

## Revenue in line, EBIT missed

Finnair's Q2 top line was as expected, but EBIT came in below estimates as costs were high especially because of fuel. We also find Finnair's guidance leaves some downward pressure on H2'22 estimates. Finnair is preparing a new strategy and looks to complete the work on it this autumn.

- Finnair Q2 revenue amounted to EUR 550.3m vs the EUR 548.7m/541.9m Evli/consensus estimates.
- Adjusted EBIT landed at EUR -84.2m, compared to the EUR -41.3m/-56.5m Evli/consensus estimates.
- Fuel costs were EUR 229m vs our EUR 175m estimate. Staff costs were EUR 114m, compared to our EUR 108m estimate. All other OPEX+D&A amounted to EUR 329m, compared to our EUR 355m estimate.
- Cost per Available Seat Kilometer was 8.09 eurocents vs our estimate of 7.52 eurocents.
- Finnair expects to operate an average Q3'22 capacity of some 70%, in terms of ASK, relative to the corresponding period in 2019. Capacity in Q4 will be similar or slightly higher than in Q3. (We find these would imply levels slightly below our estimates for ASK). Leases would bring the total capacity deployed to more than 80% in Q3 and some 80-85% in Q4. The 2022 comparable operating result will remain significantly negative. Finnair is preparing a new strategy and aims to complete the work during the autumn of 2022.

Rating <span style="float: right;">🟡 HOLD</span>				
Q2'22	Actual	Evli	Year ago	Q1'22
Revenue	550.3	548.7	111.8	399.8
Adj. EBIT	-84.2	-41.3	-151.3	-132.9
Adj. EBIT-%	-15.3 %	-7.5 %	-135.3 %	-33.2 %
Share price, EUR (Last trading day's closing price)				0.45
Target price, EUR				0.43
Latest change in recommendation				28-Apr-22
Latest report on company				15-Jul-22
Research paid by issuer:				YES
No. of shares outstanding, '000's				1,405,964
No. of shares fully diluted, '000's				1,405,964
Market cap, EURm				633
Free float, %				42.9
Exchange rate EUR/USD				1.00
Reuters code				FIA1S.HE
Bloomberg code				FIA1S FH
Average daily volume, EURm				1.0
Next interim report				19-Jul-22
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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
2020	829.2	-595.3	-71.8%	-1,281.1	-0.48	-1.6	2.9	-4.1	-119.8	0.00
2021	838.4	-468.9	-55.9%	-997.4	-0.34	-1.7	2.8	-5.1	-119.2	0.00
2022E	2,286.9	-123.4	-5.4%	154.0	-0.19	-2.4	0.8	-15.5	24.3	0.00
2023E	2,863.8	115.7	4.0%	-277.0	-0.01	-39.4	0.7	18.1	-43.8	0.00
2024E	3,007.0	180.4	6.0%	-268.4	0.04	12.2	0.8	13.1	-42.4	0.01
Market cap, EURm	633			BV per share 2022E, EUR		402.2	CAGR EPS 2021-24, %		0.0	
Net debt 2022E, EURm	1,284			Price/book 2022E		2.0	CAGR sales 2021-24, %		53.1	
Enterprise value, EURm	1,917			Dividend yield 2022E, %		0.0	ROE 2022E, %		-65.8	
Total assets 2022E, EURm	3,287			Tax rate 2022E, %		6.2	ROCE 2022E, %		-8.0	
Goodwill 2022E, EURm	0			Equity ratio 2022E, %		10.9	PEG, P/E 22/CAGR		0.0	

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

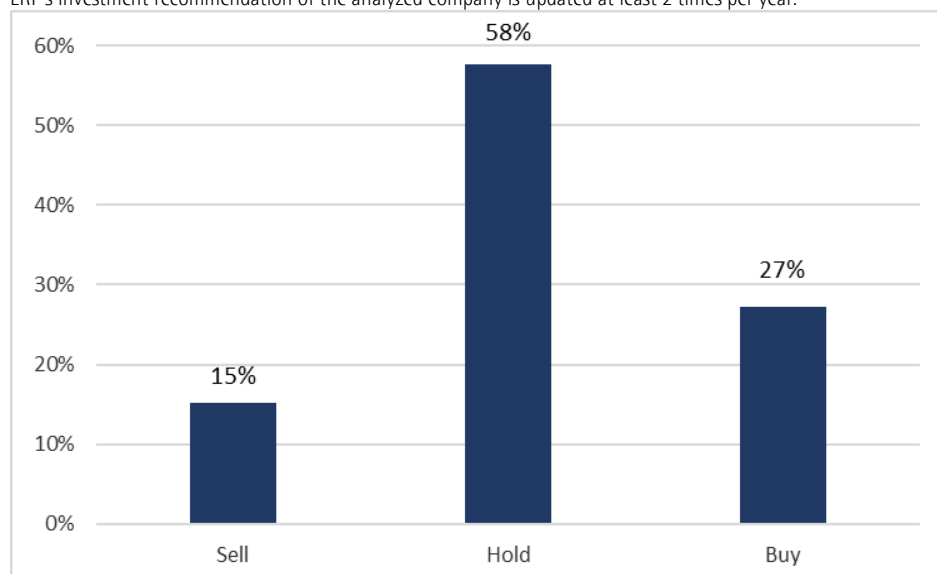
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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