



Lentoyhtiö maailmojen puristuksessa

FINNAIR

Kati Ihamäki, Vice President Sustainable Development



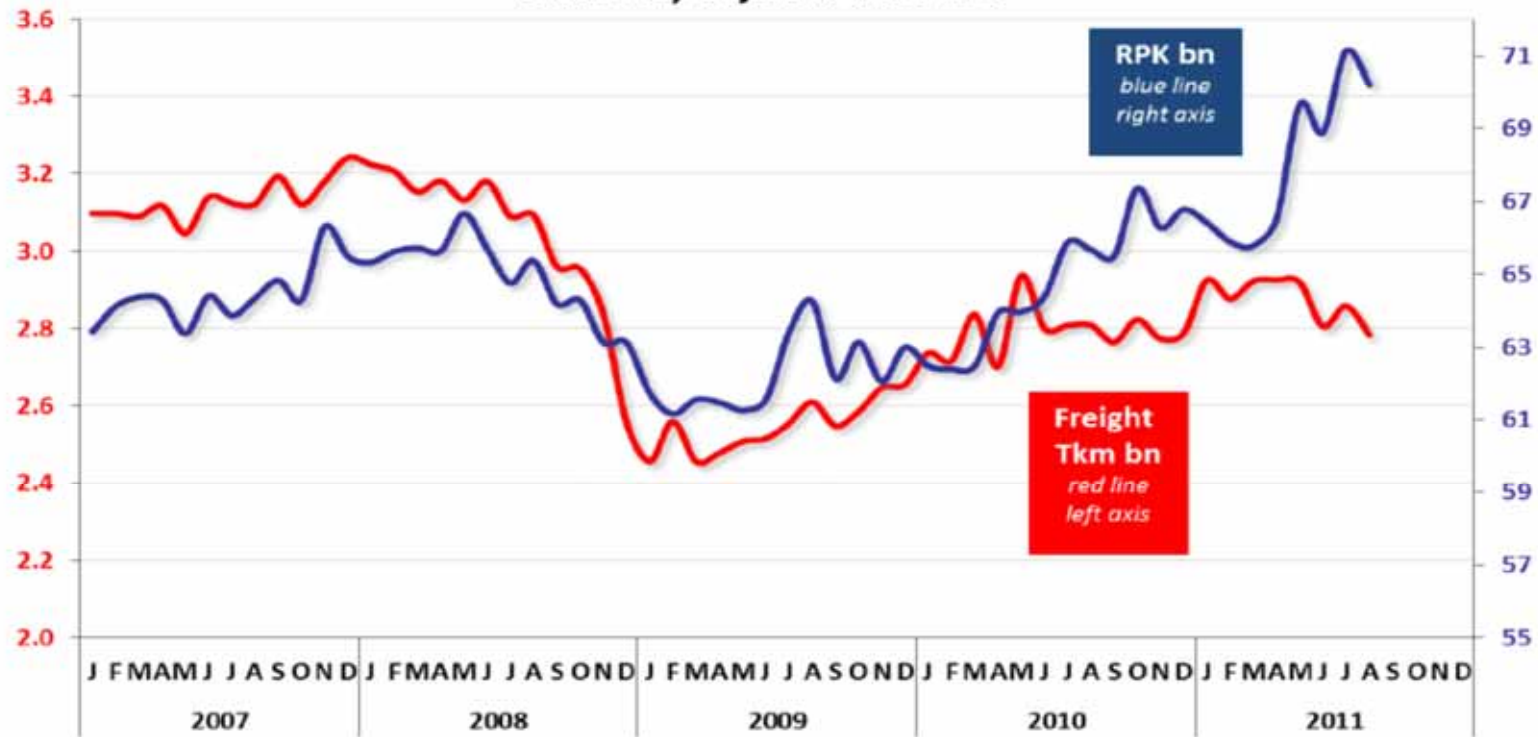
Outline

- Industry outlook
- Finnair
- Sustainable aviation

Passenger trend buoyant, but cargo is faltering

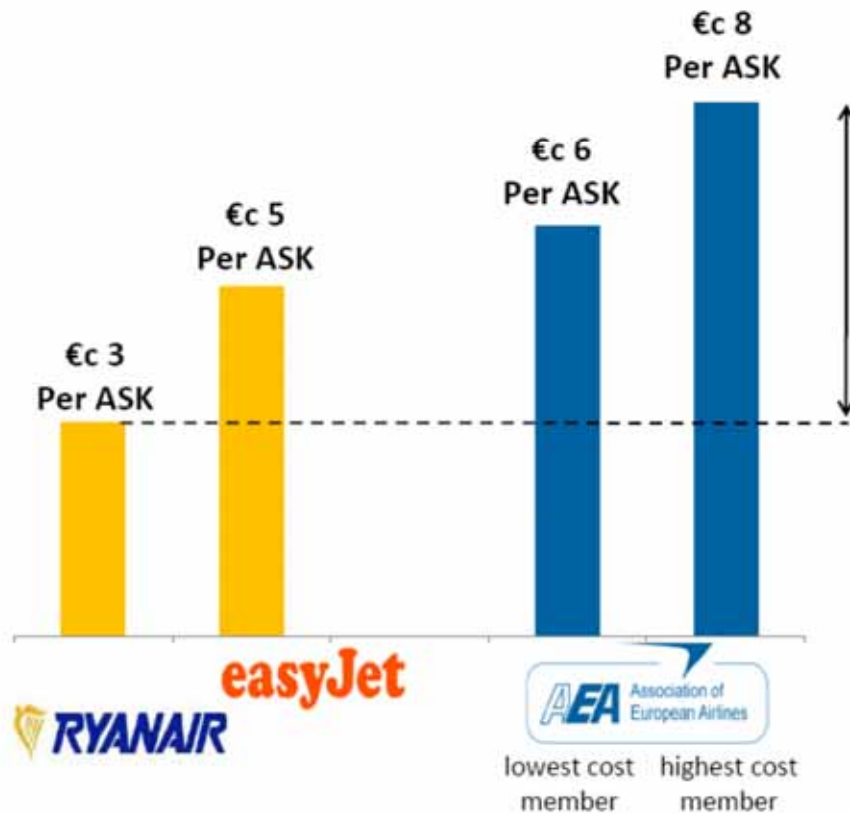


AEA Passenger & Freight Traffic
seasonally adjusted trend line



Source: AEA

Two battle fronts: In Europe focus is 'costs'



LCC cost advantage
= € 3 to € 5 / ASK

Main differences:

Labour

- Salary costs 24% below
- Staff productivity higher by 890%

Airport charges

- Dedicated LCC airport charges 48% below national hub airport charges

Source: AEA research based on RBB, financial statements for 2010

Labour costs = avg. of Ryanair & EasyJet vs. avg. AEA; Airport charges = avg. of MP2, BUD1, CRL vs. AMS, CDG, FRA, MAD, MUC, LIS, ZAG





Emissions Trading Scheme (ETS)

- € 39 bn Additional Cost for European Airline Industry
- Vulnerable to Legal Attack



Single European Sky

- Replace current fragmented, inefficient and expensive system
- Accelerate progress towards SES needed. Public funding for SESAR



Consumer Policy Reg. 261

- Unreasonable burden of liability, even when cause is beyond control of airline, e.g. weather, ATC, strike,... = 95% of cancellations in 2010.



Fair Competition & Level Playing Field

- Burdensome regulation. Distortive national taxes.
- Lack of recognition for a economic growth-enabling industry.

