

THE IMPACT OF THE PANDEMIC ON TRAVEL TO FINLAND

CUSTOM TRAVEL SCENARIOS

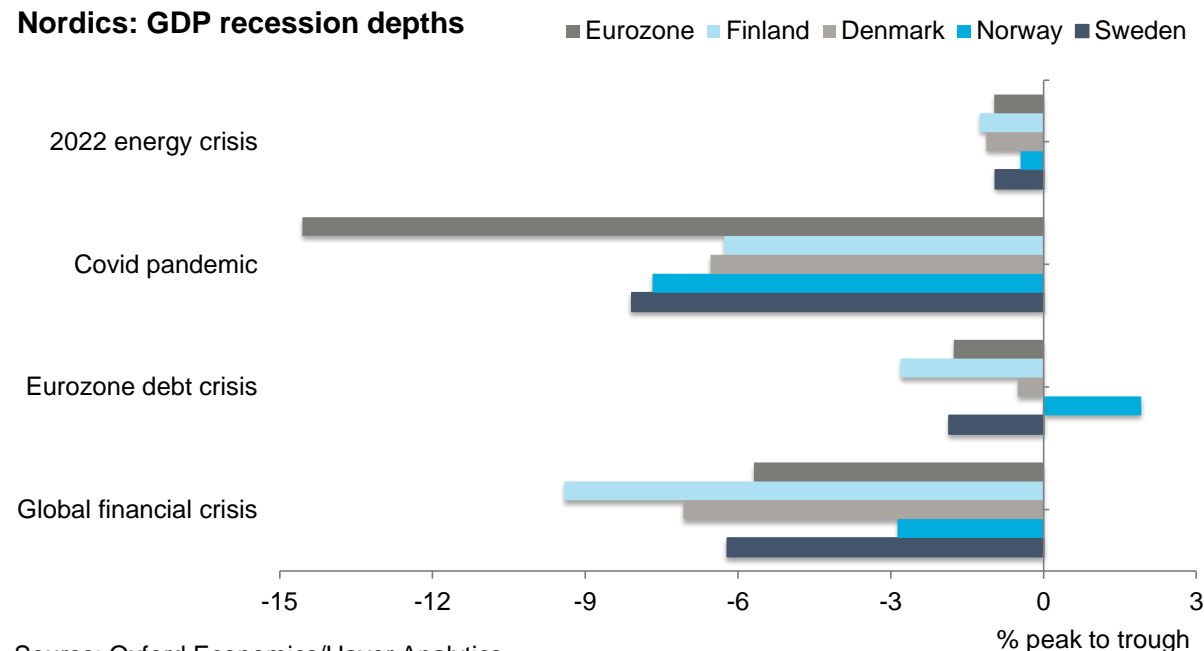
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Executive Summary

- The end of June saw all covid-related restrictions lifted for hospitality venues with tourists not required to have proof of vaccination or a negative test. Lockdown measures had a significant impact on arrivals, so the removal of these, especially in time for the summer contributed to the recovery for the second half of 2022 based on preliminary arrivals data up to September. Under our baseline scenario, **international visitors are estimated to be 39.5% below 2019 levels in 2022**, this equates to 2.5mn fewer nights and 1.1bn less in visitor spend compared to 2019 levels.
- **The inflation-induced recession across Europe and the US will be a key factor weighing on the near-term recovery.** The speed at which travel returns to pre-crisis levels will be a function of the resilience of household disposable income across Finland's source market mix. Adding to the recession, possible gas rationing adds to the risks to the service sector. If this does occur then hospitality venues such as hotels and restaurants may have to reduce operating hours and further depressing tourism demand.
- **The war in Ukraine has had a material impact on Finland as a neighbouring country to Russia.** The economies are intertwined in many areas such as exports and tourism with Russia accounting for 12% of total inbound travel in 2019. Recent restrictions on arrivals from Russia will limit the recovery in 2023, however a stronger dollar and affordability concerns in European sources markets for longer haul travel should prove favourable in boosting short-haul travel which should help offset some of this.
- **Long-haul travel, most notably from Asia-Pacific, will recover at a slower rate,** despite restrictions being eased for entry from some of these markets. This reflects a more stringent policy response in Asia-Pacific where international borders remained closed until earlier this year. Recovery in outbound travel from Asia-Pacific markets will favour short and mid-haul destinations at first – much like the recovery observed in Europe earlier in the pandemic – resulting in a more gradual recovery in long-haul travel from Asia-Pacific source markets into Europe and Finland.
- The **upside scenario envisages prices pressures falling** amid easing supply-chain disruptions and less-than-expected commodity market disruptions. In contrast to our baseline, policy tightening would be slower and provide a boost to confidence and demand across both consumers and businesses. In addition to this, we see China reopening at a faster and more meaningful pace in 2023, rather than pursuing its zero-Covid policy throughout next year as assumed in the downside scenario.
- **But overall, risks are tilted towards the downside.** In terms of international arrivals, our baseline anticipates a recovery back to 2019 volumes by 2025. Recovery is delayed by one year – to 2026 – under the downside scenario where persistently high inflation places continued pressure on incomes alongside rising unemployment.

Travel recovery faces headwinds with recession looming

- We expect a shallow yet protracted slump in Finland from Q3 this year to Q1 2023, with a 1.3% peak-to-trough contraction. The magnitude from peak-to-trough is significantly lower than what was seen during previous recessions, in particular the global financial crisis and covid pandemic. However, it is expected to be larger in comparison to other Nordic economies and the Eurozone overall due to its linkages with the Russian economy for example trade. The recession will be widespread, affecting Finland, its source markets and the region as a whole. The impact will be felt across both inbound and outbound travel as household disposable income will be limited across global markets.
- The balance of risks are skewed to the downside which sees tighter public health restrictions in Q4 2021/Q1 2022 in response to higher infection rates and potential new strains of the virus. While we don't expect restrictions to return to where they were at the beginning of this year, the impact on confidence and economic recovery will constrain the international travel recovery.

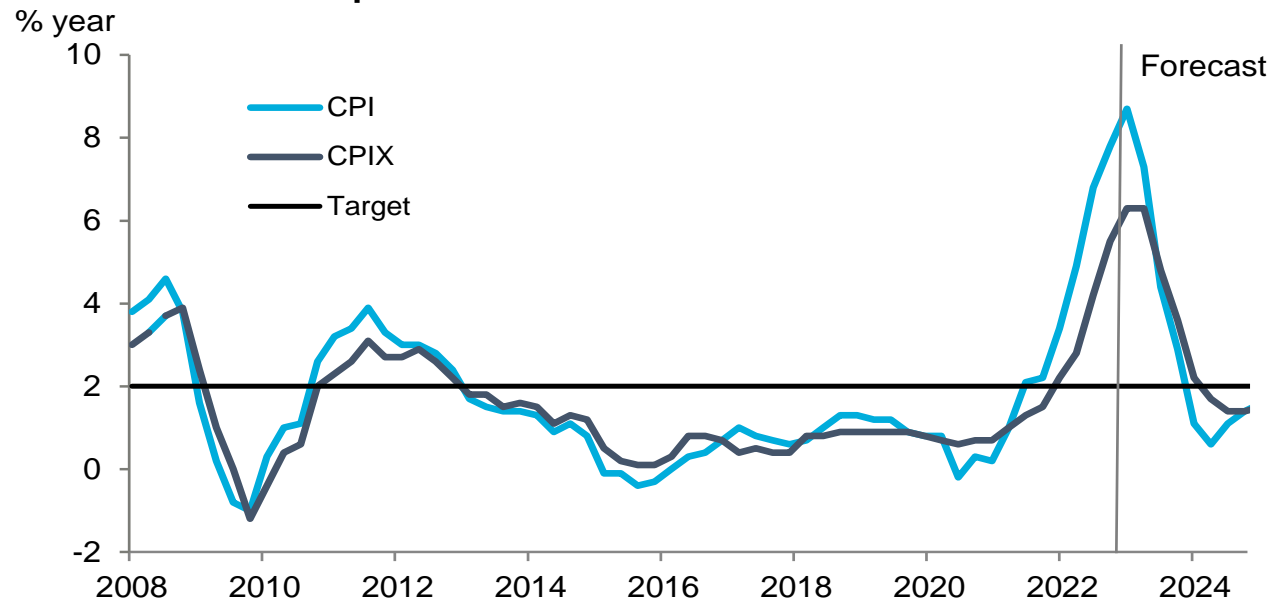


Source: Oxford Economics/Haver Analytics

Inflation should be nearing its peak

- High inflation is eroding disposable incomes, which is hurting consumption, particularly among lower-income households that spend a larger share of their incomes on necessities. Finland's households built up relatively small amounts of excess savings during the pandemic and the personal savings rate is traditionally low, meaning consumption is often funded by debt. This will limit consumer spending growth, in particular discretionary spending which includes the travel industry.
- But headline inflation is set to peak at just below 9% and average 3.9% in 2023, lower than the Eurozone which is set to peak at around 10% before settling at 5% next year. However, the inflation risks are skewed to the upside, particularly around energy prices in winter but this depends on a range of factors including the evolution of wholesale energy and food prices, the pass-through to core inflation, and government measures to soften the blow to households, which have so far been limited. Inflation should drop to below 2% by the end of next year, as base effects and disinflationary forces come to dominate.

