

## Earnings about to recover

**Finnair's Q2 proved another weak quarter due to large costs of industrial action and the North Atlantic capacity increases' drag on profitability as demand hasn't been high enough.**

### Industrial action will ruin FY'25 earnings

Finnair's EUR 788m Q2 revenue didn't quite reach the EUR 803m/800m Evli/cons. estimates as North Atlantic ticket prices were lower than expected; the relevant PLFs developed soft over the past quarter, and Finnair sees the route area more challenging than it previously anticipated. Meanwhile Europe and Asia have developed favorably recently and general operational cost increases have mostly been as expected, but industrial action had another EUR 29m direct negative effect on adj. EBIT so that the EUR 10m figure fell short of the EUR 33m/30m Evli/cons. estimates. Finnair expects further EUR 20m direct hit on Q3 results, which makes it hard to see improving EBIT y/y.

### Earnings are roughly flat or increasing without the strikes

In our view Finnair would likely see improving EBIT already in Q3 without the costs of industrial action; the increased capacity allocation to North Atlantic can still be a drag on earnings in Q3, but this negative is likely to be outweighed by the much more significant European and Asian routes now developing favorably. Finnair saw some cost line items increase at double-digit rates in H1, but their pace should moderate already in Q3 excluding the costs due to industrial action. The direct costs of industrial action may be limited to EUR 70m, but the indirect consequences also make Finnair somewhat cautious regarding the implied guidance for H2 as the company is at a point where further improvement in PLFs would be very profitable.

### Multiples continue to require some patience for now

Finnair could see Q4 EBIT gain y/y even though the comparison period was very strong, but in any case FY'25 results will be weak due to the EUR 70m industrial action bill. Without such costs Finnair's FY'25 EBIT would be roughly flat y/y; Finnair's capacity shouldn't grow significantly next year, but PLFs still have upside potential so that additional revenue growth would be highly profitable. We thus estimate Finnair's FY'26 EBIT to recover by some EUR 110m. Finnair is valued at almost 21x EV/EBIT on our FY'25 estimates, but the elevated multiple should decrease to about 8x next year. Such a level would be in line with many airline peers. We retain our EUR 2.7 TP and REDUCE rating.

## Rating

Reduce



Share price, EUR (Last trading day's closing price)	2.83
Target price, EUR	2.7
Latest change in recommendation	14-Feb-25
Latest report on company	10-Jul-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	580
Free float, %	42.9 %
Exchange rate	1.16
Reuters code	FIA1S.HE
Bloomberg code	FIA1S FH
Average daily volume, EURm	0.5
Next interim report	30-Oct-25
Web site	investors.finnair.com
Analyst	Joonas Ilvonen
E-mail	joonas.ilvonen@evli.com
Telephone	+358 44 430 9071

