

Building sustainable recovery

Finnair's Q1 further demonstrated solid recovery, however valuation still demands a lot more long-term improvement.

High unit yields due to market and own initiatives

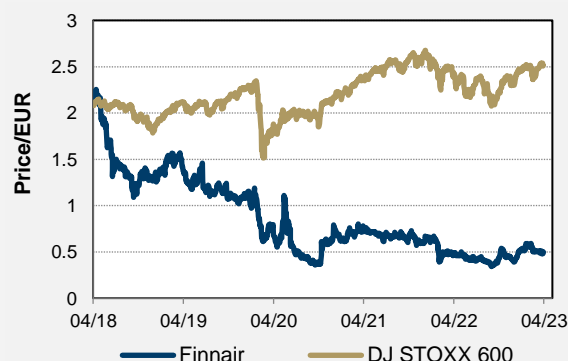
Finnair's EUR 695m Q1 revenue easily topped the EUR 572m/647m Evli/cons. estimates. Passenger revenue was EUR 130m above our estimate as unit yields were higher than estimated across the network; some q/q decline was expected as Q1 is seasonally soft, however such pricing softness turned out to be negligible. RASK was 30% above Q1'19 due to dynamic pricing and a larger share of direct distribution (doubled to 65%). Finnair reached 80% of Q1'19 ASK (86% incl. wet leases). The EUR 0.9m EBIT was above the EUR -32.4m/-23.1m Evli/cons. estimates and would have been strong for any Q1, let alone one during which Finnair still recovered from major volume losses.

The recovery appears to have found solid footing

The fleet is now optimal for the network, which in our view shows the net volume loss due to lesser Asian exposure to be smaller than feared (Finnair says demand for e.g. Doha routes has been higher than anticipated). The new routes which fill the lost volumes may not be as profitable as the Asian ones were, but Finnair has done major cost cuts since FY '19 while RASK levels are now way higher. Asian volumes will grow more, driven by e.g. Japanese leisure, and yields can further advance. Yet prices may be exceptionally high, so it's difficult to say how much yield gains can support results next year. Chinese route recovery may not be really seen before Q3 as the opening surprised many. Chinese carriers can also fly over Russia so the competitive situation is uneven, however Finnair's guidance doesn't seem to rely on Chinese recovery to any significant extent.

Valuation still seems quite full, at least in the short-term

Recovery continues and we expect Finnair to reach a decent EUR 127m EBIT this year, while next year should see results above pre-pandemic levels. On our respective estimates Finnair is valued 12x and 8.5x EV/EBIT, which we note are still not cheap levels. We continue to view Finnair pretty much fully valued; results over the summer should demonstrate more clearly how much EBIT potential there exists over the longer term, especially as the market may also take some of the good away. Our new TP is EUR 0.49 (0.47) as we retain our HOLD rating.

 Rating 🟡 HOLD

 Share price, EUR (Last trading day's closing price) 0.50

 Target price, EUR 0.49

Latest change in recommendation	24-Apr-23
Latest report on company	24-Apr-23
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	703
Free float, %	42.9
Exchange rate EUR/USD	1.10
Reuters code	FIA1S.HE
Bloomberg code	FIA1S.FH
Average daily volume, EURm	0.9
Next interim report	21-Jul-23
Web site	investors.finnair.com

