Earnings can gain again

Finnair's results were very strong for Q4 after some more challenging quarters last year. We believe Finnair is positioned to improve again this year, but by just how much remains the key question as valuation has recovered.

Very strong figures for Q4
Finnair's EUR 783m Q4 revenue was a bit above the EUR 769m/755m Evli/cons. estimates. There weren't big surprises since passenger revenue as well as other sources were all only slightly higher than our estimates, but absolute costs came in as estimated and so the top line beat translated into a high adj. EBIT of EUR 48m vs the EUR 35m/31m Evli/cons. estimates. Ticket prices may now remain stable; Finnair can increase its capacity meaningfully also this year through improved asset utilization (more capacity flown itself and less maintenance issues), and since PLFs have room to improve FY'25 could see double-digit revenue growth. There are also however some cost pressures as well, and hence we believe Finnair's FY'25 EBIT margin will remain below 6% but improve somewhat y/y.

Some earnings gains are more likely than not this year
Finnair's ticket advances increased 33% y/y, another indication that high demand persists despite some softness last year. We estimate FY'25 adj. EBIT at EUR 181m, just slightly below the recent EUR 184m peak. In our view the combination of higher capacity and improving PLFs should give enough potential for earnings gains this year even if costs are also increasing. The earnings guidance range may remain wide until at least the summer months, but in our view the lower end looks quite cautious in the light of very strong Q4 figures.

Valuation not yet very stretched, but uncertainties remain
Finnair is valued just below 9x EV/EBIT on our FY'25 estimates; the level is marginally above peer multiples, so not very high yet also not cheap as we estimate adj. EBIT quite near the upper end of the range. Finnair may well end up around EUR 200m EBIT this year; in our view the scenario isn't overly optimistic as it should require only rather stable and somewhat favorable development in terms of certain key factors, however it's still a bit early to rely too much on the upper end as summer months will again be quite crucial to overall performance. Our new TP is EUR 3.0 (2.5) as our new rating is REDUCE (ACCUMULATE).

Rating — Reduce

Share price, EUR (Last trading day's closing price)	**3.00**
Target price, EUR	3.0
Latest change in recommendation	14-Feb-25
Latest report on company	05-Feb-25
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	615
Free float, %	42.9 %
Exchange rate	1.03
Reuters code	FIA1S.HE
Bloomberg code	FIA1S FH
Average daily volume, EURm	0.5
Next interim report	29-Apr-25
Web site	investors.finnair.com

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BUY ACCUMULATE REDUCE 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
2023	2988.5	184.0	6.2%	92.1	1.21	3.3	0.6	9.5	11.3%	
2024	3048.8	151.4	5.0%	154.9	0.36	6.1	0.4	8.4	34.2%	0.11
2025E	3320.1	181.1	5.5%	-135.3	0.45	6.7	0.5	8.8	-22.0%	0.12
2026E	3386.5	196.4	5.8%	-9.3	0.47	6.4	0.5	8.3	-1.5%	0.13
2027E	3454.2	207.3	6.0%	-2.6	0.50	6.0	0.5	8.0	-0.4%	0.15

Market cap, EURm	615	Gearing 2025E, %	139.8 %	CAGR EPS 2024-27, %	11.2 %
Net debt 2025E, EURm	974	Price/book 2025E	0.9	CAGR Sales 2024-27, %	4.3 %
Enterprise value, EURm	1 590	Dividend yield 2025E, %	4.0 %	ROE 2025E, %	14.0 %
Total assets 2025E, EURm	4 451	Tax rate 2025E, %	18.6 %	ROCE 2025E, %	4.4 %
Goodwill 2025E, EURm	0	Equity ratio 2025E, %	14.0 %	PEG, P/E 25/CAGR	0.0

