

Balancing volumes and prices

Finnair's Q2 EBIT missed our estimate due to slight negative surprises in revenue and costs. There's still good travel demand, however supply growth limits earnings potential.

Lower unit yields and higher costs hurt Q2 profitability

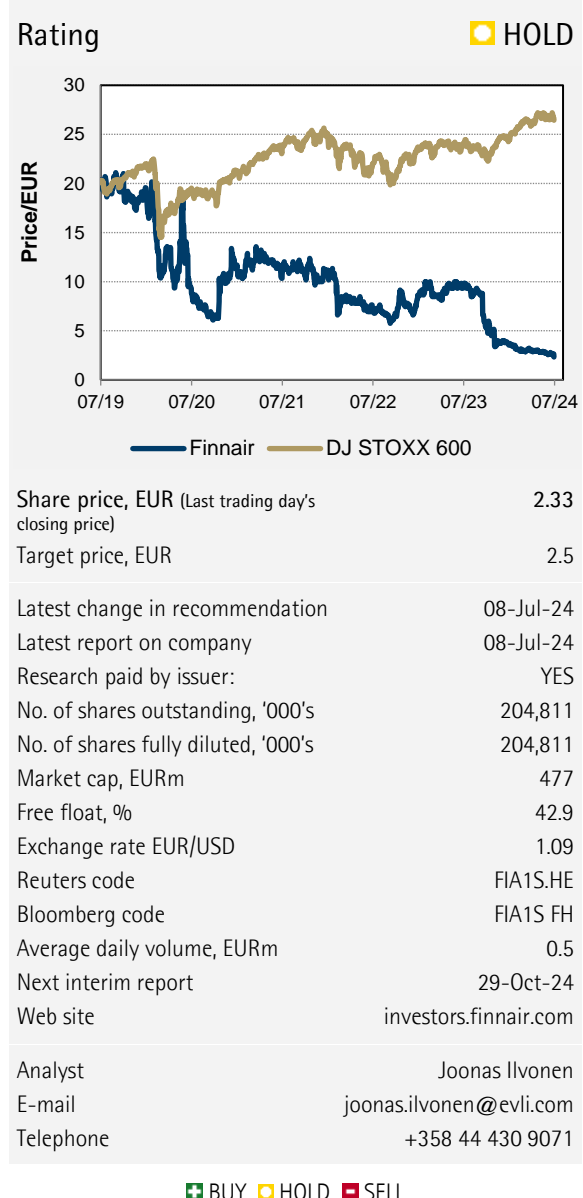
Finnair Q2 revenue, at EUR 766m, was close to the EUR 775m/772m Evli/cons. estimates. Passenger revenue was 4% lower than we estimated as RASK in Europe softened at a double-digit rate while we expected a modest decline of 200bps. Unit yields were stable outside Europe, where ticket prices declined by 5% y/y, while prices for North American routes continued to increase by 2%. Ancillary, as well as cargo, revenues were much stronger than expected. There weren't many cost surprises but they were a bit higher than estimated, which together with the slight top line softness led to the EUR 44m comparable EBIT being lower than the EUR 57m/55m Evli/cons. estimates. There's uncertainty around which direction ticket prices and fuel costs will trend next as the market has now normalized after the post-pandemic boom, which is reflected in the relatively wide FY '24 EBIT guidance range.

Earnings sensitive to load factors, ticket prices and fuel costs

Travel demand grows also this year, albeit not as fast as many carriers' capacity. Finnair's H1'24 PLFs trailed the comparison period by a couple of percentage points, which still had rather low ratios compared to the pre-pandemic levels. Finnair's PLF picked up sharply in June; we believe H2'24 shows stabilization and even some gains. North Atlantic routes have resisted profitability headwinds this year better than other long-hauls, but such traffic doesn't play nearly as important a role in Finnair's network as European and Asian connections. H2'24 earnings will thus depend greatly on the optimal balance between volumes and pricing.

Earnings could gain next year, but multiples aren't very low

We expect Finnair's FY '24 PLF to be around 76%, which with the softer yields would lead to a decline of ca. EUR 25m in comparable EBIT. The still low PLFs leave earnings upside potential for next year, assuming ticket prices and fuel costs remain fairly stable, when EBIT could again top EUR 180m. Finnair is valued about 9x EV/EBIT on our FY '24 estimates; the multiple could decline below 8x next year, however it would still represent a premium to many peers. Our new TP is EUR 2.5 (3.0) as we retain HOLD rating.



KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	2,356.6	-163.9	-7.0%	146.7	-5.25	-1.2	0.6	-8.8	26.9	0.00
2023	2,988.5	184.0	6.2%	92.1	1.21	3.3	0.6	9.5	11.3	0.00
2024E	3,090.4	157.6	5.1%	-1.2	0.38	6.1	0.5	9.0	-0.3	0.10
2025E	3,183.1	181.4	5.7%	11.2	0.42	5.5	0.4	7.9	2.3	0.12
2026E	3,246.8	191.6	5.9%	25.9	0.47	4.9	0.4	7.4	5.4	0.13
Market cap, EURm		477	Gearing 2024E, %			143.7	CAGR EPS 2023-26, %			-26.9
Net debt 2024E, EURm		941	Price/book 2024E			0.7	CAGR sales 2023-26, %			2.8
Enterprise value, EURm		1,418	Dividend yield 2024E, %			4.3	ROE 2024E, %			12.7
Total assets 2024E, EURm		4,109	Tax rate 2024E, %			7.7	ROCE 2024E, %			2.4
Goodwill 2024E, EURm		0	Equity ratio 2024E, %			18.1	PEG, P/E 24/CAGR			0.0

Estimates and valuation

FINNAIR	2017	2018	2019	2020	2021	2022	2023	2023	2023	2023	2023	2024	2024	2024E	2024E	2024E
EURm	FY	FY	FY	FY	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
ASK (mkm)	36 922	42 386	47 189	12 938	12 094	31 299	8 550	9 213	9 344	9 047	36 154	8 923	9 800	10 111	9 662	38 496
y/y change	9 %	15 %	11 %	-73 %	-7 %	159 %	24 %	17 %	12 %	11 %	16 %	4 %	6 %	8 %	7 %	6 %
RPK (mkm)	30 749	34 660	38 534	8 150	5 178	21 157	6 419	7 031	7 562	6 615	27 627	6 435	7 318	8 241	7 237	29 231
y/y change	14 %	13 %	11 %	-79 %	-36 %	309 %	96 %	33 %	13 %	12 %	31 %	0 %	4 %	9 %	9 %	6 %
Load factor (RPK/ASK), PLF	83.3 %	81.8 %	81.7 %	63.0 %	42.8 %	67.6 %	75.1 %	76.3 %	80.9 %	73.1 %	76.4 %	72.1 %	74.7 %	81.5 %	74.9 %	75.9 %
y/y change	3.5%-p	-1.5%-p	-0.1%-p	-18.7%-p	-20.2%-p	24.8%-p	27.8%-p	9.1%-p	0.8%-p	0.8%-p	8.8%-p	-2.9%-p	-1.6%-p	0.6%-p	1.8%-p	-0.5%-p
Ancillary and retail	145	161	176	62	44	123	33	33	38	44	148	37	45	46	50	178
Cargo	197	207	212	178	335	352	53	47	41	51	192	46	51	42	52	191
Travel services	206	223	230	61	39	170	55	57	66	60	237	58	57	70	62	247
Total revenue	2569	2835	3098	829	838	2356	695	749	817	727	2989	681	766	859	784	3090
YoY change	11 %	10 %	9 %	-73 %	1 %	181 %	74 %	36 %	14 %	6 %	27 %	-2 %	2 %	5 %	8 %	3 %
Other income	77	74	56	48	63	154	34	28	27	42	130	33	32	24	23	112
Staff costs	-423	-500	-535	-284	-249	-447	-129	-125	-120	-124	-498	-130	-130	-128	-131	-520
y/y change	17 %	18 %	7 %	-47 %	-12 %	80 %	27 %	10 %	2 %	8 %	11 %	0 %	4 %	7 %	6 %	4 %
% of revenue	16 %	18 %	17 %	34 %	30 %	19 %	19 %	17 %	15 %	17 %	17 %	19 %	17 %	15 %	17 %	17 %
Fuel	-472	-581	-687	-233	-212	-836	-220	-220	-238	-222	-900	-210	-225	-237	-223	-895
y/y change	-4 %	23 %	18 %	-66 %	-9 %	295 %	61 %	-4 %	-2 %	-3 %	8 %	-4 %	2 %	0 %	0 %	-1 %
% of revenue	18 %	20 %	22 %	28 %	25 %	35 %	32 %	29 %	29 %	31 %	30 %	31 %	29 %	28 %	28 %	29 %
Other OPEX	-1314	-1316	-1444	-613	-566	-1067	-294	-282	-309	-306	-1191	-304	-318	-350	-331	-1303
y/y change	4 %	0 %	10 %	-58 %	-8 %	88 %	27 %	12 %	2 %	8 %	12 %	3 %	12 %	13 %	8 %	9 %
% of revenue	51 %	46 %	47 %	74 %	68 %	45 %	42 %	38 %	38 %	42 %	40 %	45 %	41 %	41 %	42 %	42 %
Comparable EBIT	171	218	163	-595	-469	-164	1	66	94	23	184	-12	44	86	40	158
Comp. EBIT-%	6.6 %	7.7 %	5.3 %	-71.8 %	-56.0 %	-7.0 %	0.1 %	8.8 %	11.5 %	3.1 %	6.2 %	-1.7 %	5.7 %	10.0 %	5.0 %	5.1 %