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+ BUY 🟡 HOLD - 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
2021	838.4	-468.9	-55.9%	-639.2	-0.34	-1.7	2.8	-5.1	-76.4	0.00
2022	2,356.6	-163.9	-7.0%	146.7	-0.31	-1.2	0.6	-8.8	26.9	0.00
2023E	3,055.2	127.0	4.2%	-45.4	0.00	240.7	0.5	12.2	-6.5	0.00
2024E	3,208.0	186.1	5.8%	-7.9	0.02	21.8	0.5	8.3	-1.1	0.01
2025E	3,304.2	214.8	6.5%	90.3	0.04	11.3	0.4	6.9	12.8	0.01
Market cap, EURm	703			Gearing 2023E, %	162.5		CAGR EPS 2022-25, %		0.0	
Net debt 2023E, EURm	843			Price/book 2023E	1.4		CAGR sales 2022-25, %		11.9	
Enterprise value, EURm	1,545			Dividend yield 2023E, %	0.0		ROE 2023E, %		0.6	
Total assets 2023E, EURm	4,013			Tax rate 2023E, %	-96.7		ROCE 2023E, %		1.0	
Goodwill 2023E, EURm	0			Equity ratio 2023E, %	14.7		PEG, P/E 23/CAGR		0.0	

Estimates and valuation

FINNAIR EURm	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 FY	2023 Q1	2023E Q2	2023E Q3	2023E Q4	2023E FY
ASK (mkm)	36 922	42 386	47 189	12 938	12 094	6 915	7 841	8 357	8 186	31 299	8 550	9 532	10 208	9 591	37 881
<i>y/y change</i>	9 %	15 %	11 %	-73 %	-7 %	476 %	453 %	154 %	32 %	159 %	24 %	22 %	22 %	17 %	21.0%-p
RPK (mkm)	30 749	34 660	38 534	8 150	5 178	3 269	5 275	6 695	5 918	21 157	6 419	7 537	8 479	7 637	30 071
<i>y/y change</i>	14 %	13 %	11 %	-79 %	-36 %	967 %	1114 %	389 %	93 %	309 %	96 %	43 %	27 %	29 %	42 %
Load factor (RPK/ASK), PLF	83.3 %	81.8 %	81.7%	63.0 %	42.8 %	47.3 %	67.3 %	80.1 %	72.3 %	67.6 %	75.1 %	79.1 %	83.1 %	79.6 %	79.4 %
<i>y/y change</i>	3.5%-p	-1.5%-p	-0.1%-p	-18.7%-p	-20.2%-p	21.8%-p	36.6%-p	38.5%-p	22.7%-p	24.8%-p	27.8%-p	11.8%-p	2.9%-p	7.3%-p	11.8%-p
Ancillary and retail	145	161	176	62	44	27	28	36	32	123	33	38	47	39	156
Cargo	197	207	212	178	335	121	90	73	69	352	53	55	48	52	208
Travel services	206	223	230	61	39	25	39	56	51	170	55	60	59	53	228
Total revenue	2569	2835	3098	829	838	400	550	719	687	2356	695	724	842	794	3055
<i>YoY change</i>	11 %	10 %	9 %	-73 %	1 %	252 %	392 %	261 %	66 %	181 %	74 %	32 %	17 %	16 %	30 %
Other income	77	74	56	48	63	20	41	56	37	154	34	43	51	35	163
Staff costs	-423	-500	-535	-284	-249	-102	-114	-117	-115	-447	-129	-122	-131	-123	-505
<i>y/y change</i>	17 %	18 %	7 %	-47 %	-12 %	93 %	111 %	101 %	36 %	80 %	27 %	7 %	12 %	7 %	13 %
<i>% of revenue</i>	16 %	18 %	17 %	34 %	30 %	25 %	21 %	16 %	17 %	19 %	19 %	17 %	16 %	15 %	17 %
Fuel	-472	-581	-687	-233	-212	-137	-229	-242	-228	-836	-220	-233	-267	-246	-966
<i>y/y change</i>	-4 %	23 %	18 %	-66 %	-9 %	350 %	644 %	405 %	123 %	295 %	61 %	2 %	10 %	8 %	16 %
<i>% of revenue</i>	18 %	20 %	22 %	28 %	25 %	34 %	42 %	34 %	33 %	35 %	32 %	32 %	32 %	31 %	32 %
Other OPEX	-1314	-1316	-1444	-613	-566	-231	-251	-302	-283	-1067	-294	-296	-345	-333	-1268
<i>y/y change</i>	4 %	0 %	10 %	-58 %	-8 %	130 %	139 %	126 %	24 %	88 %	27 %	18 %	14 %	18 %	19 %
<i>% of revenue</i>	51 %	46 %	47 %	74 %	68 %	58 %	46 %	42 %	41 %	45 %	42 %	41 %	41 %	42 %	42 %
Comparable EBIT	171	218	163	-595	-469	-133	-84	35	18	-164	1	29	62	36	127
<i>Comp. EBIT-%</i>	6.6 %	7.7 %	5.3 %	-71.8 %	-56.0 %	-33.2 %	-15.3 %	4.9 %	2.6 %	-7.0 %	0.1 %	4.0 %	7.4 %	4.5 %	4.2 %