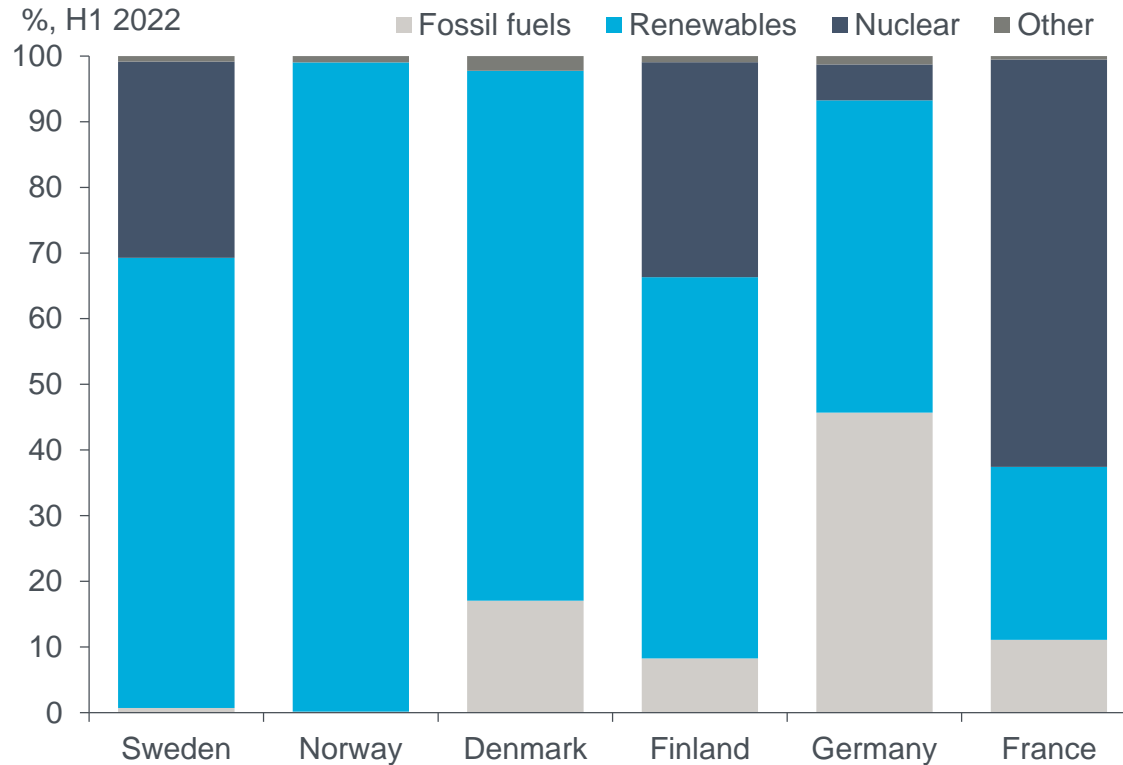
Finland: Consumer price inflation



Source: Oxford Economics

War in Ukraine remains a risk to the outlook

Europe: Electricity generation by type of technology



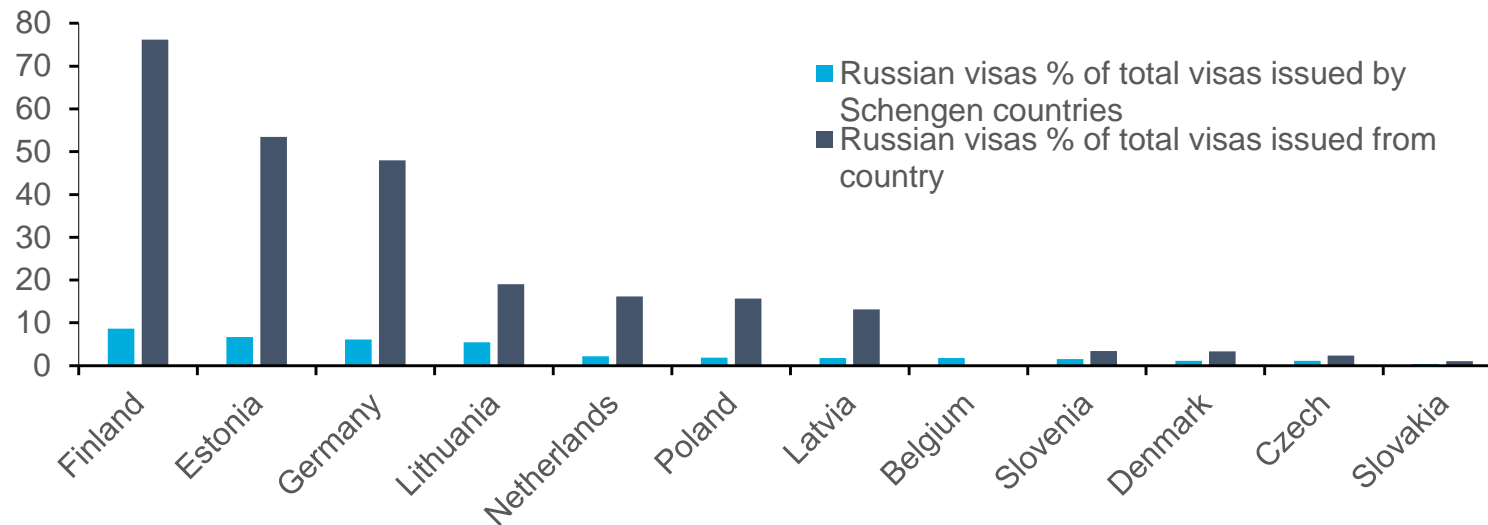
Source: Oxford Economics/IEA

- Despite the energy crisis, the Nordic region has enjoyed relatively lower headline and energy inflation than many other European countries. This is largely thanks to the relatively high share of renewables in generating electricity, which has the largest weight in the energy component of CPI (around 70%).
- Wholesale electricity prices are set by the marginal producer that balances supply and demand – in continental Europe these are gas plants, whose costs have increased significantly, whereas the reliance on gas in the Nordics is minimal, with fossil fuels (which includes gas) only accounting for 7-17% of total electricity generation across the Nordics, compared to 46% in Germany.
- Finland is however more vulnerable than other Nordics due to its large border with Russia and strong trade links. Russia cut off gas supplies from May this year, but it is not expected to create a disruption, due to Finland's low dependence on gas and a new Finnish-Estonian floating LNG terminal that has come online.
- Additional restrictions on inbound travel from Russia that were imposed in Sep will further limit recovery in inbound travel from Russia. At 12% of total arrivals this will delay recovery in overall inbound travel to Finland compared to other Nordics destinations.

Russian sanctions will directly impact travel, especially for Finland

- A key addition to these sanctions has been countries banning Russian tourists by the non-issuance of Schengen visas (with a few exceptions). Some countries had this in place prior to the escalation in the summer, but the number of countries has risen as of the 19th of September, now including Lithuania, Latvia, Estonia, and Poland, followed by a ban on Russian tourists by Finland on 30th September 2022.
- These bans will have a significant direct impact on inbound travel to EU countries, which will be larger for countries which are more reliant on Russia as a source market. Finland was by far the largest country in the number of visas issued directly to Russian visitors at 76%, however Russian arrivals only account for 12% of overall international arrivals. So a ban on almost all Russian tourists would see this 12% share significantly decrease in this period.

Breakdown of Russian visas issued across the Schengen area, 2021



Schengen visa statistics

Economic risks skewed to the downside

GDP IN NEAR TERM ↑

High inflation regime (10%)

- Inflation expectations become de-anchored from central bank targets and remain elevated for a protracted period.
- Financial markets are rocked, with marked and persistent increases in market interest rates and falls in equities.
- Demand slows as real disposable incomes are squeezed.
- World GDP is significantly weaker in the medium term.

Gas rationing (20%)

- Winter gas rationing in Europe weighs heavily on industry.
- Recovery from recession is at first sluggish given price pressures, higher policy rates, and weaker equity markets.
- Growth then picks up as easing inflation expectations allow less restrictive monetary policy.
- World GDP is significantly weaker, especially in Europe.

Slower policy tightening (10%)

- Price pressures fall amid easing supply-chain pressures and less-than-expected commodity market disruption.
- Lower inflation prompts a slowing of monetary policy tightening and, in some cases, rate cuts.
- Household, business and market sentiment improves
- World GDP is significantly stronger.

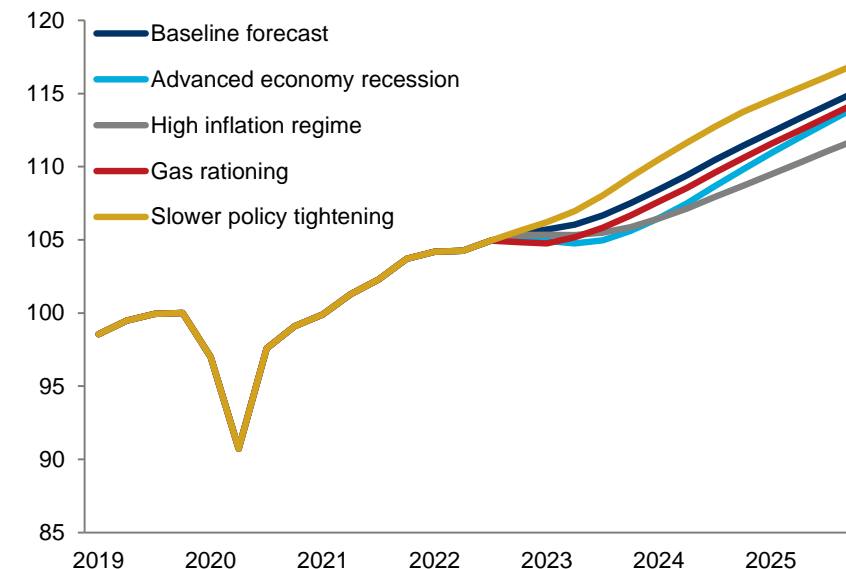
Advanced economy recession (20%)

- High inflation and rapid monetary policy tightening squeeze household real incomes and hit confidence.
- Bond yields spike, equities fall, and property markets weaken.
- World GDP is significantly weaker in the near term, but then rebounds as inflation falls back and policy eases.