Sources: Finnair, Evli estimates

FINNAIR PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/B		
		23	24	25	23	24	25	23	24	25
United Airlines Holdings	13975	4.6x	4.3x	3.9x	7.0x	6.9x	6.0x	1.6x	1.1x	0.8x
International Consolidated Air	9993	3.4x	3.5x	3.2x	5.4x	5.6x	5.2x	2.8x	1.8x	1.3x
Air France-KLM	2158	2.9x			7.2x					8.5x
Deutsche Lufthansa	6940	3.2x	3.0x	2.6x	5.7x	6.7x	5.2x	0.7x	0.7x	0.6x
Norwegian Air Shuttle	940	3.1x	2.3x	2.2x	8.1x	7.0x	6.1x	2.0x	1.5x	1.2x
Aegean Airlines	1067	3.6x	3.6x	3.4x	5.8x	6.0x	5.9x	2.6x	2.3x	2.0x
easyJet	4141	3.2x	2.3x	2.2x	7.3x	4.8x	4.5x	1.2x	1.1x	0.9x
Ryanair Holdings	18783	7.3x	5.1x	4.7x	11.2x	7.6x	6.9x	2.6x	2.2x	1.9x
Wizz Air Holdings	2731	7.3x	5.4x	4.6x	32.2x	12.7x	10.5x	56.8x	5.7x	2.9x
American Airlines Group	6384	7.1x	7.0x	6.2x	10.5x	11.9x	10.0x			
Delta Air Lines	26562	5.4x	5.4x	4.9x	7.7x	7.8x	7.0x	3.2x	2.0x	1.6x
Peer Group Average	8516	4.6x	4.2x	3.8x	9.8x	7.7x	6.7x	8.2x	2.0x	2.2x
Peer Group Median	6384	3.6x	4.0x	3.7x	7.3x	6.9x	6.0x	2.6x	1.8x	1.4x
Finnair (Evli est.)	477	3.3x	2.9x	3.0x	9.5x	9.0x	7.9x	1.4x	0.7x	0.7x

