen its declining equity due to the coronavirus impact.

Financial Reporting in 2020

The publication dates of Finnair's financial reports in 2020 are the following:

- Half-Year Report for January–June 2020 on Friday 17 July 2020
- Interim Report for January–September 2020 on Wednesday 28 October 2020

FINNAIR PLC
Board of Directors

Briefings

Finnair will hold a results press conference (in Finnish) on 29 April 2020 at 11:00 a.m. via a live webcast: https://finnairgroup.videosync.fi/2020-0429-press

An English-language telephone conference and webcast will begin at 1:00 p.m. Finnish time. The conference may be attended by dialling your local access number +358 (0)9 4241 7514 (Finland), 08 1211 1105 (Sweden), 020 8089 4223 (UK) or +44 (0)20 8089 4223 (all other countries). The confirmation code is 408427. To join the live webcast, please register at: https://finnairgroup.videosync.fi/2020-0429-q1

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Key figures 1 January - 31 March 2020

	Q1 2020	Q1 2019	Change %	2019
Revenue and profitability				
Revenue, EUR million	561.2	668.2	-16.0	3,097.7
Comparable operating result, EUR million	-91.1	-16.2	<-200 %	162.8
Comparable operating result at constant currency and fuel price, EUR million	-61.9	-5.6	<-200 %	205.7
Comparable operating result, % of revenue	-16.2	-2.4	-13.8 %-p	5.3
Operating result, EUR million	-95.6	-17.6	<-200 %	160.0
Comparable EBITDA, % of revenue	-1.5	8.9	-10.5 %-p	15.8
Earnings per share (EPS), EUR	-1.14	-0.33	<-200 %	0.49
Unit revenue per available seat kilometre (RASK), cents/ASK	5.80	6.26	-7.3	6.56
RASK at constant currency, cents/ASK	5.77	6.24	-7.5	6.53
Unit revenue per revenue passenger kilometre (yield), cents/RPK	6.03	6.13	-1.8	6.44
Unit cost per available seat kilometre (CASK), cents/ASK	6.75	6.41	5.1	6.22
CASK excluding fuel, cents/ASK	5.26	5.05	4.0	4.76
CASK at constant currency and fuel price, cents/ASK	6.41	6.29	1.9	6.10
Capital structure				
Equity ratio, %	19.6	22.2	-2.6 %-p	24.9
Gearing, %	125.5	75.9	49.5 %-p	64.3
Interest-bearing net debt, EUR million	923.0	682.8	35.2	621.0
Interest-bearing net debt / Comparable EBITDA, LTM	2.2	1.4	0.8 %-p	1.3
Gross capital expenditure, EUR million	187.4	158.2	18.5	443.8
Return on capital employed (ROCE), LTM, %	3.7	8.4	-4.7 %-p	6.3
Traffic				
Passengers, 1,000	2,656	3,148	-15.6	14,650
Flights, number	28,047	31,307	-10.4	131,186
Available seat kilometres (ASK), million	9,671	10,670	-9.4	47,188
Revenue passenger kilometres (RPK), million	7,025	8,356	-15.9	38,534
Passenger load factor (PLF), %	72.6	78.3	-5.7 %-p	81.7
Operational excellence				
Jet fuel consumption, tonnes	226,381	260,350	-13.0	1,132,219
On-time performance, %	87.4	72.6	14.7 %-p	79.3
Modern premium airline				
Net Promoter Score (NPS)	43	37	17.9	38
Share of digital direct ticket sales, %	33.0	26.7	6.3 %-p	25.9
Average number of monthly visitors at finnair.com, millions	2.3	1.6	42.0	2.0
Active users for Finnair mobile app, thousands	338.0	290.0	16.6	332.6
Ancillary revenue, EUR million	42.8	40.7	5.4	176.2
Sustainability				
Flight CO_2 emissions, tonnes	713,101	820,103	-13.0	3,566,491
Non-flight CO_2 emissions, tonnes	3,770	4,434	-15.0	13,938
Flight CO_2 emissions, tonnes/ASK	0.0737	0.0769	-4.1	0.0756
Flight CO_2 emissions, tonnes/RTK	0.8723	0.8319	4.8	0.7853
Culture and ways of working				
Average number of employees	6,804	6,541	4.0	6,771
Absences due to illness, %	4.82	4.86	-0.04 %-p	4.62
Attrition rate, LTM, %	3.9	3.5	0.4 %-p	3.8