GDP IN MEDIUM TERM →

World GDP: baseline and alternative scenarios

Index 2019Q4 = 100



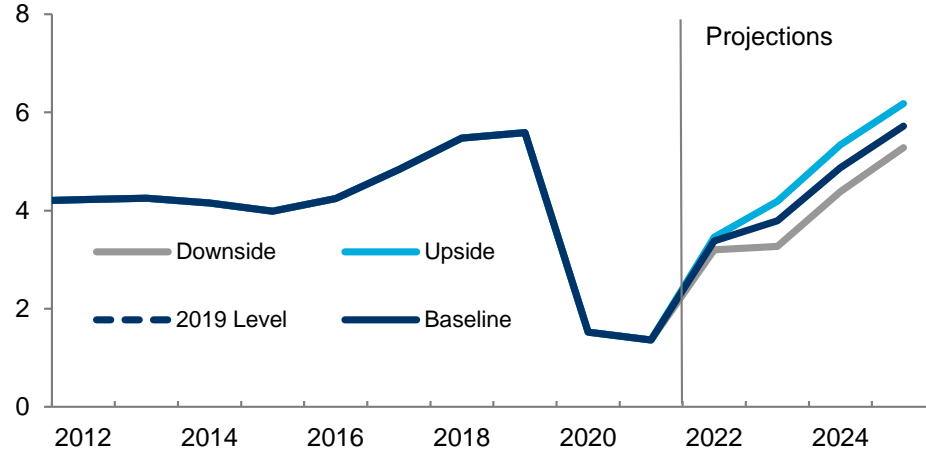
Source: Tourism Economics

- In our downside scenarios, global growth is initially slower than population growth – a common definition of global recession. But the effect on different economies varies hugely. Europe is especially hard hit in the near term in the **gas rationing scenario**. In **high inflation regime**, the fall-out from higher inflation builds over time. By the end of the scenario, global GDP is 3% below baseline.
- **Slower policy tightening** is our lone upside scenario and relates to slower policy tightening, in which the global economy rebounds as inflationary pressures fade and central banks are able to slow the pace of monetary policy tightening.
- Risks are skewed to the downside, with only 10% assigned to our upside scenario vs 50% assigned across the downside scenarios.

Impact on International Arrivals

International Arrivals to Finland

Millions of overnight guests, annually



Source: Tourism Economics

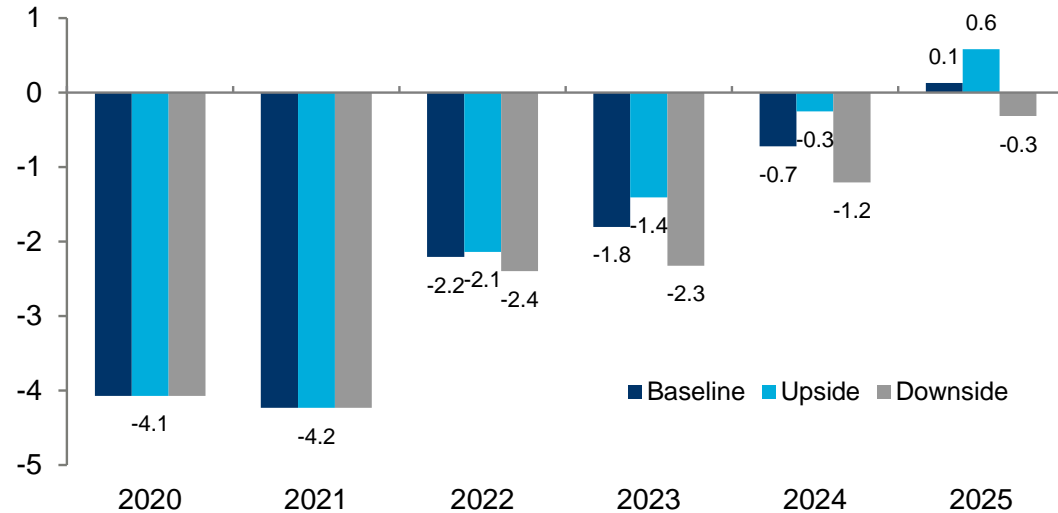
- Our **baseline scenario** expects international overnight arrivals to be 32.3% below 2019 levels, or 1.8 million fewer arrivals by the end of 2023 before returning to 2019 levels by 2025. Recovery will still be limited due to Russia and economic pressures in key source markets next year, but also a more gradual recovery across APAC due to a later and still uncertain timetable for a full-scale reopening to international tourists.
- Factors driving the recovery in 2023:
 - Stronger dollar will deliver a net benefit to Finland in terms of continued recovery from the US, although high inflation in the US will offset some of the potential benefits that might otherwise have been seen
 - Higher inflation across Europe will depress incomes and constrain outbound travel potential, but should make intra-regional travel more popular due to comparable currency shifts across the region.
- Headwinds limiting the recovery next year:
 - Arrivals from China will be slower to come back as the government continues to pursue more restrictive covid policies.
 - Finland have limited arrivals from Russia, a key source market, due to its invasion of Ukraine as even if the war ends soon, sanctions will linger for some time.
- In the **upside scenario**, international arrivals are forecast to be 25.1% below 2019 levels by 2023, or 1.4mn fewer arrivals. The return to peak remains the same as the baseline for total international arrivals, but European arrivals are set to return a year earlier by 2024.
- Our **downside scenario** forecasts international arrivals to be 41.5% below 2019 levels by 2023. The medium term recovery will be more protracted compared to the baseline with return to 2019 peak levels delayed to 2026.

Impact on International Arrivals

- Our upside scenario is supported by inflationary pressures fading more rapidly, prompting slower policy tightening. Financial pressures for households are as a result eased, prompting an increase in discretionary spending benefiting the travel sector. As a result, we see the recovery in international arrivals coming back to 2019 levels slightly faster than in the baseline.
- However, the balance of risks are skewed to the downside. In this we expect the brief but shallow recession to become deeper, with persistently higher inflation. At a country level, the recovery in China will also be delayed with the zero covid policy continuing into 2024. Timings related to the war in Ukraine remain uncertain, however even if the war ended in 2023, sanctions will linger for longer and sentiment will remain subdued. As a result household disposable income will be constrained for a longer period, weakening demand for travel due to costs of necessities remaining high, delaying the recovery in international arrivals.

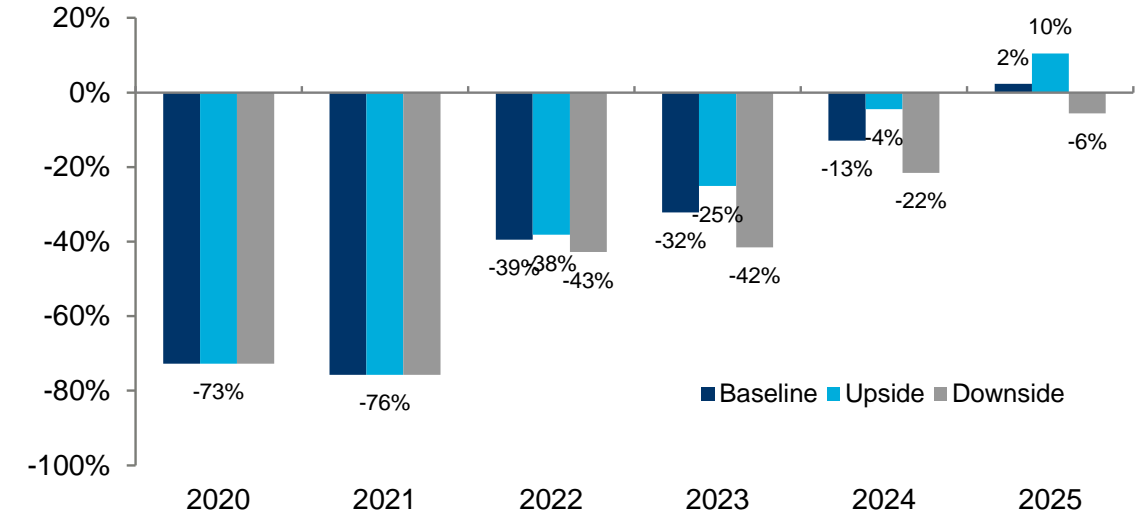
International Overnight Arrivals to Finland

Millions, relative to 2019 levels



International Overnight Arrivals to Finland

Per cent, relative to 2019 levels



Source: Tourism Economics

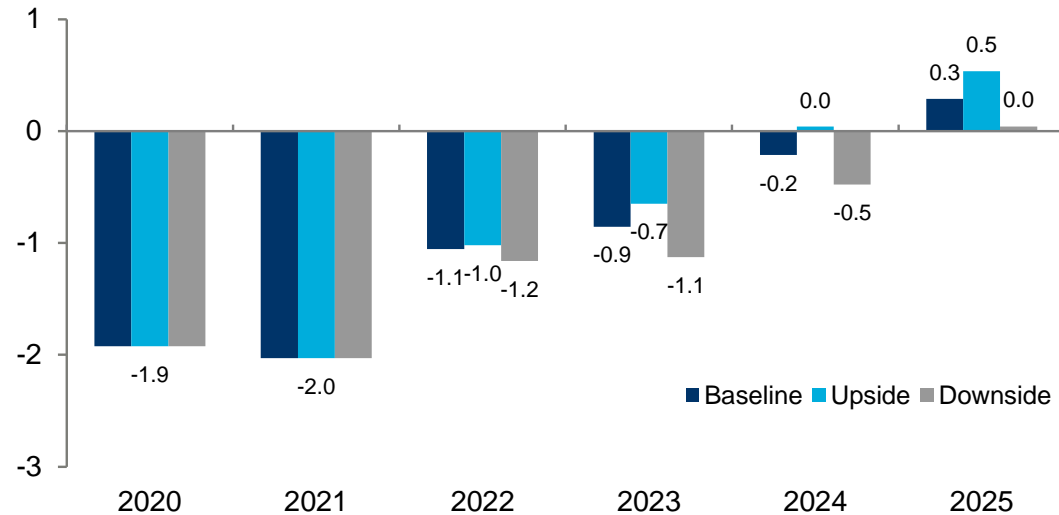
Source: Tourism Economics

Impact on International – Spend & Nights

- As the recovery in travel remains underway, we should see inbound tourist spending improve. In our baseline scenario, inbound tourist spending is estimated to be €0.9 billion lower than 2019 levels in 2023 and back to 2019 levels by 2025. Uncertainty in our scenarios places a €0.7 - €1.1 billion range on the potential loss in revenues from 2019 levels in 2023, with a smaller margin of €0.5 - €0 in 2024.
- International overnights are estimated to fall by 2 million in 2023 relative to 2019 under baseline assumptions, and ranging 1.4 – 2.6 million fewer overnight stays across the scenarios. These falls are comparable to the estimated drops in arrivals, with some small differences linked to market composition of the recovery and average length of stay.