Finnair prem./disc. to peer median

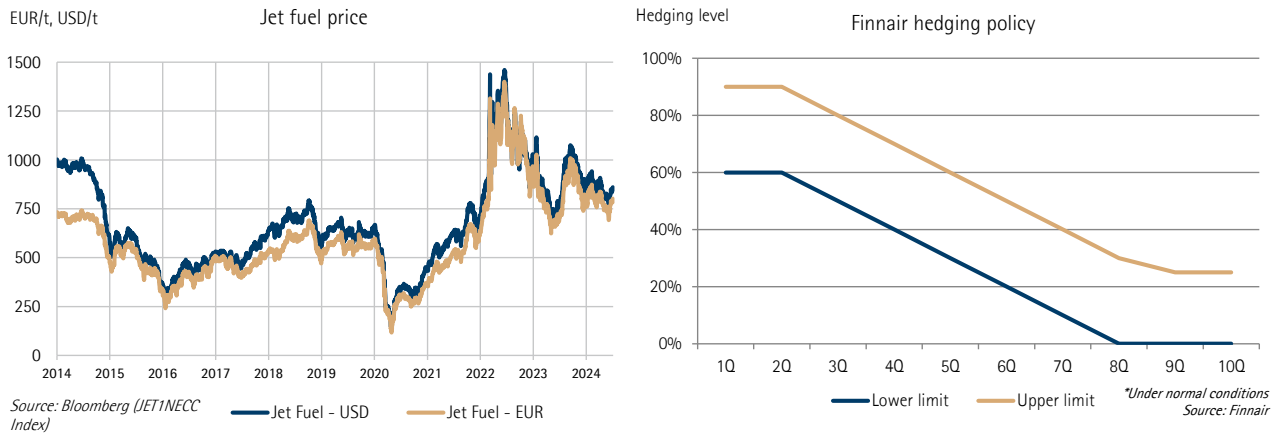
Source FactSet, Evli Research

FINNAIR PEER GROUP	Sales 22	Sales gr.			EBIT-%			Div. yield		
		23	24	25	23	24	25	23	24	25
United Airlines Holdings	41504	19.5%	5.2%	6.3%	9.6 %	8.8 %	9.5 %	0.0 %	0.0 %	0.0 %
International Consolidated Air	23066	27.7%	8.1%	4.0%	11.9 %	11.3 %	11.7 %	0.0 %	2.4 %	4.0 %
Air France-KLM	26393	13.7%	4.6%	4.3%	5.7 %	5.2 %	5.9 %	0.0 %	0.0 %	0.0 %
Deutsche Lufthansa	32770	8.1%	7.2%	6.5%	7.6 %	4.9 %	6.0 %	4.8 %	4.3 %	5.4 %
Norwegian Air Shuttle	1724	30.8%	28.2%	5.4%	8.8 %	6.9 %	7.5 %	0.4 %	0.7 %	0.7 %
Aegean Airlines	1337	26.6%	4.7%	4.8%	14.6 %	14.0 %	13.7 %	6.2 %	5.9 %	6.1 %
easyJet	6684	47.7%	15.4%	7.2%	6.2 %	7.2 %	7.2 %	1.4 %	3.0 %	3.4 %
Ryanair Holdings	10775	18.4%	12.9%	9.7%	15.2 %	16.0 %	16.0 %	1.5 %	2.6 %	3.0 %
Wizz Air Holdings	3896	22.5%	13.1%	17.1%	4.5 %	11.9 %	12.2 %	0.0 %	0.0 %	0.0 %
American Airlines Group	45118	8.0%	2.8%	4.9%	7.6 %	5.8 %	6.7 %	0.0 %	0.0 %	0.0 %
Delta Air Lines	42112	18.4%	5.1%	5.3%	11.6 %	11.1 %	11.7 %	0.4 %	0.8 %	1.1 %
Peer Group Average	21398	21.9%	9.8%	6.9%	9.4 %	9.4 %	9.8 %	1.3 %	1.8 %	2.2 %
Peer Group Median	23066	19.5%	7.2%	5.4%	8.8 %	8.8 %	9.5 %	0.4 %	0.8 %	1.1 %
Finnair (Evli est.)	2357	26.8%	3.4%	3.0%	6.2 %	5.1 %	5.7 %	0.0 %	4.3 %	5.2 %