Additional information to key figures at constant currency and fuel price	Q1 2020	Q1 2019	Change %	2019
Revenue, EUR million	561.2	668.2	-16.0	3,097.7
Currency impact adjustment at 2018 currency, EUR million	-3.4	-2.8	-19.4	-14.8
Revenue at constant currency, EUR million	557.8	665.4	-16.2	3,082.9
Other items included in comparable operating result, EUR million	-652.3	-684.5	-4.7	-2,934.9
Currency impact adjustment at 2018 currency, EUR million	10.2	8.3	-23.7	7.8
Fuel price impact adjustment at 2018 price, EUR million	22.4	5.2	<-200 %	49.9
Costs at constant currency and fuel price, EUR million	-619.7	-671.0	-7.6	-2,877.2
Comparable operating result at constant currency and fuel price, EUR million	**-61.9**	**-5.6**	**<-200 %**	**205.7**
Available seat kilometres (ASK), million	9,671	10,670	-9.4	47,188
RASK at constant currency, cents/ASK	**5.77**	**6.24**	**-7.5**	**6.53**
CASK at constant currency and fuel price, cents/ASK	**6.41**	**6.29**	**1.9**	**6.10**

Consolidated income statement 1 January - 31 March 2020

in mill. EUR	Q1 2020	Q1 2019	Change %	2019
Revenue	**561.2**	**668.2**	**-16.0**	**3,097.7**
Other operating income	14.0	14.6	-4.0	56.4
Operating expenses				
Staff costs	-136.1	-129.7	4.9	-534.7
Fuel costs	-143.9	-145.2	-0.9	-687.3
Capacity rents	-29.9	-32.1	-6.9	-130.2
Aircraft materials and overhaul	-40.2	-46.3	-13.2	-201.2
Traffic charges	-64.5	-72.1	-10.5	-331.3
Sales, marketing and distribution costs	-30.4	-41.6	-27.0	-172.1
Passenger and handling services	-104.7	-122.8	-14.7	-476.7
Property, IT and other expenses	-34.1	-33.3	2.4	-132.4
Comparable EBITDA	**-8.6**	**59.7**	**<-200 %**	**488.3**
Depreciation and impairment	-82.5	-75.9	8.7	-325.4
Comparable operating result	**-91.1**	**-16.2**	**<-200 %**	**162.8**
Unrealized changes in foreign currencies of fleet overhaul provisions	-3.7	-2.0	-81.9	-1.4
Fair value changes of derivatives where hedge accounting is not applied	-0.2	0.7	<-200 %	1.3
Sales gains and losses on aircraft and other transactions	-0.1	0.0	<-200 %	0.2
Restructuring costs	-0.5		-	-3.0
Operating result	**-95.6**	**-17.6**	**<-200 %**	**160.0**
Financial income	9.2	0.7	> 200 %	4.8
Financial expenses	-88.9	-21.3	<-200 %	-83.6
Exchange rate gains and losses	-3.0	-10.3	71.3	12.7
Share of results in associates and joint ventures			-	-0.9
Result before taxes	**-178.2**	**-48.5**	**<-200 %**	**93.0**
Income taxes	35.6	9.7	> 200 %	-18.4
Result for the period	**-142.6**	**-38.8**	**<-200 %**	**74.5**
Attributable to				
Owners of the parent company	-142.6	-38.8	<-200 %	74.5
Earnings per share attributable to shareholders of the parent company, EUR				
Basic earnings per share	-1.14	-0.33	<-200 %	0.49
Diluted earnings per share	-1.14	-0.33	<-200 %	0.49

Consolidated statement of comprehensive income 1 January - 31 March 2020

in mill. EUR	Q1 2020	Q1 2019	Change %	2019
Result for the period	**-142.6**	**-38.8**	**<-200 %**	**74.5**
Other comprehensive income items				
Items that may be reclassified to profit or loss in subsequent periods				
Change in fair value of hedging instruments	-152.3	86.5	<-200 %	75.8
Tax effect	30.5	-17.3	> 200 %	-15.2
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains and losses from defined benefit plans	41.7	-18.4	> 200 %	-50.2
Tax effect	-8.3	3.7	<-200 %	10.0
Other comprehensive income items total	**-88.5**	**54.5**	**<-200 %**	**20.5**
Comprehensive income for the period	**-231.1**	**15.8**	**<-200 %**	**95.0**
Attributable to				
Owners of the parent company	-231.1	15.8	<-200 %	95.0