International Visitor Spending in Finland

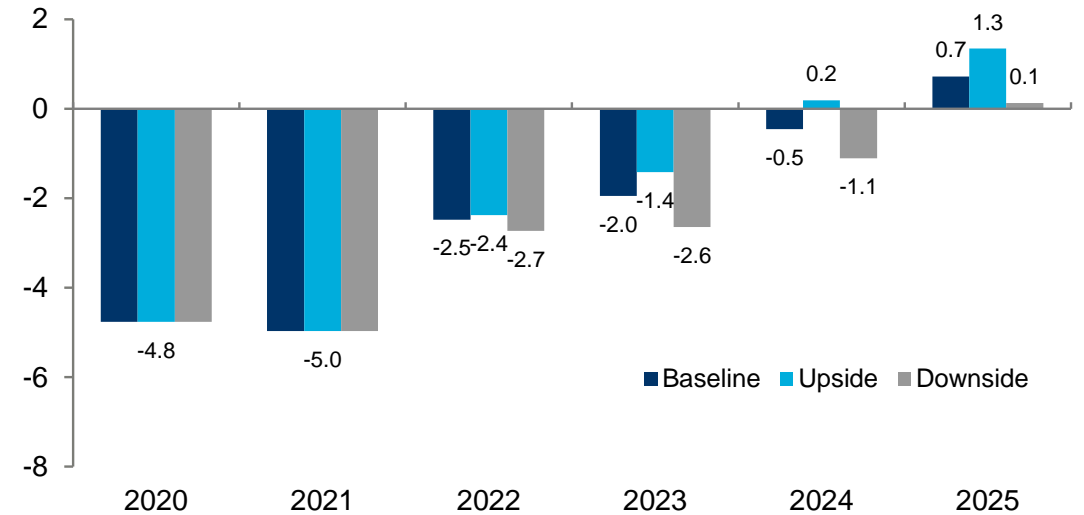
Billions of euros, relative to 2019 levels



Source: Tourism Economics

International Overnights to Finland

Millions, relative to 2019 levels

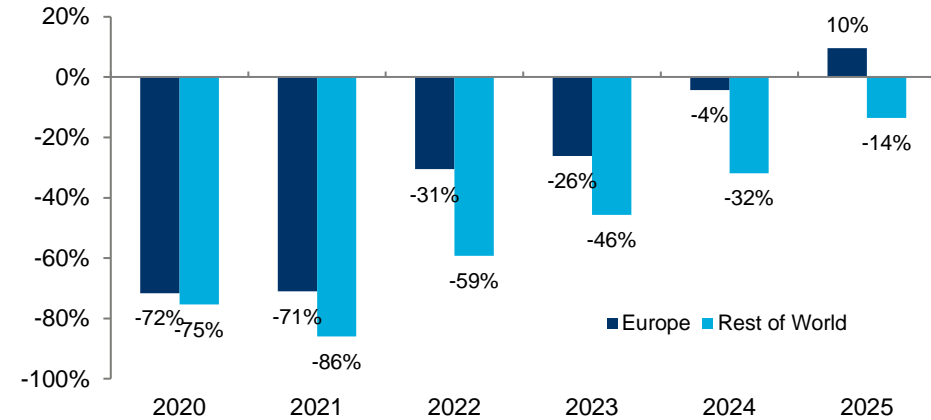


Source: Tourism Economics

Impact on International Arrivals – By Source Market

International Overnight Arrivals to Finland - Baseline Scenario

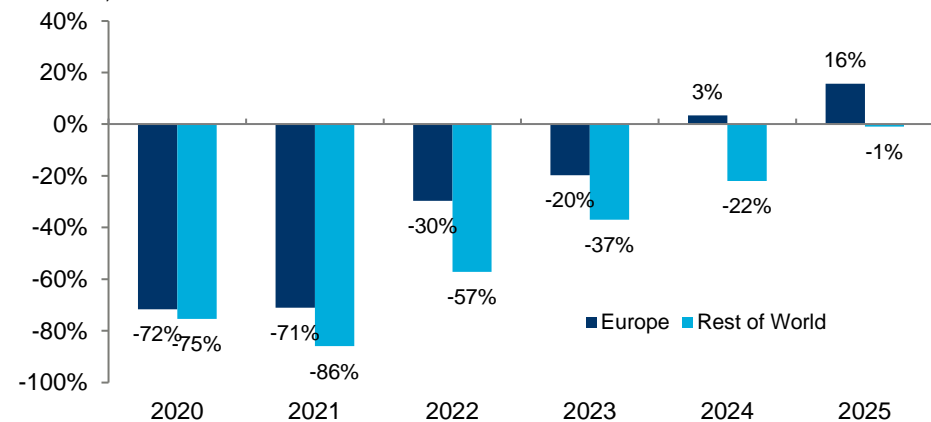
Per cent, relative to 2019 levels



Source: Tourism Economics

International Overnight Arrivals to Finland - Upside Scenario

Per cent, relative to 2019 levels

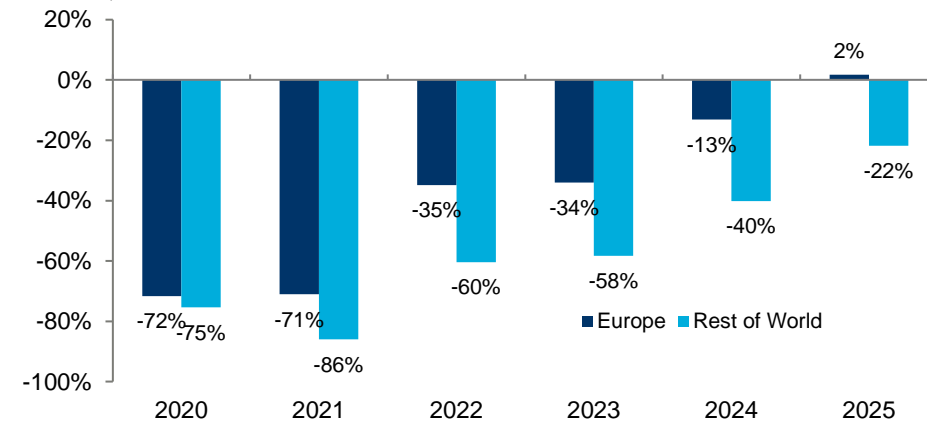


Source: Tourism Economics

- Negative impacts are much larger for travel from long-haul markets, notably from China where the continued zero-Covid policy response has seen border restrictions remain, compared to Japan and India which have opened up significantly. International visitors from long-haul source markets are estimated to be between -37% and -58% lower than 2019 levels in 2023, including a baseline of -46%.
- Travel from European markets is more modest – between -20% and -34% in 2023, including a baseline of -26%. The pace of recovery in subsequent years is also quicker, helped by the relative affordability compared to long-haul trips at a time where households are facing a squeeze on their disposable income.

