

Reached positive EBIT

Finnair's Q3 results came in clearly above estimates as strong development in unit revenues drove top line as well as profitability. Finnair turned in a positive EBIT for the first time since Q4'19.

- Q3 revenue was EUR 719.2m, compared to the EUR 645.0m/666.6m Evli/consensus estimates. Good development in unit revenues supported top line, and total passenger revenue was some EUR 50m higher than we estimated. The performance was also helped by the fact that Q3 is seasonally the strongest quarter.
- Adjusted EBIT amounted to EUR 35.2m vs the EUR -7.3m/-4.1m Evli/consensus estimates.
- Fuel costs were EUR 242m vs our EUR 215m estimate, while staff costs amounted to EUR 117m vs our EUR 115m estimate. All other OPEX+D&A amounted to EUR 381m, compared to our EUR 353m estimate.
- Cost per Available Seat Kilometer was 8.18 eurocents vs our estimate of 7.81 eurocents.
- Finnair expects to operate an average capacity of around 70% (ASK) in Q4'22 in comparison to the figure in Q4'19. Leases of aircraft and crew would bring the total deployed capacity to about 80%. Strong travel demand should continue in the short-term and thus support unit revenues as in the summer months of 2022.

| Rating 🟡 HOLD | | | | |
|---|--------|--------|----------|-------------------------|
| Q3'22 | Actual | Evli | Year ago | Q2'22 |
| Revenue | 719.2 | 645.0 | 199.4 | 550.3 |
| Adj. EBIT | 35.2 | -7.3 | -109.1 | -84.2 |
| Adj. EBIT-% | 4.9 % | -1.1 % | -54.7 % | -15.3 % |
| Share price, EUR (Last trading day's closing price) | | | | 0.41 |
| Target price, EUR | | | | 0.36 |
| Latest change in recommendation | | | | 25-Oct-22 |
| Latest report on company | | | | 25-Oct-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 | | | | 576 |
| Free float, % | | | | 42.9 |
| Exchange rate EUR/USD | | | | 0.99 |
| Reuters code | | | | FIA1S.HE |
| Bloomberg code | | | | FIA1S FH |
| Average daily volume, EURm | | | | 0.5 |
| Next interim report | | | | 28-Oct-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 | 2,275.6 | -218.4 | -9.6% | -219.9 | -0.36 | -1.1 | 1.0 | -10.2 | -38.2 | 0.00 |
| 2023E | 2,751.6 | 64.3 | 2.3% | 110.5 | -0.04 | -10.1 | 0.7 | 31.4 | 19.2 | 0.00 |
| 2024E | 2,889.2 | 144.5 | 5.0% | 202.2 | 0.02 | 25.1 | 0.6 | 12.6 | 35.1 | 0.01 |
| Market cap, EURm | 576 | | | BV per share 2022E, EUR | | 2,447.6 | CAGR EPS 2021-24, % | | 0.0 | |
| Net debt 2022E, EURm | 1,658 | | | Price/book 2022E | | 8.5 | CAGR sales 2021-24, % | | 51.0 | |
| Enterprise value, EURm | 2,234 | | | Dividend yield 2022E, % | | 0.0 | ROE 2022E, % | | -188.8 | |
| Total assets 2022E, EURm | 3,403 | | | Tax rate 2022E, % | | -24.0 | ROCE 2022E, % | | -11.0 | |
| Goodwill 2022E, EURm | 0 | | | Equity ratio 2022E, % | | 2.2 | PEG, P/E 22/CAGR | | 0.0 | |

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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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