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Finnair returns to the black with €32 million third-quarter profit

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Finnair A330-300. Photo: By Rob Finlayson.

Finnair broke a streak of seven consecutive quarters in the red by posting third-quarter net income of €32.4 million (\$44.7 million), reversed from a loss of €18.1 million in the year-ago period. Revenue lifted 26.2% year-over-year to €551.4 million.

"The market situation has been clearly better than at the beginning of the year, which is evident in increasing demand and a sharp strengthening of unit revenues," President and CEO Mika Vehvilainen said in a statement, adding, "The perceived profit trend in Finnair is encouraging, but long-term success requires systematic and continuous work to improve cost-competitiveness."


Third-quarter expenses rose 8.5% year-over-year to €513.9 million. Operating profit was reported at €41.9 million, reversed from a €32.9 million operating loss in the year-ago period.

Finnair's passenger traffic for the first nine months of 2010 dropped 2.3% to 14.78 billion RPKs on a 4.7% cut in capacity to 19.08 billion ASKs, producing a load factor of 77.5%, up 1.9 point. Vehvilainen said that demand "has improved particularly in business travel, which has changed the sales mix" and "clearly improved" unit revenue.

He noted that unit revenue has "improved most in Asian traffic, where travel demand comes mostly outside Finland. Unit revenues have improved least in domestic traffic." Passenger yield improved 22.6% year-over-year in the third quarter.

Regarding the fleet, Finnair took delivery of a new Airbus A330-300 in early 2010 and expects to receive another by year end. The delivery of two A340-300s on four-year leases in early 2011 will bring its long-haul fleet to 15 aircraft.

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