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

Estimates and peer valuation

FINNAIR	2017	2018	2019	2020	2021	2022	2023	2024	2024	2024	2024	2024	2025E	2025E	2025E	2025E	2025E
EURm	FY	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	36 154	8 923	9 800	10 195	9 342	38 259	9 538	11 003	10 956	9 870	41 367
y/y change	*9 %*	*15 %*	*11 %*	*−73 %*	*−7 %*	*159 %*	*16 %*	*4 %*	*6 %*	*9 %*	*3 %*	*6 %*	*7 %*	*12 %*	*7 %*	*6 %*	*8 %*
RPK (mkm)	30 749	34 660	38 534	8 150	5 178	21 157	27 627	6 435	7 318	8 108	7 140	29 000	7 363	8 489	8 818	7 776	32 445
y/y change	*14 %*	*13 %*	*11 %*	*−79 %*	*−36 %*	*309 %*	*31 %*	*0 %*	*4 %*	*7 %*	*8 %*	*5 %*	*14 %*	*16 %*	*9 %*	*9 %*	*12 %*
Load factor (RPK/ASK), PLF	83.3 %	81.8 %	81.7%	63.0 %	42.8 %	67.6 %	76.4 %	72.1 %	74.7 %	79.5 %	76.4 %	75.8 %	77.2 %	77.2 %	80.5 %	78.8 %	78.4 %
y/y change	*3.5%−p*	*−1.5%−p*	*−0.1%−p*	*−18.7%−p*	*−20.2%−p*	*24.8%−p*	*8.8%−p*	*−2.9%−p*	*−1.6%−p*	*−1.4%−p*	*3.3%−p*	*−0.6%−p*	*5.1%−p*	*2.5%−p*	*1.0%−p*	*2.4%−p*	*2.6%−p*
Ancillary and retail	145	161	176	62	44	123	148	37	45	48	52	182	43	53	55	59	210
Cargo	197	207	212	178	335	352	192	46	51	53	55	206	47	52	54	56	210
Travel services	206	223	230	61	39	170	237	58	57	63	64	242	60	58	65	66	250
Total revenue	**2569**	**2835**	**3098**	**829**	**838**	**2356**	**2989**	**681**	**766**	**818**	**783**	**3049**	732	853	896	839	3320
YoY change	***11 %***	***10 %***	***9 %***	***−73 %***	***1 %***	***181 %***	***27 %***	***−2 %***	***2 %***	***0 %***	***8 %***	***2 %***	*7 %*	*11 %*	*9 %*	*7 %*	*9 %*
Other income	77	74	56	48	63	154	130	33	32	31	44	140	31	31	31	33	126
Staff costs	−423	−500	−535	−284	−249	−447	−498	−130	−130	−125	−133	−519	−134	−137	−131	−137	−539
y/y change	*17 %*	*18 %*	*7 %*	*−47 %*	*−12 %*	*80 %*	*11 %*	*0 %*	*4 %*	*4 %*	*8 %*	*4 %*	*3 %*	*5 %*	*5 %*	*3 %*	*4 %*
% of revenue	*16 %*	*18 %*	*17 %*	*34 %*	*30 %*	*19 %*	*17 %*	*19 %*	*17 %*	*15 %*	*17 %*	*17 %*	*18 %*	*16 %*	*15 %*	*16 %*	*16 %*
Fuel	−472	−581	−687	−233	−212	−836	−900	−210	−225	−239	−219	−893	−223	−252	−268	−237	−980
y/y change	*−4 %*	*23 %*	*18 %*	*−66 %*	*−9 %*	*295 %*	*8 %*	*−4 %*	*2 %*	*1 %*	*−2 %*	*−1 %*	*6 %*	*12 %*	*12 %*	*8 %*	*10 %*
% of revenue	*18 %*	*20 %*	*22 %*	*28 %*	*25 %*	*35 %*	*30 %*	*31 %*	*29 %*	*29 %*	*28 %*	*29 %*	*30 %*	*30 %*	*30 %*	*28 %*	*30 %*
Other OPEX	−1314	−1316	−1444	−613	−566	−1067	−1191	−304	−318	−331	−332	−1284	−327	−359	−371	−363	−1420
y/y change	*4 %*	*0 %*	*10 %*	*−58 %*	*−8 %*	*88 %*	*12 %*	*3 %*	*12 %*	*7 %*	*9 %*	*8 %*	*8 %*	*13 %*	*12 %*	*9 %*	*11 %*
% of revenue	*51 %*	*46 %*	*47 %*	*74 %*	*68 %*	*45 %*	*40 %*	*45 %*	*41 %*	*40 %*	*42 %*	*42 %*	*45 %*	*42 %*	*41 %*	*43 %*	*43 %*
Comparable EBIT	171	218	163	−595	−469	−164	184	−12	44	72	48	151	−2	55	75	54	181
Comp. EBIT−%	*6.6 %*	*7.7 %*	*5.3 %*	*−71.8 %*	*−56.0 %*	*−7.0 %*	*6.2 %*	*−1.7 %*	*5.7 %*	*8.7 %*	*6.1 %*	*5.0 %*	*−0.3 %*	*6.4 %*	*8.4 %*	*6.4 %*	*5.5 %*

