

## Outlook appears relatively stable

Finnair reports Q3 results on Oct 29. The market still isn't too bad for Finnair should jet fuel prices remain moderate.

### FY'24 EBIT likely to be roughly EUR 150m

Finnair's Q3 traffic data was quite close to what we expected as capacity grew slightly more than we estimated while load factors were still on the soft side. We expect unit yield development to have been a bit more stable as we estimate Q3 RASK down by less than 300bps y/y (so that ticket prices were on average down by roughly 150bps). We estimate Q3 adj. EBIT at EUR 85m, down by EUR 10m y/y due to the softness in ticket prices and load factors. In our view Finnair's FY'25 EBIT has potential to gain some EUR 20-30m y/y assuming the operating environment stays relatively stable. Jet fuel prices have been trending down for the past year, and although there's now a risk of unfavorable price turn in our view Finnair could again start to see its EBIT gain y/y in Q4.

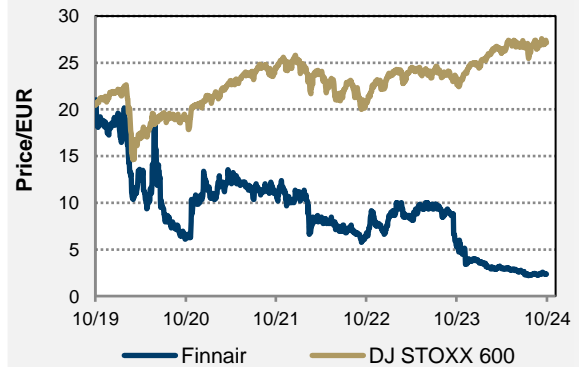
### In our view EBIT could again begin to gain y/y in Q4

Jet fuel spot prices are still down by double digits in the past three months despite the recent brief spike due to the flare-up in the Middle East. Current fuel prices are around the same they were back in the summer of 2023, when the aviation industry was in a very favorable spot as fuel prices had just declined while unit yields were still improving. Finnair should again be well-positioned for earnings gains in the current environment as long as ticket prices remain rather stable and load factors begin to increase. We expect Q4 load factors to improve y/y, while ticket prices may still decline a bit, so that RASK would then gain 100bps y/y.

### Earnings gains are widely expected for next year

Airline valuations have gained whereas earnings estimates have remained basically unchanged. The higher multiples imply market expectations of improving earnings going towards next year, for which we see very realistic potential assuming fuel prices will stay around their current levels. In such a scenario Finnair especially should have room to improve due to its current relatively low load factors. Finnair is now valued at around 9x EV/EBIT on our FY'24 estimates, which is only slightly above peer multiples. The 8x EV/EBIT on our FY'25 estimates is similarly a bit higher than peers', but the valuation isn't too high particularly if key factors develop favorably in Q4. We retain our EUR 2.5 TP and HOLD rating.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 2.38  
Target price, EUR 2.5

Latest change in	08-Jul-24
Latest report on company	22-Jul-24
Research paid by issuer:	YES
No. of shares outstanding,	204,811
No. of shares fully diluted,	204,811
Market cap, EURm	487
Free float, %	42.9
Exchange rate EUR/USD	1.09
Reuters code	FIA1S.HE
Bloomberg code	FIA1S FH
Average daily volume, EURm	0.5
Next interim report	29-Oct-24
Web site	investors.finnair.com

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🟢 BUY 🟡 HOLD 🔴 SELL

## 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	3,098.8	158.1	5.1%	-4.6	0.37	6.4	0.5	9.1	-0.9	0.10
2025E	3,191.7	185.1	5.8%	15.8	0.44	5.4	0.4	7.8	3.2	0.12
2026E	3,255.6	192.1	5.9%	26.1	0.47	5.0	0.4	7.5	5.4	0.13