Consolidated balance sheet 31 Mar 2020

in mill. EUR		31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS				
Non-current assets				
Fleet	O	1,605.7	1,397.0	1,533.3
Right-of-use fleet	O	705.3	811.0	736.4
Fleet total	O	2,311.0	2,208.0	2,269.7
Other fixed assets	O	182.5	177.1	178.4
Right-of-use other fixed assets	O	160.6	144.0	141.1
Other fixed assets total	O	343.1	321.1	319.5
Other non-current assets	O	36.0	51.6	39.5
Non-current assets total		**2,690.1**	**2,580.8**	**2,628.7**
Current assets				
Receivables related to revenue	O	73.2	204.0	160.6
Inventories and other current assets	O	84.6	116.7	80.2
Derivative financial instruments	O/I*	76.1	88.7	55.7
Other financial assets	I	713.7	929.2	800.8
Cash and cash equivalents	I	118.8	132.6	151.9
Current assets total		**1,066.4**	**1,471.2**	**1,249.2**
Assets total		**3,756.5**	**4,052.0**	**3,877.9**
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	O	75.4	75.4	75.4
Other equity	O	660.3	823.8	890.9
Equity total		**735.7**	**899.3**	**966.4**
Non-current liabilities				
Lease liabilities	I	925.1	1,003.1	913.6
Other interest-bearing liabilities	I	473.9	508.7	477.3
Pension obligations	O	39.3	38.6	77.1
Provisions and other liabilities	O	159.0	123.6	156.9
Deferred tax liabilities	O	6.5	45.5	64.3
Non-current liabilities total		**1,603.8**	**1,719.5**	**1,689.1**
Current liabilities				
Lease liabilities	I	141.6	131.3	140.4
Other interest-bearing liabilities	I	219.6	102.5	43.5
Provisions	O	23.7	24.4	17.2
Trade payables	O	95.8	88.3	84.7
Derivative financial instruments	O/I*	250.9	39.9	38.9
Deferred income and advances received	O	437.0	704.0	552.7
Liabilities related to employee benefits	O	123.8	116.1	119.4
Other liabilities	O	124.7	226.5	225.7
Current liabilities total		**1,417.0**	**1,433.2**	**1,222.4**
Liabilities total		**3,020.8**	**3,152.7**	**2,911.5**
Equity and liabilities total		**3,756.5**	**4,052.0**	**3,877.9**

Finnair reports its interest-bearing debt, net debt and gearing to give an overview of Finnair's financial position. Balance sheet items included in interest-bearing net debt are marked with an "I". Other items are marked with an "O".

Additional information to Balance Sheet: Interest-bearing net debt and gearing	31 Mar 2020	31 Mar 2019	31 Dec 2019
Lease liabilities	1,066.7	1,134.4	1,054.0
Other interest-bearing liabilities	693.6	611.3	520.8
Cross currency interest rate swaps *	-4.7	-0.9	-1.1
Adjusted interest-bearing liabilities	**1,755.5**	**1,744.7**	**1,573.7**
Other financial assets	-713.7	-929.2	-800.8
Cash and cash equivalents	-118.8	-132.6	-151.9
Interest-bearing net debt	**923.0**	**682.8**	**621.0**
Equity total	735.7	899.3	966.4
Gearing, %	**125.5 %**	**75.9 %**	**64.3 %**

* Cross-currency interest rate swaps are used for hedging the currency and interest rate risk of interest-bearing loans, but hedge accounting is not applied. Changes in fair net value correlate with changes in the fair value of interest-bearing liabilities. Therefore, the fair net value of cross-currency interest rate swaps recognised in derivative assets/liabilities and reported in Note 8, is considered an interest-bearing liability in the net debt calculation.

Consolidated statement of changes in equity 31 Mar 2020

in mill. EUR	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	**Equity total**
Equity 1 Jan 2020	**75.4**	**168.1**	**-6.7**	**256.1**	**275.2**	**198.2**	**966.4**
Result for the period					-142.6		-142.6
Change in fair value of hedging instruments			-121.8				-121.8
Actuarial gains and losses from defined benefit plans			33.4				33.4
Comprehensive income for the period			**-88.5**		**-142.6**		**-231.1**
Share-based payments				0.4			0.4
Equity 31 Mar 2020	**75.4**	**168.1**	**-95.2**	**256.5**	**132.6**	**198.2**	**735.7**

in mill. EUR	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	**Equity total**
Equity 1 Jan 2019	**75.4**	**168.1**	**-27.2**	**255.2**	**248.8**	**198.2**	**918.5**
Result for the period					-38.8		-38.8
Change in fair value of hedging instruments			69.2				69.2
Actuarial gains and losses from defined benefit plans			-14.7				-14.7
Comprehensive income for the period			**54.5**		**-38.8**		**15.8**
Dividend					-35.0		-35.0
Acquisitions of own shares					-0.5		-0.5
Share-based payments				0.5			0.5
Equity 31 Mar 2019	**75.4**	**168.1**	**27.3**	**255.7**	**174.5**	**198.2**	**899.3**