Sources: Finnair, Evli estimates

	MCAP	EV/EBITDA			EV/EBIT			P/B		
FINNAIR PEER GROUP	MEUR	23	24	25	23	24	25	23	24	25
United Airlines Holdings	32208	4.6x	6.3x	5.7x	7.0x	9.9x	8.5x	3.5x	2.6x	2.1x
International Consolidated	20407	3.4x	4.0x	4.1x	5.4x	6.3x	6.4x	5.7x	3.7x	2.6x
Air France-KLM	2199	2.9x	3.6x	3.2x	7.2x	10.9x	8.4x			
Deutsche Lufthansa	8218	3.2x	3.2x	3.1x	5.7x	7.9x	6.6x	0.9x	0.8x	0.7x
Norwegian Air Shuttle	935	3.1x	2.3x	2.2x	8.1x	8.3x	7.1x	2.0x	1.7x	1.3x
Aegean Airlines	963	3.6x	3.6x	3.5x	5.8x	6.6x	6.5x	2.3x	2.1x	1.8x
easyJet	4711	3.2x	2.9x	2.4x	7.6x	6.5x	5.2x	1.4x	1.3x	1.1x
Ryanair Holdings	21869	7.3x	7.2x	6.8x	11.2x	11.9x	11.1x	3.3x	3.0x	2.6x
Wizz Air Holdings	2070	7.7x	5.4x	4.5x	33.7x	19.2x	13.2x	42.7x	8.4x	4.2x
American Airlines Group	10213	7.1x	7.9x	7.3x	10.5x	13.0x	11.4x			
Delta Air Lines	40486	5.3x	6.5x	6.0x	7.7x	9.8x	8.4x	4.6x	3.0x	2.3x
Peer Group Average	13116	4.7x	4.8x	4.4x	10.0x	10.0x	8.4x	7.4x	2.9x	2.1x
Peer Group Median	8218	3.6x	4.0x	4.1x	7.6x	9.8x	8.4x	3.3x	2.6x	2.1x
Finnair (Evli est.)	614	3.3x	2.6x	3.2x	9.5x	8.4x	8.8x	1.4x	0.7x	0.9x
Finnair prem./disc. to peer median		*−8 %*	*−34 %*	*−23 %*	*26 %*	*−14 %*	*4 %*	*−57 %*	*−73 %*	*−57 %*