Market cap, EURm	487	Gearing 2024E, %	144.5	CAGR EPS 2023-26, %	-26.9
Net debt 2024E, EURm	944	Price/book 2024E	0.7	CAGR sales 2023-26, %	2.9
Enterprise value, EURm	1,431	Dividend yield 2024E, %	4.2	ROE 2024E, %	12.4
Total assets 2024E, EURm	4,115	Tax rate 2024E, %	7.8	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	10 195	9 662	38 580
<i>y/y change</i>	9 %	15 %	11 %	-73 %	-7 %	159 %	24 %	17 %	12 %	11 %	16 %	4 %	6 %	9 %	7 %	7 %
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	8 108	7 237	29 098
<i>y/y change</i>	14 %	13 %	11 %	-79 %	-36 %	309 %	96 %	33 %	13 %	12 %	31 %	0 %	4 %	7 %	9 %	5 %
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 %	79.5 %	74.9 %	75.4 %
<i>y/y change</i>	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	-1.4%-p	1.8%-p	-1.0%-p
Ancillary and retail	145	161	176	62	44	123	33	33	38	44	148	37	45	47	50	179
Cargo	197	207	212	178	335	352	53	47	41	51	192	46	51	46	52	195
Travel services	206	223	230	61	39	170	55	57	66	60	237	58	57	70	62	247
<b>Total revenue</b>	<b>2569</b>	<b>2835</b>	<b>3098</b>	<b>829</b>	<b>838</b>	<b>2356</b>	<b>695</b>	<b>749</b>	<b>817</b>	<b>727</b>	<b>2989</b>	<b>681</b>	<b>766</b>	<b>867</b>	<b>784</b>	<b>3099</b>
<i>YoY change</i>	<b>11 %</b>	<b>10 %</b>	<b>9 %</b>	<b>-73 %</b>	<b>1 %</b>	<b>181 %</b>	<b>74 %</b>	<b>36 %</b>	<b>14 %</b>	<b>6 %</b>	<b>27 %</b>	<b>-2 %</b>	<b>2 %</b>	<b>6 %</b>	<b>8 %</b>	<b>4 %</b>
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
<i>y/y change</i>	17 %	18 %	7 %	-47 %	-12 %	80 %	27 %	10 %	2 %	8 %	11 %	0 %	4 %	7 %	6 %	4 %
<i>% of revenue</i>	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	-239	-218	-892
<i>y/y change</i>	-4 %	23 %	18 %	-66 %	-9 %	295 %	61 %	-4 %	-2 %	-3 %	8 %	-4 %	2 %	1 %	-2 %	-1 %
<i>% of revenue</i>	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	-358	-335	-1313
<i>y/y change</i>	4 %	0 %	10 %	-58 %	-8 %	88 %	27 %	12 %	2 %	8 %	12 %	3 %	12 %	16 %	9 %	10 %
<i>% of revenue</i>	51 %	46 %	47 %	74 %	68 %	45 %	42 %	38 %	38 %	42 %	40 %	45 %	41 %	41 %	43 %	42 %
Comparable EBIT	171	218	163	-595	-469	-164	1	66	94	23	184	-12	44	85	41	158
<i>Comp. EBIT-%</i>	<b>6.6 %</b>	<b>7.7 %</b>	<b>5.3 %</b>	<b>-71.8 %</b>	<b>-56.0 %</b>	<b>-7.0 %</b>	<b>0.1 %</b>	<b>8.8 %</b>	<b>11.5 %</b>	<b>3.1 %</b>	<b>6.2 %</b>	<b>-1.7 %</b>	<b>5.7 %</b>	<b>9.8 %</b>	<b>5.3 %</b>	<b>5.1 %</b>

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	21767	4.6x	5.4x	4.9x	7.0x	8.6x	7.5x	2.5x	1.9x	1.4x
International Consolidated Air	12488	3.4x	3.3x	3.1x	5.4x	5.3x	4.9x	3.4x	2.2x	1.6x
Air France-KLM	2385	2.9x			7.2x					
Deutsche Lufthansa	8177	3.2x	3.5x	2.9x	5.7x	8.5x	6.0x	0.9x	0.8x	0.7x
Norwegian Air Shuttle	991	3.1x	2.4x	2.3x	8.1x	7.3x	6.6x	2.1x	1.6x	1.3x
Aegean Airlines	936	3.6x	3.7x	3.4x	5.8x	7.1x	6.5x	2.3x	2.0x	1.7x
easyJet	4742	3.2x	2.7x	2.5x	7.5x	5.9x	5.2x	1.4x	1.2x	1.1x
Ryanair Holdings	19519	7.3x	6.3x	5.7x	11.2x	10.5x	9.3x	2.8x	2.5x	2.2x
Wizz Air Holdings	1524	7.3x	4.9x	4.1x	32.2x	14.5x	10.8x	31.5x	4.5x	2.2x
American Airlines Group	7781	7.1x	8.6x	7.5x	10.5x	15.0x	12.4x			
Delta Air Lines	33398	5.4x	6.4x	5.7x	7.7x	9.4x	8.2x	4.0x	2.6x	2.0x
Peer Group Average	10337	<b>4.6x</b>	<b>4.7x</b>	<b>4.2x</b>	<b>9.9x</b>	<b>9.2x</b>	<b>7.7x</b>	<b>5.7x</b>	<b>2.1x</b>	<b>1.6x</b>
Peer Group Median	7781	<b>3.6x</b>	<b>4.3x</b>	<b>3.7x</b>	<b>7.5x</b>	<b>8.5x</b>	<b>7.0x</b>	<b>2.5x</b>	<b>2.0x</b>	<b>1.6x</b>
Finnair (Evli est.)	<b>485</b>	<b>3.3x</b>	<b>2.9x</b>	<b>2.9x</b>	<b>9.5x</b>	<b>9.0x</b>	<b>7.7x</b>	<b>1.4x</b>	<b>0.7x</b>	<b>0.7x</b>