Consolidated cash flow statement 1 January - 31 March 2020

in mill. EUR	Q1 2020	Q1 2019	2019
Cash flow from operating activities			
Result before taxes	-178.2	-48.5	93.0
Depreciation and impairment	82.5	75.9	325.4
Items affecting comparability	4.5	1.3	2.8
Financial income and expenses	82.6	30.9	66.1
Share of results in associates and joint ventures			0.9
Comparable EBITDA	**-8.6**	**59.7**	**488.3**
Change in provisions	3.6	5.1	29.5
Employee benefits	4.1	3.7	10.6
Other adjustments	-1.5	0.2	1.5
Non-cash transactions	**6.2**	**9.0**	**41.5**
Changes in trade and other receivables	83.7	-49.3	33.4
Changes in inventories	-0.4	0.7	-2.2
Changes in trade and other payables	-199.3	162.7	46.9
Changes in working capital	**-116.0**	**114.1**	**78.1**
Financial expenses paid, net	-12.1	-21.6	-31.5
Income taxes paid	-3.0	-13.0	-11.9
Net cash flow from operating activities	**-133.5**	**148.3**	**564.5**
Cash flow from investing activities			
Investments in fleet	-113.4	-120.4	-453.1
Investments in other fixed assets	-9.3	-6.4	-25.2
Divestments of fixed assets	2.1	0.0	1.3
Lease and lease interest payments received	4.0	4.1	16.3
Net change in financial assets maturing after more than three months	49.2	52.6	-53.4
Change in other non-current assets	0.0	-0.2	0.8
Net cash flow from investing activities	**-67.3**	**-70.2**	**-513.2**
Cash flow from financing activities			
Proceeds from loans	175.0		
Loan repayments and changes	-9.5	-4.8	-42.0
Repayments of lease liabilities	-29.9	-31.8	-132.2
Hybrid bond interests and expenses			-15.8
Acquisitions of own shares		-0.5	-0.5
Dividends paid			-35.0
Net cash flow from financing activities	**135.5**	**-37.1**	**-225.4**
Change in cash flows	**-65.3**	**40.9**	**-174.1**
Liquid funds, at beginning	481.7	655.8	655.8
Change in cash flows	-65.3	40.9	-174.1
Liquid funds, at end *	**416.4**	**696.7**	**481.7**
*** Liquid funds**			
Other financial assets	713.7	929.2	800.8
Cash and cash equivalents	118.8	132.6	151.9
Cash funds	**832.5**	**1,061.9**	**952.7**
Maturing after more than three months	-416.1	-365.2	-470.9
Liquid funds	**416.4**	**696.7**	**481.7**

Notes to the consolidated interim financial statements 1 January - 31 March 2020

1. BASIS OF PREPARATION

This Consolidated Interim Report has been prepared according to the International (IAS) Standard 34: Interim Financial Reporting. The interim report has been authorized for publication on 28th April, 2020.

Consolidated income statement includes, in addition to operating result, comparable operating result and EBITDA which are presented to better reflect the Group's business performance when comparing results to previous periods. Comparable operating result does not include capital gains and losses, changes in the unrealized fair value of foreign currency denominated fleet maintenance reserves, changes in the unrealised fair value of derivatives or restructuring costs. The basis for this is explained in more detail in the note 7. Items affecting comparability. Comparable EBITDA is a common measure in airline business which aims to reflect comparable operating result excluding capital cost. Therefore, comparable EBITDA is calculated by excluding depreciations from comparable operating result.

Finnair uses alternative performance measures referred to in the European Securities Markets Authority (ESMA) Guidelines on Alternative Performance Measures to describe its operational and financial performance, to provide a comparable view of its business and to enable better comparability relative to its industry peers. The alternative performance measures do not replace IFRS indicators. Finnair's alternative performance measures reported in financial statements are comparable operating result and EBITDA. Comparable operating result is reconciled in the note 7. Items affecting comparability. Finnair applies consistent principles when excluding items from comparable operating results. The principles are described in more detail in the note 7. Items affecting comparability.

2. ACCOUNTING PRINCIPLES

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

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 the revenue and expenses. The actual outcome may differ from the estimates made. The critical accounting estimates and sources of uncertainty have been disclosed in the annual financial statements 2019.

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

4. SEGMENT INFORMATION AND REVENUE

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

Revenue by product and traffic area

Q1 2020, in mill. EUR	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	171.2	26.6	173.5	44.8	7.2	**423.3**	75.4
Ancillary and retail revenue	12.4	2.3	7.7	1.6	18.9	**42.8**	7.6
Cargo	29.9	2.9	6.8	0.1	-3.2	**36.7**	6.5
Travel services	19.0	8.1	31.5	0.0	-0.2	**58.4**	10.4
Total	**232.6**	**39.8**	**219.5**	**46.6**	**22.7**	**561.2**	
Share %	41.4	7.1	39.1	8.3	4.0		

Q1 2019, in mill. EUR	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	229.8	27.4	193.0	54.0	8.3	**512.5**	76.7
Ancillary and retail revenue	13.8	2.0	8.9	1.6	14.5	**40.7**	6.1
Cargo	35.9	2.5	7.3	0.2	1.5	**47.4**	7.1
Travel services	23.4	9.5	32.8	0.1	1.9	**67.7**	10.1
Total	**302.8**	**41.5**	**242.0**	**55.8**	**26.2**	**668.2**	
Share %	45.3	6.2	36.2	8.3	3.9		