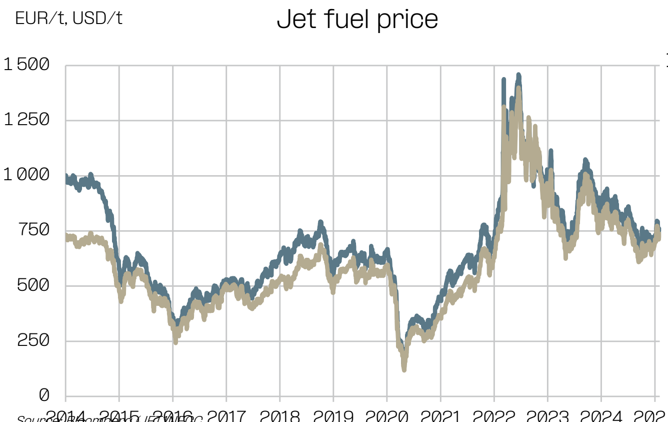
Source FactSet, Evli Research

	Sales	Sales gr.			EBIT-%			Div. yield		
FINNAIR PEER GROUP	22	23	24	25	23	24	25	23	24	25
United Airlines Holdings	41504	19.5%	10.4%	7.7%	9.6 %	9.1 %	10.2 %	0.0 %	0.0 %	0.0 %
International Consolidated	23066	27.7%	7.6%	4.1%	11.9 %	12.8 %	13.7 %	0.0 %	1.7 %	2.6 %
Air France-KLM	26393	13.7%	4.3%	4.7%	5.7 %	4.3 %	5.4 %	0.0 %	0.0 %	0.0 %
Deutsche Lufthansa	32770	8.1%	6.1%	5.0%	7.6 %	4.2 %	5.2 %	4.0 %	3.5 %	4.1 %
Norwegian Air Shuttle	1724	30.8%	33.4%	6.4%	8.8 %	5.6 %	6.3 %	0.4 %	1.6 %	2.5 %
Aegean Airlines	1337	26.6%	4.3%	5.8%	14.6 %	12.3 %	12.2 %	6.8 %	6.7 %	7.1 %
easyJet	6684	47.6%	15.8%	8.2%	6.0 %	6.6 %	7.1 %	1.2 %	2.4 %	2.9 %
Ryanair Holdings	10775	18.4%	8.0%	5.8%	15.2 %	12.6 %	13.8 %	1.2 %	1.9 %	2.1 %
Wizz Air Holdings	3896	22.5%	10.7%	14.5%	4.5 %	6.7 %	9.0 %	0.0 %	0.0 %	0.0 %
American Airlines Group	45118	8.0%	7.0%	5.8%	7.6 %	6.0 %	6.4 %	0.0 %	0.0 %	0.0 %
Delta Air Lines	42112	18.4%	11.5%	5.8%	11.6 %	10.6 %	12.1 %	0.3 %	0.7 %	0.7 %
Peer Group Average	21398	21.9%	10.8%	6.7%	9.4 %	8.3 %	9.2 %	1.3 %	1.7 %	2.0 %
Peer Group Median	23066	19.5%	8.0%	5.8%	8.8 %	6.7 %	9.0 %	0.3 %	1.6 %	2.1 %
Finnair (Evli est.)	2357	26.8%	2.0%	8.9%	6.2 %	5.0 %	5.5 %	0.0 %	5.0 %	4.0 %

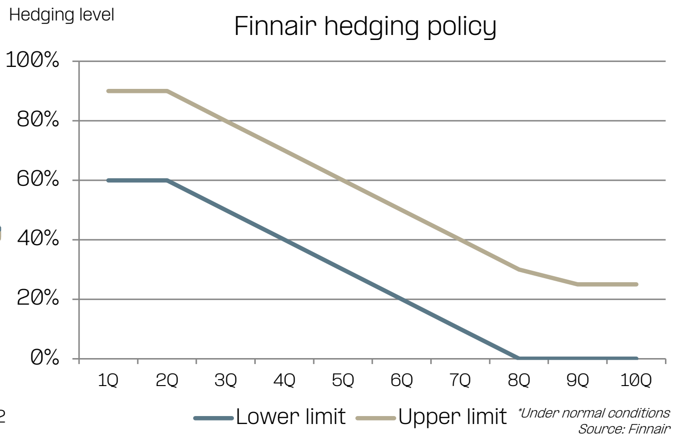
Finnair prem./disc. to peer median

Source FactSet, Evli Research

Jet fuel cost



Source: Bloomberg (JETINEGC Index)



**Under normal conditions*
Source: Finnair

VALUATION RESULTS		BASE CASE DETAILS		VALUATION ASSUMPTIONS		ASSUMPTIONS FOR WACC	
Current share price	3.00	PV of Free Cash Flow	1 886	Long-term growth, %	2.0 %	Risk-free interest rate, %	2.25 %
DCF share value	13.35	PV of Horizon value	1 665	WACC, %	9.6 %	Market risk premium, %	5.8 %
Share price potential, %	344.4 %	Unconsolidated equity	0	Spread, %	0.5 %	Debt risk premium %	2.8 %
Maximum value	14.5	Marketable securities	884	Minimum WACC, %	9.1 %	Equity beta coefficient	1.35
Minimum value	12.3	Debt - dividend	-1 701	Maximum WACC, %	10.1 %	Target debt ratio, %	20 %
Horizon value, %	46.9 %	Value of stock	2 734	No. of shares, Mn	204.8	Effective tax rate, %	25 %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	3 049	3 320	3 386	3 454	3 523	3 594	3 666	3 739	3 814	3 890	3 968	4 047
Sales growth (%)	*2.0%*	*8.9%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Operating income (EBIT)	151	181	196	207	211	216	238	243	229	233	238	243
Operating income margin %	*5.0%*	*5.5%*	*5.8%*	*6.0%*	*6.0%*	*6.0%*	*6.5%*	*6.5%*	*6.0%*	*6.0%*	*6.0%*	*6.0%*
+ Depreciation+amort.	330	320	331	343	359	373	383	391	399	425	439	
EBITDA	482	501	527	550	570	589	621	634	628	658	677	
- Paid taxes	-4	-34	-39	-41	-42	-43	-48	-49	-46	-47	-48	
- Change in NWC	124	145	-6	11	11	11	12	12	12	12	13	
NWC / Sales, %	*-27.3%*	*-29.4%*	*-28.6%*	*-28.4%*	*-28.2%*	*-27.9%*	*-27.7%*	*-27.5%*	*-27.2%*	*-27.0%*	*-26.8%*	
+ Change in other liabs	-8											
- Operative CAPEX	-377	-250	-250	-240	-240	-240	-240	-240	-300	-300	-325	
opCAPEX / Sales, %	*12.7%*	*20.8%*	*12.7%*	*13.3%*	*13.3%*	*12.3%*	*12.2%*	*12.1%*	*15.5%*	*13.7%*	*8.2%*	
- Acquisitions												
+ Divestments												
- Other items		-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	
= FCFF	217	349	219	267	286	305	332	345	282	311	304	4 103
= Discounted FCFF		322	185	205	201	195	194	184	137	138	123	1 665
= DFCF min WACC		324	186	208	204	200	199	190	142	144	129	1 865
= DFCF max WACC		321	183	203	197	191	189	178	132	133	118	1 493