Finnair prem./disc. to peer median

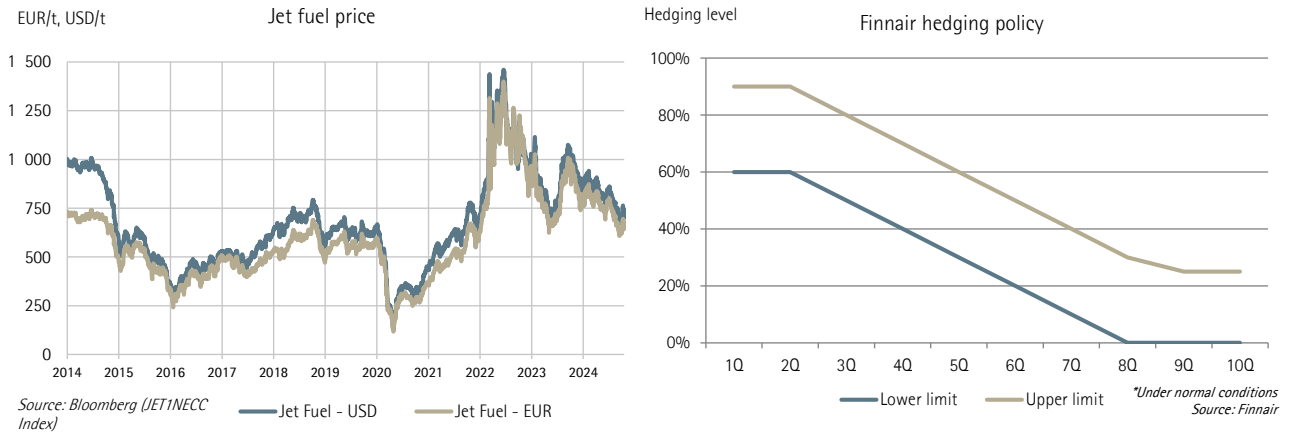
Source FactSet, Evli Research

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%	5.0%	6.7%	9.6 %	8.9 %	9.5 %	0.0 %	0.0 %	0.0 %
International Consolidated Air	23066	27.7%	7.9%	3.5%	11.9 %	11.7 %	12.3 %	0.0 %	2.6 %	4.0 %
Air France-KLM	26393	13.7%	3.7%	3.9%	5.7 %	4.7 %	5.9 %	0.0 %	0.0 %	0.0 %
Deutsche Lufthansa	32770	8.1%	6.7%	5.3%	7.6 %	4.3 %	5.8 %	4.0 %	3.4 %	4.4 %
Norwegian Air Shuttle	1724	30.8%	30.8%	4.8%	8.8 %	6.7 %	7.1 %	0.4 %	1.0 %	1.6 %
Aegean Airlines	1337	26.6%	4.7%	6.1%	14.6 %	11.5 %	11.8 %	7.0 %	6.2 %	6.6 %
easyJet	6684	47.5%	14.9%	6.6%	6.1 %	6.8 %	7.2 %	1.2 %	2.5 %	2.9 %
Ryanair Holdings	10775	18.4%	8.0%	7.4%	15.2 %	12.6 %	13.2 %	1.4 %	2.1 %	2.3 %
Wizz Air Holdings	3896	22.5%	10.5%	15.1%	4.5 %	8.7 %	10.2 %	0.0 %	0.0 %	0.0 %
American Airlines Group	45118	8.0%	1.1%	5.1%	7.6 %	4.8 %	5.6 %	0.0 %	0.0 %	0.0 %
Delta Air Lines	42112	18.4%	4.5%	6.0%	11.6 %	10.6 %	11.5 %	0.3 %	0.8 %	0.8 %
Peer Group Average	<b>21398</b>	<b>21.9%</b>	<b>8.9%</b>	<b>6.4%</b>	<b>9.4 %</b>	<b>8.3 %</b>	<b>9.1 %</b>	<b>1.3 %</b>	<b>1.7 %</b>	<b>2.1 %</b>
Peer Group Median	<b>23066</b>	<b>19.5%</b>	<b>6.7%</b>	<b>6.0%</b>	<b>8.8 %</b>	<b>8.7 %</b>	<b>9.5 %</b>	<b>0.3 %</b>	<b>1.0 %</b>	<b>1.6 %</b>
Finnair (Evli est.)	<b>2357</b>	<b>26.8%</b>	<b>3.7%</b>	<b>3.0%</b>	<b>6.2 %</b>	<b>5.1 %</b>	<b>5.8 %</b>	<b>0.0 %</b>	<b>4.2 %</b>	<b>5.1 %</b>

