



Reconfiguration or Replication?
Strategic Response to Geopolitical Disruption:
A Finnair Case Study

Luca Isringhausen

Dissertation written under the supervision of Professor Ricardo Reis

Dissertation submitted in partial fulfillment of requirements for the MSc in
Management with Specialization in Strategy, Entrepreneurship & Impact,
at the Universidade Católica Portuguesa,

27th of May 2026.

Abstract

On the 24th of February 2022, Russia's invasion of Ukraine triggered an airspace closure that eliminated the competitive foundation of Finnair's business model overnight. For a decade, the Finnish carrier had built its fleet, network and organizational identity around a single geographic logic: Helsinki-Vantaa airport's position along the great-circle route between Europe and Northeast Asia, made viable by unimpeded Siberian corridor access.

This thesis examines whether Finnair's response constitutes genuine strategic reconfiguration or operational adjustment strategically framed. The analysis adopts a longitudinal teaching case study format, drawing on secondary sources. Four frameworks from strategic management literature structure the analysis: Core Capabilities and Core Rigidities, Dynamic Capabilities, Strategic Crisis Response Typology and PESTEL Analysis.

The findings support a position of genuine but incomplete reconfiguration. The commitment to restoring profitability regardless of whether Russian airspace reopens, the network rebalancing toward European and North Atlantic routes and the Embraer narrow-body renewal program represent real change in the firm's capability base. The Values dimension tells a different story: Helsinki continues to function as an intermediary hub dependent on sixth-freedom connecting traffic. The 2026–2029 strategy remains calibrated for one geopolitical assumption rather than designed to hold across several. The structural vulnerability has not been eliminated; it has been reoriented.

Title: Reconfiguration or Replication? Strategic Response to Geopolitical Disruption: A Finnair Case Study

Author: Luca Isringhausen

Keywords: geopolitical disruption, strategic reconfiguration, core rigidities, dynamic capabilities, hub strategy, airline industry, Finnair, airspace closure

Resumo

A 24 de fevereiro de 2022, a invasão russa da Ucrânia desencadeou um encerramento de espaço aéreo que eliminou de um dia para o outro o alicerce competitivo do modelo de negócio da Finnair. Durante uma década, a transportadora finlandesa construiu a sua frota, rede e identidade organizacional em torno de uma única lógica geográfica: a posição do aeroporto de Helsínquia-Vantaa ao longo da rota ortodrómica entre a Europa e o Nordeste Asiático, tornada viável pelo acesso irrestrito ao corredor siberiano.

Esta dissertação examina se a resposta da Finnair constitui uma reconfiguração estratégica genuína ou um ajustamento operacional estrategicamente enquadrado. A análise adota o formato de estudo de caso pedagógico longitudinal, recorrendo a fontes secundárias. Quatro frameworks da literatura de gestão estratégica estruturam a análise: Capacidades Nucleares e Rigidezes Nucleares, Capacidades Dinâmicas, Tipologia de Resposta a Crises Estratégicas e Análise PESTEL.

Os resultados sustentam uma posição de reconfiguração genuína, mas incompleta. O compromisso de restaurar a rentabilidade independentemente de o espaço aéreo russo reabrir, o reequilíbrio da rede para rotas europeias e transatlânticas e o programa de renovação da frota com a Embraer representam mudanças reais na base de capacidades da empresa. A dimensão dos Valores apresenta um quadro distinto: Helsínquia continua a funcionar como um hub intermediário dependente do tráfego de sexta liberdade. A estratégia 2026–2029 permanece calibrada para um único pressuposto geopolítico, em vez de concebida para múltiplos cenários. A vulnerabilidade estrutural não foi eliminada; foi reorientada.

Título: Reconfiguração ou Replicação? Resposta Estratégica à Disrupção Geopolítica: Um Estudo de Caso da Finnair

Autor: Luca Isringhausen

Palavras-chave: disrupção geopolítica, reconfiguração estratégica, rigidezes nucleares, capacidades dinâmicas, estratégia de hub, indústria aérea, Finnair, encerramento de espaço aéreo

Table of Contents

List of Figures	IV
List of Abbreviations.....	V
1. Introduction	1
2. Methodology.....	2
3. Research Note	3
3.1. Core Capabilities and Core Rigidities.....	3
3.2. Dynamic Capabilities.....	4
3.3. Strategic Crisis Response Typology	6
3.4. PESTEL Analysis	7
3.5. The Airline Business: Key Concepts	9
4. Case Study	11
4.1. Finnair: Company Profile	11
4.1.1. History, Ownership and the Role of State Control.....	11
4.1.2. Business Model, Fleet and Alliance Membership.....	12
4.1.3. Competitive Landscape: European Hub Carriers	14
4.1.4. Financial Overview	14
4.2. The Siberian Corridor: Strategy and Crisis.....	16
4.2.1. The Strategic Bet: Helsinki as an Intermediary Hub.....	16
4.2.2. Fleet, Network and Partnership Commitments	16
4.2.3. The Airspace Closure and its Asymmetric Impact.....	18
4.2.4. Competitive Shift and Financial Consequences	20
4.3. Strategic Response and Forward Strategy	21
4.3.1. Network, Fleet and Financial Restructuring.....	21
4.3.2. The Turnaround and Consolidation.....	22
4.3.3. New Strategy 2026-2029.....	25
5. Teaching Note	27
5.1. Case Synopsis	27
5.2. Teaching Objectives and Target Audience	27
5.3. Teaching Approach.....	28
5.4. Case Analysis and Discussion	29
6. Limitations	36
7. Conclusion	37
References	38
Online References.....	41
Appendix	47

List of Figures

Figure 1: Fleet lifecycle; delivery windows and projected retirement horizons	13
Figure 2: Finnair revenue and comparable EBIT-Margin, 2015 to 2019.....	15
Figure 3: Route extensions following the airspace closure, February 2022	19
Figure 4: Network capacity rebalancing: ASK by region, 2019 and 2024	24
Figure 5: Teaching session design	29

List of Abbreviations

AJB	Atlantic Joint Business
ASK	Available Seat Kilometer
ATR	Avions de Transport Régional
BB+	Standard & Poor's long-term issuer credit rating notation
CASK	Cost per Available Seat Kilometer
CEO	Chief Executive Officer
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EU	European Union
H1	First half of the year
IAG	International Airlines Group
KLM	Koninklijke Luchtvaart Maatschappij
Norra	Nordic Regional Airlines
OAG	OAG Analytics (aviation data and analytics provider)
PESTEL	Political, Economic, Social, Technological, Environmental, Legal
Plc	Public Limited Company
Q1	First quarter of the year
Q3	Third quarter of the year
RASK	Revenue per Available Seat Kilometer
S&P	Standard & Poor's
SJB	Siberian Joint Business
USD	United States Dollar
XWB	Extra Wide Body

1. Introduction

On the 24th of February 2022, Russia launched a full-scale military invasion of Ukraine. Within days, the EU imposed comprehensive sanctions and Russia retaliated by closing its airspace to all sanctioning states. By the 25th of March 2022, 36 countries had closed their airspace to Russian carriers and Russia had responded in kind (E-IR-02). The combined closure, covering approximately 18 million square kilometers, constituted the largest airspace segregation since the Cold War (Ostroumov et al., 2025). For most European carriers this represented a manageable operational disruption. An empirical analysis confirms that the cost burden fell disproportionately on northern European airlines, with each additional minute of detoured flight time translating into approximately \$1.56 (USD) in higher fares (Ennen & Wozny, 2024). For Finnair, the consequences were of an entirely different order.

The airline had spent most of the preceding decade constructing its business model around a single geographic logic: Helsinki-Vantaa airport's position along the great-circle route between Europe and Northeast Asia. This route, combined with Siberian corridor access, enabled the fastest intercontinental connection on that traffic flow. When the corridor closed, the foundation on which Finnair had built its fleet, network, scheduling architecture and competitive identity disappeared overnight. The airline industry is characterized by thin operating margins and high fixed costs, a cost structure that makes geopolitical disruptions particularly consequential for carriers whose competitive models depend on specific routing structures (Doganis, 2002).

This thesis examines how Finnair responded to the sudden, permanent loss of that advantage. The analysis spans from 2015, the strategic and financial baseline for the corridor-centered growth phase, through the immediate crisis of 2022, the restructuring and return to profitability in 2023 and 2024 and the formulation of a new forward strategy for 2026 to 2029. The central question is whether the response constitutes a strategic reconfiguration or a sequence of operational adjustments strategically framed without altering the fundamental logic of the business.

Chapter 3 provides the theoretical foundation through four frameworks from strategic management literature. Chapter 4 presents the empirical case, tracing Finnair's pre-crisis strategy, the closure's impact, the company's response and forward strategy. Chapter 5 contains the Teaching Note, with instructor guidance for a structured classroom application of those frameworks and Chapters 6 and 7 address limitations and conclusions.

2. Methodology

The thesis adopts the format of a longitudinal teaching case study. The case study is the appropriate research design when the question concerns how and why an organization responds to a specific set of conditions, when the phenomenon cannot be separated from its context and when the analytical objective is interpretive depth rather than statistical generalization (Yin, 2018). All three conditions apply here: the central question is inseparable from the geopolitical, financial and competitive context in which it arose. The scope, from 2015 to 2026, provides sufficient range to distinguish structural reconfiguration from short-term operational adjustment.

All empirical evidence is drawn from secondary sources. The primary base consists of Finnair's publicly disclosed investor relations materials, assigned reference codes with an F- prefix identifying document category and sequence. These are supplemented by government records, industry analyses, aviation analytics and specialist aviation press, assigned E- prefix codes organized by source type. The theoretical frameworks in the Research Note and Teaching Note draw on peer-reviewed academic literature, cited using standard author-date conventions. A complete overview of all coded sources is provided in the Reference List.

The four frameworks were selected to triangulate the central question from complementary analytical levels. Core Capabilities and Core Rigidities and Dynamic Capabilities address organizational capability from opposing directions. PESTEL maps the macro-environmental context and the Strategic Crisis Response Typology classifies responses under disruption.

Relying substantially on company-disclosed materials carries an inherent limitation: corporate communications are structured and selective. This risk is mitigated through systematic data triangulation, cross-referencing Finnair's characterizations of its competitive position against independent traffic analyses, third-party market data and external reporting on the asymmetric impact of the airspace closure on northern European carriers.

3. Research Note

This Research Note provides the theoretical foundation necessary to engage with the case discussion. It introduces four frameworks from strategic management literature: Core Capabilities and Core Rigidities, Dynamic Capabilities, Strategic Crisis Response Typology and the PESTEL Analysis. These concepts cover how firms build, reconfigure and defend competitive advantage and what strategic options are available under acute disruption. A concluding section introduces the industry-specific concepts required to interpret these frameworks in an aviation context. The frameworks are not independent checklists to be applied in sequence; their analytical value is greatest when brought into dialogue with one another.

3.1. Core Capabilities and Core Rigidities

Prahalad and Hamel (1990) argue that sustainable competitive advantage resides not in a firm's product portfolio but in its underlying organizational competencies. These are the collective skills, knowledge and coordination capacities that enable the firm to produce distinctively and to access a wide variety of markets. They proposed three criteria for identifying a core competency: it must make a large contribution to end-product value, it must be applicable across multiple markets and it must be difficult for competitors to imitate. The organizational integration of these competencies, their location in routines, culture and shared practice rather than in the skills of any individual employee, is what makes them difficult to replicate and resistant to internal reconfiguration (Prahalad & Hamel, 1990). Sustained competitive advantage requires resources that meet four conditions. They must be valuable, rare, inimitable and non-substitutable. Inimitability is the most important one for core competencies, as it comes from the social complexity, that accumulates within organizational routines and cultures over time. The precise features that make capabilities difficult to replicate externally and difficult to dismantle from within (Barney, 1991).

Leonard-Barton (1992) extends this account by proposing that core capabilities consist of four interdependent dimensions. *Technical systems*: including the tools, databases and procedures in which the organizational knowledge is embedded. *Skills and knowledge*: referring to the human expertise behind those systems. *Managerial systems*: including the structures, governance routines and resource allocation processes that determine how knowledge is developed and rewarded. *Values*: reflecting the cultural norms and institutional commitments that determine which activities are considered worth pursuing (Leonard-Barton, 1992). The inclusion of

values as a fourth dimension captures the degree to which a firm's strategic orientation becomes embedded in its organizational identity, not merely in its technical or managerial systems.

A central contribution to this framework is the concept of the *core rigidity*: the dysfunctional counterpart of a core capability, which emerges when the same organizational strategy that created a competitive advantage in one environment becomes an obstacle to adaptation in another (Guo et al., 2022). A rigidity is not a weakness in the ordinary sense; it is the shadow of a prior strength. The deeper the investment, across all four dimensions, the greater the organizational commitment to the existing logic and therefore the greater the resistance to changing that logic when circumstances demand it. Leonard-Barton (1992) formulates this paradox as follows; core capabilities “at the same time that they enable innovation, they hinder it” (Leonard-Barton, 1992, p. 123). Bettis and Prahalad (1995) extended this insight through the concept of the *dominant logic*: the shared cognitive framework through which senior management interprets the competitive environment and allocates resources. Operating as an information filter, making it structurally difficult for the organization to recognize signals that challenge its current assumptions or strategies. In stable environments, this filtering is efficient, in disrupted environments, it becomes a mechanism of strategic blindness (Bettis & Prahalad, 1995).

Hannan and Freeman (1984) argue from an ecological perspective that resistance to change is not a management failure but a structural outcome: organizations selected for reliability and accountability pay for that stability when environments shift, with their core market strategies and technologies proving the most resistant to reconfiguration, a resistance that deepens with organizational age and size (Hannan & Freeman, 1984). The case examined in chapter 4 offers a precise illustration: Finnair's decade-long accumulation of geographic, fleet and network commitments constituted a genuine competitive advantage across all four of Leonard-Barton's dimensions. It is those same commitments that would exhibit exactly this pattern of rigidity when the enabling condition for the strategy was removed.

3.2. Dynamic Capabilities

The resource-based view of the firm offers a compelling interpretation of competitive advantage in stable environments but does not adequately address how firms generate new advantage as environments change. Priem and Butler (2001) raise a fundamental challenge in this regard, arguing that the resource-based view risks circular reasoning. If resources are defined as valuable because they produce competitive advantage and competitive advantage is explained by

the possession of valuable resources, the framework explains little independently (Priem & Butler, 2001). Teece, Pisano and Shuen (1997) respond to this limitation by introducing the concept of dynamic capabilities, defined as “the firm’s ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments” (Teece et al., 1997, p. 516). Dynamic capabilities are explicitly distinguished from operational capabilities, where the latter govern how efficiently a firm performs its existing activities, dynamic capabilities govern how the firm modifies what it does. The framework further holds that these capabilities are cultivated over time through deliberate investment and accumulated experience rather than always available on demand.

Teece (2007) organizes dynamic capabilities into three clusters of activities. *Sensing* refers to the capacity to identify, interpret and assess opportunities and threats in the external environment. An activity that requires not merely information gathering but the ability to interpret and to distinguish significant signals from noise before their implications have fully materialized. *Seizing* refers to the capacity to mobilize resources and make strategic commitments in response to the opportunities and threats identified through sensing. It requires the organizational resolve to invest meaningfully and to follow through under conditions of uncertainty. *Transforming* refers to the capacity for organizational renewal, the sustained reconfiguration of the firm’s assets, routines and structures to maintain alignment with a changing competitive landscape (Teece, 2007). Eisenhardt and Martin (2000) refine the framework by arguing that dynamic capabilities are best understood as specific and identifiable organizational processes, such as product development routines, rather than abstract organizational qualities. Therefore, making them observable and comparable across firms. A further contribution is the observation, that the form dynamic capabilities take, varies with the current environmental conditions. In moderately dynamic markets they resemble stable analytical routines. On the other hand, in high-pace environments, where change is rapid and non-linear, they take a simpler, more experiential form relying on real-time learning and improvisation (Eisenhardt & Martin, 2000). This distinction has direct implications for evaluating the adequacy of firm responses to acute environmental disruption.