Sources: Finnair, Evli estimates

FINNAIR PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
SAS	171	37.6x	20.2x	7.1x			39.9x	-10.0 %	-5.7 %	2.7 %
International Consolidated	8347	5.4x	4.5x	3.8x	14.6x	9.0x	6.8x	5.3 %	7.7 %	9.8 %
Air France-KLM	3918	3.1x	2.8x	2.5x	9.4x	8.0x	6.4x	4.5 %	5.0 %	6.0 %
Deutsche Lufthansa	11426	4.3x	3.9x	3.5x	11.2x	8.6x	6.9x	4.4 %	5.7 %	6.5 %
Norwegian Air Shuttle	795	8.5x	3.5x	2.9x	7.6x	7.0x	4.9x	7.4 %	8.1 %	10.7 %
Aegean Airlines	713	3.5x	3.6x	3.2x	7.1x	8.7x	7.0x	10.3 %	8.9 %	10.4 %
easyJet	4200	4.4x	3.9x	3.4x	29.1x	9.8x	7.7x	1.7 %	5.4 %	6.2 %
Ryanair Holdings	16682	7.6x	6.7x	5.7x	13.4x	10.4x	8.4x	12.0 %	14.1 %	15.5 %
Wizz Air Holdings	3413	39.9x	7.4x	4.6x		27.1x	9.8x	-12.3 %	5.1 %	11.3 %
American Airlines Group	7644	10.9x	7.0x	6.4x	23.5x	11.7x	10.0x	3.6 %	6.8 %	7.6 %
Delta Air Lines	19258	7.2x	5.2x	4.6x	12.6x	7.5x	6.5x	7.8 %	10.9 %	12.2 %
Peer Group Average	6961	12.0x	6.3x	4.3x	14.3x	10.8x	10.4x	3.2 %	6.5 %	9.0 %
Peer Group Median	4200	7.2x	4.5x	3.8x	12.6x	8.9x	7.0x	4.5 %	6.8 %	9.8 %
Finnair (Evli est.)	709	7.8x	3.4x	2.9x	-8.8x	12.2x	8.4x	-7.0 %	4.2 %	5.8 %

Finnair prem./disc. to peer median

8 % -24 % -22 % -170 % 38 % 20 % -254 % -39 % -41 %

Source FactSet, Evli Research

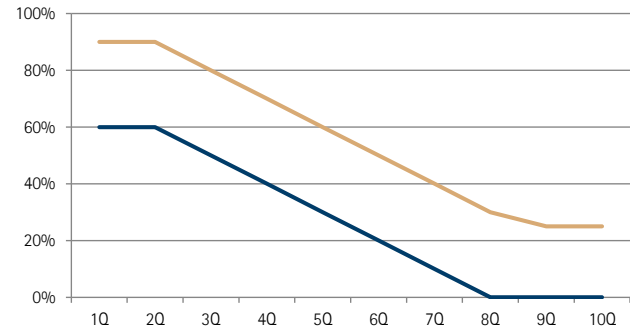
Jet fuel cost

EUR/t, USD/t

Jet fuel price

Hedging level

Finnair hedging policy



Source: Bloomberg (JET1NECC Index)