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	2.38 PV of Free Cash Flow	1,810 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	11.73 PV of Horizon value	1,531 WACC, %	9.6 Market risk premium, %
Share price potential, %	392.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	12.8 Marketable securities	922 Minimum WACC, %	9.1 Equity beta coefficient
Minimum value	10.8 Debt - dividend	-1,861 Maximum WACC, %	10.1 Target debt ratio, %
Horizon value, %	45.8 Value of stock	2,401 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	3,099	3,192	3,256	3,321	3,387	3,455	3,524	3,594	3,666	3,740	3,814
<i>Sales growth, %</i>	<i>26.8</i>	<i>3.7</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	185	192	203	203	207	229	234	220	224	229
<i>Operating income margin, %</i>	<i>6.2</i>	<i>5.1</i>	<i>5.8</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	319	327	344	359	369	378	387	413	
EBITDA	530	486	487	511	530	547	566	598	612	607	637	
- Paid taxes	-36	-12	-37	-38	-41	-41	-41	-46	-47	-44	-45	
- Change in NWC	64	91	57	7	7	8	8	8	8	8	8	
<i>NWC / Sales, %</i>	<i>-23.7</i>	<i>-25.7</i>	<i>-26.8</i>	<i>-26.5</i>	<i>-26.2</i>	<i>-25.9</i>	<i>-25.6</i>	<i>-25.3</i>	<i>-25.1</i>	<i>-24.8</i>	<i>-24.5</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>12.3</i>	<i>15.8</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	308	245	217	244	261	280	308	320	258	263	3,548
= Discounted FCFF		303	219	177	182	178	174	175	166	122	113	1,531
= DFCF min WACC		303	220	179	185	181	178	180	172	127	118	1,710
= DFCF max WACC		302	218	176	180	175	170	170	161	118	109	1,377