A further conceptual differentiation separates *ordinary capabilities*, the routines that enable a firm to sustain its current operations, from *dynamic capabilities*, which operate to extend, modify, or create those ordinary capabilities. An implication is that organizational change does not necessarily require dynamic capabilities. Firms can address new situations through ad hoc problem solving and whether sustained investment in routine processes is necessary depends on the

expected frequency of use. This caution carries direct relevance to the case at hand: determining whether Finnair's post-2022 pivot represents the deliberate exercise of sensing, seizing and transforming capacities, or a sequence of contingent operational responses to an acute shock (Winter, 2003). Barreto's (2010) review flags a persistent critique that the construct is circular and hard to measure, reconceiving it as four tendencies a firm must exercise together (Barreto, 2010).

3.3. Strategic Crisis Response Typology

A strategic crisis is distinguished from an operational disruption by its depth. It calls into question not merely the efficiency of the firm's operations but the viability of its prevailing strategic logic. Responding effectively requires more than corrective action at the operational level, it typically demands a reconsideration of the firm's competitive positioning, resource configuration and strategic commitments.

Weitzel and Jonsson (1989) situate the strategic crisis within a five-stage model of organizational decline, establishing that the most consequential managerial failures occur in the early stages, when corrective action is still feasible but the signals demanding it have not been adequately interpreted or acted upon. By the time a crisis is formally acknowledged, the range of viable responses is already more constrained than it would have been at an earlier stage of the decline (Weitzel & Jonsson, 1989). A further mechanism compounds this behavioral limitation: under conditions of threat, organizations restrict information processing, increase centralization of control and revert to well-learned processes. By doing that, they are effectively reducing the variety of strategic responses considered at precisely the moment adaptive flexibility is most required. Organizations under acute pressure tend to intensify familiar strategic commitments rather than reconfigure them (Staw et al., 1981).

Wenzel, Stanske and Lieberman (2020) propose a four-type framework of options available to management in conditions of acute environmental disruption. *Retrenchment* refers to defensive cost-cutting, scope reduction and asset contraction aimed at stabilizing the firm's financial position in the short term. *Persevering* refers to the active maintenance of existing business activities through the crisis period, drawing on reserve resources or external financing to sustain competitive positions that are temporarily unprofitable but strategically important. *Innovating* refers to the proactive reconfiguration of the firm's business model or competitive positioning in response to the opportunities that the crisis reveals or creates. *Exit* refers to the deliberate discontinuation of specific activities or, at the extreme, of the firm as a whole, when continued

operation is judged to be value destructive. These four types are not mutually exclusive: firms frequently employ combinations at different phases of a crisis or across different parts of their operations (Wenzel et al., 2020). A critical dimension of the framework is its attention to timing. Wenzel et al. (2020) argue that the relative effectiveness of each response type is not constant but varies with the duration and character of the crisis. Retrenchment is most effective in short-duration crises where the underlying competitive model remains viable. Innovating becomes progressively more necessary as crises persist and the probability of simply restoring the pre-crisis status quo diminishes (Wenzel et al., 2020).

In a study of thirty-two declining firms, retrenchment as a stand-alone defensive response was distinguished from retrenchment as the first phase of a two-stage turnaround. Only the latter, a multi-stage approach, is reliably associated with sustained recovery. Decline severity is the key metric. Acute deterioration requires deep initial retrenchment, followed by strategic investment. Moderate decline on the other hand, may not (Robbins & Pearce, 1992). Pearce and Robbins (1994) provide empirical grounding for this argument, finding that firms which engaged in retrenchment without subsequently investing in strategic renewal were significantly less likely to achieve sustained performance recovery (Pearce & Robbins, 1994).

Albers and Rundshagen (2020) apply and validate the framework in the context of European aviation, documenting the responses of eighteen carriers to the COVID-19 crisis. Their analysis identifies a fifth category, *Resuming*, which is specific to industries in which the staged reintroduction of operations represents a distinct and strategically significant activity, rather than a mere procedural adjustment. This addition underlines the need to account for industry-specific dynamics when applying general strategic frameworks, particularly in contexts characterized by high operational complexity and regulatory constraints (Albers & Rundshagen, 2020). As chapter 4.3 documents, Finnair's response to the 2022 airspace closure drew on all four of Wenzel et al.'s original response types simultaneously, a pattern whose coherence and sequencing the Teaching Note examines in detail.

3.4. PESTEL Analysis

PESTEL analysis is a structured framework for mapping the macro-environmental forces that shape the context within which organizations operate and compete. The acronym consists of six dimensions: Political, Economic, Social, Technological, Environmental and Legal. As a tool for environmental scanning, it does not in itself generate conclusions. It organizes the relevant

external context so that a strategic analysis can proceed with an overview of the conditions the firm faces but does not directly control.

The six-factor structure widely used in strategic management teaching has been consolidated by Johnson, Whittington, Scholes, Angwin and Régner (2017). The dimensions capture distinct categories of macro-environmental influence: *Political* governance, regulatory frameworks and international relations, *Economic* macroeconomic conditions shaping demand and cost structures, *Social* demographic and consumer trends, *Technological* process and infrastructure innovation, *Environmental* ecological pressures and sustainability regulation and *Legal* the regulatory and juridical framework within which the firm must operate (Johnson et al., 2017). As Sammut-Bonnici and Galea (2015) note, the framework works most effectively when its factors are analyzed in relation to the firm's specific resources and capabilities, rather than treated as a generic catalogue of external conditions (Sammut-Bonnici & Galea, 2015).

A recurring limitation in the application of PESTEL is treating the six dimensions as an independent and parallel list of equal weight. Johnson et al. (2017) caution against a catalogue approach, emphasizing that the purpose of the framework is to identify the key drivers of change, those factors with the highest potential impact and greatest uncertainty, rather than to compile an exhaustive inventory. This requires analysts to trace the causal connections between dimensions: how a development in one category triggers or amplifies consequences in others. In industries where a single political event can simultaneously reshape cost structures, legal obligations and technological viability, this cascade logic is not merely analytically useful but analytically necessary (Johnson et al., 2017). The Russian airspace closure of February 2022 is precisely such an event: a political development that simultaneously altered Finnair's cost base through extended routing and higher fuel consumption, its legal access to a critical geographic corridor and the competitive viability of a fleet configured for routes that no longer existed; a cross-dimensional cascade that section 4.2 documents in detail.

Even a technically complete and well-executed scan does not necessarily produce strategic insight. Organizations function as systems whose processing of environmental signals is shaped by management's beliefs about the environment. Meaning the same external signal can be classified as an opportunity or a threat, a structural shift or a disturbance, depending on the dominant logic in operation. This layer connects the PESTEL framework directly to Bettis and Prahalad's (1995) dominant logic argument. It underlines that the quality of the external analysis depends not only on its coverage but on the conditions under which its outputs are interpreted (Daft & Weick, 1984).

3.5. The Airline Business: Key Concepts

Hub-and-Spoke Networks and the Role of Connecting Traffic:

The hub-and-spoke network model is the dominant organizational form of intercontinental commercial aviation. Its economic logic rests on the observation that connecting n cities on a pure point-to-point basis requires $n(n-1)/2$ individual routes, while a hub-and-spoke system serves the same markets with a fraction of that infrastructure (O'Kelly, 1987). The cost mechanism underpinning this efficiency is economies of density, the reduction in unit costs achieved by increasing traffic volume on a given network. Caves, Christensen and Tretheway (1984) provide the foundational empirical demonstration, showing that for trunk airline carriers, density economies substantially exceed scale economies and carry entirely different strategic implications (Caves et al., 1984). A wide-body aircraft operated at high load factor between a spoke city and a hub generates substantially lower cost per seat than a smaller aircraft serving the same markets directly (Doganis, 2002).

Beyond cost economics, hub networks generate compounding connectivity advantages: each additional spoke city increases the number of viable indirect connection pairs, improving both the hub's attractiveness to transit passengers and its revenue productivity per unit of infrastructure (Burghouwt & De Wit, 2005). These advantages are, however, more fragile when connecting traffic is disrupted, since the hub's scheduling architecture is calibrated for a specific traffic volume and pattern that cannot easily be reconfigured. Of particular significance for the case examined in chapter 4 is sixth-freedom connecting traffic, meaning passengers whose journey origin and destination both lie beyond the hub. For carriers whose home market is insufficient to sustain intercontinental operations independently, sixth-freedom traffic is not a supplementary revenue source but a central economic justification for the hub's existence (O'Connell, 2011).

Centrality versus Intermediacy: What Makes a Hub Viable

Not all aviation hubs are viable for the same structural reasons. Rodrigue (2020) distinguishes *centrality*: a location's importance based on the volume of traffic its own population generates, from *intermediacy*: a location's value as a connector between other places, independent of its own traffic-generating potential. Central hubs such as Frankfurt, London Heathrow and Amsterdam derive their position from large local origin-and-destination markets that provide a revenue floor even in the absence of connecting traffic. Intermediary hubs have no such floor: their competitiveness depends entirely on their geographic advantage remaining intact (Rodrigue,

2020). When the geographic logic underpinning an intermediary hub is undermined, connecting traffic declines rapidly and the cost base calibrated for a specific traffic volume becomes structurally unviable. Redondi et al. (2011) demonstrate that hub competitive performance can be decomposed into two factors: geographic position and temporal coordination. European hubs hold a structural geographic advantage over their American and Asian counterparts in worldwide markets. A hub whose advantage is positional is thus relatively insulated from capacity-based or price-based competition, but acutely exposed to any disruption that alters the routing geography on which its position depends (Redondi et al., 2011). For Helsinki specifically, an intermediary hub whose competitive position rested entirely on Siberian corridor access, this structural characteristic would prove decisive when that access was removed, as chapter 4 examines in detail.

Furthermore, even prior to 2022, competitive overlap between European and Gulf hubs for long-haul connecting traffic had grown substantially, with Middle Eastern carriers steadily gaining transfer city-pairs at the expense of European airports while intra-European competition remained comparatively stable. Within this context, Helsinki was the only major European hub to gain monopoly transfer city-pairs between 2009 and 2015, a position attributable to its corridor-dependent geographic advantage (Grosche et al., 2017). Removing that advantage would eliminate the one structural characteristic isolating Helsinki from both pressures simultaneously.

4. Case Study

4.1. Finnair: Company Profile

4.1.1. History, Ownership and the Role of State Control

Finnair was founded on the 1st of November 1923 under the name Aero O/Y, making it one of the oldest continuously operating airlines in the world (F-FI-11). In 1946, the Finnish state acquired a majority shareholding in the company, a position it has maintained ever since. The airline was officially renamed Finnair in 1968 and joined the oneworld alliance in 1999, establishing its position within one of the three major global airline alliances (F-FI-05). Over the following decades, Finnair evolved from a regional Nordic carrier into a network airline specializing in intercontinental traffic between Europe and Asia, with Helsinki-Vantaa airport serving as its central hub.

Finnair's expansion into Asian markets began with direct flights to Bangkok in 1976 and accelerated with the opening of non-stop service to Tokyo in 1983. At the time the only non-stop connection between Western Europe and Japan, operated via a polar routing that circumvented Soviet airspace restrictions. When the Soviet Union collapsed and Russian airspace opened to Western carriers in the early 1990s, Finnair gained access to the Siberian corridor. This dramatically shortened flight times to Northeast Asia and became the geographic foundation of the airline's subsequent growth strategy. By the early 2000s, Finnair had opened routes to Hong Kong in 2002, Shanghai in 2003, Beijing in 2005 and by 2019 it served 21 destinations in Asia with over 100 weekly frequencies (F-FI-05).

The ownership structure of Finnair is a defining feature of the company's strategic environment. At the end of 2025, the Finnish government held 55.7% of Finnair's shares and votes (F-FI-11). A decision by the Finnish Parliament on the 20th of June 1994 stipulates that the government must own more than half of Finnair's shares. The Prime Minister's Office Ownership Steering Department, which is responsible for state shareholding policy, classifies Finnair as a company of strategic interest to Finland, noting that its ownership safeguards the country's accessibility and infrastructure (E-GO-02). Reducing this stake below 50% would require a revision of the parliamentary decision. This decision effectively precludes a takeover or merger with another airline, a consolidation path that has been pursued by numerous European carriers over the past two decades. It ensures continued state support in times of crisis, most visibly through the €400 million capital loan and partial guarantee on the €600 million pension pre-

mium loan extended by the Finnish state during the COVID-19 pandemic (F-FI-06; F-FI-08; F-SP-04). It also creates an implicit expectation that Finnair will maintain air connectivity for Finland, including to destinations that may not be commercially optimal. As the Finnish government has articulated explicitly, "Finland's geographical location is challenging and we cannot get by without well-functioning air transport connections" (E-GO-01). The tension between a commercial strategy and national connectivity obligations is a recurring theme in Finnair's strategic decision-making.

4.1.2. Business Model, Fleet and Alliance Membership

Finnair operates as a full-service network carrier with its hub at Helsinki-Vantaa airport. In the airline economics literature, the full-service network model is characterized by broad geographic coverage, a hub-and-spoke routing structure that pools demand from multiple origin-destination pairs through a central connecting point and a product offering differentiated by service class. Finnair conforms to this model, though its scale is significantly smaller than that of the major European network carriers, its 2019 revenue of €3,098 million was roughly one-fifth of that of the Lufthansa Group and one-quarter of Air France-KLM (F-FI-05).

The airline generates revenue through four principal streams. In 2019, passenger revenue constituted approximately 80% of total revenue at €2,480 million. Cargo revenue accounted for €212 million, or roughly 7%, generated primarily through belly cargo on long-haul passenger flights and dedicated freighter capacity. Travel services revenue, derived from the Aurinkomatkat-Suntours package holiday brand, contributed €230 million. Ancillary revenue from seat reservations, excess baggage, travel class upgrades and loyalty program-related services accounted for €176 million, or approximately 6% (F-AR-01; F-FI-05; F-FS-05).

The fleet at the end of 2025 comprised 55 aircraft operated under Finnair's own air operator certificate: 18 Airbus A350-900 wide-body aircraft forming the backbone of the long-haul network, 8 Airbus A330-300 wide-body aircraft of which two were temporarily dry-leased to external operators and 29 narrow-body aircraft consisting of 14 Airbus A321s, 10 Airbus A320s and 5 Airbus A319s (F-AR-07; F-FI-11). In addition, Nordic Regional Airlines (Norra) operated 24 regional aircraft (12 ATR 72s and 12 Embraer E190s) on behalf of Finnair under a contract flying arrangement. The A350 fleet represents the single largest capital commitment in Finnair's history. Finnair was the first European airline to operate the A350 XWB when it received its inaugural aircraft in October 2015 (F-FI-01), with deliveries spanning from 2015 to 2024 and one additional aircraft on order for delivery in late 2026 (F-FI-11). The remaining

purchase commitment on the final A350 on order totaled approximately €163 million at end of 2024 (F-FI-10). The fleet's average age of 14.3 years reflects a relatively modern operation, though the narrow-body segment, with an average age exceeding 20 years for the A319 and A320 sub-fleets, is approaching the point at which partial renewal becomes a strategic necessity, a process Finnair has formally initiated as part of its 2026–2029 strategy (F-FI-11).