Jet Fuel - USD Jet Fuel - EUR

Lower limit Upper limit

*Under normal conditions

Source: Finnair

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.50 PV of Free Cash Flow	1,888 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	2.06 PV of Horizon value	1,916 WACC, %	9.6 Market risk premium, %	5.8
Share price potential, %	312.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	2.3 Marketable securities	1,524 Minimum WACC, %	9.1 Equity beta coefficient	1.35
Minimum value	1.9 Debt - dividend	-2,426 Maximum WACC, %	10.1 Target debt ratio, %	20
Horizon value, %	50.4 Value of stock	2,902 Nr of shares, Mn	1,406.0 Effective tax rate, %	25

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	2,357	3,055	3,208	3,304	3,370	3,438	3,506	3,577	3,648	3,721	3,795	3,871
<i>Sales growth, %</i>	<i>181.1</i>	<i>29.6</i>	<i>5.0</i>	<i>3.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	-164	127	186	215	202	206	210	215	237	242	247	252
<i>Operating income margin, %</i>	<i>-7.0</i>	<i>4.2</i>	<i>5.8</i>	<i>6.5</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	<i>6.5</i>	<i>6.5</i>	<i>6.5</i>	<i>6.5</i>
+ Depreciation+amort.	350	331	343	331	325	335	348	359	370	380	389	
EBITDA	186	458	529	546	527	541	558	574	607	621	635	
- Paid taxes	60	-24	-37	-43	-40	-41	-42	-43	-47	-48	-49	
- Change in NWC	274	223	21	13	9	9	9	10	10	10	10	
<i>NWC / Sales, %</i>	<i>-27.3</i>	<i>-28.3</i>	<i>-27.6</i>	<i>-27.2</i>	<i>-27.0</i>	<i>-26.7</i>	<i>-26.4</i>	<i>-26.2</i>	<i>-26.0</i>	<i>-25.7</i>	<i>-25.5</i>	
+ Change in other liabs	171	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-88	-250	-250	-250	-250	-240	-240	-240	-240	-240	-240	
<i>opCAPEX / Sales, %</i>	<i>6.3</i>	<i>19.7</i>	<i>12.6</i>	<i>9.6</i>	<i>12.3</i>	<i>12.6</i>	<i>12.5</i>	<i>12.4</i>	<i>12.2</i>	<i>12.1</i>	<i>6.3</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	-9	-13	-13	-13	-13	-13	-13	-13	-13	-13	
= FCFF	603	397	250	253	233	257	273	288	317	330	344	4,637
= Discounted FCFF		373	214	198	167	167	162	156	157	150	142	1,916
= DFCF min WACC		375	216	201	169	171	167	161	163	156	148	2,145
= DFCF max WACC		372	213	196	164	164	158	152	152	144	136	1,720