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

PLF, %	Q1 2020	Q1 2019	Change %	2019
Asia	76.3	82.6	-6,2 %-p	82.9
North Atlantic	76.4	80.7	-4,3 %-p	85.3
Europe	68.8	74.7	-5,9 %-p	80.9
Domestic	60.8	61.5	-0,7 %-p	65.6
Total	**72.6**	**78.3**	**-5,7 %-p**	**81.7**

ASK, mill. km	Q1 2020	Q1 2019	Change %	2019
Asia	4,673.8	5,447.3	-14.2	23,303.6
North Atlantic	847.0	728.4	16.3	4,068.4
Europe	3,569.3	3,827.5	-6.7	17,893.4
Domestic	580.7	666.7	-12.9	1,922.8
Total	**9,670.8**	**10,669.8**	**-9.4**	**47,188.1**

RPK, mill. km	Q1 2020	Q1 2019	Change %	2019
Asia	3,568.4	4,498.6	-20.7	19,329.0
North Atlantic	647.0	587.7	10.1	3,470.4
Europe	2,457.1	2,859.6	-14.1	14,472.4
Domestic	352.8	409.9	-13.9	1,261.8
Total	**7,025.3**	**8,355.8**	**-15.9**	**38,533.6**

Key figures quarterly, last 24 months	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Revenue	**561.2**	**774.9**	**865.4**	**789.1**	**668.2**	**683.4**	**801.8**	**715.4**
Passenger revenue	423.3	615.9	709.9	641.5	512.5	530.9	652.3	577.5
Ancillary and retail revenue	42.8	44.6	45.7	45.3	40.7	39.2	42.0	40.5
Cargo	36.7	57.2	52.8	54.7	47.4	60.0	55.0	51.7
Travel services	58.4	57.3	57.0	47.6	67.7	53.3	52.5	45.7
Comparable operating result	**-91.1**	**31.2**	**100.7**	**47.2**	**-16.2**	**26.5**	**118.2**	**59.1**
Operating result	**-95.6**	**34.7**	**94.9**	**47.9**	**-17.6**	**73.1**	**115.5**	**50.8**
ASK, mill. km	9,670.8	11,587.4	12,623.6	12,307.3	10,669.8	10,473.3	11,528.0	10,718.7
RPK, mill. km	7,025.3	9,150.6	10,877.0	10,150.2	8,355.8	8,055.4	9,742.7	8,846.5
PLF, %	72.6	79.0	86.2	82.5	78.3	76.9	84.5	82.5

5. STAFF COSTS

in mill. EUR	Q1 2020	Q1 2019	Change %	2019
Wages and salaries	-87.7	-85.2	2.9	-371.4
Defined contribution schemes	-15.4	-13.6	13.1	-63.4
Defined benefit schemes	-3.8	-3.1	20.8	-11.2
Pension expenses total	-19.2	-16.7	14.5	-74.6
Other social expenses	-10.9	-9.2	18.5	-16.7
Salaries, pension and social costs	**-117.7**	**-111.1**	**5.9**	**-462.7**
Operative staff related costs	-11.0	-10.5	4.8	-42.8
Leased and outsourced crew	-4.0	-4.3	-7.1	-16.2
Other personnel related costs	-3.5	-3.9	-9.5	-13.0
Total	**-136.1**	**-129.7**	**4.9**	**-534.7**

6. DEPRECIATION AND IMPAIRMENT

in mill. EUR	Q1 2020	Q1 2019	Change %	2019
Depreciation of owned fleet	-44.6	-38.2	16.9	-171.2
Depreciation of other fixed assets	-5.7	-5.3	7.4	-24.7
Depreciation of right-of-use fleet	-26.7	-26.4	0.9	-106.1
Depreciation of right-of-use other assets	-5.5	-6.0	-7.6	-23.3
Total	**-82.5**	**-75.9**	**8.7**	**-325.4**

7. ITEMS AFFECTING COMPARABILITY

Comparable operating result aims to provide a comparable view on business development between periods. Therefore, items affecting comparability are excluded from the comparable operating result. The principles related to income statement presentation and principles related to usage of alternative performance measures are described under Basics of preparation. Calculation principles of alternative performance measures are also defined in note 18. Calculation of key ratios. The detailed content of items affecting comparability, and the reasoning behind excluding those from comparable operating results, is described below.