Finnair prem./disc. to peer median

Source FactSet, Evli Research

Jet fuel cost



VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	2.33 PV of Free Cash Flow	1,762 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	11.30 PV of Horizon value	1,492 WACC, %	9.6 Market risk premium, %
Share price potential, %	384.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	12.3 Marketable securities	922 Minimum WACC, %	9.1 Equity beta coefficient
Minimum value	10.4 Debt - dividend	-1,861 Maximum WACC, %	10.1 Target debt ratio, %
Horizon value, %	45.9 Value of stock	2,314 Nr of shares, Mn	204.8 Effective tax rate, %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	2,989	3,090	3,183	3,247	3,312	3,378	3,445	3,514	3,585	3,656	3,730	3,804
<i>Sales growth, %</i>	<i>26.8</i>	<i>3.4</i>	<i>3.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	184	158	181	192	202	203	207	228	233	219	224	228
<i>Operating income margin, %</i>	<i>6.2</i>	<i>5.1</i>	<i>5.7</i>	<i>5.9</i>	<i>6.1</i>	<i>6.0</i>	<i>6.0</i>	<i>6.5</i>	<i>6.5</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>
+ Depreciation+amort.	346	328	302	318	327	343	359	368	378	386	412	
EBITDA	530	485	483	510	529	546	565	597	611	605	636	
- Paid taxes	-36	-12	-36	-38	-40	-41	-41	-46	-47	-44	-45	
- Change in NWC	64	90	57	7	7	8	8	8	8	8	8	
<i>NWC / Sales, %</i>	<i>-23.7</i>	<i>-25.8</i>	<i>-26.8</i>	<i>-26.5</i>	<i>-26.2</i>	<i>-25.9</i>	<i>-25.7</i>	<i>-25.4</i>	<i>-25.1</i>	<i>-24.8</i>	<i>-24.6</i>	
+ Change in other liabs	-121	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-404	-250	-250	-250	-240	-240	-240	-240	-240	-300	-325	
<i>opCAPEX / Sales, %</i>	<i>13.8</i>	<i>16.1</i>	<i>13.6</i>	<i>12.2</i>	<i>13.6</i>	<i>13.6</i>	<i>12.6</i>	<i>12.5</i>	<i>12.4</i>	<i>15.9</i>	<i>8.7</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	-6	-13	-13	-13	-13	-13	-13	-13	-13	-13	
= FCFF	33	307	241	216	243	260	279	307	319	257	262	3,534
= Discounted FCFF		295	211	173	178	173	170	170	162	119	111	1,492
= DFCF min WACC		295	213	175	181	177	174	175	167	124	115	1,668
= DFCF max WACC		294	210	171	175	170	166	165	156	114	106	1,340

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	694.7	749.2	817.4	727.2	2,988.5	681.5	766.1	858.8	784.0	3,090.4	3,183.1	3,246.8
EBITDA	82.9	149.0	177.8	120.5	530.2	71.2	125.8	167.4	121.0	485.5	483.0	509.7
<i>EBITDA margin (%)</i>	<i>11.9</i>	<i>19.9</i>	<i>21.8</i>	<i>16.6</i>	<i>17.7</i>	<i>10.4</i>	<i>16.4</i>	<i>19.5</i>	<i>15.4</i>	<i>15.7</i>	<i>15.2</i>	<i>15.7</i>
EBIT	0.9	66.2	94.3	22.6	184.0	-11.6	43.6	86.0	39.6	157.6	181.4	191.6
<i>EBIT margin (%)</i>	<i>0.1</i>	<i>8.8</i>	<i>11.5</i>	<i>3.1</i>	<i>6.2</i>	<i>-1.7</i>	<i>5.7</i>	<i>10.0</i>	<i>5.0</i>	<i>5.1</i>	<i>5.7</i>	<i>5.9</i>
Net financial items	-15.7	-22.2	-23.5	-10.9	-72.3	-20.3	-20.0	-13.0	-13.0	-66.3	-58.0	-55.1
Pre-tax profit	-14.8	44.0	70.8	11.7	111.7	-31.9	23.6	73.0	26.6	91.3	123.4	136.4
Tax	10.3	95.1	-14.0	43.8	135.2	7.6	-4.6	-5.0	-5.0	-7.0	-24.7	-27.3
<i>Tax rate (%)</i>	<i>69.6</i>	<i>-216.1</i>	<i>19.8</i>	<i>-374.4</i>	<i>-121.0</i>	<i>23.8</i>	<i>19.5</i>	<i>6.9</i>	<i>18.8</i>	<i>7.7</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-4.5	139.1	56.8	55.5	246.9	-24.3	19.0	64.8	18.4	78.0	86.1	96.5
EPS	-0.02	0.68	0.28	0.27	1.21	-0.12	0.09	0.32	0.09	0.38	0.42	0.47
EPS adjusted (diluted no. of shares)	-0.02	0.68	0.28	0.27	1.21	-0.12	0.09	0.32	0.09	0.38	0.42	0.47
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.12	0.13
SALES, EURm												
Group total	694.7	749.2	817.4	727.2	2,988.5	681.5	766.1	858.8	784.0	3,090.4	3,183.1	3,246.8
Total	694.7	749.2	817.4	727.2	2,988.5	681.5	766.1	858.8	784.0	3,090.4	3,183.1	3,246.8
SALES GROWTH, Y/Y %												
Group total	73.8	36.1	13.7	5.8	26.8	-1.9	2.3	5.1	7.8	3.4	3.0	2.0
Total	73.8	36.1	13.7	5.8	26.8	-1.9	2.3	5.1	7.8	3.4	3.0	2.0
EBIT, EURm												
Group total	0.9	66.2	94.3	22.6	184.0	-11.6	43.6	86.0	39.6	157.6	181.4	191.6
Total	0.9	66.2	94.3	22.6	184.0	-11.6	43.6	86.0	39.6	157.6	181.4	191.6
EBIT margin, %												
Group total	0.1	8.8	11.5	3.1	6.2	-1.7	5.7	10.0	5.0	5.1	5.7	5.9
Total	0.1	8.8	11.5	3.1	6.2	-1.7	5.7	10.0	5.0	5.1	5.7	5.9

