

More challenges than expected

Finnair's Q2 revenue fell a bit short of estimates as ticket prices developed slightly softer than estimated. The EUR 10m comparable EBIT missed estimates by about EUR 20m as Finnair updated its estimates regarding the effects of industrial action and North Atlantic routes' demand.

- Finnair Q2 revenue grew by 2.8% y/y to EUR 787.7m, compared to the EUR 803.4m/800.0m Evli/consensus estimates. Passenger revenue increased by 2.2% from the comparison period.
- Comparable EBIT landed at EUR 10.3m vs the EUR 32.7m/30.3m Evli/consensus estimates. Industrial action had a direct negative impact of some EUR 29m on the result.
- North American traffic grew significantly, but according to Finnair the rate was more moderate than expected, while average ticket fares in the area declined.
- Fuel costs amounted to EUR 228m, compared to our EUR 226m estimate, while staff costs were EUR 132m vs our EUR 137m estimate. All other OPEX+D&A were EUR 439m vs our EUR 437m estimate.
- Cost per Available Seat Kilometer was 7.62 eurocents, compared to our estimate of 7.55 eurocents.
- Finnair guides FY'25 revenue to be within the range of EUR 3.2–3.3bn and comparable EBIT of EUR 30–130m, reflecting the new estimates regarding the negative effect of industrial action on results. Finnair left its guidance intact excluding the effects of industrial action. Finnair however estimates that EBIT will be closer to the lower end of the given range, due to weaker-than-expected demand in the North Atlantic traffic and the indirect effects of industrial action on demand in broader terms.

Rating ■ Reduce

Q2'25	Actual	Evli	Year ago	Q1'25
Revenue	787.7	803.4	766.1	694.2
Adj. EBIT	10.3	32.7	43.6	-62.6
Adj. EBIT-%	1.3 %	4.1 %	5.7 %	-9.0 %

Share price, EUR (Last trading day's closing price) **3.09**
Target price, EUR 2.7

Latest change in recommendation 14-Feb-25

Latest report on company 30-Apr-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 633

Free float, % 42.9 %

Exchange rate 1.17

Reuters code FIA1S.HE

Bloomberg code FIA1S FH

Average daily volume, EURm 0.5

Next interim report 16-Jul-25

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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	3219.5	114.6	3.6%	-16.2	0.22	13.9	0.5	13.0	-2.6%	0.12
2026E	3316.1	189.0	5.7%	5.6	0.47	6.6	0.5	8.0	0.9%	0.13
2027E	3399.0	197.1	5.8%	18.1	0.51	6.1	0.4	7.7	2.9%	0.15
Market cap, EURm	633		Gearing 2025E, %		131.5 %		CAGR EPS 2024–27, %		11.9 %	
Net debt 2025E, EURm	855		Price/book 2025E		1.0		CAGR Sales 2024–27, %		3.7 %	
Enterprise value, EURm	1 488		Dividend yield 2025E, %		3.9 %		ROE 2025E, %		7.1 %	
Total assets 2025E, EURm	4 223		Tax rate 2025E, %		8.3 %		ROCE 2025E, %		1.9 %	
Goodwill 2025E, EURm	0		Equity ratio 2025E, %		13.7 %		PEG, P/E 25/CAGR		0.0	

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Target price compared to share price

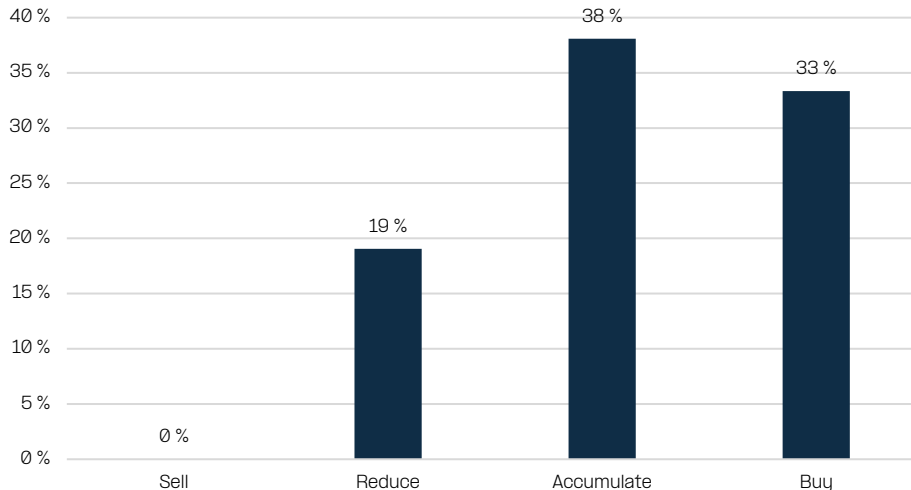
< -10 %
 -10 - 0 %
 0 - (+10) %
 > 10 %

Recommendation

SELL
 REDUCE
 ACCUMULATE
 BUY

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

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