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

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

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

	Q1 2020			Q1 2019			
in mill. EUR	Operating result	Items affecting compa-rability	Compa-rable operating result	Operating result	Items affecting compa-rability	Compa-rable operating result	Change %
Revenue	**561.2**		**561.2**	**668.2**		**668.2**	**-16.0**
Sales gains on aircraft and other transactions	0.0	0.0		0.0	0.0		80.8
Other operating income	14.0		14.0	14.6		14.6	-4.0
Operating expenses							
Staff costs	-136.6	0.5	-136.1	-129.7		-129.7	5.3
Fuel costs	-144.1	0.2	-143.9	-144.5	-0.7	-145.2	-0.3
Capacity rents	-29.9		-29.9	-32.1		-32.1	-6.9
Aircraft materials and overhaul	-43.9	3.7	-40.2	-48.3	2.0	-46.3	-9.2
Traffic charges	-64.5		-64.5	-72.1		-72.1	-10.5
Sales, marketing and distribution costs	-30.4		-30.4	-41.6		-41.6	-27.0
Passenger and handling services	-104.7		-104.7	-122.8		-122.8	-14.7
Sales losses on aircraft and other transactions	-0.1	0.1					-
Property, IT and other expenses	-34.1	0.0	-34.1	-33.3		-33.3	2.5
EBITDA	**-13.1**	**4.5**	**-8.6**	**58.3**	**1.3**	**59.7**	**<-200 %**
Depreciation and impairment	-82.5		-82.5	-75.9		-75.9	8.7
Operating result	**-95.6**	**4.5**	**-91.1**	**-17.6**	**1.3**	**-16.2**	**<-200 %**

8. MANAGEMENT OF FINANCIAL RISKS

No significant changes have been made to the Group's risk management principles in the reporting period. The objectives and principles of risk management are consistent with the information presented in the Group's 2019 financial statements. The tables below present the nominal value or the amount and net fair value of derivative contracts used in Group's hedge accounting.

Derivatives, in mill. EUR	31 Mar 2020		31 Mar 2019		31 Dec 2019	
	Nominal value	Fair net value	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives						
Operational cash flow hedging (forward contracts)	756.0	21.9	792.1	17.9	924.4	17.6
Operational cash flow hedging (options)						
Bought options	236.2	5.7	235.7	7.0	201.5	3.3
Sold options	206.5	-1.3	239.0	-2.3	201.8	-1.0
Fair value hedging of aircraft acquisitions	294.8	16.5	406.8	23.9	336.5	18.6
Currency hedging of lease payments			100.6	6.9	22.3	1.7
Hedge accounting items total	1,493.5	42.8	1,774.2	53.4	1,686.5	40.2
Operational cash flow hedging (forward contracts)	304.7	5.2				
Operational cash flow hedging (options)						
Sold options	25.2	-0.1				
Balance sheet hedging (forward contracts)	806.7	3.9	830.9	5.3	775.1	-9.3
Currency hedging of lease payments	4.6	0.5				
Items outside hedge accounting total	1,141.2	9.3	830.9	5.3	775.1	-9.3
Currency derivatives total	**2,634.7**	**52.1**	**2,605.1**	**58.8**	**2,461.6**	**30.9**
Commodity derivatives						
Jet fuel forward contracts, tonnes	768,000	-172.4	922,000	-9.2	898,000	-15.3
Options						
Bought options, jet fuel, tonnes			165,500	2.0	57,000	0.7
Sold options, jet fuel, tonnes			165,500	-3.3	57,000	-0.5
Hedge accounting items total	768,000	-172.4	1,253,000	-10.5	1,012,000	-15.1
Jet fuel forward contracts, tonnes	342,000	-59.2				
Options						
Bought options, jet fuel, tonnes	20,000	4.6				
Sold options, jet fuel, tonnes	35,000	-4.6	159,500	-0.4	42,000	-0.1
Items outside hedge accounting total	397,000	-59.2	159,500	-0.4	42,000	-0.1
Commodity derivatives total	**1,165,000**	**-231.6**	**1,412,500**	**-11.0**	**1,054,000**	**-15.2**
Currency and interest rate swaps and options						
Cross currency interest rate swaps	218.3	4.7	232.4	0.9	217.9	1.1
Items outside hedge accounting total	218.3	4.7	232.4	0.9	217.9	1.1
Interest rate derivatives total	**218.3**	**4.7**	**232.4**	**0.9**	**217.9**	**1.1**
Derivatives total		**-174.7**		**48.7**		**16.8**

9. FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value hierarchy of financial assets and liabilities valued at fair value			
Fair values at the end of the reporting period, in mill. EUR	31 Mar 2020	Level 1	Level 2
Financial assets at fair value through profit and loss			
Securities held for trading	713.7	680.2	33.5
Derivatives held for trading			
Currency and interest rate swaps and options	4.7		4.7
Currency derivatives	60.6		60.6
- of which in fair value hedge accounting	16.5		16.5
- of which in cash flow hedge accounting	32.5		32.5
Commodity derivatives	10.8		10.8
Total	**789.8**	**680.2**	**109.6**

Financial liabilities recognised at fair value through profit and loss			
Derivatives held for trading			
Currency derivatives	8.5		8.5
- of which in fair value hedge accounting	0.0		0.0
- of which in cash flow hedge accounting	6.2		6.2
Commodity derivatives	242.4		242.4
- of which in cash flow hedge accounting	172.4		172.4
Total	**250.9**		**250.9**

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

The fair values of hierarchy Level 1 are based fully on quoted (unadjusted) prices in active markets of the same assets and liabilities.