The modern silk road: 74 weekly departures to Asia in the summer 2011



Helsinki is on the shortest route to Asia

Europe-Asia: close to 30 mill. passengers per year, 15 mill. via passengers

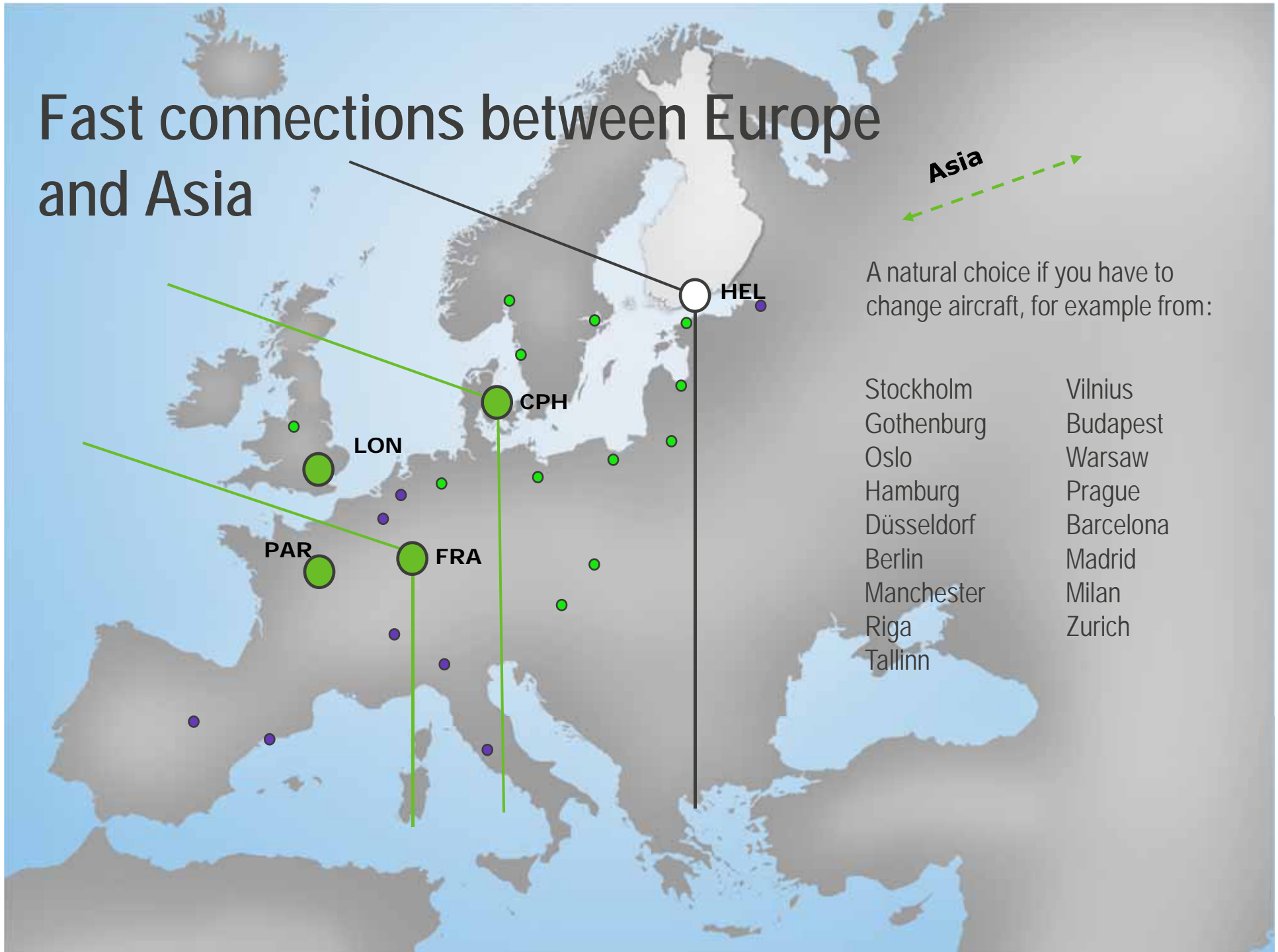
Fast market growth drives high growth rates in both passenger and cargo traffic

Fast connections between Europe and Asia



A natural choice if you have to change aircraft, for example from:

- | | |
|------------|-----------|
| Stockholm | Vilnius |
| Gothenburg | Budapest |
| Oslo | Warsaw |
| Hamburg | Prague |
| Düsseldorf | Barcelona |
| Berlin | Madrid |
| Manchester | Milan |
| Riga | Zurich |
| Tallinn | |