International Overnight Arrivals to Finland - Downside Scenario

Per cent, relative to 2019 levels



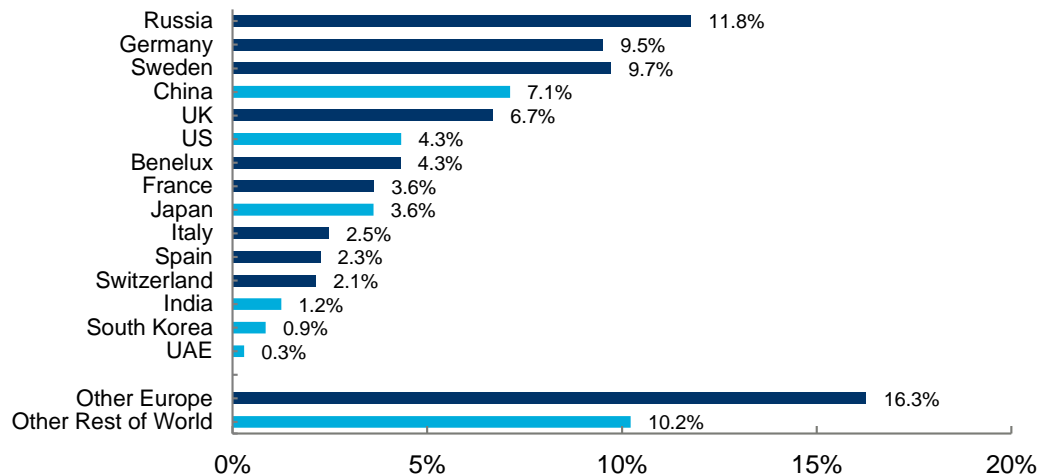
Source: Tourism Economics

International Arrivals – Source Market Composition

- The vast majority of visitors to Finland come from elsewhere in Europe. In 2019, more than 70% of international arrivals came from European countries – most notably Russia (11.8%), Germany (9.5%) and Sweden (9.7%). Non-European (long-haul) source markets accounted for the remaining 30% of arrivals to Finland in 2019. This includes some large markets, including China (7%), the United States (4.3%) and Japan (3.6%).
- The weaker economic backdrop for consumers in the form of higher inflation will favour short-haul and intra-regional travel across Europe over the more costly long-haul travel in the near-term. Higher prices will put a dent in household disposable income, leaving less money to allocate towards holidays after essential expenditure has been accounted for, so we expect consumers to become more value and price orientated when it comes to destinations in 2023. Intra-regional destinations will remain a more affordable option when accounting for transportation costs. At the same time, the stronger US dollar will make transatlantic travel more expensive, further adding to the price attractiveness of Europe.
- On the other hand, arrivals from the US will benefit from the stronger dollar, making Finland and the region as a whole a more affordable option. The US economy is also facing high inflation and a recession, but not to the extent that it will reverse the recovery in travel already underway across the country.
- But source markets across Asia remain weak, as many destinations are still at the beginning of their recovery journey and short-haul and mid-haul destinations elsewhere in Asia will be preferred in the near term. China remains especially weak, as it continues to pursue its zero-Covid policy. The government recently amended key pandemic control guidelines taking a more dynamic approach to their zero-covid policy, likely due to the large economic cost of lockdowns and broader reopening elsewhere in Asia. However, these small gradual changes should hopefully pave the way to a more meaningful return to international travel in the medium-term.

International Overnight Arrivals to Finland by Source Market

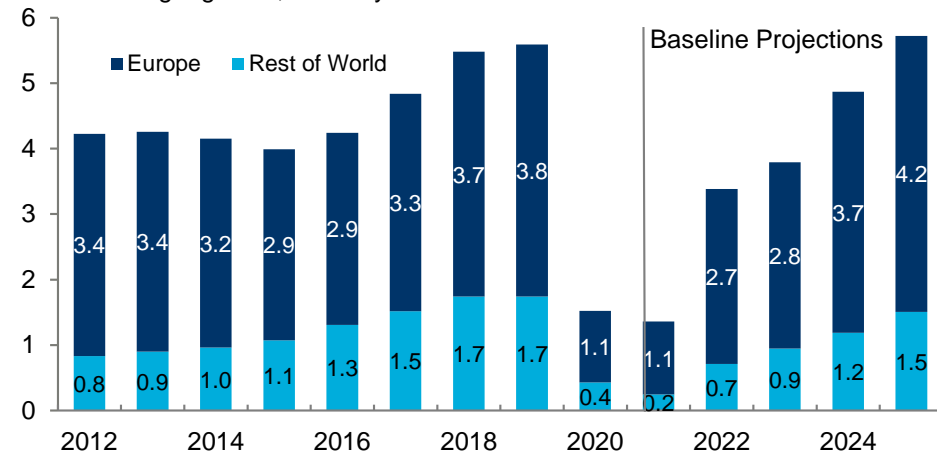
Share of 2019 total



Source: Tourism Economics

International Arrivals to Finland

Millions of overnight guests, annually



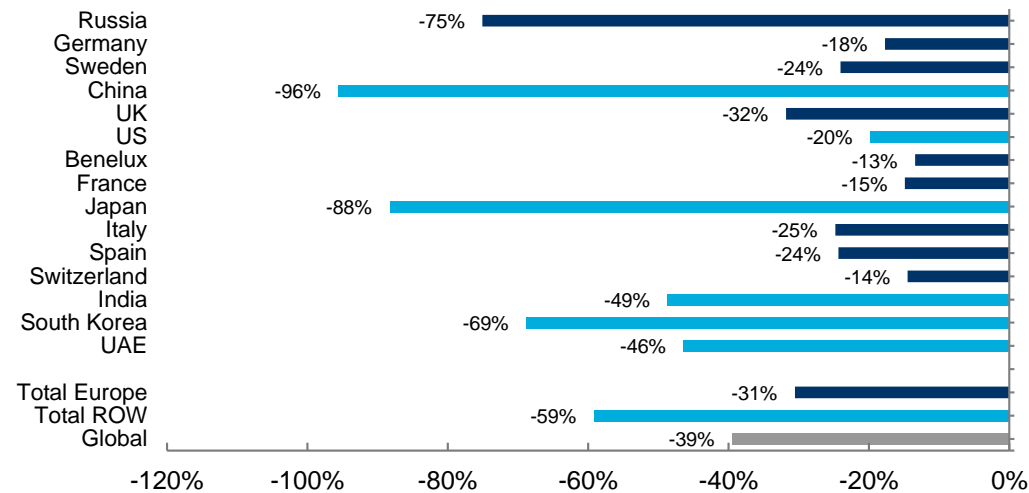
Source: Tourism Economics

Impact on International Arrivals – By Source Market

- Among the selected 15 source markets, the largest declines in visitors (in percentage terms) are from long-haul markets – most notably from Asia-Pacific source markets including Korea, China and Japan and now Russia as a result of the war in Ukraine.
- The Asia-Pacific region now varies in terms of its covid-restrictions, which reflects the varied outlook across Korea, China, Japan and India. China remains closed to international visitors and while we still anticipate some easing and reopening of borders under the “dynamic zero-Covid policy” through 2023 recovery does remain the weakest across the region. In contrast, there have been a significant improvement in restrictions across Japan and India in the second half of this year which should bode well for the recovery going into 2023.
- The impact on arrivals from European countries is much smaller, but our 2023 forecast still sees arrivals numbers remaining around 30% lower than 2019 levels. This reflects the impact that high inflation will have on nondiscretionary spending, especially during the winter season as high energy prices add to already increasing household bills. But inflation is set to peak next year as supply factors that have contributed to recent inflation continue to ease and helped by targeted government intervention across the region, supporting a return in consumer spending and travel.
- Russia is an exception to this with arrivals down 75% on 2019 levels this year, more than twice as weak as the overall region. This is largely due to visa restrictions imposed by Finland from the end of September as a result of the war in Ukraine and more recently following Vladimir Putin's mobilisation order.

International Overnight Arrivals to Finland in 2022 - Baseline Scenario

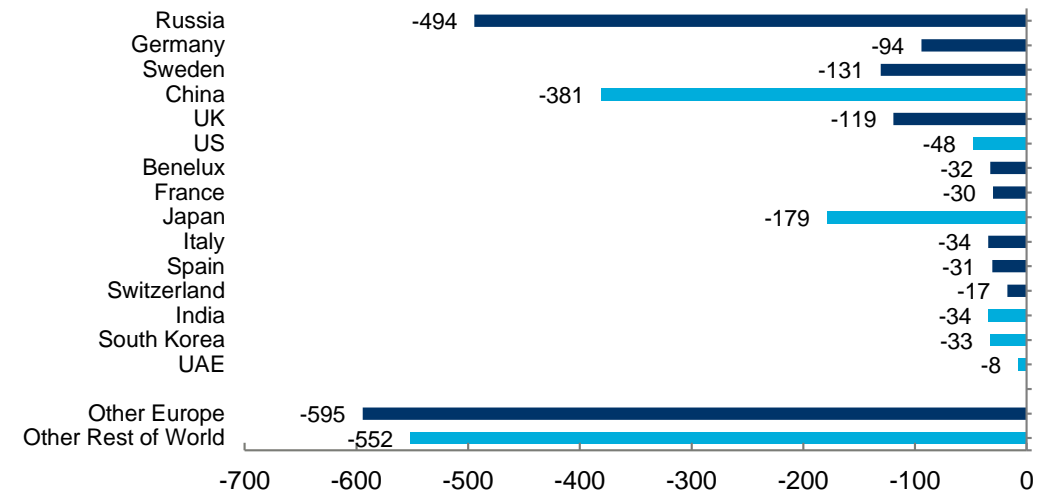
Per cent, relative to 2019 levels



Source: Tourism Economics

International Overnight Arrivals to Finland in 2022 - Baseline Scenario

Thousands, relative to 2019 levels



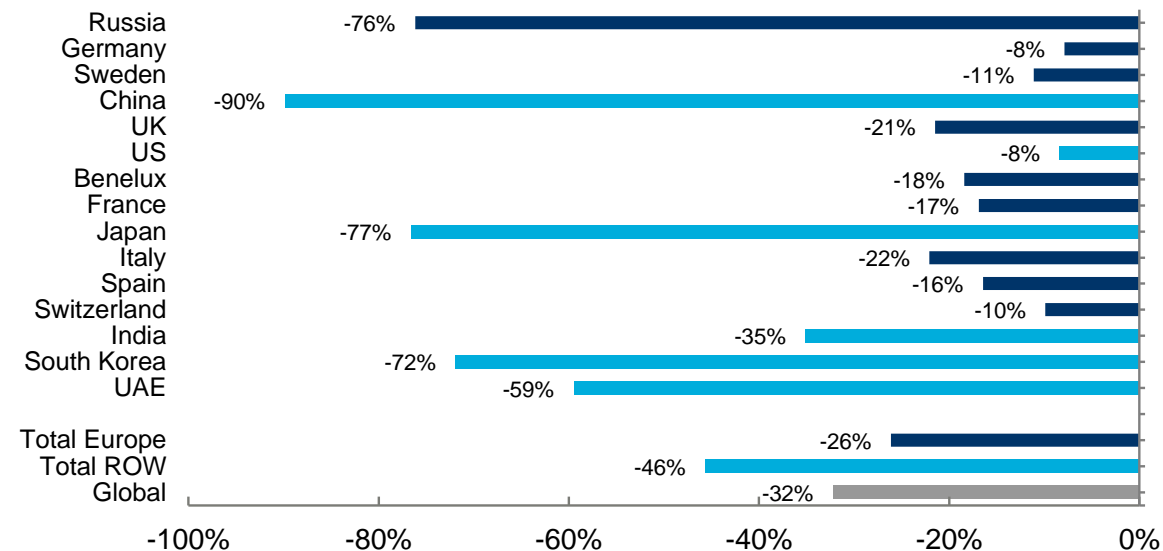
Source: Tourism Economics

Impact on International Arrivals – By Source Market

- While the overall international travel recovery to 2019 levels is expected in 2025 in the baseline scenario, there are some bright spots with some source markets including Germany and Sweden set to return to 2019 levels by 2024. Strong inflation across the region will see demand for more inexpensive short-haul European trips rise, although Russia is the exception to this where arrivals remain below 2019 levels throughout the forecast horizon.
- Only two long-haul source markets – the US and UAE – will exceed 2019 levels by 2024. This reflects the strong transatlantic relationship with the US, supported by a stronger dollar, making European destinations comparatively cheaper. The UAE also remains a popular travel link, helped by higher oil prices which have the reverse affect in UAE as a global energy supplier.
- Travel from Asia-Pacific markets will remain well below 2019 levels, reflecting the more cautious policy response in largely China, but also somewhat Japan. India and South Korea are the exception, almost returning back to 2019 levels by 2024.