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	3,097.7	829.2	838.4	2,356.6	2,988.5	3,090.4	3,183.1	3,246.8
<i>Sales growth (%)</i>	<i>9.2</i>	<i>-73.2</i>	<i>1.1</i>	<i>181.1</i>	<i>26.8</i>	<i>3.4</i>	<i>3.0</i>	<i>2.0</i>
EBITDA	488.2	-251.5	-149.0	185.9	530.2	485.5	483.0	509.7
<i>EBITDA margin (%)</i>	<i>15.8</i>	<i>-30.3</i>	<i>-17.8</i>	<i>7.9</i>	<i>17.7</i>	<i>15.7</i>	<i>15.2</i>	<i>15.7</i>
Depreciation	-325.4	-343.8	-319.9	-349.8	-346.2	-327.9	-301.6	-318.1
EBITA	162.8	-595.3	-468.9	-163.9	184.0	157.6	181.4	191.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	162.8	-595.3	-468.9	-163.9	184.0	157.6	181.4	191.6
<i>EBIT margin (%)</i>	<i>5.3</i>	<i>-71.8</i>	<i>-55.9</i>	<i>-7.0</i>	<i>6.2</i>	<i>5.1</i>	<i>5.7</i>	<i>5.9</i>
Reported EBIT	160.0	-597.7	-474.7	-163.9	184.0	157.6	181.4	191.6
<i>EBIT margin (reported) (%)</i>	<i>5.2</i>	<i>-72.1</i>	<i>-56.6</i>	<i>-7.0</i>	<i>6.2</i>	<i>5.1</i>	<i>5.7</i>	<i>5.9</i>
Net financials	-67.0	-190.1	-127.5	-170.2	-72.3	-66.3	-58.0	-55.1
Pre-tax profit	95.8	-785.4	-596.4	-334.1	111.7	91.3	123.4	136.4
Taxes	-18.4	131.2	117.6	-105.4	135.2	-7.0	-24.7	-27.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	61.8	-671.4	-484.6	-439.5	246.9	78.0	86.1	96.5
Cash NRIs	-2.8	-2.4	-5.8	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	1,751	1,683	1,215	1,165	1,325	1,391	1,492	1,581
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	878	918	1,182	1,083	917	1,020	1,050	1,039
Inventory	80	68	56	122	135	108	80	81
Receivables	217	70	137	158	166	120	107	109
Liquid funds	952	824	1,266	1,524	922	1,236	1,273	1,299
Total assets	3,878	3,646	4,047	4,133	3,698	4,109	4,237	4,343
Liabilities								
Shareholder's equity	966	897	476	411	577	655	721	792
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	1,054	1,016	1,381	1,128	951	1,020	1,050	1,039
Deferred taxes	64	0	0	0	0	0	0	0
Interest bearing debt	521	1,182	1,428	1,299	911	1,157	1,173	1,209
Non-interest bearing current liabilities	243	176	291	452	507	524	540	550
Other interest-free debt	873	215	271	658	627	627	627	627
Total liabilities	3,878	3,647	4,047	4,133	3,698	4,109	4,237	4,343
CASH FLOW, EURm								
+ EBITDA	488	-251	-149	186	530	485	483	510
- Net financial items	-67	-190	-127	-170	-72	-66	-58	-55
- Taxes	-2	-18	11	6	-18	-7	-25	-27
- Increase in Net Working Capital	-7	-489	117	274	64	90	57	7
+/- Other	-16	-17	-6	0	0	-6	-13	-13
= Cash flow from operations	397	-966	-155	296	504	496	445	422
- Capex	-409	-315	-484	-149	-412	-497	-434	-396
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-12	-1,281	-639	147	92	-1	11	26
+/- New issues/buybacks	21	602	64	374	-81	0	0	0
- Paid dividend	-35	0	0	0	0	0	-20	-25
+/- Other	-89	551	1,018	-262	-614	315	46	24
Change in cash	-116	-128	442	259	-602	314	37	25