Sensitivity analysis, EUR

	Terminal WACC	7.56 %	8.56 %	9.56 %	10.56 %	11.56 %
Terminal EBIT-%	4.00 %	15.87	13.21	11.23	9.69	8.45
	5.00 %	17.60	14.55	12.29	10.54	9.15
	6.00 %	19.33	15.89	13.35	11.40	9.86
	7.00 %	21.06	17.23	14.41	12.26	10.56
	8.00 %	22.79	18.56	15.47	13.11	11.26

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	681.5	766.1	818.3	782.9	3 048.8	732.2	852.7	895.8	839.4	3 320.1	3 386.5	3 454.2
EBITDA	71.2	125.8	153.3	131.4	481.7	77.7	134.6	155.0	133.8	501.1	527.1	550.4
EBITDA margin (%)	*10.5%*	*16.4%*	*18.7%*	*16.8%*	*15.8%*	*10.6%*	*15.8%*	*17.3%*	*15.9%*	*15.1%*	*15.6%*	*15.9%*
EBIT	-11.6	43.6	71.5	47.9	151.4	-2.3	54.6	75.0	53.8	181.1	196.4	207.3
EBIT margin (%)	*-1.7%*	*5.7%*	*8.7%*	*6.1%*	*5.0%*	*-0.3%*	*6.4%*	*8.4%*	*6.4%*	*5.5%*	*5.8%*	*6.0%*
Net financial items	-20.3	-20.0	-5.1	-22.7	-68.1	-13.0	-13.0	-13.0	-13.0	-52.0	-60.0	-63.9
Pre-tax profit	-31.9	23.6	66.4	25.2	83.3	-15.3	41.6	62.0	40.8	129.1	136.4	143.3
Tax	7.6	-4.6	-14.3	2.2	-9.1	-6.0	-6.0	-6.0	-6.0	-24.0	-27.3	-28.7
Tax rate (%)	*23.8%*	*19.5%*	*21.5%*	*-8.7%*	*10.9%*	*-39.2%*	*14.4%*	*9.7%*	*14.7%*	*18.6%*	*20.0%*	*20.0%*
Net profit	-24.3	19.0	52.1	27.4	74.2	-24.5	32.5	52.8	31.6	92.5	96.5	102.0
EPS	-0.12	0.09	0.25	0.13	0.36	-0.12	0.16	0.26	0.15	0.45	0.47	0.50
EPS adj. (diluted)	-0.12	0.09	0.25	0.13	0.36	-0.12	0.16	0.26	0.15	0.45	0.47	0.50
Dividend per share					0.11					0.12	0.13	0.15

SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group total	681.5	766.1	818.3	782.9	3 048.8	732.2	852.7	895.8	839.4	3 320.1	3 386.5	3 454.2
Total	681.5	766.1	818.3	782.9	3 048.8	732.2	852.7	895.8	839.4	3 320.1	3 386.5	3 454.2