## 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	867.1	784.0	3,098.8	3,191.7	3,255.6
EBITDA	82.9	149.0	177.8	120.5	530.2	71.2	125.8	166.2	122.8	486.0	487.1	510.7
<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>19.2</i>	<i>15.7</i>	<i>15.7</i>	<i>15.3</i>	<i>15.7</i>
EBIT	0.9	66.2	94.3	22.6	184.0	-11.6	43.6	84.7	41.4	158.1	185.1	192.1
<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>9.8</i>	<i>5.3</i>	<i>5.1</i>	<i>5.8</i>	<i>5.9</i>
Net financial items	-15.7	-22.2	-23.5	-10.9	-72.3	-20.3	-20.0	-15.0	-13.0	-68.3	-56.0	-55.4
Pre-tax profit	-14.8	44.0	70.8	11.7	111.7	-31.9	23.6	69.7	28.4	89.8	129.1	136.7
Tax	10.3	95.1	-14.0	43.8	135.2	7.6	-4.6	-5.0	-5.0	-7.0	-25.8	-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>7.2</i>	<i>17.6</i>	<i>7.8</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	61.6	20.2	76.5	90.7	96.7
EPS	-0.02	0.68	0.28	0.27	1.21	-0.12	0.09	0.30	0.10	0.37	0.44	0.47
EPS adjusted (diluted no. of shares)	-0.02	0.68	0.28	0.27	1.21	-0.12	0.09	0.30	0.10	0.37	0.44	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
<b>SALES, EURm</b>												
Group total	694.7	749.2	817.4	727.2	2,988.5	681.5	766.1	867.1	784.0	3,098.8	3,191.7	3,255.6
Total	694.7	749.2	817.4	727.2	2,988.5	681.5	766.1	867.1	784.0	3,098.8	3,191.7	3,255.6
<b>SALES GROWTH, Y/Y %</b>												
Group total	73.8	36.1	13.7	5.8	26.8	-1.9	2.3	6.1	7.8	3.7	3.0	2.0
Total	73.8	36.1	13.7	5.8	26.8	-1.9	2.3	6.1	7.8	3.7	3.0	2.0
<b>EBIT, EURm</b>												
Group total	0.9	66.2	94.3	22.6	184.0	-11.6	43.6	84.7	41.4	158.1	185.1	192.1
Total	0.9	66.2	94.3	22.6	184.0	-11.6	43.6	84.7	41.4	158.1	185.1	192.1
<b>EBIT margin, %</b>												
Group total	0.1	8.8	11.5	3.1	6.2	-1.7	5.7	9.8	5.3	5.1	5.8	5.9
Total	0.1	8.8	11.5	3.1	6.2	-1.7	5.7	9.8	5.3	5.1	5.8	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	3,098.8	3,191.7	3,255.6
<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>3.7</i>	<i>3.0</i>	<i>2.0</i>
EBITDA	488.2	-251.5	-149.0	185.9	530.2	486.0	487.1	510.7
<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>15.3</i>	<i>15.7</i>
Depreciation	-325.4	-343.8	-319.9	-349.8	-346.2	-327.9	-302.0	-318.6
EBITA	162.8	-595.3	-468.9	-163.9	184.0	158.1	185.1	192.1
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	158.1	185.1	192.1
<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>5.8</i>	<i>5.9</i>
Reported EBIT	160.0	-597.7	-474.7	-163.9	184.0	158.1	185.1	192.1
<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>5.8</i>	<i>5.9</i>
Net financials	-67.0	-190.1	-127.5	-170.2	-72.3	-68.3	-56.0	-55.4
Pre-tax profit	95.8	-785.4	-596.4	-334.1	111.7	89.8	129.1	136.7
Taxes	-18.4	131.2	117.6	-105.4	135.2	-7.0	-25.8	-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	76.5	90.7	96.7
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
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	1,023	1,053	1,042
Inventory	80	68	56	122	135	108	80	81
Receivables	217	70	137	158	166	120	108	109
Liquid funds	952	824	1,266	1,524	922	1,240	1,277	1,302
Total assets	3,878	3,646	4,047	4,133	3,698	4,115	4,243	4,350
<b>Liabilities</b>								
Shareholder's equity	966	897	476	411	577	653	724	796
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	1,023	1,053	1,042
Deferred taxes	64	0	0	0	0	0	0	0
Interest bearing debt	521	1,182	1,428	1,299	911	1,161	1,172	1,208
Non-interest bearing current liabilities	243	176	291	452	507	525	541	552
Other interest-free debt	873	215	271	658	627	627	627	627
Total liabilities	3,878	3,647	4,047	4,133	3,698	4,115	4,243	4,350
<b>CASH FLOW, EURm</b>								
+ EBITDA	488	-251	-149	186	530	486	487	511
- Net financial items	-67	-190	-127	-170	-72	-68	-56	-55
- Taxes	-2	-18	11	6	-18	-7	-26	-27
- Increase in Net Working Capital	-7	-489	117	274	64	91	57	7
+/- Other	-16	-17	-6	0	0	-6	-13	-13
= Cash flow from operations	397	-966	-155	296	504	495	450	423
- Capex	-409	-315	-484	-149	-412	-500	-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	-5	16	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	322	42	24
Change in cash	-116	-128	442	259	-602	318	37	26