The New Finnair



Four pillar strategy for Finnair's Sustainable Development

I. TECHNOLOGY

II. INFRASTRUCTURE

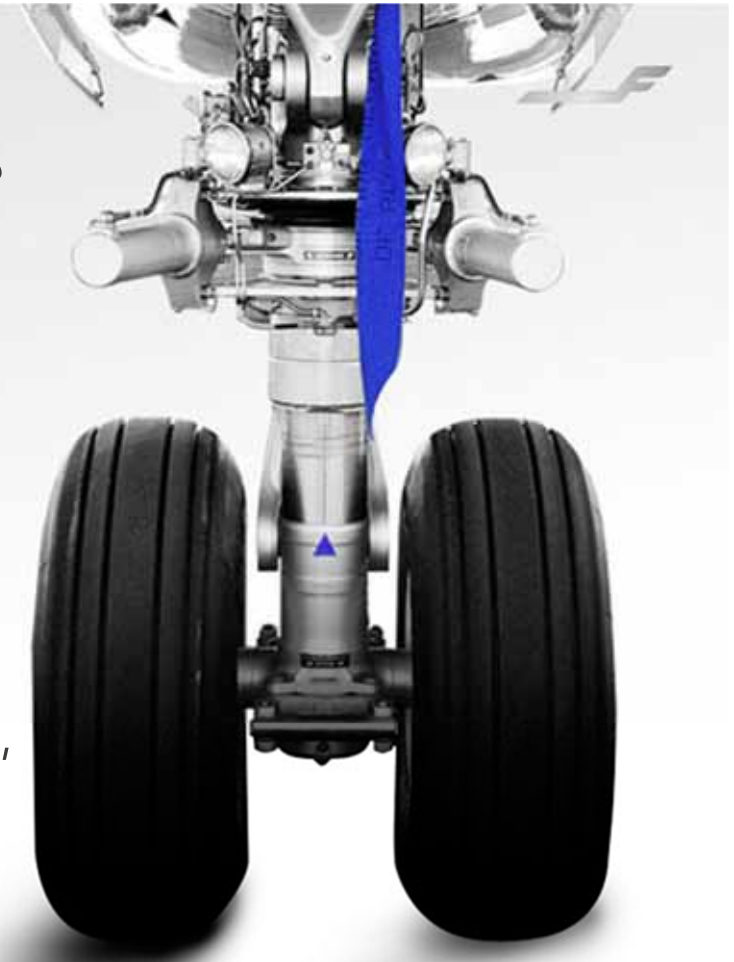
III. OPERATIONS

IV. ECONOMIC INSTRUMENTS



Technological Solutions

- Safety and responsibility always the first priority
- Alternative fuels - Second generation biofuels
- Aim for new technology with less noise, less emissions
- Aircraft manufacturers invest in R&D (14%)
- New aircraft designs, better aerodynamics
- Technical modifications; e.g winglets -5% in fuel burn





Fleet Development

- Modern, streamlined and flexible fleet of 65 aircraft, average age ~7 years
- Increased capacity and productivity with A319 & A320 cabin layout densification
- B757 to be phased out and replaced with A321 ER's in 2013-2014: improved cross usage & fleet utilisation

	Seats	Total	Owned	Leased
Airbus A319	105-123	11	7	4
Airbus A320	111-159	12	6	6
Airbus A321	136-196	6	4	2
Airbus A330	271	8	4	4
Airbus A340	269	7	5	2
Boeing B757	227	4	0	4
Embraer 170	76	5	1	4
Embraer 190	100	12	7	4
Total		65	34	30





A350 XWB - The next generation of long haul aircraft

Deliveries from Q4/2014:

