

THE AVIATION CLUB

TOPI MANNER, CEO, Finnair

- Thank you for the opportunity to be here today. Being here brings me joy – personal joy of making new connections and having face-to-face conversations, and professional joy as I see this as yet another sign of us as an industry starting to get back on track.
- The COVID-19 pandemic has been a human crisis and health care crisis, but it has also been an aviation crisis. The past 20 months have been a ride we surely all could have lived without. But it has also been a period of great learning.
- When the pandemic started, we at Finnair were fully focused on launching two new routes in Asia, Tokyo Haneda and Busan in South Korea. We had a record year behind us, with revenues exceeding 3 billion and almost 15 million customers flew with us. We were connecting Asia and Europe via the short northern route. Sustainable profitable growth was our target, and we were well positioned to meet that target.
- When the pandemic hit us, we set ourselves clear priorities. The first one was to ensure the health and safety of our customers and personnel. The second was to ensure Finnair the financial stamina to get through the pandemic, even a prolonged one. And the third one was to ensure we retained our competitiveness and could continue to implement our strategy.
- I have never been more proud of my team than during these past 20 difficult months. Our organisation has gone through the ultimate stress test. Our operating environment has been one of extreme uncertainty. Our team has become smaller – like many other airlines, we had to resize ourselves and cut some 700 jobs globally. Many of our normal tools have become redundant – like those used for forecasting demand – and we have had to create new agile processes to deliver results.
- And yet we have found the ways to deal with all of this. To name just a few achievements over the past 20 months:
 - Our team has secured over 2 billion euros of new financing – including a 500 million euro share issue and refinancing of our hybrid bond
 - We ramped down our global network in a matter of 2 weeks in March 2020, flying customers home before grounding our aircraft
 - We paid 460 million euros of ticket refunds to our customers in 2020 and developed robots to handle the massive volumes

- We cut costs across our operations – temporary adjustments such as furloughs have created some 500 meur(?) cuts in cost each quarter
 - We also want to ensure our competitiveness as we emerge from the pandemic, and have streamlined our fixed costs, finding savings in facilities, supplier agreements and more. We even moved all our data to the cloud – not many 100-year-old data heavy companies can say that they are 100% cloud based
 - We brought airline food to supermarkets, creating jobs for our furloughed catering employees and bringing the unique Finnair experience to people who were self-isolating in their homes
 - We created a comprehensive re-employment program for those who lost their jobs and offered personal re-employment support to everyone who had to leave Finnair
 - We have also renewed our ticket types, and moved forward with our customer experience investments
 - Our NPS has been record high during the pandemic and reached 45 in Q2.
- Looking at the Finnair team now, I can sincerely say that we have become a better team. We work closer together, we are faster and we are more entrepreneurial. The learnings we have gained during the pandemic will benefit us – and each employee personally – for years to come. There have been painful times, difficult decisions and times when we have not all agreed – but we have worked through those times and emerged as a stronger team.

So where do we go from here?

- Travel recovery has already started, and we know that the need and will to travel has not disappeared during the pandemic. We are in the business of enriching life by bridging the world – and that is needed, perhaps more than ever before, after 20 months of involuntary isolation.
- At Finnair we have restored a large share of our European short-haul network. We have resumed many long-haul flights to our key Asian destinations – including Bangkok, Hong Kong, Seoul, Shanghai and Tokyo Narita in Asia, as well as to Chicago, Los Angeles and New York in the US – and are adding routes and frequencies month by month as demand returns. For the UK and Ireland, we now operate a double daily service between Helsinki and Heathrow, five times a week from Manchester and four times a week from Edinburgh and Dublin

- But as we ramp up operations, it is also important to reflect on what may have changed. What is it that our customers expect from us? What does the society at large expect from us?
- Customers have certainly appreciated the flexibility we have offered them during the pandemic. Customers have also learned to appreciate safety, reliability, and personal space. We are introducing a new Premium Economy travel class into our offering starting next year, and we are bringing more and more choice to enable our customers to tailor their travel experience to their liking.
- Our customers, the governments and the society at large also expect us to provide solutions for the climate crisis. Aviation creates some 3% of global CO2 emissions. We create a lot of social and economic good by bridging the world, supporting international trade, international relations and relations between cultures, families and individuals. For this good to continue, we must do our share of solving the climate challenge.
- Sustainability has been written into the very core of Finnair, by changing our Articles of Association, our DNA. Our Articles of Association now define that we can participate in activities that support the long-term acceptability of our business. Creating shareholder value in today's world calls for taking a longer-term view. Finnair intends to be carbon neutral by end of 2045 and by the end of 2025 we will cut our net emissions by 50% from the 2019 level.
- To reach these targets, we must use the entire toolkit – and find new tools, together with governments and other industries.
- We will reduce the CO2 emissions of our flight operations by flying more fuel-efficiently, decreasing aircraft weight, increasing the use of sustainable aviation fuels and investing into new aircraft technology. Our Sustainable Aviation Fuel (SAF) partner, Finnish Neste, has begun reducing CO2 emissions by supplying SAF to Helsinki Airport for Finnair flights. Fuel efficiency is our focus with every single flight, and it is also one of the KPIs for the incentive program we have for our personnel. We are looking at every aspect of our cabin design and service, from lighter seats to lighter spoons to reduce our fuel burn and emissions. Focusing on the future of sustainable flights, we are involved in the development of electric aviation as well.
- We are also looking at potentially replacing some of our most CO2 heavy domestic routes with a Finnair branded bus service which enables a smooth and reliable connection to our international flights, with a smooth customer experience all the

way. This is yet another example of us not waiting for government directives to be better for the planet, but taking measures directly ourselves.

- We certainly have interesting times ahead of us. What excites me is that we now – after 20 months of crisis management in one form or the other – are again getting back to our regular business: connecting people to places and experiences that matter to them.