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	1,069	837	546	817	487	487	487
Net debt (excl. convertibles)	1,374	1,543	902	940	944	949	947
Enterprise value	2,443	2,380	1,448	1,756	1,431	1,436	1,435
Sales	829	838	2,357	2,989	3,099	3,192	3,256
EBITDA	-251	-149	186	530	486	487	511
EBIT	-595	-469	-164	184	158	185	192
Pre-tax	-785	-596	-334	112	90	129	137
Earnings	-669	-479	-439	247	76	91	97
Equity book value (excl. minorities)	897	476	411	577	653	724	796
<b>Valuation multiples</b>							
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	2.9	2.8
EV/EBITA	-4.1	-5.1	-8.8	9.5	9.1	7.8	7.5
EV/EBIT	-4.1	-5.1	-8.8	9.5	9.1	7.8	7.5
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	-105.8	30.9	18.7
P/E	-1.6	-1.7	-1.2	3.3	6.4	5.4	5.0
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	7.9	7.6
Target EV/FCF	0.0	0.0	0.0	0.0	-316.3	92.6	55.9
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	6.7	5.6	5.3
<b>Per share measures</b>							
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	0.37	0.44	0.47
Operating cash flow per share	-11.52	-1.85	3.53	2.47	2.42	2.20	2.06
Free cash flow per share	-15.28	-7.63	1.75	0.45	-0.02	0.08	0.13
Book value per share	10.70	5.68	4.90	2.83	3.19	3.53	3.89
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	26.8	27.1	27.5
Dividend yield, %	0.0	0.0	0.0	0.0	4.2	5.0	5.5
FCF yield, %	-119.8	-76.4	26.9	11.3	-0.9	3.2	5.4
<b>Efficiency measures</b>							
ROE	-71.8	-69.8	-99.2	50.0	12.4	13.2	12.7
ROCE	-21.1	-17.9	-8.9	3.2	2.4	4.2	2.9
<b>Financial ratios</b>							
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	-25.7	-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	1.9	1.9
Debt/equity, market-weighted	1.1	1.7	2.4	1.1	2.4	2.4	2.5
Equity ratio, book-weighted	25.5	12.2	10.9	17.9	18.1	19.4	20.8
Gearing, %	153.3	324.4	219.7	162.9	144.5	131.1	119.1

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	271.366	55.7%
Varma Mutual Pension Insurance Company	5,827,783	13.864	2.8%
Ilmarinen Mutual Pension Insurance Company	2,788,500	6.634	1.4%
Elo Mutual Pension Insurance Company	2,100,000	4.996	1.0%
The State Pension Fund	1,795,000	4.270	0.9%
Sijoitusrahasto Danske Invest Suomi Osake	1,203,042	2.862	0.6%
Sijoitusrahasto Säästöpankki Pienyhtiöt	729,000	1.734	0.4%
Sijoitusrahasto Nordea Pro Suomi	558,729	1.329	0.3%
Finnair Oyj	300,082	0.714	0.1%
Forsten Visa Tapio	245,700	0.585	0.1%
Ten largest	129,614,941	308.354	63%
Residual	75,196,059	178.891	37%
Total	204,811,000	487.245	100%

## EARNINGS CALENDAR

October 29, 2024

Q3 report

## OTHER EVENTS

## COMPANY MISCELLANEOUS

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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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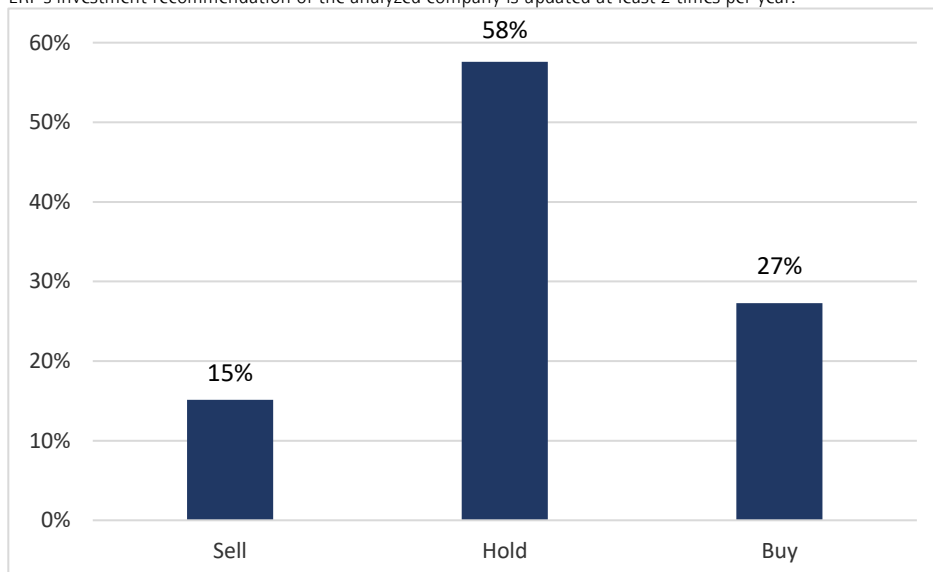
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Investment recommendations are defined as follows:

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

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

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