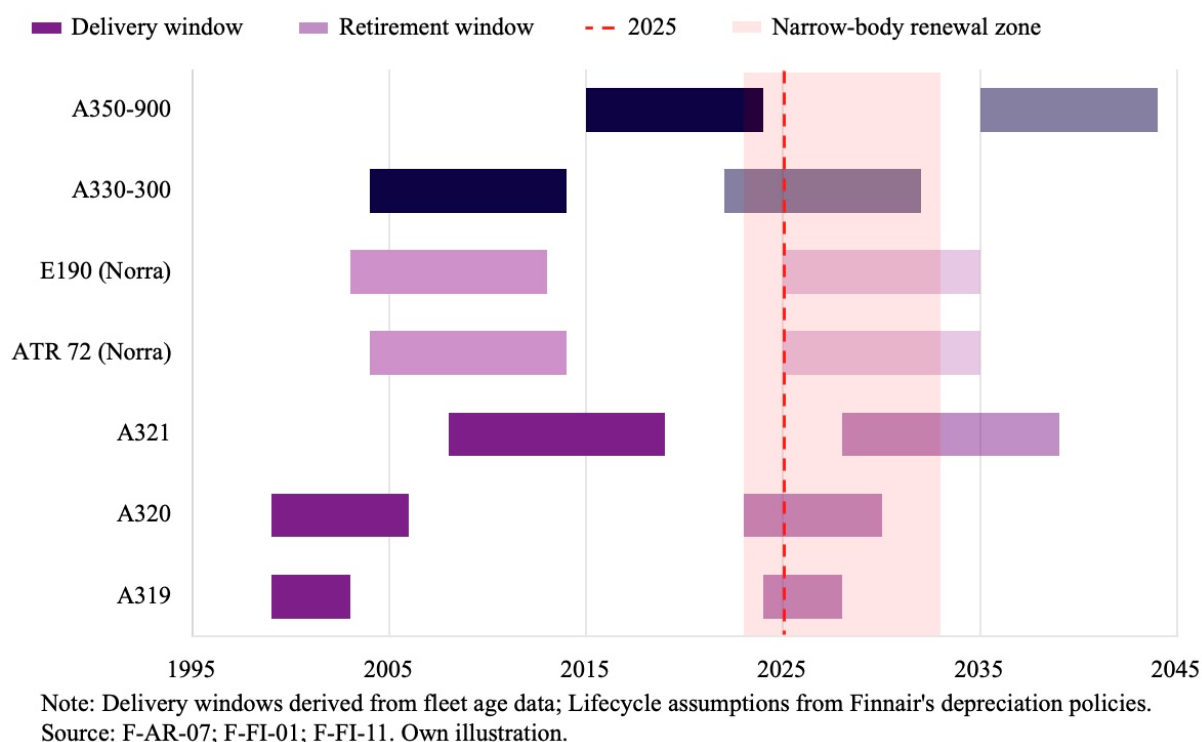


Figure 1: Fleet lifecycle; delivery windows and projected retirement horizons

Finnair's membership in the oneworld alliance, which it joined in 1999, extends its effective network reach to over 900 destinations in more than 170 countries through codeshare and interline agreements with partner airlines (F-FI-05). Beyond the broader alliance framework, Finnair participates in two joint businesses. The Siberian Joint Business (SJB), operated in partnership with Japan Airlines and British Airways, coordinates pricing, capacity and revenue sharing on flights between Europe and Japan. The Atlantic Joint Business (AJB), with British Airways and other partners, performs the same function for flights between Europe and North America (F-FI-03; F-FI-04). Additionally, Finnair cooperates with Qatar Airways in the Middle East and with Qantas via wet-lease arrangements on routes connecting Asia and Australia (F-FI-10; F-FI-11).

4.1.3. Competitive Landscape: European Hub Carriers

Finnair operates in a competitive environment dominated by significantly larger European hub carriers. The Lufthansa Group, Air France-KLM, IAG (British Airways, Iberia) and Turkish Airlines each operate fleets several times the size of Finnair's and generate much greater annual revenues (F-FI-02; F-FI-05). In the pre-crisis period, Finnair's competitive position was not defined by scale but its geographic location. Helsinki is located on the great circle route between Europe and Northeast Asia enabling Finnair to offer the fastest connections on this traffic flow (F-AR-03; F-FI-05; F-SP-03). As Finnair's own Capital Markets Day materials characterized it, Helsinki's position meant that "flight times from Helsinki to key Asian destinations are significantly shorter than from alternative European hubs," translating into lower fuel costs, higher aircraft productivity and more attractive schedules for passengers (F-SP-02). This geographic niche, however, rested on a single structural precondition, the continued Western access to Russian airspace via the Siberian corridor. That precondition would cease to hold in February 2022, with consequences examined in section 4.2.

4.1.4. Financial Overview

Prior to the dual crises of the COVID-19 pandemic and the Russian airspace closure, Finnair demonstrated a trajectory of sustained growth. Between 2015 and 2019, revenue increased from €2,255 million to €3,098 million, representing a compound annual growth rate of approximately 8% (F-FS-01; F-SP-04). Passenger numbers rose from 10.3 million in 2015 to a record 14.7 million in 2019, driven primarily by capacity expansion on Asian routes (F-FI-01; F-FI-05; F-FS-05). The comparable operating result improved from €23.7 million in 2015 to a peak of €170.4 million in 2017, held stable at €169.4 million in 2018 and then declined to €163 million in 2019 as rising fuel costs and competitive pressure on unit revenues began to compress the margin (F-FI-03; F-FI-04; F-FI-05; F-FS-03). The 2019 comparable operating result margin of 5.3% fell below the company's stated over-the-cycle target of 6%, though Finnair had set a new margin target of 7% to 9% in normal conditions for the 2020–2025 strategy period, reflecting the ambition to improve profitability as the A350 fleet reached full deployment (F-FI-05).

The revenue structure reflected the centrality of the Asian network to Finnair's business model. In 2019, Asian traffic accounted for 49.4% of all available seat kilometers and generated approximately 44% of passenger revenue. European traffic contributed 37.9% of capacity and 40% of passenger revenue, while North Atlantic traffic, expanded significantly with the opening of a Los Angeles route in 2019, accounted for 8.6% of capacity (F-FI-05). Unit revenue,

measured as revenue per available seat kilometer (RASK), stood at €6.56 cents in 2019, while unit cost (CASK) was €6.22 cents, yielding a positive spread that underpinned profitability. CASK excluding fuel was €4.76 cents, reflecting an efficient cost base relative to the airline's size and operating complexity (F-SD-01; F-SD-02). These figures constitute the financial baseline against which all subsequent developments; the pandemic collapse, the airspace closure and the strategic restructuring must be measured.

The balance sheet at the end of 2019 was strong by airline industry standards: the equity ratio stood at 24.9%, gearing was 64.3%, cash funds amounted to €953 million and interest-bearing net debt was €621 million, yielding a net debt to comparable EBITDA ratio of 1.3 times (F-FI-05). This balance sheet position represented the financial platform from which Finnair entered the crisis period that followed (F-FI-05; F-FS-05).

Revenue 2019

€3.098m

+37% vs 2015

Revenue CAGR 2015-2019

~8.0%

per annum

Comp. EBIT margin 2019

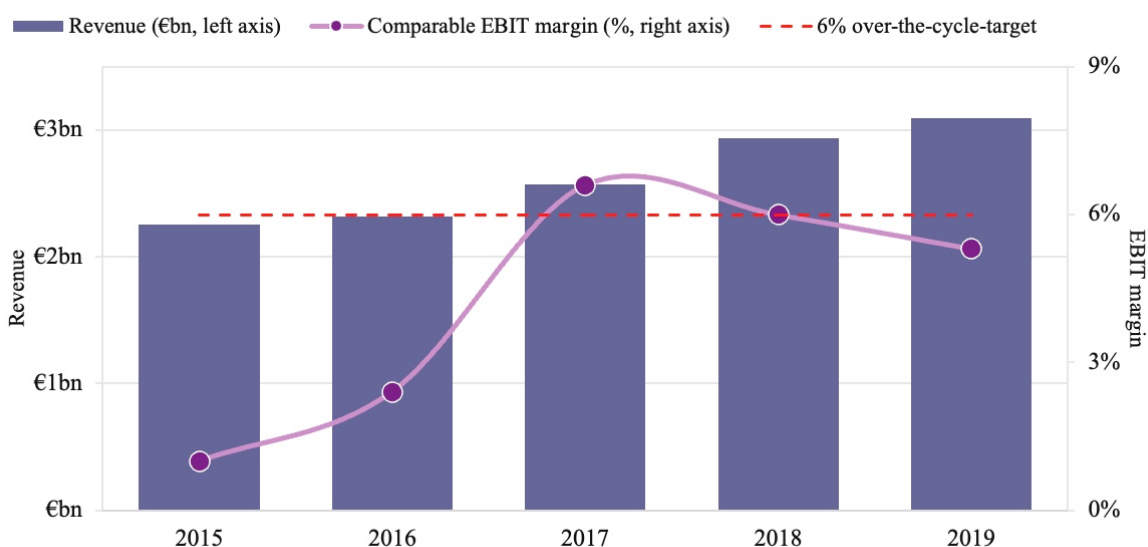
5.3%

↓ Below 6% target

Passengers 2019

14.7m

Record high



Source: F-FI-01; F-FI-02; F-FI-03; F-FI-04; F-FI-05. Own illustration.

Figure 2: Finnair revenue and comparable EBIT-Margin, 2015 to 2019

4.2. The Siberian Corridor: Strategy and Crisis

4.2.1. The Strategic Bet: Helsinki as an Intermediary Hub

The strategic logic governing Finnair's development throughout the 2010s was, at its foundation, geographic. Helsinki-Vantaa airport occupies a position on the earth's surface that, when combined with unimpeded access to Russian airspace via the Siberian corridor, created a structural competitive advantage that scale-based competitors could not counter and that money alone could not replicate.

As established in section 3.5, the distinction between centrality and intermediacy is analytically decisive in hub strategy. Helsinki is a textbook intermediary hub: Finland's population of approximately 5.5 million cannot sustain an intercontinental network independently and the entire rationale of the Helsinki hub rested on transit traffic. Meaning that passengers from Stockholm, Oslo, Copenhagen, Tallinn and other Northern and Eastern European cities are routing through Helsinki on their way to and from Asia because the connection was shorter, faster and cheaper than the alternatives (F-SP-01; F-SP-02). Aviation operates on great-circle routes and because of the earth's geometry the shortest route between Europe and Northeast Asia passes north across Scandinavia and down through Siberia. Helsinki, at approximately 60 degrees north, sits closer to the origin of this corridor than any other major European hub. Frankfurt lies approximately 10 degrees further south, London approximately 9, Amsterdam approximately 8 and Paris approximately 11 (F-SP-01). These differences translate into flight time savings of two to four hours to key Asian destinations, reducing fuel consumption and improving aircraft productivity on every rotation (F-SP-01; F-FI-04). Finnair's formally articulated mission, to offer "the smoothest, fastest connections in the northern hemisphere via Helsinki" (F-FI-01), was not marketing language, it was an operationally precise statement of the intermediary hub strategy. Crucially, however, the intermediary model strategy rested on a single structural precondition, continued Western access to the Siberian corridor. The depth of commitment that generated returns under normal conditions would become the principal constraint on adaptation when that precondition failed (F-SP-03).

4.2.2. Fleet, Network and Partnership Commitments

The geographic logic of section 4.2.1 was translated into concrete, largely irreversible commitments across three interconnected dimensions: fleet investment, network expansion and human capital. The coherence and mutual reinforcement of these commitments created a system of

exposure in which a disruption to the underlying geographic advantage would simultaneously destabilize every component.

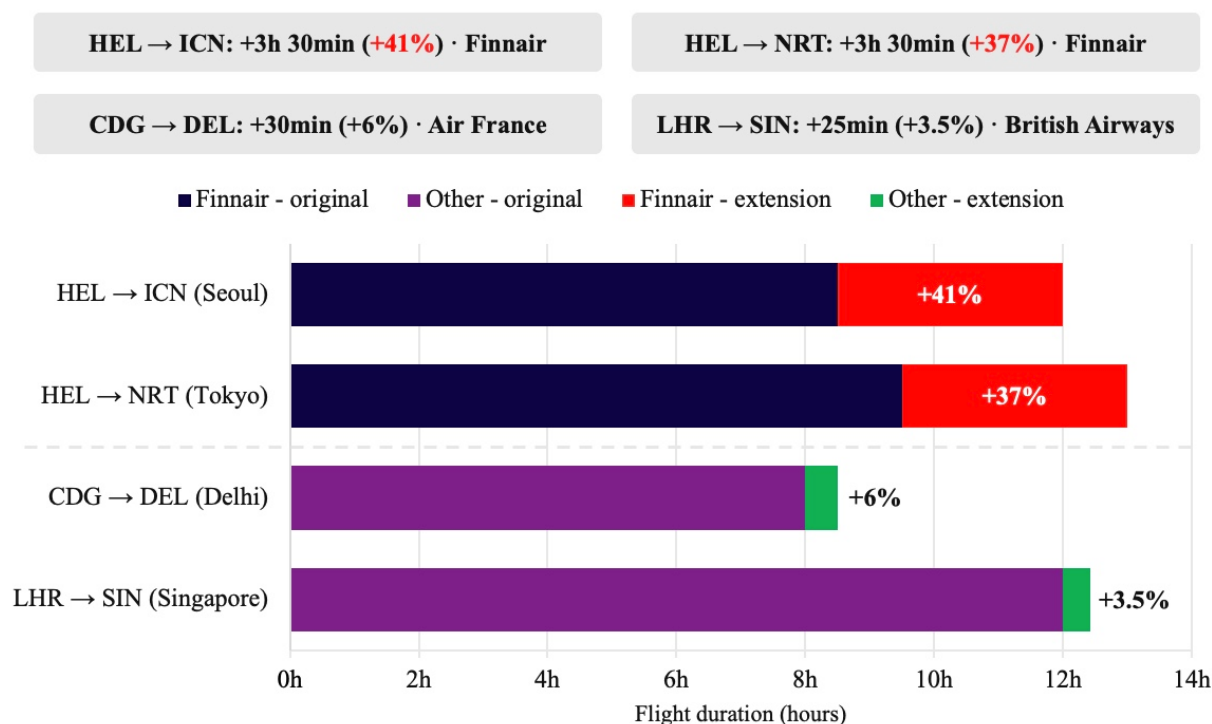
Fleet investment: The centerpiece of Finnair's strategic commitment was the Airbus A350-900 program. The A350 was purpose-built for long routes, delivering approximately 25% lower fuel burn than its A340 predecessor. It is optimized, precisely for the nine- to eleven-hour services the Siberian corridor enabled (F-FI-01; F-SR-01; F-SP-01). On the thirteen-hour alternative routes required without Russian airspace, the same aircraft would consume 30% to 40% more fuel per rotation (F-IR-01). Finnair became the first European airline to operate the type in October 2015 (F-FI-01), growing the fleet from three aircraft at end-2015 to seventeen by end-2019 (F-FI-05). Gross capital expenditure was approximately €519 million in both 2016 and 2017 as A350 deliveries peaked, falling to €331 million in 2018 (F-FI-03; F-FS-04; F-SD-01). Financing was structured partly through Japanese Operating Lease with Call Option arrangements, €243 million secured in 2016 for two aircraft, which minimized cash outflows without reducing strategic commitment (F-FI-02; F-FS-02). The November 2019 Capital Markets Day announced a further €3.5 billion to €4.0 billion investment program for 2020–2025, primarily directed at fleet renewal (F-AR-02; F-SP-02). In February 2022, just days before the Russian invasion of Ukraine, Finnair announced a separate €200 million long-haul cabin renewal, deepening its commitment to the corridor strategy at the precise moment the enabling condition for that strategy was about to collapse (F-FI-08).

Network expansion: By 2019, Finnair operated eleven long-haul routes to Asia with over 100 weekly frequencies to 21 destinations and Helsinki-Vantaa had formally become the largest Nordic hub for intercontinental flights (F-FI-05; F-SP-02). Asian routes accounted for 49.4% of all available seat kilometers and approximately 44% of passenger revenue, a concentration that was by design, not oversight (F-FI-05). The Japanese market was the most strategically significant component. In summer 2016 Finnair was the only European airline offering non-stop service to four major Japanese cities: Tokyo, Osaka, Nagoya and Fukuoka, a position of unique market access that no southern European carrier could replicate (F-SP-01). China was the second-largest Asian market, served with multiple daily frequencies to Beijing and Shanghai. It was supported by a distribution partnership with a major Chinese online travel platform (F-FI-03; F-SP-01). Finnair's market share in Europe-Asia traffic grew from 5.5% in 2015 to 5.9% in 2017 as competitors reduced Japan capacity while Finnair expanded (F-FI-02; F-FI-03; F-FS-02).