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	1,069	837	546	817	477	477	477
Net debt (excl. convertibles)	1,374	1,543	902	940	941	950	949
Enterprise value	2,443	2,380	1,448	1,756	1,418	1,427	1,426
Sales	829	838	2,357	2,989	3,090	3,183	3,247
EBITDA	-251	-149	186	530	485	483	510
EBIT	-595	-469	-164	184	158	181	192
Pre-tax	-785	-596	-334	112	91	123	136
Earnings	-669	-479	-439	247	78	86	97
Equity book value (excl. minorities)	897	476	411	577	655	721	792
Valuation multiples							
EV/sales	2.9	2.8	0.6	0.6	0.5	0.4	0.4
EV/EBITDA	-9.7	-16.0	7.8	3.3	2.9	3.0	2.8
EV/EBITA	-4.1	-5.1	-8.8	9.5	9.0	7.9	7.4
EV/EBIT	-4.1	-5.1	-8.8	9.5	9.0	7.9	7.4
EV/OCF	-2.5	-15.4	4.9	3.5	2.9	3.2	3.4
EV/FCFF	-2.4	-26.4	2.4	53.0	4.6	5.9	6.6
P/FCFE	0.0	-0.1	0.2	0.1	-391.5	42.8	18.4
P/E	-1.6	-1.7	-1.2	3.3	6.1	5.5	4.9
P/B	1.2	1.8	1.3	1.4	0.7	0.7	0.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	3.0	3.0	2.9
Target EV/EBIT	0.0	0.0	0.0	0.0	9.2	8.1	7.6
Target EV/FCF	0.0	0.0	0.0	0.0	-1,191.9	131.1	56.5
Target P/B	0.0	0.0	0.0	0.0	0.8	0.7	0.6
Target P/E	0.0	0.0	0.0	0.0	6.6	5.9	5.3
Per share measures							
Number of shares	83,825	83,749	83,749	204,210	204,811	204,811	204,811
Number of shares (diluted)	83,825	83,749	83,749	204,210	204,811	204,811	204,811
EPS	-7.98	-5.72	-5.25	1.21	0.38	0.42	0.47
Operating cash flow per share	-11.52	-1.85	3.53	2.47	2.42	2.17	2.06
Free cash flow per share	-15.28	-7.63	1.75	0.45	-0.01	0.05	0.13
Book value per share	10.70	5.68	4.90	2.83	3.20	3.52	3.87
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.12	0.13
Dividend payout ratio, %	0.0	0.0	0.0	0.0	26.3	28.5	27.6
Dividend yield, %	0.0	0.0	0.0	0.0	4.3	5.2	5.6
FCF yield, %	-119.8	-76.4	26.9	11.3	-0.3	2.3	5.4
Efficiency measures							
ROE	-71.8	-69.8	-99.2	50.0	12.7	12.5	12.8
ROCE	-21.1	-17.9	-8.9	3.2	2.4	4.0	2.9
Financial ratios							
Inventories as % of sales	8.2	6.7	5.2	4.5	3.5	2.5	2.5
Receivables as % of sales	8.4	16.3	6.7	5.6	3.9	3.4	3.4
Non-interest bearing liabilities as % of sales	21.2	34.7	19.2	17.0	17.0	17.0	17.0
NWC/sales, %	-30.3	-43.9	-27.3	-23.7	-25.8	-26.8	-26.5
Operative CAPEX/sales, %	38.0	57.8	6.3	13.8	16.1	13.6	12.2
CAPEX/sales (incl. acquisitions), %	38.0	57.8	6.3	13.8	16.1	13.6	12.2
FCFF/EBITDA	4.0	0.6	3.2	0.1	0.6	0.5	0.4
Net debt/EBITDA, book-weighted	-5.5	-10.4	4.9	1.8	1.9	2.0	1.9
Debt/equity, market-weighted	1.1	1.7	2.4	1.1	2.4	2.5	2.5
Equity ratio, book-weighted	25.5	12.2	10.9	17.9	18.1	19.3	20.7
Gearing, %	153.3	324.4	219.7	162.9	143.7	131.9	119.7