SALES GROWTH, Y/Y %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group total	-1.9%	2.3%	0.1%	7.7%	2.0%	7.4%	11.3%	9.5%	7.2%	8.9%	2.0%	2.0%
Total	-1.9%	2.3%	0.1%	7.7%	2.0%	7.4%	11.3%	9.5%	7.2%	8.9%	2.0%	2.0%

EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group total	-11.6	43.6	71.5	47.9	151.4	-2.3	54.6	75.0	53.8	181.1	196.4	207.3
Total	-11.6	43.6	71.5	47.9	151.4	-2.3	54.6	75.0	53.8	181.1	196.4	207.3

EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Group total	-1.7%	5.7%	8.7%	6.1%	5.0%	-0.3%	6.4%	8.4%	6.4%	5.5%	5.8%	6.0%
Total	-1.7%	5.7%	8.7%	6.1%	5.0%	-0.3%	6.4%	8.4%	6.4%	5.5%	5.8%	6.0%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	829.2	838.4	2 356.6	2 988.5	3 048.8	3 320.1	3 386.5	3 454.2
Sales growth (%)	–73.2%	1.1%	181.1%	26.8%	2.0%	8.9%	2.0%	2.0%
EBITDA	–251.5	–149.0	185.9	530.2	481.7	501.1	527.1	550.4
EBITDA margin (%)	–30.3%	–17.8%	7.9%	17.7%	15.8%	15.1%	15.6%	15.9%
Depreciation	–343.8	–319.9	–349.8	–346.2	–330.3	–320.0	–330.7	–343.2
EBITA	–595.3	–468.9	–163.9	184.0	151.4	181.1	196.4	207.3
Goodwill amortization / writedown								
EBIT	–595.3	–468.9	–163.9	184.0	151.4	181.1	196.4	207.3
EBIT margin (%)	–71.8%	–55.9%	–7.0%	6.2%	5.0%	5.5%	5.8%	6.0%
Reported EBIT	–597.7	–474.7	–163.9	184.0	151.4	181.1	196.4	207.3
EBIT margin (reported) (%)	–72.1%	–56.6%	–7.0%	6.2%	5.0%	5.5%	5.8%	6.0%
Net financials	–190.1	–127.5	–170.2	–72.3	–68.1	–52.0	–60.0	–63.9
Pre–tax profit	–785.4	–596.4	–334.1	111.7	83.3	129.1	136.4	143.3
Taxes	131.2	117.6	–105.4	135.2	–9.1	–24.0	–27.3	–28.7
Minority shares								
Net profit	–671.4	–484.6	–439.5	246.9	74.2	92.5	96.5	102.0
Cash NRIs	–2.4	–5.8						
Non–cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	1 683	1 215	1 165	1 325	1 517	1 607	1 685	1 745
Goodwill								
Right of use assets	918	1 182	1 083	917	780	1 062	1 084	1 140
Inventory	68	56	122	135	87	83	85	86
Receivables	70	137	158	166	232	150	168	170
Liquid funds	824	1 266	1 524	922	884	1 328	1 355	1 382
Total assets	3 646	4 047	4 133	3 698	3 721	4 451	4 598	4 745
Liabilities								
Shareholders' equity	897	476	411	577	627	697	769	844
Minority interest								
Convertibles								
Lease liabilities	1 016	1 381	1 128	951	840	1 062	1 084	1 140
Deferred taxes								
Interest bearing debt	1 182	1 428	1 299	911	861	1 240	1 279	1 279
Non–interest bearing current liabilities	176	291	452	507	659	718	732	747
Other interest–free debt	215	271	658	627	613	613	613	613
Total liabilities	3 647	4 047	4 133	3 698	3 721	4 451	4 598	4 745
CASH FLOW, EURm								
+ EBITDA	–251	–149	186	530	482	501	527	550
– Net financial items	–190	–128	–170	–72	–68	–52	–60	–64
– Taxes	–18	11	6	–18	3	–24	–27	–29
– Increase in Net Working Capital	–489	117	274	64	124	145	–6	11
+/– Other	–17	–6				–13	–13	–13
= Cash flow from operations	–966	–155	296	504	541	557	421	456
– Capex	–315	–484	–149	–412	–386	–692	–431	–459
– Acquisitions								
+ Divestments								
= Free cash flow	–1 281	–639	147	92	155	–135	–9	–3
+/– New issues/buybacks	602	64	374	–81	–24			
– Paid dividend					23	25	27	31
+/– Other	551	1 018	–262	–614	–169	602	60	56
Change in cash	–128	442	259	–603	–38	444	27	27