Human capital: The fleet and network expansion required workforce growth. Finnair recruited approximately 1,000 new employees between 2016 and 2020, more than half of them pilots, cabin crew and maintenance mechanics trained specifically for the A350 and long-haul operations (F-FI-04; F-SP-01). Headcount grew from approximately 4,817 at end-2015 to approximately 6,360 by end-2018 (F-FI-01; F-FI-04). Crew trained and type-rated for twelve-hour operations cannot be redeployed overnight to European sectors. This human capital commitment represented a further layer of strategic exposure. Prior to the crisis, every material resource, fleet, routes, commercial partnerships and workforce, was aligned to and dependent on the one enabling condition (F-SP-03).

4.2.3. The Airspace Closure and its Asymmetric Impact

On the 24th of February 2022, Russia launched a full-scale military invasion of Ukraine. Within days, airspace bans were in place. European airlines were excluded from Russian territory and Russian carriers from European airspace (F-IR-01; F-SP-03). By the 25th of March 2022, 36 countries had closed their airspace to Russian carriers and Russia had in turn banned airlines from most of those countries from entering or overflying its territory (E-IR-02). For most European airlines, the closure was a significant but manageable disruption. For Finnair, it was structurally different in kind. The Helsinki hub's entire intermediary value proposition had rested on a single enabling precondition, the continued Western access to the Siberian corridor. Finnair's Q1 2022 interim report acknowledged that the closure had a fundamental impact on operations, with significant negative financial consequences expected if the situation prolonged. The detours required to avoid Russian airspace added substantial flight time to Asian routes, increasing fuel and crew costs (F-IR-01). The range reflects genuine variation across destinations. South and Southeast Asian services were extended by roughly 10% to 15%, while Northeast Asian routes were dramatically more affected. The Helsinki-Tokyo Narita service, previously approximately nine hours and thirty minutes, was extended by three and a half hours, a 37% increase (E-IR-03). Helsinki-Seoul grew from approximately eight and a half to twelve hours, a 41% extension (E-IR-01). On the most severely affected Japanese routes, fuel consumption per flight increased substantially (F-IR-02). What made this impact distinctive was its profound asymmetry. OAG's analysis of schedule changes found that British Airways' London Heathrow to Singapore service added only 25 minutes, while the Air France Paris to Delhi service added approximately 30 minutes (E-IR-03).



Source: OAG Analytics (2022); F-IR-01; FlightGlobal (2022). Own illustration.

Figure 3: Route extensions following the airspace closure, February 2022

According to FlightGlobal, citing Eurocontrol data: Helsinki, the home hub of Finnair, was the European hub most affected, with the impact decreasing the further south and further from Russia a European airline was based (E-IR-01). The analysis by Ennen and Wozny (2024) in the Transportation Research Procedia Journal quantified the economic consequence at the market level. They found, that the closures increased average fares for Europe-Asia flights from airports above the 50th degree of latitude by approximately \$43 (USD) per ticket, with approximately \$1.56 (USD) per additional minute of flight time (Ennen & Wozny, 2024). Helsinki, at 60 degrees north, sat at the far extreme of this gradient. The destruction of Finnair's competitive advantage on its most important routes was not gradual or partial, it was sudden and complete (F-SP-03).

The airspace closure coincided with jet fuel prices approximately doubling, creating further cost shocks (F-SP-03). Fuel historically accounted for 25% to 26% of Finnair's total operating expenses (F-FI-01). Extended routes consuming 30% to 40% more fuel at twice the price per ton resulted in a cost increase of substantial magnitude. Finnair cancelled the majority of its Japan summer 2022 schedule, wet-leased idle A350s to British Airways and Eurowings Discover to generate revenue from stranded capacity and temporarily laid off approximately 500 employees (F-IR-01; F-IR-02). CASK rose from €6.22 cents in 2019 to €8.04 cents across the

full year 2022, a 29% increase. Total ASK volume remained below 2019 levels, meaning the fixed-cost benefit of volume scale was not yet available to offset the variable cost shock (F-FI-05; F-FI-08; F-SD-02).

4.2.4. Competitive Shift and Financial Consequences

The airspace closure produced a structural reallocation of market position and traffic flows in Europe-Asia aviation that was, at the time of writing, permanent in character. Two competitive dynamics reshaped Finnair's market environment simultaneously.

Turkish Airlines and Gulf carriers: The principal beneficiary among European and Gulf carriers was Turkish Airlines. Istanbul, at approximately 41 degrees north latitude, sits far enough south that Turkish Airlines Asian routes require no overflight of Russian territory, leaving operations entirely unaffected by the closure (F-SP-03). OAG Analytics confirmed in its 2023 network analysis that Istanbul had arguably benefited more than any other hub from the closure. Passengers reconsidered Asia-Europe routing and found the Turkish Airlines network increasingly competitive on time, cost and scope (E-IR-04). According to Alton Aviation Consultancy, Middle Eastern and Turkey-based carriers collectively gained approximately 20% intercontinental market share between 2019 and 2022 (E-IR-05). This was driven primarily by the asymmetric impact of the closure on northern European competitors (Ennen & Wozny, 2024). The Gulf carriers, Emirates, Qatar Airways and Etihad, simultaneously benefited from the removal of the structural counterbalance that Finnair's time advantage had previously provided on the Northern Europe-Northeast Asia corridor (F-FI-08; F-SP-03). Qatar Airways had, by late 2022, become an important onward connection partner for Finnair. With flights to Doha operated from three Nordic capitals as Finnair acknowledged the Gulf hub's growing relevance for passengers who could no longer be efficiently routed via Helsinki (F-FI-08).

Chinese carriers: A distinct structural disadvantage emerged from Chinese state carriers, which retained full Russian airspace access throughout the conflict. Air China, China Eastern and China Southern could fly Europe-China routes in significantly less time and at lower cost than any European competitor. From Frankfurt to Beijing, Lufthansa required eleven hours via southern routing while Air China needed only nine via Russia (E-NM-01). Finnair progressively withdrew from mainland China operations, ultimately reducing cargo volumes on Chinese routes to near-zero by 2025 (F-FI-11). This marked the near-total loss of what had been its second-largest Asian market and a central pillar of Finnair's strategy from 2016 to 2019 (F-SP-01; F-SP-02).

Financial consequences: The 2022 full-year results showcase the financial damage: revenue recovered to €2.3 billion as passenger demand rebounded, yet the comparable operating result was negative €163.9 million (F-AR-04; F-FI-08; F-IR-03). This loss in a year of strong demand confirmed that costs, not revenues, were the problem. The RASK/CASK spread that had reinforced the pre-crisis strategy, RASK of €6.56 cents against CASK of €6.22 cents in 2019, was inverted. RASK of €7.53 cents against CASK of €8.04 cents in 2022. The equity ratio fell from 24.9% at end-2019 to 9.9% by end-2022, a level at which further operating losses would threaten technical solvency (F-FI-05; F-FI-08; F-FS-06).

Finnair was not modifying an existing strategy. It was constructing a new one from the ground up, under conditions of financial stress, competitive disadvantage and permanently altered aviation geography. The nature and logic of that new strategy is the subject of section 4.3.

4.3. Strategic Response and Forward Strategy

4.3.1. Network, Fleet and Financial Restructuring

The strategic response to the Russian airspace closure rested on an explicit acceptance that the structural condition described in section 4.2 was permanent, not temporary. As Finnair's September 2022 strategy presentation stated, the company's objective was to restore profitability "regardless of whether Russian airspace opens", a formulation that foreclosed the option of simply waiting for the competitive landscape to normalize and compelled the definition of a new strategy from the ground up (F-SP-03). That strategy was organized around four pillars: a geographically more balanced network, the strengthening of unit revenues, a reduction of unit costs and the maintenance of sustainability commitments (F-SR-02). All four in service of a single overriding financial target of restoring the comparable EBIT margin to 5% by mid-2024 (F-SP-03).

The operational measures implemented in parallel with the strategy announcement gave concrete shape to each pillar. With Japan services commercially unviable at competitive fares on routes approximately 37% longer than before the closure, Finnair cancelled the majority of its Japan scheduled program for the summer 2022 season (F-FI-08). Idle A350 and A330 aircraft that could not be profitably operated on alternative Asian routings were placed on wet-lease with British Airways and Eurowings Discover, generating lower margins than primary operations but keeping the fleet and crews employed (F-IR-01; F-IR-02; F-SP-03). Hundreds of employees were temporarily laid off in the immediate aftermath of the closure. By September 2022

Finnair had initiated a program of permanent headcount reductions affecting approximately 150 positions globally, alongside long-term savings agreements with personnel groups and supplier contract renegotiations (F-FI-08; F-IR-01; F-SP-03). The closure of Finnair's operations at Stockholm Arlanda airport reflected the same logic: the Scandinavian feed traffic that had made Stockholm viable was insufficient in the absence of the hub's core time-saving advantage (F-FI-08). On the network rebuilding side, Qatar Airways cooperation was initiated with Helsinki-Doha services from multiple Nordic capitals in late 2022. The Gulf hub had become an important onward connection point for passengers who could no longer be efficiently routed via Helsinki on longer Asian itineraries (F-FI-08).

The quarterly trajectory within 2022 gave the first indication that early adjustments were beginning to take effect. The third quarter delivered a comparable operating result of €35.2 million, positive for the first time since the onset of the pandemic, signaling that early network and pricing adjustments were producing results (F-IR-03). The fourth quarter remained positive as well at €17.9 million (F-FS-08).

The balance sheet situation underscored the need for decisive recapitalization. In November 2023, Finnair completed a rights issue of €570 million, the largest capital raise in the company's history. This was done, primarily to repay the outstanding €400 million state capital loan, reduce the pension premium loan by approximately €120 million and restore a balance sheet capable of supporting the new strategic direction. The Finnish state, converting its capital loan to equity as anchor shareholder, was essential to the transaction's completion (F-FS-09; F-SP-04). Alongside the rights issue, Finnair established explicit medium-term balance sheet targets: net debt of one to two times comparable EBITDA by end-2025 and restoration of the ability to distribute capital to shareholders from 2025 onwards (F-SP-04).

4.3.2. The Turnaround and Consolidation

The financial recovery that followed the restructuring and recapitalization was swift. Finnair carried 11 million passengers in 2023 and generated revenue of €3 billion, recording a comparable EBIT of €184 million and a comparable EBIT margin of 6.2%. The airline did not only restore profitability on an annual basis for the first time since before the double crisis, but achieved the 5% margin target set in autumn 2022 approximately twelve months ahead of the mid-2024 schedule (F-AR-05; F-FI-09; F-FS-09). The recovery was driven by a strong increase in unit revenue, RASK grew by 9.8% year-on-year, reflecting the combination of post-pandemic demand strength, pricing discipline and the network's successful reorientation toward

routes where Finnair's cost position remained competitive (F-FS-09). The rights issue simultaneously restored the balance sheet, with cash funds increasing to €922 million and the equity ratio recovering to 15.6% by year end (F-FI-09).

Several further milestones during 2023 and 2024 marked the consolidation of the recovery. The introduction of a new ancillary revenue model in June 2023, restructuring the basis on which seat reservations, baggage and loyalty services were priced, produced a 23% increase in ancillary revenue in 2024 (F-FI-10). In H1 2024, S&P Global Ratings assigned Finnair a long-term issuer credit rating of BB+, the first in the company's history, enabling access to deeper debt capital markets and reducing the cost and uncertainty of future financing (F-IR-04). The British Airways wet-lease arrangement, which had kept idle wide-body capacity productive since mid-2022 while simultaneously generating approximately €150 million in annual revenue, concluded in March 2024. The returning A350 and A330 aircraft were redeployed primarily to European and North Atlantic routes where demand growth justified the additional capacity (F-FI-10; F-SP-03). A new wet-lease cooperation with Qantas began in the fourth quarter of 2023, with two A330-300 aircraft operating Sydney-Bangkok and Sydney-Singapore services. An arrangement that generated revenue from the A330 sub-fleet whose range limitations constrain its utility on Finnair's own post-closure Asian network (F-FI-10; F-FI-11). By Q3 2024, Finnair had repaid all loans drawn down during the crisis, removing the last remaining elements of the emergency financing stack and completing the balance sheet restructuring (F-IR-05). In recognition of the restored financial position, the Board proposed a return of capital of €0.11 per share for the 2024 financial year, the first capital distribution to shareholders since before the pandemic (F-FS-10).

Full-year 2024 revenue reached €3 billion and the comparable operating result was €151.4 million, with the modest decline from the exceptional 2023 level reflecting a normalization of post-pandemic travel demand rather than any structural deterioration (F-AR-06; F-FS-10). Unit costs fell from €7.76 cents in 2023 to €7.57 cents in 2024, driven by increased capacity utilization and a lower jet fuel price and the equity ratio reached 16.9% at year end (F-FS-10). The structural rebalancing of the network was also well advanced: the share of Asian routes in total available seat kilometers had declined from 49.4% in 2019 to approximately 35%, with European and North Atlantic traffic absorbing the reallocated capacity (F-FI-11).

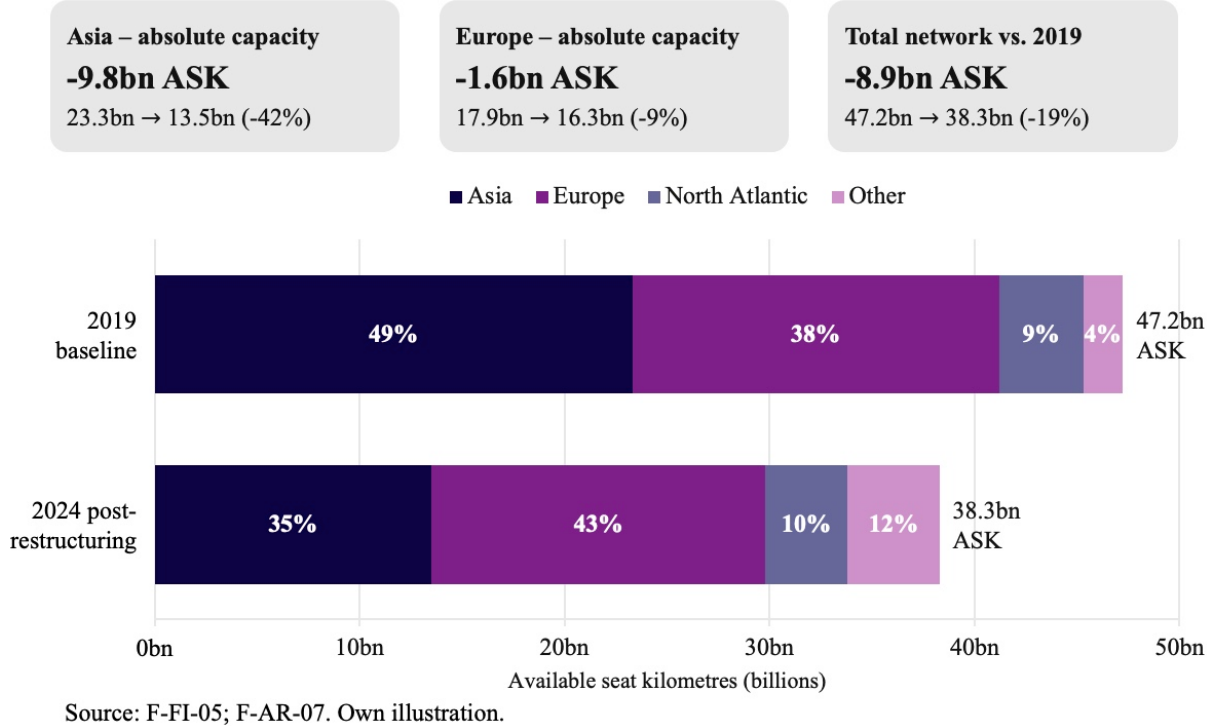


Figure 4: Network capacity rebalancing: ASK by region, 2019 and 2024

The 2025 financial year marked a more testing phase of the consolidation, introducing a new operational headwind that was unrelated to the airspace closure but nonetheless material in its financial impact. A protracted collective bargaining dispute with the Finnish Airline Pilots' Association resulted in repeated industrial action throughout 2025, with stoppages affecting the summer schedule, leading to the cancellation of thousands of flights and reducing total capacity by approximately 5% year-on-year. The direct negative impact of this action on full-year comparable operating result was approximately €68 million (F-FS-11; F-IR-06; F-IR-07). Revenue for the full year increased modestly to €3.1 billion, while the comparable operating result fell to €60.1 million. This figure significantly understates the underlying business performance: adjusted for the industrial action impact, the comparable result was approximately €128 million, broadly consistent with 2024 (F-FS-11). The fourth quarter of 2025, in which the industrial action had largely subsided, delivered a comparable operating result of €61.7 million on revenue of €789.5 million, confirming the underlying health of demand entering the new strategy period (F-FS-11). Passenger numbers reached 11.9 million for the full year and a capital return of €0.09 per share was proposed for 2025, the second consecutive year of shareholder distributions (F-FS-11).