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	3206.7	69.2	2.2%	-5.2	0.08	34.5	0.4	20.6	-0.9%	0.12
2026E	3286.9	180.8	5.5%	0.8	0.43	6.5	0.4	8.0	0.1%	0.13
2027E	3352.6	191.1	5.7%	16.6	0.49	5.8	0.4	7.6	2.9%	0.15
Market cap, EURm	580	Gearing 2025E, %		135.9 %		CAGR EPS 2024-27, %		10.7 %		
Net debt 2025E, EURm	844	Price/book 2025E		0.9		CAGR Sales 2024-27, %		3.2 %		
Enterprise value, EURm	1 424	Dividend yield 2025E, %		4.2 %		ROE 2025E, %		2.7 %		
Total assets 2025E, EURm	4 176	Tax rate 2025E, %		3.8 %		ROCE 2025E, %		0.2 %		
Goodwill 2025E, EURm	0	Equity ratio 2025E, %		13.2 %		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	2025	2025	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	9 126	10 208	10 992	9 870	40 196
y/y change	9 %	15 %	11 %	-73 %	-7 %	159 %	16 %	4 %	6 %	9 %	3 %	6 %	2 %	4 %	8 %	6 %	5 %
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	6 731	7 816	8 811	7 687	31 045
y/y change	14 %	13 %	11 %	-79 %	-36 %	309 %	31 %	0 %	4 %	7 %	8 %	5 %	5 %	7 %	9 %	8 %	7 %
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 %	73.8 %	76.6 %	80.2 %	77.9 %	77.2 %
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	1.6%-p	1.9%-p	0.6%-p	1.5%-p	1.4%-p
Anollary and retail	145	161	176	62	44	123	148	37	45	48	52	182	45	50	55	60	209
Oargo	197	207	212	178	335	352	192	46	51	53	55	206	50	51	54	56	211
Travel services	206	223	230	61	39	170	237	58	57	63	64	242	61	60	65	66	252
Total revenue	2569	2835	3098	829	838	2356	2989	681	766	818	783	3049	694	788	889	835	3207
YoY change	11 %	10 %	9 %	-73 %	1 %	161 %	27 %	-2 %	2 %	0 %	8 %	2 %	2 %	3 %	9 %	7 %	5 %
Other income	77	74	56	48	63	154	130	33	32	31	44	140	35	23	21	27	105
Staff costs	-423	-500	-535	-284	-249	-447	-498	-130	-130	-125	-133	-519	-140	-132	-129	-137	-538
y/y change	17 %	18 %	7 %	-47 %	-12 %	80 %	11 %	0 %	4 %	4 %	8 %	4 %	8 %	1 %	3 %	3 %	4 %
% of revenue	16 %	18 %	17 %	34 %	30 %	19 %	17 %	19 %	17 %	15 %	17 %	17 %	20 %	17 %	14 %	16 %	17 %
Fuel	-472	-581	-687	-233	-212	-836	-900	-210	-225	-239	-219	-893	-214	-228	-255	-231	-927
y/y change	-4 %	23 %	18 %	-66 %	-9 %	295 %	8 %	-4 %	2 %	1 %	-2 %	-1 %	2 %	1 %	7 %	6 %	4 %
% of revenue	18 %	20 %	22 %	28 %	25 %	35 %	30 %	31 %	29 %	29 %	28 %	29 %	31 %	29 %	29 %	28 %	29 %
Other OPEX	-1314	-1316	-1444	-613	-566	-1067	-1191	-304	-318	-331	-332	-1284	-348	-352	-380	-358	-1436
y/y change	4 %	0 %	10 %	-68 %	-8 %	88 %	12 %	3 %	12 %	7 %	9 %	8 %	14 %	11 %	15 %	7 %	12 %
% of revenue	51 %	46 %	47 %	74 %	68 %	45 %	40 %	45 %	41 %	40 %	42 %	42 %	50 %	45 %	43 %	43 %	45 %
Comparable EBIT	171	218	163	-595	-469	-164	184	-12	44	72	48	161	-63	10	65	56	69
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 %	-9.0 %	1.3 %	7.3 %	6.7 %	2.2 %

Sources: Finnair; Evli estimates

FINNAIR PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/B		
		24	25	26	24	25	26	24	25	26
United Airlines Holdings	24288	6.3x	5.8x	5.1x	9.9x	9.5x	8.1x	2.2x	1.8x	1.4x
International Consolidated Airlines Group	20704	4.0x	4.3x	4.1x	6.1x	6.7x	6.3x	3.8x	2.7x	2.0x
Air France-KLM	2961	3.4x	3.3x	3.1x	9.0x	8.4x	7.3x			5.7x
Deutsche Lufthansa	9070	3.3x	3.4x	3.0x	8.0x	7.5x	6.2x	0.8x	0.7x	0.7x
Norwegian Air Shuttle	1581	2.7x	3.1x	2.9x	10.0x	7.2x	7.6x	2.5x	2.3x	2.1x
Aegean Airlines	1129	3.9x	4.2x	4.0x	8.2x	8.6x	7.8x			
easyJet	4572	2.9x	2.3x	2.1x	6.5x	4.9x	4.4x	1.3x	1.1x	1.0x
Ryanair Holdings	25113	7.2x	7.5x	6.5x	12.3x	12.1x	10.2x	3.6x	3.2x	2.6x
Wizz Air Holdings	1216	5.8x	4.2x	3.5x	28.7x	18.6x	11.6x	4.7x	2.9x	1.8x
American Airlines Group	6910	7.9x	9.1x	7.0x	13.0x	18.4x	12.1x			
Delta Air Lines	31317	6.5x	6.5x	5.7x	9.8x	9.6x	8.2x	2.5x	1.9x	1.5x
Peer Group Average	11715	4.9x	4.9x	4.3x	11.0x	10.1x	8.2x	2.7x	2.1x	2.1x
Peer Group Median	6910	4.0x	4.2x	4.0x	9.8x	8.6x	7.8x	2.5x	2.1x	1.8x
Finnair (Evli est.)	580	2.6x	3.5x	3.1x	8.4x	20.6x	8.0x	0.7x	0.9x	0.8x