International Overnight Arrivals to Finland in 2023 - Baseline Scenario

Per cent, relative to 2019 levels



Source: Tourism Economics

Detailed Projections – Arrivals

Pandemic Scenario - Detailed Assumptions and Projections

	Overnight Visitors (mn)							Visitors relative to 2019 (mn)					Visitors relative to 2019 (%)						
	2019	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025
<i>Europe</i>																			
Upside	3.8	1.1	1.1	2.7	3.1	4.0	4.5	-2.8	-2.7	-1.1	-0.8	0.1	0.6	-71.6%	-71.0%	-29.6%	-19.8%	3.4%	15.7%
Baseline	3.8	1.1	1.1	2.7	2.8	3.7	4.2	-2.8	-2.7	-1.2	-1.0	-0.2	0.4	-71.6%	-71.0%	-30.5%	-26.1%	-4.3%	9.6%
Downside	3.8	1.1	1.1	2.5	2.5	3.3	3.9	-2.8	-2.7	-1.3	-1.3	-0.5	0.1	-71.6%	-71.0%	-34.8%	-34.0%	-13.1%	1.8%
<i>Rest of World</i>																			
Upside	1.7	0.4	0.2	0.7	1.1	1.4	1.7	-1.3	-1.5	-1.0	-0.6	-0.4	0.0	-75.3%	-86.0%	-57.1%	-36.9%	-21.9%	-1.0%
Baseline	1.7	0.4	0.2	0.7	0.9	1.2	1.5	-1.3	-1.5	-1.0	-0.8	-0.6	-0.2	-75.3%	-86.0%	-59.2%	-45.6%	-31.9%	-13.6%
Downside	1.7	0.4	0.2	0.7	0.7	1.0	1.4	-1.3	-1.5	-1.1	-1.0	-0.7	-0.4	-75.3%	-86.0%	-60.4%	-58.3%	-40.2%	-21.8%
<i>International Total</i>																			
Upside	5.6	1.5	1.4	3.5	4.2	5.3	6.2	-4.1	-4.2	-2.1	-1.4	-0.3	0.6	-72.8%	-75.7%	-38.2%	-25.1%	-4.5%	10.5%
Baseline	5.6	1.5	1.4	3.4	3.8	4.9	5.7	-4.1	-4.2	-2.2	-1.8	-0.7	0.1	-72.8%	-75.7%	-39.5%	-32.2%	-12.9%	2.4%
Downside	5.6	1.5	1.4	3.2	3.3	4.4	5.3	-4.1	-4.2	-2.4	-2.3	-1.2	-0.3	-72.8%	-75.7%	-42.8%	-41.5%	-21.5%	-5.6%

Detailed Projections – Nights

Pandemic Scenario - Detailed Assumptions and Projections

	Nights (mn)							Nights relative to 2019 (mn)						Nights relative to 2019 (%)					
	2019	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025
<i>Europe</i>																			
Upside	5.1	1.8	1.7	3.7	4.2	5.4	6.1	-3.3	-3.3	-1.4	-0.9	0.4	1.0	-65.0%	-66.1%	-26.9%	-17.0%	7.7%	20.5%
Baseline	5.1	1.8	1.7	3.6	3.9	5.0	5.8	-3.3	-3.3	-1.4	-1.2	0.0	0.7	-65.0%	-66.1%	-27.8%	-23.6%	-0.5%	14.0%
Downside	5.1	1.8	1.7	3.4	3.5	4.6	5.4	-3.3	-3.3	-1.6	-1.6	-0.5	0.3	-65.0%	-66.1%	-32.3%	-31.6%	-9.5%	6.1%
<i>Rest of World</i>																			
Upside	2.0	0.5	0.4	1.0	1.4	1.8	2.3	-1.5	-1.6	-1.0	-0.6	-0.2	0.3	-73.9%	-81.3%	-51.1%	-27.8%	-10.1%	15.5%
Baseline	2.0	0.5	0.4	0.9	1.2	1.6	2.0	-1.5	-1.6	-1.1	-0.8	-0.4	0.0	-73.9%	-81.3%	-53.4%	-37.8%	-21.5%	0.8%
Downside	2.0	0.5	0.4	0.9	1.0	1.4	1.8	-1.5	-1.6	-1.1	-1.0	-0.6	-0.2	-73.9%	-81.3%	-54.8%	-52.2%	-31.2%	-9.0%
<i>International Total</i>																			
Upside	7.1	2.3	2.1	4.7	5.6	7.2	8.4	-4.8	-5.0	-2.4	-1.4	0.2	1.3	-67.5%	-70.4%	-33.7%	-20.1%	2.6%	19.0%
Baseline	7.1	2.3	2.1	4.6	5.1	6.6	7.8	-4.8	-5.0	-2.5	-2.0	-0.5	0.7	-67.5%	-70.4%	-35.1%	-27.6%	-6.5%	10.3%
Downside	7.1	2.3	2.1	4.3	4.4	6.0	7.2	-4.8	-5.0	-2.7	-2.6	-1.1	0.1	-67.5%	-70.4%	-38.7%	-37.5%	-15.6%	1.8%

Detailed Projections – Spend

Pandemic Scenario - Detailed Assumptions and Projections

	Spend (€ bn)							Spend relative to 2019 (€ bn)						Spend relative to 2019 (%)					
	2019	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025
<i>Europe</i>																			
Upside	2.1	0.7	0.7	1.5	1.7	2.2	2.5	-1.4	-1.4	-0.6	-0.4	0.1	0.4	-66.1%	-66.2%	-27.1%	-17.4%	7.1%	19.8%
Baseline	2.1	0.7	0.7	1.5	1.6	2.0	2.3	-1.4	-1.4	-0.6	-0.5	0.0	0.3	-66.1%	-66.2%	-28.1%	-23.9%	-0.9%	13.5%
Downside	2.1	0.7	0.7	1.4	1.4	1.8	2.2	-1.4	-1.4	-0.7	-0.7	-0.2	0.1	-66.1%	-66.2%	-32.7%	-31.9%	-10.0%	5.6%
<i>Rest of World</i>																			
Upside	0.8	0.2	0.1	0.3	0.5	0.7	0.9	-0.6	-0.7	-0.5	-0.3	-0.1	0.1	-70.0%	-83.1%	-57.2%	-36.3%	-13.2%	15.9%
Baseline	0.8	0.2	0.1	0.3	0.4	0.6	0.8	-0.6	-0.7	-0.5	-0.4	-0.2	0.0	-70.0%	-83.1%	-59.2%	-45.0%	-24.0%	1.5%
Downside	0.8	0.2	0.1	0.3	0.3	0.5	0.7	-0.6	-0.7	-0.5	-0.5	-0.3	-0.1	-70.0%	-83.1%	-60.5%	-58.6%	-33.9%	-9.0%
<i>International Total</i>																			
Upside	2.9	0.9	0.8	1.8	2.2	2.9	3.4	-1.9	-2.0	-1.0	-0.7	0.0	0.5	-67.2%	-71.0%	-35.6%	-22.8%	1.4%	18.7%
Baseline	2.9	0.9	0.8	1.8	2.0	2.6	3.1	-1.9	-2.0	-1.1	-0.9	-0.2	0.3	-67.2%	-71.0%	-36.9%	-29.9%	-7.5%	10.1%
Downside	2.9	0.9	0.8	1.7	1.7	2.4	2.9	-1.9	-2.0	-1.2	-1.1	-0.5	0.0	-67.2%	-71.0%	-40.6%	-39.4%	-16.7%	1.5%