4.3.3. New Strategy 2026-2029

On the 13th of November 2025, Finnair presented its strategy and long-term financial targets for the period 2026-2029 at a Capital Markets Update in Helsinki. The presentation formally closed the restructuring and recovery phase and set out the direction for what the company characterized as a period of profitable growth. All under the assumption that Russian airspace will remain closed throughout the strategy period (F-AR-07; F-FS-11; F-SP-05). That assumption is not incidental: it anchors the entire logic of the new strategy in the recognition that the structural change documented in section 4.2 is permanent and that no aspect of the network, fleet, or commercial model should be calibrated for a return to the pre-2022 configuration.

The strategy is organized around four priorities. *Choice* refers to a shift toward a more personalized, modular product offering in which passengers select the services they pay for. Finnair is targeting approximately €17 in ancillary revenue per passenger and supporting growth through digital and direct sales channels, which accounted for 72% of total sales by 2025. *Engagement* refers to deepening the relationship with customers beyond the flight, principally through the Finnair Plus loyalty program. A target of growing active membership from over 2 million to more than 3 million by 2029 and tripling revenue from non-travel loyalty partnerships in banking, retail and hospitality was set. *Convenience* refers to the network, ensuring that the routes Finnair operates and the connections it offers are calibrated to the needs of its core travelling customers. They are to be structured around Helsinki's role as a connecting point rather than an intermediary hub dependent on a single corridor. *Reliability* refers to operational performance: punctuality, safety and the consistency of the customer experience across all touchpoints (F-FI-11; F-SP-05).

The financial targets for the strategy period are set at a level that reflects the restructured competitive environment. Finnair targets average annual passenger demand growth of 4%, a comparable EBIT margin of 6% to 8% by the end of 2029 and total investment of €2 billion to €2.5 billion over the period. A specific profitability improvement commitment of €100 million by the end of the strategy period complements the revenue ambitions. Cash is to be maintained at a minimum of 20% of revenue and one-third of earnings per share is targeted for return to shareholders on average, establishing the first systematic distribution policy in the post-crisis era (F-SP-05).

The network under the 2026-2029 strategy reflects and extends the geographic diversification that the post-closure period had produced. Twelve new European destinations were announced

for the summer 2026 season, including Stavanger, Thessaloniki, Tirana, Turin, Umeå and Luxembourg, alongside dedicated Lapland routes from Kittilä to Brussels, Paris and Zurich for the winter season, deepening Helsinki's connectivity as a gateway for inbound European tourism (F-FI-11). In North America, Helsinki-Toronto service was reinstated from May 2026, the first Canadian route in over a decade, extending the North Atlantic network to seven destinations. In Asia, Finnair announced its first-ever route to Australia: daily A350 service to Melbourne via Bangkok commencing October 2026. This route extends the Qantas cooperation from a wet-lease arrangement into a new bilateral traffic development and reaches a market entirely independent of Russian airspace access (F-FI-11). Asian frequencies to Japan also increased modestly on the back of recovering leisure demand, though the total allocation of capacity to Asia remains structurally below the pre-2022 level that had defined the intermediary hub strategy (F-AR-06; F-AR-07).

Fleet renewal is the most capital-intensive component of the new strategy. The final A350 on order, the nineteenth aircraft in the series, is scheduled for delivery in late 2026, completing the wide-body program initiated a decade earlier (F-AR-07; F-FI-11). On the narrow-body side, a decisive answer to the long-deferred question of aging short-haul fleet renewal was provided in March 2026. Finnair signed a purchase agreement with Embraer for 18 firm orders for the E195-E2 aircraft, with options for a further 16 and purchase rights for 12 more, in what the company described as one of the largest investments in its 102-year history (F-PR-01). Alongside the Embraer order, Finnair announced the acquisition of up to 12 used Airbus A320 and A321 aircraft from the secondary market to replace the oldest A319s and A320s in the mainline fleet in the near term (F-PR-01). The narrow-body renewal program resolves a structural question that had been deferred since before the crisis and reorients that renewal away from the wide-body-heavy configuration that the Siberian corridor strategy had required, toward a more flexible, regionally efficient platform.

5. Teaching Note

5.1. Case Synopsis

This case examines how Finnair, a majority state-owned Finnish network airline, responded to the loss of its central competitive advantage following the closure of Russian airspace in February 2022. Throughout most of the 2010s, Finnair had progressively reoriented its entire business model around a single geographic logic: Helsinki-Vantaa airport's position along the great-circle route between Europe and Northeast Asia. This position, combined with Siberian corridor access, enabled the fastest intercontinental connections on that traffic flow. The airline's fleet, network, partnerships and organizational identity were each configured around this precondition. The airline entered 2022 in a financially weakened position following the COVID-19 pandemic. When the corridor closed overnight, the strategic damage was compounded by that fragility. Northeast Asian routes became commercially unviable on routings 30% to 40% longer than before and a full-year comparable operating result of negative €163.9 million was recorded in a year of strong global travel demand. The case traces Finnair's response: immediate network and cost restructuring, a €570 million rights issue anchored by the Finnish state, a return to profitability in 2023 and the formulation of a new 2026–2029 strategy. The central question is whether this response constitutes genuine strategic reconfiguration or operational adjustment strategically framed.

5.2. Teaching Objectives and Target Audience

The case is designed for graduate students in management or strategy and is well suited to courses in Corporate Strategy, Strategic Management and Aviation Management. It is most productive when taught after students have been introduced to the Research Note's frameworks conceptually but have not yet applied them.

After the session, students will be able to apply Leonard-Barton's four dimensions and Bettis and Prahalad's dominant logic concept to assess whether a strategy genuinely reconfigures a firm's capability or reproduces the same logic in a different form. They will distinguish genuine dynamic capabilities from skilled crisis improvisation and trace the logic of a geopolitical event through PESTEL. They will classify a crisis response across Wenzel et al.'s typology over multiple time periods and identify where the classification loses discriminating power. Finally, they will articulate why the four frameworks yield competing rather than convergent answers and why that competition is the analytical point of the session rather than a problem to be resolved.

5.3. Teaching Approach

The case is taught in a 90-minute session organized in four parts. It is recommended that the frameworks presented in the Research Note be taught in lectures before the case discussion, so that students can focus on application rather than on establishing basic concepts. The case should be distributed alongside the guiding questions in section 5.4 at least two days in advance, and group assignments to the four frameworks should be communicated at the same point. Students are expected to prepare individual written answers to their group's guiding questions before the session; the session itself is then used to consolidate positions and engage with the other frameworks, not to develop initial responses from scratch. The case is self-contained; no additional background material is required.

Part 1: Introduction (10 min)

The instructor opens by posing the overarching question that governs the session: Does Finnair's post-2022 response represent a genuine strategic reconfiguration, or a sequence of operational adjustments framed as strategy? Students gather in their pre-assigned groups, each working on one of the four frameworks from the Research Note: Core Capabilities and Core Rigidities, Dynamic Capabilities, PESTEL Analysis and the Strategic Crisis Response Typology.

Part 2: Group Work (30 min)

Each group meets to consolidate the pre-session individual answers into two outputs for use in Part 3: an answer to the overarching question and a written statement of no more than two sentences identifying what the framework structurally cannot evaluate. The second output is not optional; it equips each group to challenge another group's analysis.

Part 3: Plenary Discussion and Confrontation (40 min)

Each group states its thesis in two sentences. The instructor writes all four theses visibly, so they are simultaneously legible throughout the discussion. Groups then engage in structured cross-examination: the Core Rigidities group challenges the Dynamic Capabilities group; the PESTEL group challenges the Crisis Response group and vice versa. Each confrontation pair runs for five minutes. The instructor facilitates without adjudicating, intervening only to enforce the constraint that each group must argue from the other's framework rather than its own.

These pairings exploit specific structural tensions. Core Rigidities and Dynamic Capabilities both address organizational capabilities but with an opposite focus: the first emphasizes the weight of accumulated commitment, the second the potential for deliberate reconfiguration.

PESTEL and the Crisis Response Typology operate at different analytical levels, one maps external forces, the other classifies firm-level responses; confronting them forces students to argue about what actually falls within management control.

Part 4: Wrap-Up and Escalation (10 min)

The instructor closes by posing the escalation question that no group has yet addressed: Finnair's 2026–2029 strategy assumes Russian airspace will remain permanently closed. If airspace reopens in 2027, is the new strategy a genuine repositioning, or has Finnair made the same category of error as before 2022, constructing a business model around the assumed permanence of a geopolitical condition it cannot control, this time in the opposite direction? This question is not answered in the session. It is left open as the case's final analytical challenge.

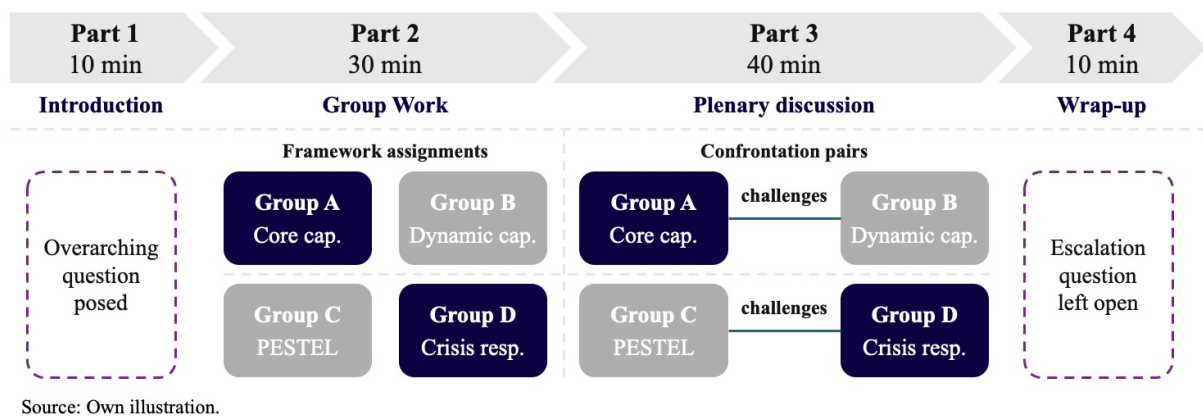


Figure 5: Teaching session design

5.4. Case Analysis and Discussion

The following section presents the guiding questions and expected answers for each group. Expected answers represent the strongest defensible position from each framework's perspective, not a ceiling. Students who arrive at well-grounded alternative positions through rigorous engagement with the case should be recognized accordingly.

Group A – Core Capabilities and Core Rigidities

Question 1: Using Leonard-Barton's four dimensions, map how deeply Finnair had committed to the Siberian corridor strategy before the closure. For each dimension, how quickly could that commitment have been unwound after February 2022 and which dimension was most resistant to change?

Across all four dimensions, the commitment was deep. At the level of *Technical Systems*, seventeen A350-900 aircraft were optimized for nine-to-eleven-hour sectors and consumed 30% to 40% more fuel on the longer alternative routings, a technical characteristic that no operational decision could alter. Scheduling architecture, maintenance cycles and turnaround procedures were all calibrated for the Asian network's specific operating tempo. At the level of *Skills and Knowledge*, approximately 1,000 employees recruited between 2016 and 2020, trained specifically for long-haul A350 operations. Pilots and cabin crew require separate type ratings for different aircraft types, making immediate redeployment to European narrow-body operations operationally impractical without months of retraining. At the level of *Managerial Systems*, the commitment extended across governance, capital allocation and performance structures. The Board approved a €3.5 billion to €4 billion investment program at the 2019 Capital Markets Day and set a 7% to 9% EBIT margin target predicated on full A350 deployment on Asian routes. Supplier contracts, maintenance agreements and crew scheduling cycles were all calibrated to the Asian network's operating requirements. At the level of *Values*, Finnair's mission appeared in every major communication from 2016 onwards. Bettis and Prahalad's dominant logic concept applies precisely here: the February 2022 cabin renewal announcement, made days before the invasion and committing €200 million to long-haul product investment, demonstrates that this frame was still fully operational at the moment the corridor closed.

Of the four dimensions, *Values* is the most resistant because it is embedded in organizational identity rather than in contracts or capital stock. *Managerial Systems* adapted most quickly with the Qatar Airways cooperation, initiated within months, as the clearest evidence. *Skills and Technical Systems* occupy the middle ground, addressable over two-to-three and multi-year horizons respectively. Instructors should note that the Qatar Airways cooperation also serves as the primary *Seizing* evidence in Group B's Dynamic Capabilities analysis. The same event is analytically productive across both frameworks simultaneously. This is not a contradiction but a productive illustration of how frameworks create different lines of sight on identical evidence.

Question 2: Finnair's 2026–2029 strategy assumes Russian airspace will remain permanently closed. Does this assumption make the airline organizationally safer than before 2022, or does it create a new version of the same underlying risk?

Both positions are defensible. The strongest argument that the airline is organizationally safer is that the 2026–2029 strategy distributes the network across multiple traffic flows. The new network covers twelve new European destinations, North Atlantic routes and the Melbourne service, so that no single corridor accounts for the revenue concentration the Asian network

commanded in 2019. The strategy also explicitly names permanent closure as its planning assumption, which means management is less likely to be caught by the kind of cognitive failure the February 2022 cabin renewal represents.

The strongest argument that the risk is a new version of the same underlying problem is that the strategy is still calibrated for one specific geopolitical assumption: that Russian airspace stays closed. If the corridor reopens in 2027, Finnair faces a mirror-image difficulty with a narrow-body fleet, while competitors who maintained or developed southern-hub advantages during the closure retain their positions. The reconfiguration across *Technical Systems and Skills* dimensions is genuine and underway, but the *Values* dimension still describes Helsinki as a connecting hub dependent on sixth-freedom transit traffic, which is architecturally the same intermediary model as before. Whether the new mission language represents a genuine shift in organizational self-understanding or an updated label on the same underlying logic will determine how quickly the dominant logic reasserts itself if circumstances change. The new strategy is less concentrated than its predecessor but not structurally different in the category of risk it creates.

Group B – Dynamic Capabilities

Question 1: Apply Teece's three clusters: *Sensing*, *Seizing* and *Transforming* to Finnair's response between 2022 and 2025. For each cluster, identify the most convincing piece of evidence. Does that evidence show a genuine organizational capability or a one-off response to an exceptional situation?

For *Sensing*, the strongest evidence is the September 2022 strategy's explicit commitment to restore profitability regardless of whether Russian airspace reopens. Most European carriers at that point were treating the closure as a disruption of uncertain duration. Finnair's management formally classified it as permanent and built an entire strategic architecture on that classification. Against Winter's criterion of deliberate and repeatable, the evidence does not resolve cleanly whether this reflects genuine capability or a forced cognitive shift driven by financial catastrophe.