Finnair prem./disc. to peer median

-34 % -16 % -23 % -14 % 138 % 3 % -71 % -56 % -52 %

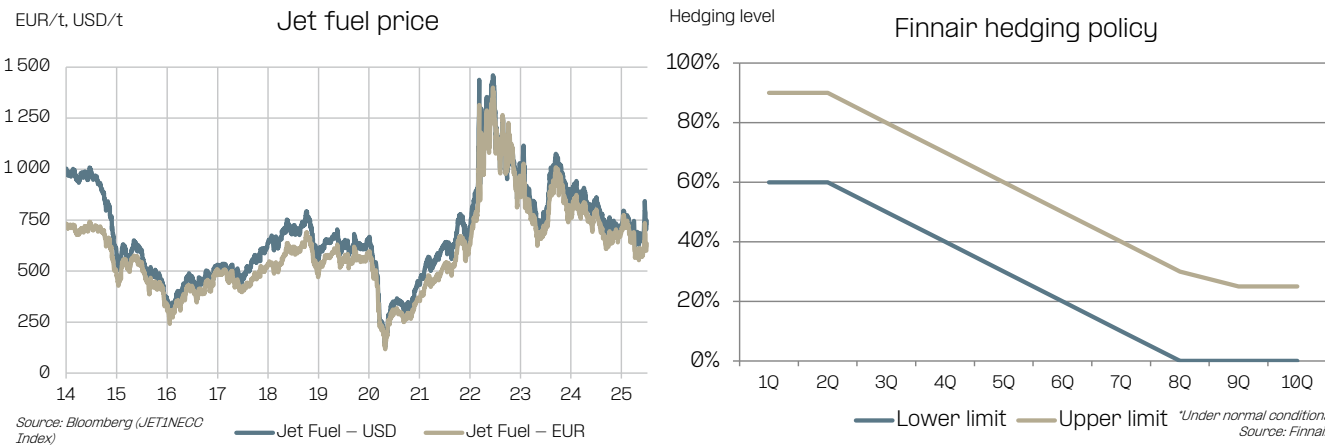
Source FactSet, Evli Research

FINNAIR PEER GROUP	Sales 23	Sales gr.			EBIT-%			Div. yield		
		24	25	26	24	25	26	24	25	26
United Airlines Holdings	49589	10.4%	-7.5%	7.4%	9.1 %	8.3 %	9.0 %	0.0 %	0.0 %	0.0 %
International Consolidated Airlines Group	29453	9.0%	3.0%	3.8%	13.6 %	13.8 %	14.1 %	1.7 %	2.3 %	3.4 %
Air France-KLM	30019	4.8%	5.4%	4.0%	5.0 %	5.7 %	6.3 %	0.0 %	0.3 %	1.1 %
Deutsche Lufthansa	35422	6.1%	6.4%	4.1%	4.4 %	4.8 %	5.6 %	3.8 %	3.8 %	4.3 %
Norwegian Air Shuttle	2255	34.0%	4.6%	6.4%	5.4 %	9.3 %	8.2 %	1.3 %	4.3 %	3.8 %
Aegean Airlines	1693	5.0%	6.3%	6.2%	11.0 %	11.2 %	11.6 %	6.3 %	6.5 %	6.7 %
easyJet	9437	19.7%	4.8%	6.6%	6.6 %	7.2 %	7.5 %	2.4 %	2.8 %	3.1 %
Ryanair Holdings	13444	3.0%	6.4%	5.8%	12.2 %	14.0 %	15.7 %	1.6 %	1.9 %	2.2 %
Wizz Air Holdings	5073	3.1%	15.7%	16.4%	4.5 %	5.5 %	7.6 %	0.0 %	0.0 %	0.0 %
American Airlines Group	48740	7.0%	-10.1%	6.0%	6.0 %	3.6 %	5.2 %	0.0 %	0.0 %	0.3 %
Delta Air Lines	49855	11.5%	-10.4%	5.9%	10.6 %	9.8 %	10.8 %	0.8 %	1.1 %	1.2 %
Peer Group Average	24998	10.3%	2.2%	6.6%	8.0 %	8.5 %	9.3 %	1.6 %	2.1 %	2.4 %
Peer Group Median	29453	7.0%	4.8%	6.0%	6.6 %	8.3 %	8.2 %	1.3 %	1.9 %	2.2 %
Finnair (Evli est.)	2989	2.0%	5.2%	2.5%	5.0 %	2.2 %	5.5 %	5.0 %	4.2 %	4.6 %