COMPANY DESCRIPTION: Finnair is a network airline established in 1923. The company focuses on passenger and cargo traffic between Nordic capitals and destinations across the northern hemisphere and it has over 100 destinations worldwide. The company has modern and eco-friendly fleet that consists of over 80 aircrafts.

INVESTMENT CASE: Finnair's investment case relies on restoring profitability according to its new strategy and operating a cost efficient and eco-friendly modern fleet.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Prime Minister's Office	114,067,105	265.776	55.7%
Varma Mutual Pension Insurance Company	5,827,783	13.579	2.8%
Ilmarinen Mutual Pension Insurance Company	2,788,500	6.497	1.4%
Elo Mutual Pension Insurance Company	1,974,505	4.601	1.0%
The State Pension Fund	1,795,000	4.182	0.9%
Sijoitusrahasto Danske Invest Suomi Osake	1,447,328	3.372	0.7%
Sijoitusrahasto Säästöpankki Pienyhtiöt	729,000	1.699	0.4%
Sijoitusrahasto Nordea Pro Suomi	589,326	1.373	0.3%
Nordea Bank ABP	372,241	0.867	0.2%
Finnair Oyj	354,315	0.826	0.2%
Ten largest	129,945,103	302.772	63%
Residual	74,865,897	174.438	37%
Total	204,811,000	477.210	100%

EARNINGS CALENDAR

October 29, 2024

Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Turkka Kuusisto

Tietotie 9, 01053 FINNAIR (VANTAA AIRPORT)

CFO: Kristian Pullola

Tel: +358 9 818 2780

IR: Erkkä Salonen

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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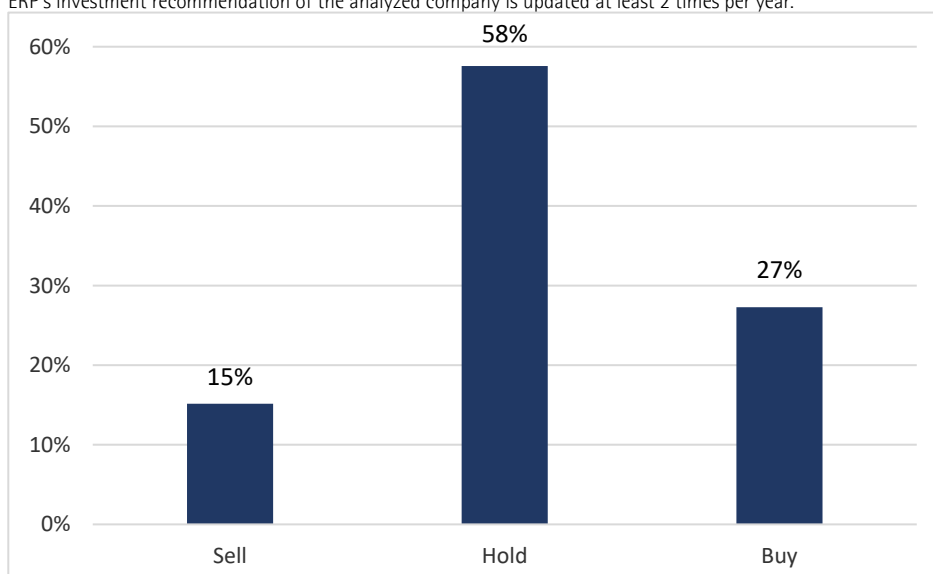
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Ilvonen

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