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	399.8	550.3	719.2	687.3	2,356.6	694.7	724.4	841.6	794.5	3,055.2	3,208.0	3,304.2
EBITDA	-54.7	-5.4	114.2	131.8	185.9	82.9	111.7	144.9	118.6	458.0	528.9	545.6
<i>EBITDA margin (%)</i>	<i>-13.7</i>	<i>-1.0</i>	<i>15.9</i>	<i>19.2</i>	<i>7.9</i>	<i>11.9</i>	<i>15.4</i>	<i>17.2</i>	<i>14.9</i>	<i>15.0</i>	<i>16.5</i>	<i>16.5</i>
EBIT	-132.9	-84.2	35.3	17.9	-163.9	0.9	28.7	61.9	35.6	127.0	186.1	214.8
<i>EBIT margin (%)</i>	<i>-33.2</i>	<i>-15.3</i>	<i>4.9</i>	<i>2.6</i>	<i>-7.0</i>	<i>0.1</i>	<i>4.0</i>	<i>7.4</i>	<i>4.5</i>	<i>4.2</i>	<i>5.8</i>	<i>6.5</i>
Net financial items	-47.1	-76.5	-63.8	17.2	-170.2	-15.7	-35.0	-35.0	-35.0	-120.7	-130.0	-121.4
Pre-tax profit	-180.0	-160.7	-28.5	35.1	-334.1	-14.8	-6.3	26.9	0.6	6.3	56.1	93.3
Tax	-0.7	-110.3	7.6	-2.0	-105.4	10.3	1.3	-5.4	-0.1	6.1	-11.2	-18.7
<i>Tax rate (%)</i>	<i>-0.4</i>	<i>-68.6</i>	<i>26.7</i>	<i>5.7</i>	<i>-31.5</i>	<i>69.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>-96.7</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-180.7	-271.0	-20.9	33.1	-439.5	-4.5	-8.2	18.4	-2.7	2.9	32.2	62.1
EPS	-0.13	-0.19	-0.01	0.02	-0.31	0.00	-0.01	0.01	0.00	0.00	0.02	0.04
EPS adjusted (diluted no. of shares)	-0.13	-0.19	-0.01	0.02	-0.31	0.00	-0.01	0.01	0.00	0.00	0.02	0.04
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01
SALES, EURm												
Group total	399.8	550.3	719.2	687.3	2,356.6	694.7	724.4	841.6	794.5	3,055.2	3,208.0	3,304.2
Total	399.8	550.3	719.2	687.3	2,356.6	694.7	724.4	841.6	794.5	3,055.2	3,208.0	3,304.2
SALES GROWTH, Y/Y %												
Group total	251.9	392.2	260.5	66.2	181.1	73.8	31.6	17.0	15.6	29.6	5.0	3.0
Total	251.9	392.2	260.5	66.2	181.1	73.8	31.6	17.0	15.6	29.6	5.0	3.0
EBIT, EURm												
Group total	-132.9	-84.2	35.3	17.9	-163.9	0.9	28.7	61.9	35.6	127.0	186.1	214.8
Total	-132.9	-84.2	35.3	17.9	-163.9	0.9	28.7	61.9	35.6	127.0	186.1	214.8
EBIT margin, %												
Group total	-33.2	-15.3	4.9	2.6	-7.0	0.1	4.0	7.4	4.5	4.2	5.8	6.5
Total	-33.2	-15.3	4.9	2.6	-7.0	0.1	4.0	7.4	4.5	4.2	5.8	6.5