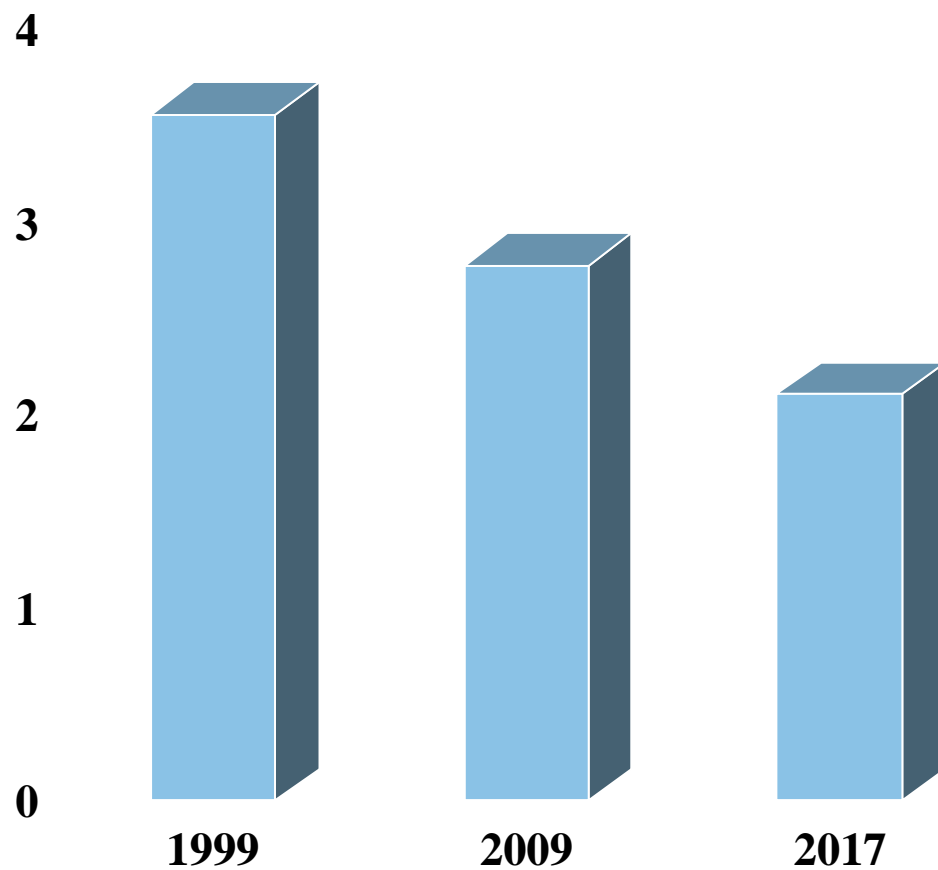
- A350-900 XWB, 11 firm orders +8 options
- Increased capacity with 310-320 seats
- Improved cost efficiency and superior customer experience



Finnair Fuel consumption 1999-2017



litres/seat/100km





Finnair **Operative** Measures

- Size of the aircraft
- Efficient operations at the airport
- Shortest possible route taking winds into account
- Optimal speed and height
- Maximized passenger and cargo load factor
- Optimize weight of the aircraft
- Optimal amount of fuel – safety first
- Aircraft maintenance and wash