For *Seizing*, the most convincing evidence is the Qatar Airways cooperation, which transformed what could have been framed as a competitive intrusion into a commercial partnership that acknowledged the Gulf hub's new relevance for Helsinki's connecting passengers. Wet-leasing has organizational precedents and is repeatable in form; the Qatar move is more novel and harder to classify as routine.

For *Transforming*, the Embraer fleet order is the strongest candidate: 18 firm aircraft representing one of the largest investments in the company's history, redirecting the fleet's long-term composition over a fifteen-to-twenty-year horizon. The complication is that narrow-body renewal was already operationally overdue before the crisis. The key question is whether the crisis accelerated and redirected this renewal toward a different competitive logic or merely made financially possible an investment that was already inevitable.

Question 2: At what point in the 2022–2025 period, if any, did Finnair's response shift from crisis improvisation to deliberate strategic capability-building? What is the most convincing evidence for your answer?

The 2022 improvisations: route cancellations, wet-leasing and partnership initiations are best understood as skilled crisis management rather than dynamic capability in Winter's strict sense; Eisenhardt and Martin's argument that high-velocity environments call for simpler, more experiential responses applies directly.

The shift toward something more deliberate is most clearly identifiable at two points. The first is September 2022, when the strategy presentation moved beyond reactive adjustments to commit to a specific set of pillars, financial targets and network logic grounded in the assumption of permanent closure. That commitment, made publicly with explicit financial consequences if wrong, carries the deliberateness that Winter's criterion requires. The second is November 2023, when the rights issue shifted the organization from financial survival mode to strategic investment capacity. The Embraer and Melbourne route announcement, realized two to three years after the rights issue, are products of the investment capacity it restored. If such a transition exists, it occurs in two stages rather than one and should be evaluated against what followed September 2022.

Group C – PESTEL Analysis

Question 1: Use PESTEL to trace how the February 2022 airspace closure created consequences across multiple dimensions at once. Which of these consequences could Finnair realistically address and which were entirely outside its control?

The closure triggered consequences across multiple PESTEL dimensions simultaneously rather than sequentially. The *Political* dimension is the causal origin. Its most decisive downstream connection is *Political to Legal*: airspace sovereignty under international aviation law means Russia's closure cannot be challenged by commercial negotiation or legal proceedings. The Siberian corridor was revealed as a contingent political arrangement, not stable infrastructure.

The *Political to Economic* connection was compounded by jet fuel prices approximately doubling at the same moment, creating a cost shock that inverted Finnair's unit economics in a year of strong demand. The *Political to Technological* connection is the most firm-specific: the A350 fleet's specifications, optimized for nine-to-eleven-hour sectors, became misaligned with the new routing reality, not because the aircraft changed but because the routes did. The *Social* consequences are more diffuse: the political salience of job losses at a majority state-owned employer and the shift in passenger behavior away from northern European routing patterns as Helsinki's time advantage disappeared. The *Environmental* dimension carries its own distinct exposure beyond fuel costs: longer routings increase total emissions per flight, compounding Finnair's exposure to EU Emissions Trading System charges and CORSIA obligations in ways not reducible to the Economic impact already described.

Of all these consequences, only the Technological fleet misalignment was within Finnair's capacity to address and only over a multi-year horizon. The Legal, Economic and competitive consequences were structurally beyond reach regardless of how quickly or creatively management responded.

Question 2: The corridor closed because Russia exercised its sovereign airspace rights. What does this tell firms in geopolitically exposed industries about how to plan strategy? Does Finnair's 2026–2029 strategy reflect that lesson?

The lesson is that not all legal risks are the same kind of risk. Most legal exposure that firms manage in regulated industries. Slot regulations, safety compliance or bilateral air service agreements is commercially manageable through compliance investment, regulatory engagement, or contractual renegotiation. The Siberian corridor closure belongs to a different category entirely: a sovereign political decision expressed through a legal mechanism that no commercial or regulatory tool can override. For firms with high geopolitical exposure, this distinction requires treating access rights that depend on inter-state political relationships as contingent arrangements rather than stable infrastructure.

Finnair's pre-2022 strategy did not reflect this discipline. The corridor was treated as a fixed geographic asset when it was a political arrangement whose continuation depended on conditions entirely outside the airline's control. The 2026–2029 strategy's explicit assumption of permanent closure is a recognition of the lesson. However, the strategy is calibrated for one geopolitical scenario rather than designed to function across several the precise limitation that the escalation question in Part 4 is designed to surface.

Group D – Strategic Crisis Response Typology

Question 1: Using Wenzel et al.'s four response types, classify Finnair's actions across three periods: February to December 2022, January to November 2023 and November 2023 to November 2025. In which period does the framework give you the clearest picture of what Finnair was doing strategically and in which does it tell you the least? What explains the difference?

February and March represent the acute phase, route cancellations and emergency wet-leasing initiated within weeks; April through December covers the operational consolidation, the Stockholm Arlanda closure and the September 2022 strategy announcement. Across this full initial window, all four response types are simultaneously active. *Retrenchment* is visible in Japan schedule cancellations, temporary and then permanent headcount reductions. *Persevering* covers European and North Atlantic route maintenance. *Innovating* is visible in the Qatar Airways cooperation and the wet-leasing of idle wide-body aircraft. *Exit* is visible in the withdrawal from Japan scheduled services and the progressive withdrawal from mainland China.

This first window is the period in which the framework tells you the least. When every type is active at once, the classification merely describes what happened. It does not help in evaluating whether the combination was strategically coherent or reactive to the immediate pressures.

The second window, January to November 2023, is the period in which the framework gives the clearest picture. The balance shifts decisively toward *Innovating*: the rights issue and the ancillary revenue restructuring. The *Resuming* type proposed by Albers and Rundshagen adds useful precision here. The staged redeployment of returning wet-lease aircraft to Finnair's own European and North Atlantic network is an organizational activity that none of the four original types captures cleanly.

The third window sees *Persevering* and *Innovating* consolidate as the dominant response types. Key markers include the S&P BB+ credit rating, the first in the company's history, expanding access to debt capital markets. The conclusion of the British Airways wet-lease in March 2024 and redeployment of returning aircraft (*Resuming*); the Embraer E195-E2 firm order (*Transforming*); and two consecutive years of capital returns confirming the turnaround's durability.

The difference in analytical clarity across periods reflects the concentration of response types: uniform distribution across all four produces low discriminating power; concentration into one or two produces high discriminating power. Whether the phased sequence constitutes genuine strategic reconfiguration or successful operational recovery is the question the typology alone cannot answer.

Question 2: Robbins and Pearce developed their turnaround model by studying firms that declined due to internal problems. Finnair's crisis was caused by an external geopolitical event. Does that difference matter for how the model applies and what does Finnair's recovery demonstrate?

The two-stage model fits Finnair's recovery with considerable precision. The 2022 retrenchment was deep, selective and rapid; the rights issue and subsequent strategic investment followed the model's predicted timeline; and two consecutive years of capital returns confirm genuine turnaround rather than temporary stabilization. Instructors should note that Q3 2022's positive result partly reflects seasonal demand rather than structural stabilization. The full-year loss of €163.9 million is the more diagnostic figure and students who over-read the Q3 result should be directed back to the annual figures.

The difference does matter, however and instructors should surface it in the discussion if groups do not raise it independently. For firms whose decline is caused by internal inefficiencies, retrenchment addresses the source of the problem. For Finnair, it addressed only the financial consequences. The cause, a geopolitical condition outside the airline's control remains unchanged. The recovery, however impressive by financial metrics, does not eliminate the underlying structural vulnerability; it establishes a new competitive configuration premised on that condition remaining static.

Escalation Question: Instructor Guidance

This question has no correct answer and should not be resolved in the session. If students argue the strategies are equivalent errors, the strongest version draws on the Values dimension. Both strategies embed Helsinki's role as an intermediary hub dependent on a condition outside the firm's control. First, access to Russian airspace corridors, and later, assumptions about the permanence and stability of their closure. If students argue the new strategy is safer, the strongest version draws on network diversification across European, North Atlantic, and Australian routes, reducing dependence on a single geographic advantage and potentially creating a more resilient long-term operating model.

6. Limitations

The analysis is subject to several limitations. The most fundamental concerns the secondary data sources. The case rests substantially on Finnair's own disclosures: annual reports, interim reports, Capital Markets Day presentations and the September 2022 and November 2025 strategy updates. These documents are written for capital markets and reflect what management chose to make publicly visible, which is not the same as what occurred internally. The triangulation procedure described in chapter 2 reduces this risk for empirical facts but cannot capture the weight of individual managerial conviction or the influence of state-owner pressure on specific decisions. Interviews with Finnair's leadership or access to internal planning documents would be needed to address this layer; neither was available within the scope of this thesis.

The teaching case format imposes a structural constraint of its own. It requires the separation of the empirical presentation in chapter 4 from the analytical application in chapter 5. The case chapter must remain available as raw material for student interpretation, which limits how closely evidence and analysis can be combined within it.

The four frameworks applied are well established but not exhaustive. Agency theory and political economy approaches could treat the role of the Finnish state, including the parliamentary decision precluding a majority sale and the conversion of the €400 million capital loan to equity, more systematically than this analysis does. State ownership recurs throughout the case but receives no dedicated framework of its own.

Case specificity and timing pose the final constraints. Finnair's combination of majority state ownership, extreme northern latitude and near-total dependence on a single geographic corridor is unusual. The findings do not transfer easily to other carriers or to other forms of geopolitical disruption. The 2026–2029 strategy was also still in its early stages at the time of writing, six months after its announcement and two months after the Embraer order, so whether the reconfiguration holds is a question the evidence cannot yet answer.

7. Conclusion

The central question this thesis posed, whether Finnair's response to the 2022 airspace closure constitutes genuine strategic reconfiguration or operational adjustment reframed as strategy, does not have a clean answer. That is not a weakness of the analysis. It is a property of the case.

When all four frameworks are brought into dialogue, the most defensible position is that the response is genuine but incomplete. The September 2022 strategy's explicit commitment to restoring profitability without Russian airspace access is not a gamble. It forecloses the return-to-normality option that most European carriers kept open throughout that year and doing so this is precisely the kind of commitment Teece's Sensing criterion requires. The fleet renewal program and network rebalancing represent real change in the Technical Systems dimension: capital allocation decisions that will shape the airline's capability base for fifteen to twenty years are not easily classified as mere operational adjustments.

The Values dimension tells a different story. Helsinki still functions as an intermediary hub whose commercial viability depends on sixth-freedom connecting traffic. The competitive logic is unchanged; the geography has shifted. And the new strategy is calibrated for one specific geopolitical assumption, permanent corridor closure, rather than designed to hold across a range of scenarios. The structural vulnerability identified in this thesis has not been eliminated. Under different geopolitical conditions, the strategic exposure the 2026–2029 strategy creates could prove as consequential as the one it replaced.

This is the case's most practically relevant implication. Competitive positions that rest on sovereign political arrangements: overflight rights, bilateral market access and routing permissions are contingent, not foundational. The discipline the case points toward is building strategic positions that remain viable across geopolitical scenarios rather than assuming the continuation of the one currently in place. Whether Finnair's 2026–2029 strategy achieves this remains to be seen.

References

- Albers, S., & Rundshagen, V. (2020). European airlines' strategic responses to the COVID-19 pandemic (January-May, 2020). *Journal of Air Transport Management*, 87, 101863. <https://doi.org/10.1016/j.jairtraman.2020.101863>
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Barreto, I. (2010). Dynamic Capabilities: A Review of Past Research and an Agenda for the Future. *Journal of Management*, 36(1), 256–280. <https://doi.org/10.1177/0149206309350776>
- Bettis, R. A., & Prahalad, C. K. (1995). The Dominant Logic: Retrospective and Extension. *Strategic Management Journal*, 16(1), 5–14. <https://doi.org/https://www.jstor.org/stable/2486943>
- Burghouwt, G., & De Wit, J. (2005). Temporal configurations of European airline networks. *Journal of Air Transport Management*, 11(3), 185–198. <https://doi.org/10.1016/j.jairtraman.2004.08.003>
- Caves, D. W., Christensen, L. R., & Tretheway, M. W. (1984). Economies of Density versus Economies of Scale: Why Trunk and Local Service Airline Costs Differ. *The RAND Journal of Economics*, 15(4), 471–489. <https://doi.org/10.2307/2555519>
- Daft, R., & Weick, K. (1984). Toward A Model of Organizations As Interpretation Systems. *The Academy of Management Review*, 9. <https://doi.org/10.2307/258441>
- Doganis, R. (2002). *Flying Off Course: The Economics of International Airlines*. Psychology Press.
- Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic Capabilities: What Are They? *Strategic Management Journal*, 21(10/11), 1105–1121. <https://doi.org/https://www.jstor.org/stable/3094429>
- Ennen, D., & Wozny, F. (2024). Airspace closures following the war of aggression in Ukraine: The impact on Europe-Asia airfares. *Transportation Research Procedia*, 78, 103–110. <https://doi.org/10.1016/j.trpro.2024.02.014>

- Grosche, T., Klophaus, R., & Seredyński, A. (2017). Competition for long-haul connecting traffic among airports in Europe and the Middle East. *Journal of Air Transport Management*, 64, 3–14. <https://doi.org/10.1016/j.jairtraman.2017.06.019>
- Guo, Y., Huang, P.-W., Chou, M., Fang, S.-C., & Tsai, F.-S. (2022). The Role of Entrepreneur Cognition on Core Rigidity. *Frontiers in Psychology*, 12, 717253. <https://doi.org/10.3389/fpsyg.2021.717253>
- Hannan, M., & Freeman, J. (1984). Structural Inertia And Organizational Change. *American Sociological Review*, 49. <https://doi.org/10.2307/2095567>
- Johnson, G., Whittington, R., Scholes, K., Angwin, D., & Regnér, P. (2017). *Exploring strategy* (Eleventh edition). Pearson.
- Leonard-Barton, D. (1992). Core Capabilities and Core Rigidities: A Paradox in Managing New Product Development. *Strategic Management Journal*, 13, 111–125. <https://doi.org/https://www.jstor.org/stable/2486355>
- O’Connell, J. F. (2011). The rise of the Arabian Gulf carriers: An insight into the business model of Emirates Airline. *Journal of Air Transport Management*, 17(6), 339–346. <https://doi.org/10.1016/j.jairtraman.2011.02.003>
- O’Kelly, M. E. (1987). A quadratic integer program for the location of interacting hub facilities. *European Journal of Operational Research*, 32(3), 393–404. [https://doi.org/10.1016/S0377-2217\(87\)80007-3](https://doi.org/10.1016/S0377-2217(87)80007-3)
- Ostroumov, I., Ivannikova, V., Kuzmenko, N., & Zaliskyi, M. (2025). Impact analysis of Russian-Ukrainian war on airspace. *Journal of Air Transport Management*, 124, 102742. <https://doi.org/10.1016/j.jairtraman.2025.102742>
- Pearce, J. A., & Robbins, D. K. (1994). Retrenchment Remains the Foundation of Business Turnaround. *Strategic Management Journal*, 15(5), 407–417. <https://doi.org/https://www.jstor.org/stable/2486783>
- Prahalad, C. K., & Hamel, G. (1990). *The Core Competence of the Corporation*.
- Priem, R. L., & Butler, J. E. (2001). Is the Resource-Based “View” a Useful Perspective for Strategic Management Research? *The Academy of Management Review*, 26(1), 22–40. <https://doi.org/10.2307/259392>