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	2,836.1	3,097.7	829.2	838.4	2,356.6	3,055.2	3,208.0	3,304.2
<i>Sales growth (%)</i>	<i>10.4</i>	<i>9.2</i>	<i>-73.2</i>	<i>1.1</i>	<i>181.1</i>	<i>29.6</i>	<i>5.0</i>	<i>3.0</i>
EBITDA	512.6	488.2	-251.5	-149.0	185.9	458.0	528.9	545.6
<i>EBITDA margin (%)</i>	<i>18.1</i>	<i>15.8</i>	<i>-30.3</i>	<i>-17.8</i>	<i>7.9</i>	<i>15.0</i>	<i>16.5</i>	<i>16.5</i>
Depreciation	-294.2	-325.4	-343.8	-319.9	-349.8	-331.0	-342.9	-330.8
EBITA	218.4	162.8	-595.3	-468.9	-163.9	127.0	186.1	214.8
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	218.4	162.8	-595.3	-468.9	-163.9	127.0	186.1	214.8
<i>EBIT margin (%)</i>	<i>7.7</i>	<i>5.3</i>	<i>-71.8</i>	<i>-55.9</i>	<i>-7.0</i>	<i>4.2</i>	<i>5.8</i>	<i>6.5</i>
Reported EBIT	218.3	160.0	-597.7	-474.7	-163.9	127.0	186.1	214.8
<i>EBIT margin (reported) (%)</i>	<i>7.7</i>	<i>5.2</i>	<i>-72.1</i>	<i>-56.6</i>	<i>-7.0</i>	<i>4.2</i>	<i>5.8</i>	<i>6.5</i>
Net financials	-129.0	-67.0	-190.1	-127.5	-170.2	-120.7	-130.0	-121.4
Pre-tax profit	89.4	95.8	-785.4	-596.4	-334.1	6.3	56.1	93.3
Taxes	-25.6	-18.4	131.2	117.6	-105.4	6.1	-11.2	-18.7
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	51.1	61.8	-671.4	-484.6	-439.5	2.9	32.2	62.1
Cash NRIs	-0.1	-2.8	-2.4	-5.8	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	1,547	1,751	1,683	1,215	1,165	1,236	1,297	1,408
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	999	878	918	1,182	1,083	1,283	1,283	1,156
Inventory	121	80	68	56	122	76	80	83
Receivables	210	217	70	137	158	115	120	123
Liquid funds	1,067	952	824	1,266	1,524	1,222	1,283	1,322
Total assets	3,944	3,878	3,646	4,047	4,133	4,013	4,144	4,172
Liabilities								
Shareholder's equity	918	966	897	476	411	519	551	602
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	1,159	1,054	1,016	1,381	1,128	1,283	1,283	1,156
Deferred taxes	48	64	0	0	0	0	0	0
Interest bearing debt	615	521	1,182	1,428	1,299	781	850	936
Non-interest bearing current liabilities	285	243	176	291	452	586	615	634
Other interest-free debt	811	873	215	271	658	658	658	658
Total liabilities	3,944	3,878	3,647	4,047	4,133	4,013	4,144	4,172
CASH FLOW, EURm								
+ EBITDA	513	488	-251	-149	186	458	529	546
- Net financial items	-129	-67	-190	-127	-170	-121	-130	-121
- Taxes	-52	-2	-18	11	6	6	-11	-19
- Increase in Net Working Capital	50	-7	-489	117	274	223	21	13
+/- Other	1	-16	-17	-6	0	-9	-13	-13
= Cash flow from operations	383	397	-966	-155	296	557	396	406
- Capex	-330	-409	-315	-484	-149	-602	-404	-316
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	214	0	0	0	0	0	0	0
= Free cash flow	268	-12	-1,281	-639	147	-45	-8	90
+/- New issues/buybacks	-110	21	602	64	374	105	0	0
- Paid dividend	-38	-35	0	0	0	0	0	-11
+/- Other	-17	-89	551	1,018	-262	-362	69	-41
Change in cash	103	-116	-128	442	259	-302	61	38