The fair values of Level 2 instruments are, to a significant extent, based on input data other than the quoted prices included in Level 1, but still mainly based directly observable data (price) or indirectly observable data (derived from price) for the particular asset or liability.

10. COMPANY ACQUISITIONS AND DIVESTMENTS

There were no business acquisitions or disposals during Q1 2020.

11. INCOME TAXES

The effective tax rate for Q1 2020 was -20.0% (-20.0%).

12. DIVIDEND PER SHARE

The Board of Directors has reconsidered its dividend proposal and due to the rapid deterioration of the circumstances, the Board has concluded that the company should refrain from paying dividend. Also the government of Finland has advised the company of its intention to vote against the dividend proposal of 0.20 euros per share due to the change in circumstances. As a result, such dividend will not be distributed for 2019.

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

13. CHANGE IN INTANGIBLE AND TANGIBLE ASSETS

in mill. EUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Carrying amount at the beginning of period	1,711.7	1,493.5	1,493.5
Additions	166.8	154.3	420.2
Change in advances	-40.1	-23.7	-2.8
Currency hedging of aircraft acquisitions	2.1	-6.5	-1.1
Disposals and reclassifications	-2.1	0.1	-2.0
Depreciation	-50.3	-43.5	-195.9
Carrying amount at the end of period	**1,788.2**	**1,574.2**	**1,711.7**

14. CHANGE IN RIGHT-OF-USE ASSETS

in mill. EUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Carrying amount at the beginning of period	877.5	998.6	998.6
New contracts	2.3	4.0	29.2
Reassessments and modifications	18.3		-5.6
Disposals		-15.1	-15.1
Depreciation	-32.2	-32.4	-129.5
Carrying amount at the end of period	**865.9**	**955.0**	**877.5**

15. INTEREST-BEARING LIABILITIES

An unsecured syndicated revolving credit facility totalling to 175 million euros was taken into use during the first quarter of 2020. The facility has a maturity date in January 2022, and it includes two one-year extension options. The existing loans were amortized according to the loan instalment programs.

16. CONTINGENT LIABILITIES

in mill. EUR	31 Mar 2020	31 Mar 2019	31 Dec 2019
Guarantees on behalf of group undertakings	78.3	84.4	79.6
Guarantees on behalf of others		0.6	
Total	**78.3**	**85.0**	**79.6**

Investment commitments for property, plant and equipment as at 31 March 2020 totaled 634 million euros (31 December 2019: 730). Lease commitments as at 31 March 2020 for VAT obligations, short-term leases of facilities and leases of low value IT equipment, that do not qualify as IFRS 16 leases, totaled 22.1 million euros (31 December 2019: 20.1).

17. RELATED PARTY TRANSACTIONS

in mill. EUR	Q1 2020	Q1 2019	2019
Sales of goods and services			
Associates and joint ventures	7.1	7.1	27.0
Pension fund	0.2	0.2	0.7
Purchases of goods and services			
Associates and joint ventures	28.7	26.8	107.8
Pension fund	4.1	3.6	12.8
Financial income and expenses			
Associates and joint ventures	0.8	1.0	5.7
Pension fund	-0.2	-0.1	-0.3
Receivables			
Non-current receivables from joint ventures	30.3	43.7	33.7
Current receivables from associates and joint ventures	24.4	22.3	23.4
Liabilities			
Non-current liabilities to joint ventures	3.6	3.6	3.6
Non-current liabilities to pension fund	39.0	37.9	77.0
Current liabilities to associates and joint ventures	0.6	0.3	1.0