- Redondi, R., Malighetti, P., & Palesi, S. (2011). Hub competition and travel times in the world-wide airport network. *Journal of Transport Geography*, 19(6), 1260–1271. <https://doi.org/10.1016/j.jtrangeo.2010.11.010>
- Robbins, D., & Pearce, J. (1992). Turnaround: Retrenchment and Recovery. *Strategic Management Journal*, 13, 287–309. <https://doi.org/10.1002/smj.4250130404>
- Rodrigue, J.-P. (2020). *The Geography of Transport Systems* (5th edition). Taylor & Francis Group. <https://doi.org/10.4324/9780429346323>
- Sammut-Bonnici, T., & Galea, D. (2015). PEST analysis. In C. L. Cooper (Ed.), *Wiley Encyclopedia of Management* (1st ed., pp. 1–1). Wiley. <https://doi.org/10.1002/9781118785317.weom120113>
- Staw, B., Sandelands, L., & Dutton, J. (1981). Threat Rigidity Effects in Organizational Behavior: A Multilevel Analysis. *Administrative Science Quarterly*, 26. <https://doi.org/10.2307/2392337>
- Teece, D. J. (2007). Explicating Dynamic Capabilities: The Nature and Microfoundations of (Sustainable) Enterprise Performance. *Strategic Management Journal*, 28(13), 1319–1350. <https://doi.org/https://www.jstor.org/stable/20141992>
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic Capabilities and Strategic Management. *Strategic Management Journal*, 18(7), 509–533. <https://doi.org/https://www.jstor.org/stable/3088148>
- Weitzel, W., & Jonsson, E. (1989). Decline in Organizations: A Literature Integration and Extension. *Administrative Science Quarterly*, 34(1), 91–109. <https://doi.org/10.2307/2392987>
- Wenzel, M., Stanske, S., & Lieberman, M. (2020). Strategic responses to crisis. *Strategic Management Journal*, 42, O16–O27. <https://doi.org/10.1002/smj.3161>
- Winter, S. (2003). Understanding Dynamic Capabilities. *Strategic Management Journal*, 24, 991–995. <https://doi.org/10.1002/smj.318>
- Yin, R. K. (2018). *Case study research and applications: Design and methods* (Sixth edition). SAGE. https://opac.atmaluhur.ac.id/uploaded_files/temporary/DigitalCollection/YTE3NDlmYTY0ZjE2MDA5ODE4NGI1Y2FhMjdkMjRmYW5kMDA2MTVhOQ==.pdf

Online References

- F-AR-01. (2020). *Finnair Plc. Annual report 2019*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2019/annual-report-2019.pdf>
- F-AR-02. (2021). *Finnair Plc. Annual report 2020*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2020/annual-report-2020.pdf>
- F-AR-03. (2022). *Finnair Plc. Annual report 2021*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2021/annual-report-2021.pdf>
- F-AR-04. (2023). *Finnair Plc. Annual report 2022*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2022/annual-report-2022.pdf>
- F-AR-05. (2024). *Finnair Plc. Annual report 2023*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2023/finnair-annual-report-2023.pdf>
- F-AR-06. (2025). *Finnair Plc. Annual report 2024*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2024/finnair-annual-report-2024.pdf>
- F-AR-07. (2026). *Finnair Plc. Annual report 2025*. <https://ir-cdn.inderes.com/assets/finnair/calendar-event-attachments/0d32bc90-37b7-4437-8557-e88e4b93d5c7/finnair-annual-report-2025.pdf>
- F-FI-01. (2016). *Finnair Plc. Financial information report 2015*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2015/financial-statements-2015-report.pdf>
- F-FI-02. (2017). *Finnair Plc. Financial information report 2016*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2016/financial-statements-2016-report.pdf>
- F-FI-03. (2018). *Finnair Plc. Financial information report 2017*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2017/financial-statements-2017-report.pdf>
- F-FI-04. (2019). *Finnair Plc. Financial information report 2018*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2018/financial-statements-2018-en.pdf>

- F-FI-05. (2020). *Finnair Plc. Financial information report 2019*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2019/financial-statements-2019.pdf>
- F-FI-06. (2021). *Finnair Plc. Financial information report 2020*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2020/financial-information-2020.pdf>
- F-FI-07. (2022). *Finnair Plc. Financial information report 2021*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2021/financial-information-2021.pdf>
- F-FI-08. (2023). *Finnair Plc. Financial information report 2022*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2022/financial-information-2022.pdf>
- F-FI-09. (2024). *Finnair Plc. Financial information report 2023*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2023/finnair-financial-information-2023.pdf>
- F-FI-10. (2025). *Finnair Plc. Financial information report 2024*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2024/finnair-financial-information-2024.pdf>
- F-FI-11. (2026). *Finnair Plc. Financial information report 2025*. <https://ir-cdn.inderes.com/assets/finnair/calendar-event-attachments/9ea9e2a7-021f-4f3b-8f52-196fc94a8afe/finnair-financial-information-2025.pdf>
- F-FS-01. (2016). *Finnair Plc. Financial statements release 2015: Finnair Group, 1 January–31 December 2015*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2015/financial-statements-2015-bulletin.pdf>
- F-FS-02. (2017). *Finnair Plc. Financial statements release 2016: Finnair Group, 1 January–31 December 2016*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2016/financial-statements-2016-bulletin.pdf>
- F-FS-03. (2018). *Finnair Plc. Financial statements release 2017: Finnair Group, 1 January–31 December 2017*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2017/financial-statements-2017-bulletin.pdf>

- F-FS-04. (2019). *Finnair Plc. Financial statements release 2018: Finnair Group, 1 January–31 December 2018*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2018/financial-statements-2018-bulletin.pdf>
- F-FS-05. (2020). *Finnair Plc. Financial statements release 2019: Finnair Group, 1 January–31 December 2019*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2019/financial-statements-2019-bulletin.pdf>
- F-FS-06. (2021). *Finnair Plc. Financial statements release 2020: Finnair Group, 1 January–31 December 2020*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2020/financial-statements-2020-bulletin.pdf>
- F-FS-07. (2022). *Finnair Plc. Financial statements release 2021: Finnair Group, 1 January–31 December 2021*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2021/financial-statements-2021-bulletin.pdf>
- F-FS-08. (2023). *Finnair Plc. Financial statements release 2022: Finnair Group, 1 January–31 December 2022*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2022/financial-statements-2022-bulletin.pdf>
- F-FS-09. (2024). *Finnair Plc. Financial statements release 2023: Finnair Group, 1 January–31 December 2023*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2023/financial-statements-2023-bulletin.pdf>
- F-FS-10. (2025). *Finnair Plc. Financial statements release 2024: Finnair Group, 1 January–31 December 2024*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2024/financial-statements-2024.pdf>
- F-FS-11. (2026). *Finnair Plc. Financial statements release 2025: Finnair Group, 1 January–31 December 2025*. <https://ir-cdn.inderes.com/assets/finnair/calendar-event-attachments/d60a079c-c811-4c62-9ddf-0e066100a229/finnair-financial-statements-release-2025.pdf>
- F-IR-01. (2022). *Finnair Plc. Interim report Q1 2022: Finnair Group, 1 January–31 March 2022*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2022/q1-2022-report-en.pdf>
- F-IR-02. (2022). *Finnair Plc. Half-year report H1 2022: Finnair Group, 1 January–30 June 2022*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2022/finnair-2022-half-year-report-en-final.pdf>

- F-IR-03. (2022). *Finnair Plc. Interim report Q3 2022: Finnair Group, 1 January–30 September 2022*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2022/finnair-report-half-year-1-jan-30-sept-2022-en.pdf>
- F-IR-04. (2024). *Finnair Plc. Half-year report H1 2024: Finnair Group, 1 January–30 June 2024*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2024/half-year-report-2024-en.pdf>
- F-IR-05. (2024). *Finnair Plc. Interim report Q3 2024: Finnair Group, 1 January–30 September 2024*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2024/interim-report-2024.pdf>
- F-IR-06. (2025). *Finnair Plc. Half-year report H1 2025: Finnair Group, 1 January–30 June 2025*. <https://ir-cdn.inderes.com/assets/finnair/calendar-event-attachments/19a25bf6-f344-44aa-ba4b-a6f9465607cd/h1-2025-eng.pdf>
- F-IR-07. (2025). *Finnair Plc. Interim report Q3 2025: Finnair Group, 1 January–30 September 2025*. <https://ir-cdn.inderes.com/assets/finnair/calendar-event-attachments/f2685659-7f6f-47ce-8e24-7dde26370295/finnair-interim-report-q3-2025.pdf>
- F-PR-01. (2026, March). *Finnair Plc. Press Release: Finnair renews its narrowbody fleet with firm orders of 18 E195-E2 aircraft from Embraer and A320/321ceos from the used aircraft market*. <https://company.finnair.com/en/media-centre/all-releases/news?id=C645C956897CA2BC>
- F-SD-01. (2019). *Finnair Plc. IFRS Q4 2018: Supplementary financial data*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2018/ifrs-q4-2018.pdf>
- F-SD-02. (2020). *Finnair Plc. IFRS Q4 2019: Supplementary financial data*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2019/ifrs-q4-2019.pdf>
- F-SP-01. (2016). *Finnair Plc. Capital markets day 2016*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2016/finnair-capital-markets-day-2016.pdf>
- F-SP-02. (2019). *Finnair Plc. Capital markets day 2019*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2019/finnair-cmd-2019-handout.pdf>

- F-SP-03. (2022). *Finnair Plc. New strategy presentation: Restoring profitability*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2022/new-strategy-presentation-en.pdf>
- F-SP-04. (2023). *Finnair Plc. Rights issue announcement presentation: Rights issue of up to EUR 600 million*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2023/announcement-presentation-eng.pdf>
- F-SP-05. (2025). *Finnair Plc. Capital markets update 2025*. <https://ir-cdn.inderes.com/assets/finnair/calendar-event-attachments/ac6ff8c9-7e7f-4580-b0a0-ae4c5d0110d0/finnair-capital-markets-update-2025.pdf>
- F-SR-01. (2019). *Finnair Plc. Sustainability report 2018*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2018/finnair-sustainability-report-2018.pdf>
- F-SR-02. (2020). *Finnair Plc. Sustainability report 2019*. <https://storage.googleapis.com/inderes-widgets-prod-assets/finnair/calendarEventAttachments/2019/finnair-sustainability-report-2019.pdf>
- E-GO-01. (2020). *Prime Minister's Office of Finland. Government begins preparations to finance Finnair*. Finnish Government. <https://valtioneuvosto.fi/en/-/10616/government-begins-preparations-to-finance-finnair>
- E-GO-02. (2026). *Prime Minister's Office of Finland. Frequently asked questions about state ownership steering and ownership policy*. Finnish Government. <https://valtioneuvosto.fi/en/government-ownership-steering/frequently-asked-questions-about-state-ownership-steering-and-ownership-policy>
- E-IR-01. (2022). *Flight Global. How Russian airspace restrictions are adding hours to some Europe-Asia flights*. FlightGlobal. <https://www.flightglobal.com/strategy/2022/04/how-russian-airspace-restrictions-are-adding-hours-to-some-europe-asia-flights/>
- E-IR-02. (2022). *IATA. The impact of the war in Ukraine on the aviation industry*. International Air Transport Association (IATA). <https://www.iata.org/en/iata-repository/publications/economic-reports/the-impact-of-the-conflict-between-russia-and-ukraine-on-aviation/>

- E-IR-03. (2022). *OAG Analytics. Impact of Russian Airspace Sanctions on Flight Routes and Flight Times*. <https://www.oag.com/blog/impact-russian-sanctions-flight-times>
- E-IR-04. (2024). *OAG Analytics. Turkish Airlines Expands Network | Aviation Market Analysis*. <https://www.oag.com/blog/turkish-airlines-adds-another-country-to-their-network>
- E-IR-05. (2023). *Simple Flying. Russian Airlines Have Lost A 20% Market Share To Middle Eastern Carriers*. Simple Flying. <https://simpleflying.com/russian-airlines-lost-20-market-share/>
- E-NM-01. (2023). *CNN. Russia's war on Ukraine redrew the map of the sky – but not for Chinese airlines*. CNN. <https://www.cnn.com/travel/article/china-europe-airlines-russia-ukraine-airspace>

Appendix

Overview

Appendix A – Data Sources	48
--	----

Appendix B – Figures	49
-----------------------------------	----

Appendix A:

Table A1: Overview - Internal data sources.....	48
---	----

Table A2: Overview - External data sources	49
--	----

Appendix B:

Figure B1: Fleet lifecycle; delivery windows and projected retirement horizons	49
--	----

Figure B2: Finnair revenue and comparable EBIT-Margin, 2015 to 2019	50
---	----

Figure B3: Route extensions following the airspace closure, February 2022	50
---	----

Figure B4: Network capacity rebalancing: ASK by region, 2019 and 2024.....	51
--	----

Figure B5: Teaching session design.....	51
---	----

Appendix A – Data Sources

Internal Sources				
#	Origin	Category	Name	Code
1	Finnair	Annual Report	Finnair Plc. Annual report 2019	F-AR-01
2	Finnair	Annual Report	Finnair Plc. Annual report 2020	F-AR-02
3	Finnair	Annual Report	Finnair Plc. Annual report 2021	F-AR-03
4	Finnair	Annual Report	Finnair Plc. Annual report 2022	F-AR-04
5	Finnair	Annual Report	Finnair Plc. Annual report 2023	F-AR-05
6	Finnair	Annual Report	Finnair Plc. Annual report 2024	F-AR-06
7	Finnair	Annual Report	Finnair Plc. Annual report 2025	F-AR-07
8	Finnair	Financial Information	Finnair Plc. Financial information report 2015	F-FI-01
9	Finnair	Financial Information	Finnair Plc. Financial information report 2016	F-FI-02
10	Finnair	Financial Information	Finnair Plc. Financial information report 2017	F-FI-03
11	Finnair	Financial Information	Finnair Plc. Financial information report 2018	F-FI-04
12	Finnair	Financial Information	Finnair Plc. Financial information report 2019	F-FI-05
13	Finnair	Financial Information	Finnair Plc. Financial information report 2020	F-FI-06
14	Finnair	Financial Information	Finnair Plc. Financial information report 2021	F-FI-07
15	Finnair	Financial Information	Finnair Plc. Financial information report 2022	F-FI-08
16	Finnair	Financial Information	Finnair Plc. Financial information report 2023	F-FI-09
17	Finnair	Financial Information	Finnair Plc. Financial information report 2024	F-FI-10
18	Finnair	Financial Information	Finnair Plc. Financial information report 2025	F-FI-11
19	Finnair	Financial Statements	Finnair Plc. Financial statements release 2015: Finnair Group, 1 January–31 December 2015	F-FS-01
20	Finnair	Financial Statements	Finnair Plc. Financial statements release 2016: Finnair Group, 1 January–31 December 2016	F-FS-02
21	Finnair	Financial Statements	Finnair Plc. Financial statements release 2017: Finnair Group, 1 January–31 December 2017	F-FS-03
22	Finnair	Financial Statements	Finnair Plc. Financial statements release 2018: Finnair Group, 1 January–31 December 2018	F-FS-04
23	Finnair	Financial Statements	Finnair Plc. Financial statements release 2019: Finnair Group, 1 January–31 December 2019	F-FS-05
24	Finnair	Financial Statements	Finnair Plc. Financial statements release 2020: Finnair Group, 1 January–31 December 2020	F-FS-06
25	Finnair	Financial Statements	Finnair Plc. Financial statements release 2021: Finnair Group, 1 January–31 December 2021	F-FS-07
26	Finnair	Financial Statements	Finnair Plc. Financial statements release 2022: Finnair Group, 1 January–31 December 2022	F-FS-08
27	Finnair	Financial Statements	Finnair Plc. Financial statements release 2023: Finnair Group, 1 January–31 December 2023	F-FS-09
28	Finnair	Financial Statements	Finnair Plc. Financial statements release 2024: Finnair Group, 1 January–31 December 2024	F-FS-10
29	Finnair	Financial Statements	Finnair Plc. Financial statements release 2025: Finnair Group, 1 January–31 December 2025	F-FS-11
30	Finnair	Interim Report	Finnair Plc. Interim report Q1 2022: Finnair Group, 1 January–31 March 2022	F-IR-01
31	Finnair	Interim Report	Finnair Plc. Half-year report H1 2022: Finnair Group, 1 January–30 June 2022	F-IR-02
32	Finnair	Interim Report	Finnair Plc. Interim report Q3 2022: Finnair Group, 1 January–30 September 2022	F-IR-03
33	Finnair	Interim Report	Finnair Plc. Half-year report H1 2024: Finnair Group, 1 January–30 June 2024	F-IR-04
34	Finnair	Interim Report	Finnair Plc. Interim report Q3 2024: Finnair Group, 1 January–30 September 2024	F-IR-05
35	Finnair	Interim Report	Finnair Plc. Half-year report H1 2025: Finnair Group, 1 January–30 June 2025	F-IR-06
36	Finnair	Interim Report	Finnair Plc. Interim report Q3 2025: Finnair Group, 1 January–30 September 2025	F-IR-07
37	Finnair	Press Release	Finnair Plc. Press Release: Finnair renews its narrowbody fleet [...]	F-PR-01
38	Finnair	Supplementary Data	Finnair Plc. IFRS Q4 2018: Supplementary financial data	F-SD-01
39	Finnair	Supplementary Data	Finnair Plc. IFRS Q4 2019: Supplementary financial data	F-SD-02
40	Finnair	Strategy Presentation	Finnair Plc. Capital markets day 2016	F-SP-01
41	Finnair	Strategy Presentation	Finnair Plc. Capital markets day 2019	F-SP-02
42	Finnair	Strategy Presentation	Finnair Plc. New strategy presentation: Restoring profitability	F-SP-03
43	Finnair	Strategy Presentation	Finnair Plc. Rights issue announcement presentation: Rights issue of up to EUR 600 million	F-SP-04
44	Finnair	Strategy Presentation	Finnair Plc. Capital markets update 2025	F-SP-05
45	Finnair	Sustainability Report	Finnair Plc. Sustainability report 2018	F-SR-01
46	Finnair	Sustainability Report	Finnair Plc. Sustainability report 2019	F-SR-02