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	753	1,069	837	546	703	703	703
Net debt (excl. convertibles)	623	1,374	1,543	902	843	850	771
Enterprise value	1,377	2,443	2,380	1,448	1,545	1,553	1,474
Sales	3,098	829	838	2,357	3,055	3,208	3,304
EBITDA	488	-251	-149	186	458	529	546
EBIT	163	-595	-469	-164	127	186	215
Pre-tax	96	-785	-596	-334	6	56	93
Earnings	65	-669	-479	-439	3	32	62
Equity book value (excl. minorities)	966	897	476	411	519	551	602
Valuation multiples							
EV/sales	0.4	2.9	2.8	0.6	0.5	0.5	0.4
EV/EBITDA	2.8	-9.7	-16.0	7.8	3.4	2.9	2.7
EV/EBITA	8.5	-4.1	-5.1	-8.8	12.2	8.3	6.9
EV/EBIT	8.5	-4.1	-5.1	-8.8	12.2	8.3	6.9
EV/OCF	3.5	-2.5	-15.4	4.9	2.8	3.9	3.6
EV/FCFF	8.4	-2.4	-26.4	2.4	3.9	6.2	5.8
P/FCFE	-333.2	-0.8	-1.3	3.7	-15.5	-88.4	7.8
P/E	11.7	-1.6	-1.7	-1.2	240.7	21.8	11.3
P/B	0.8	1.2	1.8	1.3	1.4	1.3	1.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	3.3	2.9	2.7
Target EV/EBIT	0.0	0.0	0.0	0.0	12.1	8.3	6.8
Target EV/FCF	0.0	0.0	0.0	0.0	-33.7	-193.7	16.2
Target P/B	0.0	0.0	0.0	0.0	1.3	1.3	1.1
Target P/E	0.0	0.0	0.0	0.0	235.9	21.4	11.1
Per share measures							
Number of shares	695,894	1,407,231	1,405,964	1,405,964	1,405,964	1,405,964	1,405,964
Number of shares (diluted)	695,894	1,407,231	1,405,964	1,405,964	1,405,964	1,405,964	1,405,964
EPS	0.09	-0.48	-0.34	-0.31	0.00	0.02	0.04
Operating cash flow per share	0.57	-0.69	-0.11	0.21	0.40	0.28	0.29
Free cash flow per share	-0.02	-0.91	-0.45	0.10	-0.03	-0.01	0.06
Book value per share	1.39	0.64	0.34	0.29	0.37	0.39	0.43
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.01	0.01
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	33.0	33.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	1.5	2.9
FCF yield, %	-1.6	-119.8	-76.4	26.9	-6.5	-1.1	12.8
Efficiency measures							
ROE	6.9	-71.8	-69.8	-99.2	0.6	6.0	10.8
ROCE	6.2	-21.1	-17.9	-8.9	1.0	2.5	4.2
Financial ratios							
Inventories as % of sales	2.6	8.2	6.7	5.2	2.5	2.5	2.5
Receivables as % of sales	7.0	8.4	16.3	6.7	3.8	3.7	3.7
Non-interest bearing liabilities as % of sales	7.8	21.2	34.7	19.2	19.2	19.2	19.2
NWC/sales, %	-23.9	-30.3	-43.9	-27.3	-28.3	-27.6	-27.2
Operative CAPEX/sales, %	13.2	38.0	57.8	6.3	19.7	12.6	9.6
CAPEX/sales (incl. acquisitions), %	13.2	38.0	57.8	6.3	19.7	12.6	9.6
FCFF/EBITDA	0.3	4.0	0.6	3.2	0.9	0.5	0.5
Net debt/EBITDA, book-weighted	1.3	-5.5	-10.4	4.9	1.8	1.6	1.4
Debt/equity, market-weighted	0.7	1.1	1.7	2.4	1.1	1.2	1.3
Equity ratio, book-weighted	27.4	25.5	12.2	10.9	14.7	15.2	16.5
Gearing, %	64.5	153.3	324.4	219.7	162.5	154.4	128.0

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	786,669,685	393.335	56.0%
Varma Mutual Pension Insurance Company	50,081,263	25.041	3.6%
Ilmarinen Mutual Pension Insurance Company	30,000,000	15.000	2.1%
Elo Mutual Pension Insurance Company	14,008,115	7.004	1.0%
The State Pension Fund	11,000,000	5.500	0.8%
Finnairin Henkilöstörahoisto Hr.	3,772,902	1.886	0.3%
OP Life Assurance Company Ltd	1,954,798	0.977	0.1%
Finnairin Eläkesäätiö	1,505,262	0.753	0.1%
Finnair Oyj	1,421,133	0.711	0.1%
Mäkitalo Allan Risto Pekka	1,195,547	0.598	0.1%
Ten largest	901,608,705	450.804	64%
Residual	504,355,367	252.178	36%
Total	1,405,964,072	702.982	100%

EARNINGS CALENDAR

July 21, 2023

Q2 report

October 31, 2023

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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Tietotie 9, 01053 FINNAIR (VANTAA AIRPORT)

CFO: Kristian Pullola

Tel: +358 9 818 2780

IR: Erkkä Salonen

DEFINITIONS

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

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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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