18. CALCULATION OF KEY RATIOS

Alternative performance measures	Calculation	Reference to reason to use the measure	Reference to reconciliation
Items affecting comparability	Unrealized changes in foreign currencies of fleet overhaul provisions + Fair value changes of derivatives where hedge accounting is not applied + Sales gains and losses on aircraft and other transactions + Restructuring costs	Note 1. Basics of preparation, Note 7. Items affecting comparability	Note 7. Items affecting comparability
Comparable operating result	Operating result - Items affecting comparability	Note 1. Basics of preparation	Income statement, Note 7. Items affecting comparability
Revenue at constant currency	Revenue + Currency impact adjustment at 2018 currency	Component used in calculating comparable operating result at constant currency and fuel price and RASK at constant currency. All changes in currency levels and hedging results since 2018 are excluded from the measurement.	Additional information to key figures at constant currency and fuel price
Costs at constant currency and fuel price	Other operating income + Operating expenses included in comparable operating result + Currency impact adjustment at 2018 currency + Fuel price impact adjustment at 2018 price	Component used in calculating comparable operating result at constant currency and fuel price and CASK at constant currency and fuel price. All changes in fuel price, currency levels and hedging results since 2018 are excluded from the measurement.	Additional information to key figures at constant currency and fuel price
Comparable operating result at constant currency and fuel price	Revenue at constant currency + Costs at constant currency and fuel price	Comparable operating result at constant currency and fuel price aims to provide a comparative, currency and fuel price neutral measurement for comparable operating result.	Additional information to key figures at constant currency and fuel price
RASK at constant currency	Revenue at constant currency / Available seat kilometres (ASK)	Unit revenue (RASK) at constant currency aims to provide a comparative, currency neutral measurement for unit revenues.	Additional information to key figures at constant currency and fuel price
CASK at constant currency and fuel price	Costs at constant currency and fuel price / Available seat kilometres (ASK)	Unit cost (CASK) at constant currency and fuel price aims to provide a comparative, currency and fuel price neutral measurement for unit costs.	Additional information to key figures at constant currency and fuel price
Comparable EBITDA	Comparable operating result + Depreciation and impairment	Note 1. Basics of preparation	Income statement
Adjusted interest-bearing liabilities	Lease liabilities + Other interest-bearing liabilities + Cross currency interest rate swaps in derivative financial instruments	Component used in calculating gearing	Additional information to Balance Sheet: Interest-bearing net debt and gearing
Cash funds	Cash and cash equivalents + Other financial assets	Component used in calculating gearing. Cash funds represent the total amount of financial assets that are available for use within short notice. Therefore, cash funds provide the true and fair view of the Group's financial position.	Additional information to Balance Sheet: Interest-bearing net debt and gearing, Liquid funds
Interest-bearing net debt	Adjusted interest-bearing liabilities - Cash funds	Note 1. Basics of preparation	Additional information to Balance Sheet: Interest-bearing net debt and gearing
Gearing, %	Interest-bearing net debt / Equity x 100	Note 1. Basics of preparation	Additional information to Balance Sheet: Interest-bearing net debt and gearing

Other key ratios - Revenue and profitability	
Earnings per share (EPS)	(Result for the period - Hybrid bond expenses net of tax) / Average number of outstanding shares during the period
Unit revenue per available seat kilometre (RASK)	Unit revenue (RASK) represents the Group's revenue divided by available seat kilometres (ASK).
Unit revenue per revenue passenger kilometre (yield)	Passenger revenue by product divided by Revenue passenger kilometres (RPK).
Unit cost per available seat kilometre (CASK)	Unit cost (CASK) represents the Group's operational costs divided by available seat kilometres. Other operating income is deducted from operational costs.

Other key ratios - Capital structure	
Equity ratio, %	Equity / Equity and liabilities total x 100
Gross capital expenditure	Investments in intangible and tangible assets excluding advance payments
Return on capital employed (ROCE)	(Result before taxes + Financial expenses + Exchange rate gains and losses) / (Equity + Lease liabilities + Other interest-bearing liabilities, average of reporting period and comparison period)

Other key ratios - Traffic	
Available seat kilometres (ASK)	Total number of seats available × kilometres flown
Revenue passenger kilometres (RPK)	Number of revenue passengers × kilometres flown
Passenger load factor (PLF)	Share of revenue passenger kilometres of available seat kilometres

Other key ratios - Operational excellence	
On-time performance	The share of flights arrived less than 15 minutes late

Other key ratios - Modern premium airline	
Net Promoter Score (NPS)	Net Promoter Score is based on a question: "Thinking about all aspects of this journey, how likely would you be to recommend Finnair to a relative, friend or colleague?" Scale is 0-10: The share of detractors (ratings 0-6) is deducted from the share of promoters (ratings 9-10).
Share of digital direct ticket sales	Share of ticket sales in Finnair's own direct channels in relation to total ticket sales for the period. Direct channels include Finnair.com, Finnair mobile app, New Distribution Capability (NDC) solutions and Finnair Holidays.

Other key ratios - Sustainability	
Flight CO_2 emissions	CO_2 emissions from jet fuel consumption
Non-flight CO_2 emissions	CO_2 emissions from electricity and heating consumption of facilities and fuel consumption of ground equipment

Other key ratios - Culture and ways of working	
Absences due to illness	Share of sickness absence hours relating to planned work hours
Attrition rate, LTM	Number of leavers on own request during the last tvelwe months compared to active employments on reporting date and leavers on own request during the last tvelwe months

The figures of the Interim Report are unaudited.