Table A1: Overview - Internal data sources

External Sources				
#	Origin	Category	Name	Code
1	External	Government	Prime Minister's Office of Finland. Government begins preparations to finance Finnair	E-GO-01
2	External	Government	Prime Minister's Office of Finland. Frequently asked questions about state ownership [...]	E-GO-02
3	External	Industry Report	Flight Global. How Russian airspace restrictions are adding hours to some Europe-Asia flights	E-IR-01
4	External	Industry Report	IATA. The impact of the war in Ukraine on the aviation industry	E-IR-02
5	External	Industry Report	OAG Analytics. Impact of Russian Airspace Sanctions on Flight Routes and Flight Times	E-IR-03
6	External	Industry Report	OAG Analytics. Turkish Airlines Expands Network Aviation Market Analysis	E-IR-04
7	External	Industry Report	Simple Flying. Russian Airlines Have Lost A 20% Market Share To Middle Eastern Carriers	E-IR-05
8	External	News and Media	CNN. Russia's war on Ukraine redrew the map of the sky – but not for Chinese airlines	E-NM-01

Table A2: Overview - External data sources

Appendix B – Figures

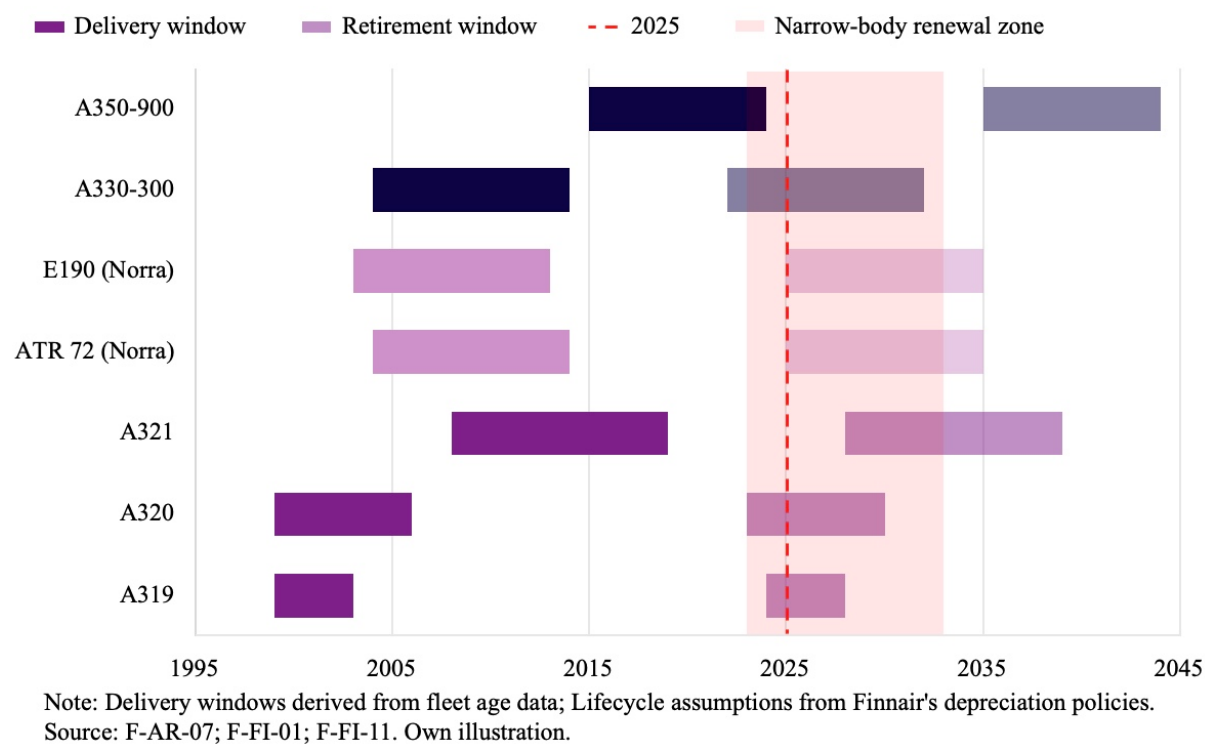
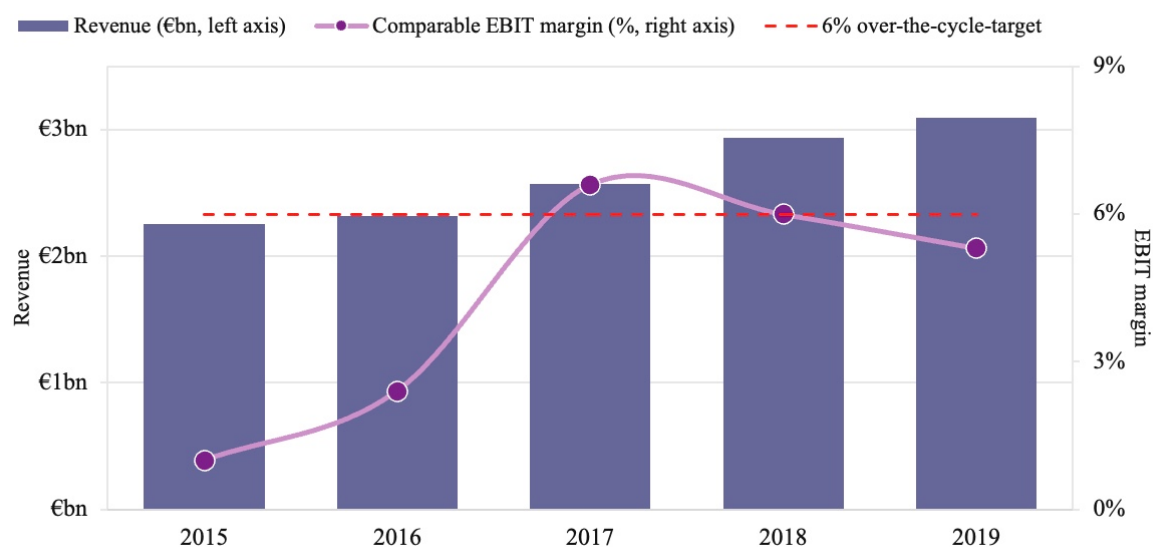


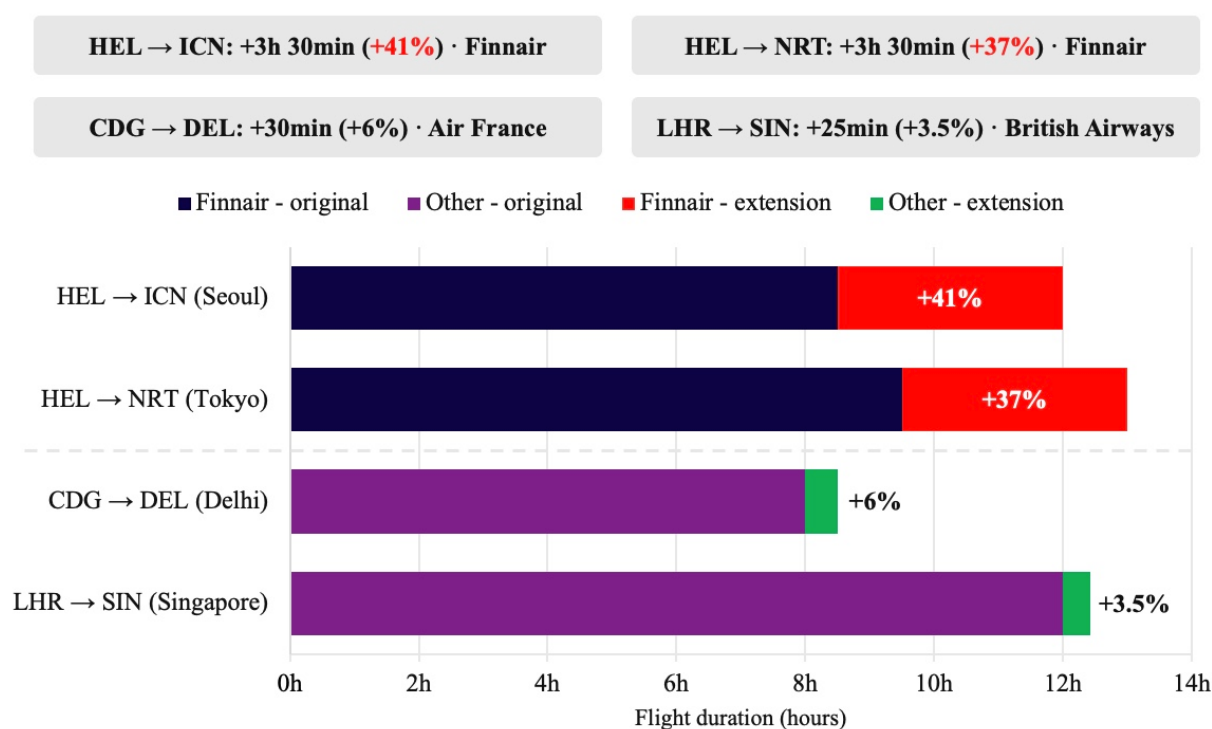
Figure B1: Fleet lifecycle; delivery windows and projected retirement horizons

Revenue 2019 €3.098m +37% vs 2015	Revenue CAGR 2015-2019 ~8.0% per annum	Comp. EBIT margin 2019 5.3% ↓ Below 6% target	Passengers 2019 14.7m Record high
---	--	---	---



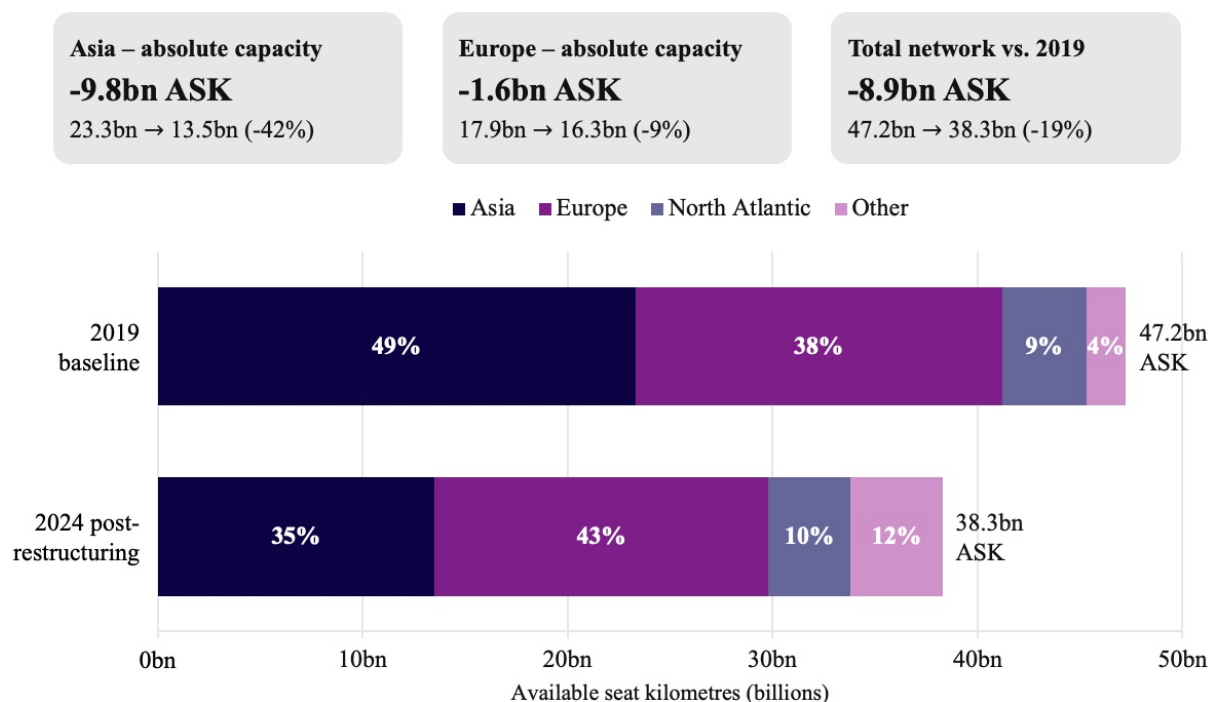
Source: F-FI-01; F-FI-02; F-FI-03; F-FI-04; F-FI-05. Own illustration.

Figure B2: Finnair revenue and comparable EBIT-Margin, 2015 to 2019



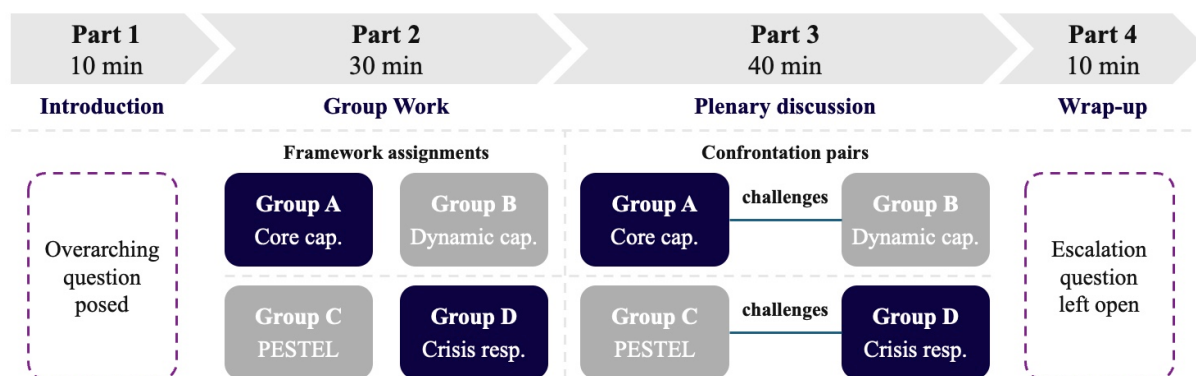
Source: OAG Analytics (2022); F-IR-01; FlightGlobal (2022). Own illustration.

Figure B3: Route extensions following the airspace closure, February 2022



Source: F-FI-05; F-AR-07. Own illustration.

Figure B4: Network capacity rebalancing: ASK by region, 2019 and 2024



Source: Own illustration.

Figure B5: Teaching session design