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	2.83 PV of Free Cash Flow	1 677 Long-term growth, %	2.0 % Risk-free interest rate, %
DCF share value	11.56 PV of Horizon value	1 529 WACC, %	9.6 % Market risk premium, %
Share price potential, %	308.3 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %
Maximum value	12.6 Marketable securities	884 Minimum WACC, %	9.1 % Equity beta coefficient
Minimum value	10.6 Debt – dividend	–1 723 Maximum WACC, %	10.1 % Target debt ratio, %
Horizon value, %	47.7 % Value of stock	2 367 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	3 207	3 287	3 353	3 420	3 488	3 558	3 629	3 702	3 776	3 851	3 928
Sales growth (%)	2.0%	5.2%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Operating income (EBIT)	151	69	181	191	205	209	231	236	222	227	231	236
Operating income margin %	5.0%	2.2%	5.5%	5.7%	6.0%	6.0%	6.5%	6.5%	6.0%	6.0%	6.0%	6.0%
+ Depreciation+amort.	330	333	290	308	322	342	361	374	387	407	409	
EBITDA	482	402	471	499	527	551	592	610	609	634	640	
– Paid taxes	–4	–3	–36	–38	–41	–42	–46	–47	–44	–45	–46	
– Change in NWC	124	78	45	27	–6	11	11	11	12	12	12	
NWC / Sales, %	27.3%	28.3%	29.0%	29.3%	28.5%	28.3%	28.0%	27.8%	27.6%	27.3%	–27.1%	
+ Change in other liabs	–8											
– Operative CAPEX	–377	–250	–250	–240	–240	–240	–240	–240	–300	–300	–325	
opCAPEX / Sales, %	12.7%	13.5%	12.9%	12.5%	13.5%	13.7%	12.9%	13.0%	14.6%	11.6%	8.4%	
– Acquisitions												
+ Divestments												
– Other items		–6	–13	–13	–13	–13	–13	–13	–13	–13	–13	
= FCOFF	217	221	217	235	228	267	304	322	264	288	269	3 627
= Discounted FCOFF		212	190	188	166	178	185	178	134	133	113	1 529
= DFCF min WACC		212	191	190	169	182	189	184	138	138	118	1 710
= DFCF max WACC		211	189	186	164	174	180	173	129	128	109	1 374

## Sensitivity analysis, EUR

		Terminal WACC				
		7.56 %	8.56 %	9.56 %	10.56 %	11.56 %
Terminal EBIT–%	4.00 %	13.43	11.13	9.42	8.08	7.01
	5.00 %	15.16	12.48	10.49	8.95	7.72
	6.00 %	16.89	13.82	11.56	9.81	8.43
	7.00 %	18.63	15.17	12.63	10.68	9.15
	8.00 %	20.36	16.51	13.69	11.55	9.86

