

## Q3 earnings miss

Finnair's Q3 top line missed our estimate by almost 6% as average ticket fares continued to decrease more than we expected. Finnair's costs were also lower than we estimated, however that wasn't enough to compensate for the lower revenue and hence the EUR 71.5m comparable EBIT missed our and consensus estimates by roughly EUR 15–20m. Finnair also specified its FY'24 EBIT guidance a bit, which remains largely in line with previous estimates.

- Finnair Q3 revenue increased by 0.1% y/y to EUR 818.3m vs the EUR 867.1m/856.5m Evli/consensus estimates. Passenger revenue declined by 2.6% y/y as average ticket fares continued to decrease from record-high levels.
- Comparable EBIT amounted to EUR 71.5m vs the EUR 84.7m/91.2m Evli/consensus estimates as RASK decreased 8.2% y/y due to lower yields and passenger load factors.
- Fuel costs were EUR 239m, compared to our EUR 239m estimate, while staff costs amounted to EUR 125m vs our EUR 128m estimate. All other OPEX+D&A were EUR 413m, compared to our EUR 440m estimate.
- Cost per Available Seat Kilometer was 7.32 eurocents vs our estimate of 7.67 eurocents.
- Finnair specifies its FY'24 guidance and expects comparable EBIT to be within the range of EUR 120–170m, which is largely in line with estimates.

### Rating Hold

Q3'24	Actual	Evli	Year ago	Q2'24
Revenue	818.3	867.1	817.3	766.1
Adj. EBIT	71.5	84.7	94.3	43.6
Adj. EBIT-%	8.7 %	9.8 %	11.5 %	5.7 %

<b>Share price, EUR</b> (Last trading day's closing price)	<b>2.55</b>
Target price, EUR	2.5
Latest change in recommendation	08-Jul-24
Latest report on company	18-Oct-24
Research paid by issuer:	YES
No. of shares outstanding, '000's	204 811
No. of shares fully diluted, '000's	204 811
Market cap, EURm	522
Free float, %	42.9 %
Exchange rate	1.08
Reuters code	FIA1S.HE
Bloomberg code	FIA1S FH
Average daily volume, EURm	0.5
Next interim report	29-Oct-24
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+++ BUY    + HOLD    - SELL

### PRE-REPORT 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	2356.6	-163.9	-7.0%	146.7	-5.25	-1.2	0.6	-8.8	26.9%	
2023	2988.5	184.0	6.2%	92.1	1.21	3.3	0.6	9.5	11.3%	
2024E	3098.8	158.1	5.1%	-4.6	0.37	6.8	0.5	9.3	-0.9%	0.10
2025E	3191.7	185.1	5.8%	15.8	0.44	5.8	0.5	7.9	3.0%	0.12
2026E	3255.6	192.1	5.9%	26.1	0.47	5.4	0.5	7.6	5.0%	0.13
Market cap, EURm		522	Gearing 2024E, %		144.5 %	CAGR EPS 2023–26, %		-26.9 %		
Net debt 2024E, EURm		944	Price/book 2024E		0.8	CAGR Sales 2023–26, %		2.9 %		
Enterprise value, EURm		1 466	Dividend yield 2024E, %		3.9 %	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, %		14.2 %	PEG, P/E 24/CAGR		0.0		

All the important disclosures can be found on the last pages of this report

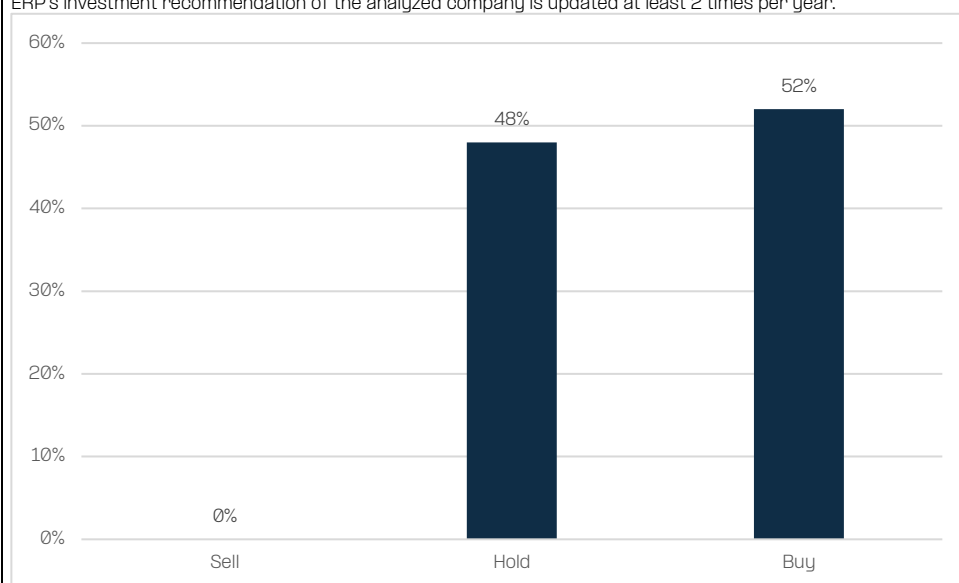
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Investment recommendations are defined as follows:

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

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