Detailed Projections – Baseline

Baseline Scenario - Detailed Assumptions and Projections by Source Market

	Overnight Visitors (000)							Visitors relative to 2019 (000)						Travel relative to 2019 (%)						Market Share (Visitors)						
	2019	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025
Russia	659	181	33	164	157	223	276	-478	-626	-494	-502	-435	-383	-72.6%	-95.0%	-75.1%	-76.2%	-66.1%	-58.1%	11.8%	11.9%	2.4%	4.9%	4.1%	4.6%	4.8%
Sweden	544	95	145	413	483	598	678	-448	-399	-131	-60	54	134	-82.5%	-73.4%	-24.0%	-11.1%	9.9%	24.7%	9.7%	6.3%	10.6%	12.2%	12.8%	12.3%	11.8%
Germany	532	163	180	438	490	541	612	-369	-352	-94	-42	9	79	-69.3%	-66.2%	-17.7%	-7.9%	1.7%	14.9%	9.5%	10.7%	13.3%	12.9%	12.9%	11.1%	10.7%
China	398	73	20	18	40	125	227	-326	-378	-381	-358	-274	-172	-81.7%	-95.0%	-95.6%	-89.9%	-68.7%	-43.1%	7.1%	4.8%	1.5%	0.5%	1.1%	2.6%	4.0%
UK	374	89	142	255	294	438	509	-285	-233	-119	-80	64	135	-76.2%	-62.1%	-31.8%	-21.5%	17.0%	36.0%	6.7%	5.8%	10.4%	7.5%	7.8%	9.0%	8.9%
US	242	70	73	194	222	263	300	-172	-169	-48	-20	21	57	-71.0%	-69.7%	-19.8%	-8.4%	8.6%	23.7%	4.3%	4.6%	5.4%	5.7%	5.9%	5.4%	5.2%
Benelux	241	85	74	209	197	284	318	-156	-167	-32	-44	42	77	-64.7%	-69.3%	-13.4%	-18.4%	17.6%	31.8%	4.3%	5.6%	5.5%	6.2%	5.2%	5.8%	5.6%
France	203	72	71	173	169	228	261	-131	-132	-30	-34	24	58	-64.6%	-65.1%	-14.9%	-16.9%	12.0%	28.5%	3.6%	4.7%	5.2%	5.1%	4.5%	4.7%	4.6%
Japan	202	45	10	24	47	142	185	-158	-192	-179	-155	-60	-18	-78.0%	-95.0%	-88.3%	-76.6%	-29.7%	-8.7%	3.6%	2.9%	0.7%	0.7%	1.3%	2.9%	3.2%
Italy	139	34	53	104	108	168	186	-105	-86	-34	-31	30	48	-75.4%	-61.7%	-24.8%	-22.1%	21.4%	34.4%	2.5%	2.2%	3.9%	3.1%	2.9%	3.5%	3.3%
Spain	126	25	53	96	106	139	158	-101	-74	-31	-21	12	31	-79.8%	-58.4%	-24.3%	-16.4%	9.7%	24.9%	2.3%	1.7%	3.9%	2.8%	2.8%	2.8%	2.8%
Switzerland	120	32	38	103	108	135	154	-88	-82	-17	-12	15	34	-73.2%	-68.5%	-14.5%	-9.9%	12.1%	28.5%	2.1%	2.1%	2.8%	3.0%	2.9%	2.8%	2.7%
India	70	16	8	36	45	68	84	-54	-61	-34	-25	-2	14	-77.0%	-88.1%	-48.7%	-35.1%	-2.2%	19.9%	1.2%	1.1%	0.6%	1.1%	1.2%	1.4%	1.5%
South Korea	48	8	2	15	13	47	56	-39	-45	-33	-34	-1	9	-82.8%	-95.0%	-68.8%	-71.9%	-1.5%	18.3%	0.9%	0.5%	0.2%	0.4%	0.4%	1.0%	1.0%
UAE	17	4	9	9	7	18	20	-13	-8	-8	-10	1	3	-77.2%	-47.2%	-46.4%	-59.5%	6.3%	20.6%	0.3%	0.3%	0.7%	0.3%	0.2%	0.4%	0.4%
<i>Europe - Other</i>	<i>910</i>	<i>316</i>	<i>326</i>	<i>718</i>	<i>731</i>	<i>928</i>	<i>1,064</i>	<i>-595</i>	<i>-584</i>	<i>-192</i>	<i>-180</i>	<i>18</i>	<i>154</i>	<i>-65.3%</i>	<i>-64.2%</i>	<i>-21.1%</i>	<i>-19.7%</i>	<i>2.0%</i>	<i>16.9%</i>	<i>16.3%</i>	<i>20.7%</i>	<i>24.0%</i>	<i>21.2%</i>	<i>19.3%</i>	<i>19.1%</i>	<i>18.6%</i>
<i>Rest of World - Other</i>	<i>766</i>	<i>214</i>	<i>122</i>	<i>416</i>	<i>572</i>	<i>524</i>	<i>635</i>	<i>-552</i>	<i>-644</i>	<i>-350</i>	<i>-193</i>	<i>-241</i>	<i>-130</i>	<i>-72.1%</i>	<i>-84.1%</i>	<i>-45.7%</i>	<i>-25.3%</i>	<i>-31.5%</i>	<i>-17.0%</i>	<i>13.7%</i>	<i>14.0%</i>	<i>9.0%</i>	<i>12.3%</i>	<i>15.1%</i>	<i>10.8%</i>	<i>11.1%</i>
Total Europe	3,849	1,093	1,114	2,673	2,843	3,682	4,217	-2,756	-2,734	-1,176	-1,006	-167	368	-71.6%	-71.0%	-30.5%	-26.1%	-4.3%	9.6%	68.8%	71.8%	82.0%	79.0%	75.2%	75.7%	73.7%
Total Rest of World	1,743	430	245	711	947	1,188	1,507	-1,313	-1,498	-1,032	-796	-555	-236	-75.3%	-86.0%	-59.2%	-45.6%	-31.9%	-13.6%	31.2%	28.2%	18.0%	21.0%	24.8%	24.3%	26.3%
All International	5,592	1,522	1,359	3,384	3,790	4,869	5,723	-4,069	-4,233	-2,207	-1,801	-723	132	-72.8%	-75.7%	-39.5%	-32.2%	-12.9%	2.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Detailed Projections – Upside

Upside Scenario - Detailed Assumptions and Projections by Source Market

	Overnight Visitors (000)							Visitors relative to 2019 (000)						Travel relative to 2019 (%)						Market Share (Visitors)						
	2019	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025
Russia	659	181	33	170	170	238	295	-478	-626	-489	-489	-421	-363	-72.6%	-95.0%	-74.2%	-74.2%	-63.9%	-55.2%	11.8%	11.9%	2.4%	4.9%	4.1%	4.5%	4.8%
Sweden	544	95	145	416	516	633	712	-448	-399	-127	-28	90	169	-82.5%	-73.4%	-23.4%	-5.1%	16.5%	31.0%	9.7%	6.3%	10.6%	12.0%	12.3%	11.9%	11.5%
Germany	532	163	180	441	540	589	661	-369	-352	-91	8	57	128	-69.3%	-66.2%	-17.1%	1.5%	10.7%	24.1%	9.5%	10.7%	13.3%	12.8%	12.9%	11.0%	10.7%
China	398	73	20	18	47	141	257	-326	-378	-380	-352	-257	-141	-81.7%	-95.0%	-95.4%	-88.2%	-64.5%	-35.5%	7.1%	4.8%	1.5%	0.5%	1.1%	2.6%	4.2%
UK	374	89	142	260	322	479	558	-285	-233	-115	-52	104	183	-76.2%	-62.1%	-30.6%	-13.9%	27.9%	48.9%	6.7%	5.8%	10.4%	7.5%	7.7%	9.0%	9.0%
US	242	70	73	197	253	293	334	-172	-169	-45	11	51	92	-71.0%	-69.7%	-18.5%	4.3%	21.0%	37.8%	4.3%	4.6%	5.4%	5.7%	6.0%	5.5%	5.4%
Benelux	241	85	74	212	218	313	341	-156	-167	-29	-23	72	100	-64.7%	-69.3%	-12.0%	-9.7%	29.8%	41.5%	4.3%	5.6%	5.5%	6.1%	5.2%	5.9%	5.5%
France	203	72	71	176	189	252	284	-131	-132	-27	-14	48	80	-64.6%	-65.1%	-13.3%	-7.0%	23.8%	39.5%	3.6%	4.7%	5.2%	5.1%	4.5%	4.7%	4.6%
Japan	202	45	10	24	55	162	210	-158	-192	-178	-147	-41	8	-78.0%	-95.0%	-88.0%	-72.8%	-20.0%	3.8%	3.6%	2.9%	0.7%	0.7%	1.3%	3.0%	3.4%
Italy	139	34	53	107	115	179	191	-105	-86	-32	-23	41	52	-75.4%	-61.7%	-22.9%	-16.8%	29.3%	37.8%	2.5%	2.2%	3.9%	3.1%	2.8%	3.4%	3.1%
Spain	126	25	53	98	116	152	166	-101	-74	-28	-10	26	40	-79.8%	-58.4%	-22.3%	-8.2%	20.2%	31.7%	2.3%	1.7%	3.9%	2.8%	2.8%	2.8%	2.7%
Switzerland	120	32	38	103	115	145	164	-88	-82	-17	-5	25	44	-73.2%	-68.5%	-14.0%	-3.9%	20.4%	36.9%	2.1%	2.1%	2.8%	3.0%	2.8%	2.7%	2.7%
India	70	16	8	37	52	77	94	-54	-61	-32	-18	7	24	-77.0%	-88.1%	-46.3%	-25.3%	10.1%	34.9%	1.2%	1.1%	0.6%	1.1%	1.2%	1.4%	1.5%
South Korea	48	8	2	15	15	52	63	-39	-45	-32	-32	4	15	-82.8%	-95.0%	-67.6%	-68.1%	9.4%	31.3%	0.9%	0.5%	0.2%	0.4%	0.4%	1.0%	1.0%
UAE	17	4	9	9	8	20	23	-13	-8	-7	-9	3	6	-77.2%	-47.2%	-44.1%	-53.5%	19.3%	35.3%	0.3%	0.3%	0.7%	0.3%	0.2%	0.4%	0.4%
<i>Europe - Other</i>	<i>910</i>	<i>316</i>	<i>326</i>	<i>725</i>	<i>786</i>	<i>1,000</i>	<i>1,079</i>	<i>-595</i>	<i>-584</i>	<i>-185</i>	<i>-124</i>	<i>90</i>	<i>169</i>	<i>-65.3%</i>	<i>-64.2%</i>	<i>-20.4%</i>	<i>-13.6%</i>	<i>9.9%</i>	<i>18.6%</i>	<i>16.3%</i>	<i>20.7%</i>	<i>24.0%</i>	<i>21.0%</i>	<i>18.8%</i>	<i>18.7%</i>	<i>17.5%</i>
<i>Rest of World - Other</i>	<i>766</i>	<i>214</i>	<i>122</i>	<i>445</i>	<i>669</i>	<i>615</i>	<i>746</i>	<i>-552</i>	<i>-644</i>	<i>-321</i>	<i>-96</i>	<i>-150</i>	<i>-20</i>	<i>-72.1%</i>	<i>-84.1%</i>	<i>-41.9%</i>	<i>-12.6%</i>	<i>-19.6%</i>	<i>-2.6%</i>	<i>13.7%</i>	<i>14.0%</i>	<i>9.0%</i>	<i>12.9%</i>	<i>16.0%</i>	<i>11.5%</i>	<i>12.1%</i>
Total Europe	3,849	1,093	1,114	2,709	3,088	3,980	4,451	-2,756	-2,734	-1,140	-761	131	603	-71.6%	-71.0%	-29.6%	-19.8%	3.4%	15.7%	68.8%	71.8%	82.0%	78.4%	73.8%	74.5%	72.1%
Total Rest of World	1,743	430	245	747	1,099	1,361	1,726	-1,313	-1,498	-996	-644	-382	-17	-75.3%	-86.0%	-57.1%	-36.9%	-21.9%	-1.0%	31.2%	28.2%	18.0%	21.6%	26.2%	25.5%	27.9%
All International	5,592	1,522	1,359	3,456	4,187	5,341	6,178	-4,069	-4,233	-2,136	-1,404	-251	586	-72.8%	-75.7%	-38.2%	-25.1%	-4.5%	10.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Detailed Projections – Downside