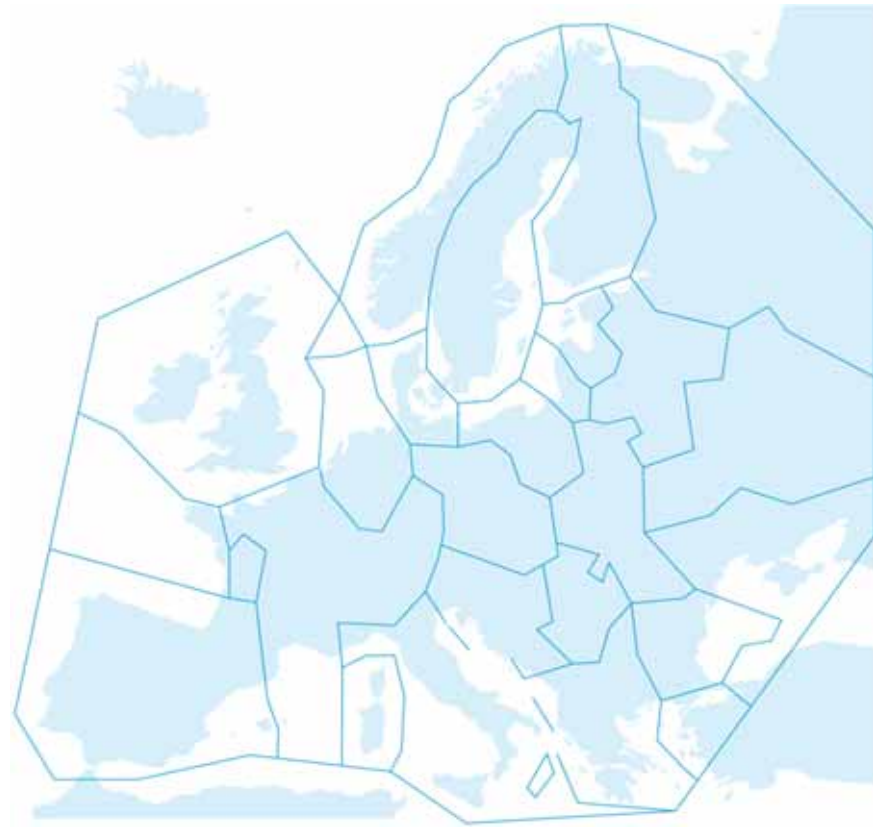
FINNAIR





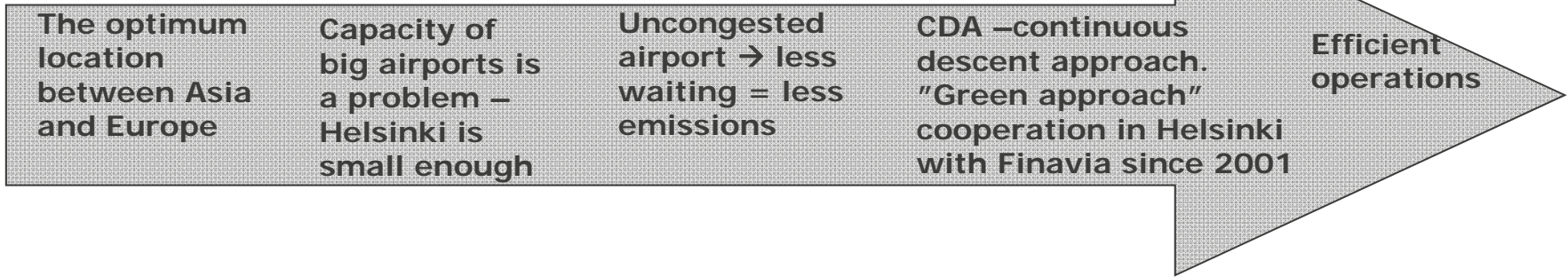
Infrastructure – Single European Sky

- Possibility for 6-12% fuel savings with better airspace management and harmonization.
- A Single European Sky would effectively unite Europe's 35 air navigation service providers into one.
- The resulting efficiency gains —reduction in delays and more effective routings — would lead to a 16 million tn annual reduction in the CO2 produced by airlines flying in Europe's skies. (IATA)