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	837	546	817	453	615	615	615
Net debt (excl. convertibles)	1 543	902	940	817	974	1 008	1 037
Enterprise value	2 380	1 448	1 756	1 269	1 590	1 623	1 653
Sales	838	2 357	2 989	3 049	3 320	3 386	3 454
EBITDA	-149	186	530	482	501	527	550
EBIT	-469	-164	184	151	181	196	207
Pre-tax	-596	-334	112	83	129	136	143
Earnings	-479	-440	247	74	92	97	102
Equity book value (excl. minorities)	476	411	577	627	697	769	844

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	2.8	0.6	0.6	0.4	0.5	0.5	0.5
EV/EBITDA	-16.0	7.8	3.3	2.6	3.2	3.1	3.0
EV/EBITA	-5.1	-8.8	9.5	8.4	8.8	8.3	8.0
EV/EBIT	-5.1	-8.8	9.5	8.4	8.8	8.3	8.0
EV/OCF	-15.4	4.9	3.5	2.3	2.9	3.9	3.6
EV/FCF	-26.4	2.4	53.0	5.8	4.6	7.4	6.2
P/FCFR	-0.1	0.2	0.1	2.9	-4.5	-66.3	-233.3
P/E	-1.7	-1.2	3.3	6.1	6.7	6.4	6.0
P/BV	1.8	1.3	1.4	0.7	0.9	0.8	0.7
Target EV/EBITDA					3.2	3.1	3.0
Target EV/EBIT					8.8	8.3	8.0
Target EV/FCFF					-11.7	-174.8	-626.5
Target P/BV					0.9	0.8	0.7
Target P/E, diluted	-1.8	-1.3	4.3	7.6	6.6	6.4	6.0

Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)	83.75	83.75	204.21	204.81	204.81	204.81	204.81
Number of shares (diluted, million)	83.75	83.75	204.21	204.81	204.81	204.81	204.81
EPS	-5.72	-5.25	1.21	0.36	0.45	0.47	0.50
Operating cash flow per share	-1.85	3.53	2.47	2.64	2.72	2.06	2.23
Free cash flow per share	-7.63	1.75	0.45	0.76	-0.66	-0.05	-0.01
Book value per share	5.68	4.90	2.83	3.06	3.40	3.75	4.12
Dividend per share				0.11	0.12	0.13	0.15
Dividend payout ratio, %				30.4%	26.6%	27.6%	30.4%
Dividend yield, %				3.7%	4.0%	4.3%	5.0%
FCF yield, %	-76.4%	26.9%	11.3%	34.2%	-22.0%	-1.5%	-0.4%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	-69.8%	-99.2%	50.0%	12.3%	14.0%	13.2%	12.7%
ROCE	-17.9%	-8.9%	3.2%	2.4%	4.4%	1.8%	2.0%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	6.7%	5.2%	4.5%	2.9%	2.5%	2.5%	2.5%
Receivables as % of sales	16.3%	6.7%	5.6%	7.6%	4.5%	5.0%	4.9%
Non-int. bearing liabilities as % of sales	34.7%	19.2%	17.0%	21.6%	21.6%	21.6%	21.6%
NWC/sales, %	-43.9%	-27.3%	-23.7%	-27.3%	-29.4%	-28.6%	-28.4%
Operative CAPEX/Sales, %	57.8%	6.3%	13.8%	12.7%	20.8%	12.7%	13.3%
CAPEX/sales (incl. acquisitions), %	57.8%	6.3%	13.8%	12.7%	20.8%	12.7%	13.3%
FCFF/EBITDA	0.6	3.2	0.1	0.5	0.7	0.4	0.5
Net Debt/EBITDA, book-weighted	-10.4	4.9	1.8	1.7	1.9	1.9	1.9
Debt/equity, market-weighted	1.7	2.4	1.1	1.9	2.0	2.1	2.1
Equity ratio, book-weighted	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Gearing, %	324.4%	219.7%	162.9%	130.2%	139.8%	131.1%	122.9%