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	6815	7661	8183	7829	3 048.8	6942	787.7	889.4	835.5	3 206.7	3 286.9	3 352.6
EBITDA	71.2	125.8	153.3	131.4	481.7	23.1	97.4	145.3	136.2	402.0	471.0	498.7
EBITDA margin (%)	10.5%	16.4%	18.7%	16.8%	15.8%	3.3%	12.4%	16.3%	16.3%	12.5%	14.3%	14.9%
EBIT	-11.6	43.6	71.5	47.9	151.4	-62.6	10.3	65.3	56.2	69.2	180.8	191.1
EBIT margin (%)	-1.7%	5.7%	8.7%	6.1%	5.0%	-9.0%	1.3%	7.3%	6.7%	2.2%	5.5%	5.7%
Net financial items	-20.3	-20.0	-5.1	-22.7	-68.1	-10.6	-4.6	-15.0	-15.0	-45.2	-54.0	-49.7
Pre-tax profit	-31.9	23.6	66.4	25.2	83.3	-73.2	5.7	50.3	41.2	24.0	126.8	141.4
Tax	7.6	-4.6	-14.3	2.2	-9.1	13.0	-1.9	-6.0	-6.0	-0.9	-25.4	-28.3
Tax rate (%)	23.8%	19.5%	21.5%	-8.7%	10.9%	17.8%	33.3%	11.9%	14.6%	3.8%	20.0%	20.0%
Net profit	-24.3	19.0	52.1	27.4	74.2	-60.2	3.8	41.1	32.1	16.8	88.8	100.5
EPS	-0.12	0.09	0.25	0.13	0.36	-0.29	0.02	0.20	0.16	0.08	0.43	0.49
EPS adj. (diluted)	-0.12	0.09	0.25	0.13	0.36	-0.29	0.02	0.20	0.16	0.08	0.43	0.49
Dividend per share					0.11					0.12	0.13	0.15
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Group total	6815	7661	8183	7829	3 048.8	6942	787.7	889.4	835.5	3 206.7	3 286.9	3 352.6
Total	6815	7661	8183	7829	3 048.8	6942	787.7	889.4	835.5	3 206.7	3 286.9	3 352.6
SALES GROWTH, Y/Y%	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Group total	-1.9%	2.3%	0.1%	7.7%	2.0%	1.9%	2.8%	8.7%	6.7%	5.2%	2.5%	2.0%
Total	-1.9%	2.3%	0.1%	7.7%	2.0%	1.9%	2.8%	8.7%	6.7%	5.2%	2.5%	2.0%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Group total	-11.6	43.6	71.5	47.9	151.4	-62.6	10.3	65.3	56.2	69.2	180.8	191.1
Total	-11.6	43.6	71.5	47.9	151.4	-62.6	10.3	65.3	56.2	69.2	180.8	191.1
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Group total	-1.7%	5.7%	8.7%	6.1%	5.0%	-9.0%	1.3%	7.3%	6.7%	2.2%	5.5%	5.7%
Total	-1.7%	5.7%	8.7%	6.1%	5.0%	-9.0%	1.3%	7.3%	6.7%	2.2%	5.5%	5.7%

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	3 206.7	3 286.9	3 352.6
<i>Sales growth (%)</i>	-73.2%	1.1%	181.1%	26.8%	2.0%	5.2%	2.5%	2.0%
EBITDA	-251.5	-149.0	185.9	530.2	481.7	402.0	471.0	498.7
<i>EBITDA margin (%)</i>	-30.3%	-17.8%	7.9%	17.7%	15.8%	12.5%	14.3%	14.9%
Depreciation	-343.8	-319.9	-349.8	-346.2	-330.3	-332.8	-290.2	-307.6
EBITA	-595.3	-468.9	-163.9	184.0	151.4	69.2	180.8	191.1
Goodwill amortization / writedown								
EBIT	-595.3	-468.9	-163.9	184.0	151.4	69.2	180.8	191.1
<i>EBIT margin (%)</i>	-71.8%	-55.9%	-7.0%	6.2%	5.0%	2.2%	5.5%	5.7%
Reported EBIT	-597.7	-474.7	-163.9	184.0	151.4	69.2	180.8	191.1
<i>EBIT margin (reported) (%)</i>	-72.1%	-56.6%	-7.0%	6.2%	5.0%	2.2%	5.5%	5.7%
Net financials	-190.1	-127.5	-170.2	-72.3	-68.1	-45.2	-54.0	-49.7
Pre-tax profit	-785.4	-596.4	-334.1	111.7	83.3	24.0	126.8	141.4
Taxes	131.2	117.6	-105.4	135.2	-9.1	-0.9	-25.4	-28.3
Minority shares								
Net profit	-671.4	-484.6	-439.5	246.9	74.2	16.8	88.8	100.5
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	1 595	1 675	1 736
Goodwill								
Right of use assets	918	1 182	1 083	917	780	802	855	905
Inventory	68	56	122	135	87	96	82	84
Receivables	70	137	158	166	232	179	165	150
Liquid funds	824	1 266	1 524	922	884	1 283	1 315	1 341
Total assets	3 646	4 047	4 133	3 698	3 721	4 176	4 313	4 438
Liabilities								
Shareholders' equity	897	476	411	577	627	621	686	760
Minority interest								
Convertibles								
Lease liabilities	1 016	1 381	1 128	951	840	802	855	905
Deferred taxes								
Interest bearing debt	1 182	1 428	1 299	911	861	1 325	1 328	1 314
Non-interest bearing current liabilities	176	291	452	507	659	693	710	725
Other interest-free debt	215	271	658	627	613	613	613	613
Total liabilities	3 647	4 047	4 133	3 698	3 721	4 176	4 313	4 438
CASH FLOW, EURm								
+ EBITDA	-251	-149	186	530	482	402	471	499
- Net financial items	-190	-128	-170	-72	-68	-45	-54	-50
- Taxes	-18	11	6	-18	3	-1	-25	-28
- Increase in Net Working Capital	-489	117	274	64	124	78	45	27
+/- Other	-17	-6				-6	-13	-13
= Cash flow from operations	-966	-155	296	504	541	427	424	435
- Capex	-315	-484	-149	-412	-386	-432	-423	-419
- Acquisitions								
+ Divestments								
= Free cash flow	-1 281	-639	147	92	155	-5	1	17
+/- New issues/buybacks	602	64	374	-81	-24			
- Paid dividend					23	25	27	31
+/- Other	551	1 018	-262	-614	-169	426	56	36
Change in cash	-128	442	259	-603	-38	399	32	26