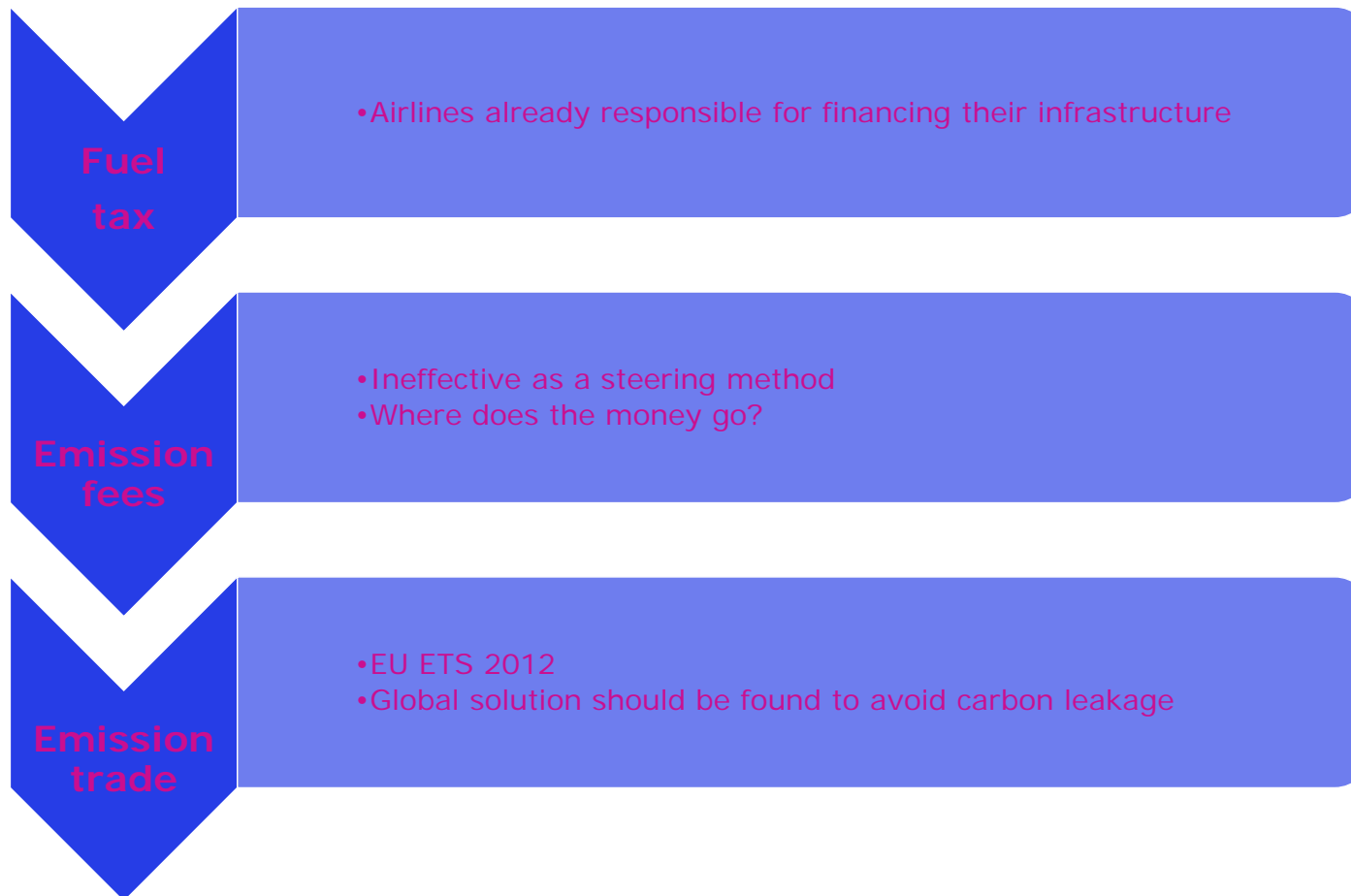


Infrastructure – Helsinki Airport





Market-based measures





A traveller can reduce emissions by choice

- Use direct routes and fly to the right direction from the beginning
- Use airline with modern aircraft
- Avoid overcrowded airports
- On long flights make a stop in the right place
 - Excess fuel is not carried to enable consumption later



Sustainability work at Finnair Group 2011



- Over 60% of cabin waste sorted and recycled, cargo warehouse materials also recycled/reused
- Supplier management – code of conduct in renewal phase
- New Car policy, Electric vehicles tested
- A program to minimize energy and water usage and enhance waste management continues
- HOTT
- Sustainable travel network, Travel agencies programs
- Sustainability training for staff
- Academic cooperation about sustainability
- New policies – equality, personnel in progress



Social Responsibility

- Unicef
- Finnish Association for Nature Conservation – Madagascar project
- Baltic Sea Action -group commitment
- WEP signatory
- Pink Ribbon, Nose day, Burma refugees Tikau as new partners
- Plus –partners instead of compensation
- Programs in destination countries
- Recycling partnerships (U6, Globe Hope)






Open dialogue


- A business can only manage what it measures
- Three years in worldwide Carbon Disclosure Project (CDP)
 - Result doubled to 61 CDLI (Carbon Disclosure Leadership Index)
 - Finnair clearly the leading Nordic airline in terms of environmental measures
- One of the first airlines to publish GRI (Global Reporting Initiative) corporate responsibility report
 - Environmental reporting for over ten years
 - Now social, ecological and financial dimensions
 - Internationally recognised GRI reporting targets to improve the transparency of corporate activity





Finnair has ambitious but realistic targets

TARGETS ARE BASED ON MODERN FLEET, OPERATIONAL AND TECHNICAL IMPROVEMENTS AND ECONOMIC INSTRUMENTS

- To reduce emissions by 24% per seat in 2009-2017
 - The achieved emissions reductions are an indication of Finnair's persistent corporate responsibility work
 - Total emissions reductions during 1999-2017 as much as 41% per seat
 - Finnair supports IATA's goal of carbon neutral flying in 50 years and the global emissions trading scheme
- 



A large, futuristic Finnair aircraft is shown flying over a city. The aircraft is white with blue accents and features the Finnair logo on the tail. The city below is partially obscured by clouds. The sky is a clear blue gradient.

Thank you!



Thank you!

<http://blogit.finnair.fi/>

<http://www.finnairgroup.com/yhteiskunta/index.html>

http://www.finnair.fi/finnaircom/wps/portal/finnair/corporate-responsibility/fi_FI?locale=fi_FI