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	342.658	55.7 %
Varma Mutual Pension Insurance Company	5 827 783	17.507	2.8 %
Ilmarinen Mutual Pension Insurance Company	2 788 500	8.377	1.4 %
Elo Mutual Pension Insurance Company	2 100 000	6.308	1.0 %
The State Pension Fund	1 795 000	5.392	0.9 %
Sijoitusrahasto Danske Invest Suomi Osake	1 203 042	3.614	0.6 %
Sijoitusrahasto Säästöpankki Pienyhtiöt	729 000	2.190	0.4 %
Sijoitusrahasto Nordea Pro Suomi	558 729	1.678	0.3 %
Finnair Oyj	300 082	0.901	0.1 %
Forsten Visa Tapio	245 700	0.738	0.1 %
Ten largest	129 614 941	389.363	63.3 %
Residual	75 196 059	225.889	36.7 %
Total	204 811 000	615.252	100%

EARNINGS CALENDAR

April 29, 2025	Q1 report
July 16, 2025	Q2 report
October 30, 2025	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Turkka Kuusisto
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IR: Erkka Salonen

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DEFINITIONS

P/E Price per share / Earnings per share	**EPS** Profit before extraord. items and taxes – income taxes + minority interest / Number of shares
P/BV Price per share / Shareholder's equity + 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 Enterprise value / Sales	**FCF yield, %** Free cash flow / Market cap
EV/EBITDA Enterprise value / Earnings before interest, tax, depreciation and amortization	**Operative CAPEX / Sales** Capital expenditure – divestments – acquisitions / Sales
EV/EBIT Enterprise value / Operating profit	**Net working capital** Current assets – current liabilities
Net debt Interest bearing debt – financial assets	**Capital employed / Share** Total assets – non-interest bearing debt / Number of shares
Total assets Balance sheet total	**Gearing** Net debt / Equity
Div yield, % Dividend per share / Price per share	**Debt/Equity, %** Interest bearing debt / Shareholders' equity + minority interest + taxed provisions
Payout ratio, % Total dividends / Earnings before extraordinary items and taxes – income taxes + minority interest	**Equity ratio, %** Shareholders' equity + minority interest + taxed provisions / Total assets – interest-free loans
ROCE, % Profit before extraordinary items + interest expenses + other financial costs / Balance sheet total – non-interest bearing debt (average)	**CAGR, %** Cumulative annual growth rate = Average growth rate per year
ROE, % Profit before extraordinary items and taxes – income taxes / Shareholders' equity + minority interest + taxed provisions (average)	

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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – 0 %	RECUDE
0 – (+10) %	ACCUMULATE
> 10 %	BUY

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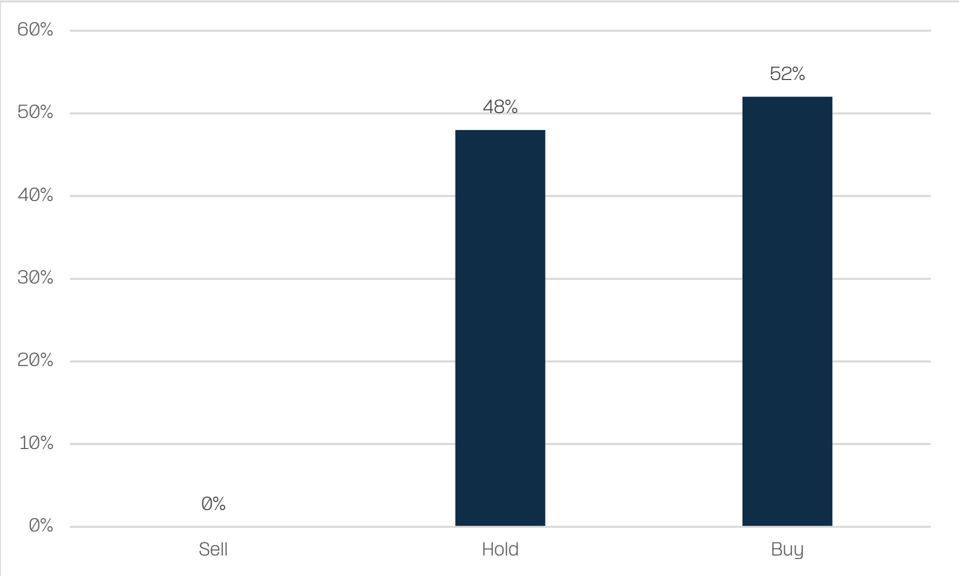

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Name(s) of the analyst(s): Joonas Ilvonen

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