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	837	546	817	453	580	580	580
Net debt (excl. convertibles)	1 543	902	940	817	844	868	878
Enterprise value	2 380	1 448	1 756	1 269	1 424	1 447	1 457
Sales	838	2 357	2 989	3 049	3 207	3 287	3 353
EBITDA	-149	186	530	482	402	471	499
EBIT	-469	-164	184	151	69	181	191
Pre-tax	-596	-334	112	83	24	127	141
Earnings	-479	-440	247	74	17	89	101
Equity book value (excl. minorities)	476	411	577	627	621	686	760

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	2.8	0.6	0.6	0.4	0.4	0.4	0.4
EV/EBITDA	-16.0	7.8	3.3	2.6	3.5	3.1	2.9
EV/EBITA	-5.1	-8.8	9.5	8.4	20.6	8.0	7.6
EV/EBIT	-5.1	-8.8	9.5	8.4	20.6	8.0	7.6
EV/OCF	-15.4	4.9	3.5	2.3	3.3	3.4	3.3
EV/FCF	-26.4	2.4	53.0	5.8	6.5	6.7	6.2
P/FCFR	-0.1	0.2	0.1	2.9	-112.0	709.6	34.9
P/E	-1.7	-1.2	3.3	6.1	34.5	6.5	5.8
P/BV	1.8	1.3	1.4	0.7	0.9	0.8	0.8
Target EV/EBITDA					3.5	3.0	2.9
Target EV/EBIT					20.2	7.9	7.5
Target EV/FCFF					-270.1	1739.7	86.1
Target P/BV					0.9	0.8	0.7
Target P/E, diluted	-1.8	-1.3	4.3	7.6	32.9	6.2	5.5

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	0.08	0.43	0.49
Operating cash flow per share	-1.85	3.53	2.47	2.64	2.09	2.07	2.13
Free cash flow per share	-7.63	1.75	0.45	0.76	-0.03	0.00	0.08
Book value per share	5.68	4.90	2.83	3.06	3.03	3.35	3.71
Dividend per share				0.11	0.12	0.13	0.15
Dividend payout ratio, %				30.4%	146.2%	30.0%	30.4%
Dividend yield, %				5.0%	4.2%	4.6%	5.3%
FCF yield, %	-76.4%	26.9%	11.3%	34.2%	-0.9%	0.1%	2.9%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	-69.8%	-99.2%	50.0%	12.3%	2.7%	13.6%	13.9%
ROCE	-17.9%	-8.9%	3.2%	2.4%	0.2%	1.6%	1.8%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	6.7%	5.2%	4.5%	2.9%	3.0%	2.5%	2.5%
Receivables as % of sales	16.3%	6.7%	5.6%	7.6%	5.6%	5.0%	4.5%
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%	-28.3%	-29.0%	-29.3%
Operative CAPEX/Sales, %	57.8%	6.3%	13.8%	12.7%	13.5%	12.9%	12.5%
CAPEX/sales (incl. acquisitions), %	57.8%	6.3%	13.8%	12.7%	13.5%	12.9%	12.5%
FCFF/EBITDA	0.6	3.2	0.1	0.5	0.5	0.5	0.5
Net Debt/EBITDA, book-weighted	-10.4	4.9	1.8	1.7	2.1	1.8	1.8
Debt/equity, market-weighted	1.7	2.4	1.1	1.9	2.3	2.3	2.3
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%	135.9%	126.6%	115.6%