Downside Scenario - Detailed Assumptions and Projections by Source Market

	Overnight Visitors (000)							Visitors relative to 2019 (000)						Travel relative to 2019 (%)						Market Share (Visitors)						
	2019	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2020	2021	2022	2023	2024	2025	2019	2020	2021	2022	2023	2024	2025
Russia	659	181	33	151	122	174	223	-478	-626	-507	-537	-485	-435	-72.6%	-95.0%	-77.0%	-81.5%	-73.6%	-66.1%	11.8%	11.9%	2.4%	4.7%	3.7%	4.0%	4.2%
Sweden	544	95	145	405	423	535	617	-448	-399	-139	-121	-9	73	-82.5%	-73.4%	-25.5%	-22.2%	-1.6%	13.5%	9.7%	6.3%	10.6%	12.7%	12.9%	12.2%	11.7%
Germany	532	163	180	425	445	497	571	-369	-352	-107	-88	-35	39	-69.3%	-66.2%	-20.2%	-16.5%	-6.6%	7.3%	9.5%	10.7%	13.3%	13.3%	13.6%	11.3%	10.8%
China	398	73	20	16	23	102	194	-326	-378	-382	-375	-297	-204	-81.7%	-95.0%	-95.9%	-94.1%	-74.5%	-51.3%	7.1%	4.8%	1.5%	0.5%	0.7%	2.3%	3.7%
UK	374	89	142	240	264	402	475	-285	-233	-134	-111	28	101	-76.2%	-62.1%	-35.9%	-29.6%	7.4%	26.9%	6.7%	5.8%	10.4%	7.5%	8.1%	9.2%	9.0%
US	242	70	73	182	158	242	284	-172	-169	-60	-84	0	41	-71.0%	-69.7%	-24.7%	-34.8%	-0.2%	17.1%	4.3%	4.6%	5.4%	5.7%	4.8%	5.5%	5.4%
Benelux	241	85	74	204	175	264	301	-156	-167	-37	-66	23	59	-64.7%	-69.3%	-15.5%	-27.3%	9.3%	24.6%	4.3%	5.6%	5.5%	6.4%	5.4%	6.0%	5.7%
France	203	72	71	170	152	213	248	-131	-132	-34	-51	10	45	-64.6%	-65.1%	-16.5%	-25.2%	4.7%	22.1%	3.6%	4.7%	5.2%	5.3%	4.7%	4.9%	4.7%
Japan	202	45	10	22	31	121	166	-158	-192	-180	-172	-81	-36	-78.0%	-95.0%	-89.1%	-84.8%	-40.1%	-17.9%	3.6%	2.9%	0.7%	0.7%	0.9%	2.8%	3.1%
Italy	139	34	53	101	98	157	177	-105	-86	-38	-41	18	38	-75.4%	-61.7%	-27.2%	-29.6%	13.3%	27.6%	2.5%	2.2%	3.9%	3.2%	3.0%	3.6%	3.4%
Spain	126	25	53	92	97	129	149	-101	-74	-34	-30	2	23	-79.8%	-58.4%	-27.1%	-23.4%	1.9%	17.9%	2.3%	1.7%	3.9%	2.9%	3.0%	2.9%	2.8%
Switzerland	120	32	38	101	97	123	143	-88	-82	-19	-23	3	23	-73.2%	-68.5%	-16.0%	-18.9%	2.2%	19.1%	2.1%	2.1%	2.8%	3.2%	3.0%	2.8%	2.7%
India	70	16	8	33	29	57	74	-54	-61	-36	-41	-13	4	-77.0%	-88.1%	-52.1%	-59.0%	-18.7%	5.7%	1.2%	1.1%	0.6%	1.0%	0.9%	1.3%	1.4%
South Korea	48	8	2	14	9	40	50	-39	-45	-33	-39	-8	2	-82.8%	-95.0%	-70.0%	-81.9%	-17.1%	4.6%	0.9%	0.5%	0.2%	0.4%	0.3%	0.9%	0.9%
UAE	17	4	9	9	5	16	18	-13	-8	-8	-12	-1	1	-77.2%	-47.2%	-46.8%	-72.5%	-6.7%	8.9%	0.3%	0.3%	0.7%	0.3%	0.1%	0.4%	0.3%
<i>Europe - Other</i>	<i>910</i>	<i>316</i>	<i>326</i>	<i>619</i>	<i>669</i>	<i>851</i>	<i>1,012</i>	<i>-595</i>	<i>-584</i>	<i>-291</i>	<i>-241</i>	<i>-60</i>	<i>102</i>	<i>-65.3%</i>	<i>-64.2%</i>	<i>-31.9%</i>	<i>-26.5%</i>	<i>-6.5%</i>	<i>11.2%</i>	<i>16.3%</i>	<i>20.7%</i>	<i>24.0%</i>	<i>19.4%</i>	<i>20.5%</i>	<i>19.4%</i>	<i>19.2%</i>
<i>Rest of World - Other</i>	<i>766</i>	<i>214</i>	<i>122</i>	<i>413</i>	<i>474</i>	<i>467</i>	<i>577</i>	<i>-552</i>	<i>-644</i>	<i>-353</i>	<i>-292</i>	<i>-299</i>	<i>-189</i>	<i>-72.1%</i>	<i>-84.1%</i>	<i>-46.1%</i>	<i>-38.1%</i>	<i>-39.1%</i>	<i>-24.6%</i>	<i>13.7%</i>	<i>14.0%</i>	<i>9.0%</i>	<i>12.9%</i>	<i>14.5%</i>	<i>10.6%</i>	<i>10.9%</i>
Total Europe	3,849	1,093	1,114	2,508	2,541	3,344	3,916	-2,756	-2,734	-1,340	-1,308	-505	68	-71.6%	-71.0%	-34.8%	-34.0%	-13.1%	1.8%	68.8%	71.8%	82.0%	78.4%	77.7%	76.2%	74.2%
Total Rest of World	1,743	430	245	690	728	1,043	1,363	-1,313	-1,498	-1,053	-1,015	-700	-380	-75.3%	-86.0%	-60.4%	-58.3%	-40.2%	-21.8%	31.2%	28.2%	18.0%	21.6%	22.3%	23.8%	25.8%
All International	5,592	1,522	1,359	3,199	3,269	4,387	5,279	-4,069	-4,233	-2,393	-2,323	-1,205	-313	-72.8%	-75.7%	-42.8%	-41.5%	-21.5%	-5.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Methodology

- International arrivals are projected based on the current level of these metrics in the GTS database for 2019 and 2020 and the assumptions made regarding the impact of the pandemic on travel.
- Assumptions are made for the selected 15 individual markets for 2021/22 on a monthly basis, based on recent, current and expected travel restrictions. Growth in travel is also adjusted based on broader expectations for travel from European (i.e. shorter-haul) markets and 'rest of world' (longer-haul) based on the current levels of travel restrictions in place, vaccine progress and the recognition of vaccine types. Beyond 2022, impacts mostly reflect broader trends expected for long-haul vs short-haul travel, combined with individual specific factors (such as the economic outlook for the particularly country).
- The average length of stay and average spend per person per night from 2019 (for each source market and type of travel) are kept constant over the forecast horizon, and applied to the projections for arrivals to calculate the impact on nights and spend.
- Monthly arrivals are calculated for each month in 2021/22, and summed to get an annual figure. For 2021 and beyond, annual arrivals data are calculated based on the assumptions applied, and monthly figures are estimated by applying seasonality.

Seasonality

- Monthly percentage of visits are sourced from Statistics Finland. These data are available from various source markets for travel to Finland. Our seasonality measure is constructed as an average of 2017-2019 seasonality; this constructed measure is assumed to be constant for 2020 onwards.

Data Sources

- All arrivals, nights and spending data are sourced from Tourism Economics' GTS database. Some supporting data were sourced from Statistics Finland.
- Information on border restrictions for travellers from particular markets were sourced via desk research from various online sources, including the Visit Finland website.