**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	322.810	55.7 %
Varma Mutual Pension Insurance Company	5 827 783	16.493	2.8 %
Ilmarinen Mutual Pension Insurance Company	2 788 500	7.891	1.4 %
Elo Mutual Pension Insurance Company	2 100 000	5.943	1.0 %
The State Pension Fund	1 795 000	5.080	0.9 %
Sijoitusrahasto Danske Invest Suomi Osake	1 203 042	3.405	0.6 %
Sijoitusrahasto Säästöpankki Pienyhtiöt	729 000	2.063	0.4 %
Sijoitusrahasto Nordea Pro Suomi	558 729	1.581	0.3 %
Finnair Oyj	300 082	0.849	0.1 %
Forsten Visa Tapio	245 700	0.695	0.1 %
Ten largest	129 614 941	366.810	63.3 %
Residual	75 196 059	212.805	36.7 %
Total	204 811 000	579.615	100%

#### EARNINGS CALENDAR

October 30, 2025

Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

CEO: Turkka Kuusisto

CFO: Kristian Pullola

IR: Erkkä Salonen

Tietotie 9, 01053 FINNAIR (VANTAA AIRPORT)

Tel: +358 9 818 2780



**DEFINITIONS**

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

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Target price compared to share price

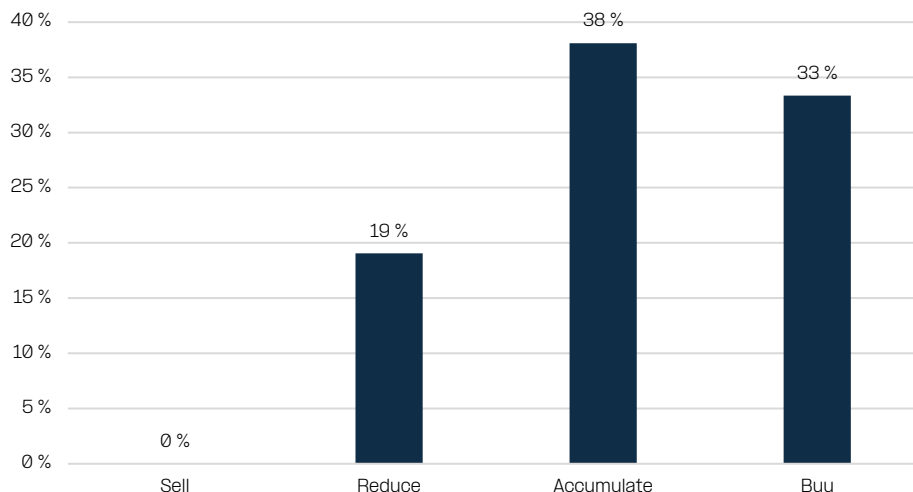
< -10 %  
-10 - 0 %  
0 - (+10) %  
> 10 %

Recommendation

SELL  
RECUDE  
ACCUMULATE  
BUY

ERP may temporarily suspend the rating and, if applicable, the target price to comply with regulations and/or firm policies, in which case a NOT RATED classification is used.

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

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**Contact information****SALES, TRADING AND RESEARCH****Equity Sales & Trading**

Joachim Dannberg (head)	+358 9 4766 9123
Aleksi Jalava	+358 9 4766 9123
Pasi Väisänen	+358 9 4766 9123

**Evli Investment Solutions**

Johannes Asuja	+358 9 4766 9205
----------------	------------------

**Equity Research**

Jerker Salokivi (head)	+358 9 4766 9149
Joonas Ilvonen	+358 44 430 9071
Atte Jortikka	+358 40 054 3725
Atte Pitkälampi	+358 44 047 6597

**EVLI**

**EVLI PLC**  
Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Internet www.evli.com  
E-mail firstname.lastname@evli.com

**EVLI PLC,  
STOCKHOLMSFILIAL**  
Regeringsgatan 67 P.O. Box 16354  
SE-103 26 Stockholm  
Sverige  
stockholm@evli.com  
Tel +46 (0)8 407 8000