

Further growth supports earnings

Finnair's Q4 figures were slightly soft relative to estimates, however there were no big surprises. Capacity and demand continue to grow this year, which still lifts earnings a bit even if there's no more such clear volume surge to bank on.

A very slight earnings miss, but no major cost surprises

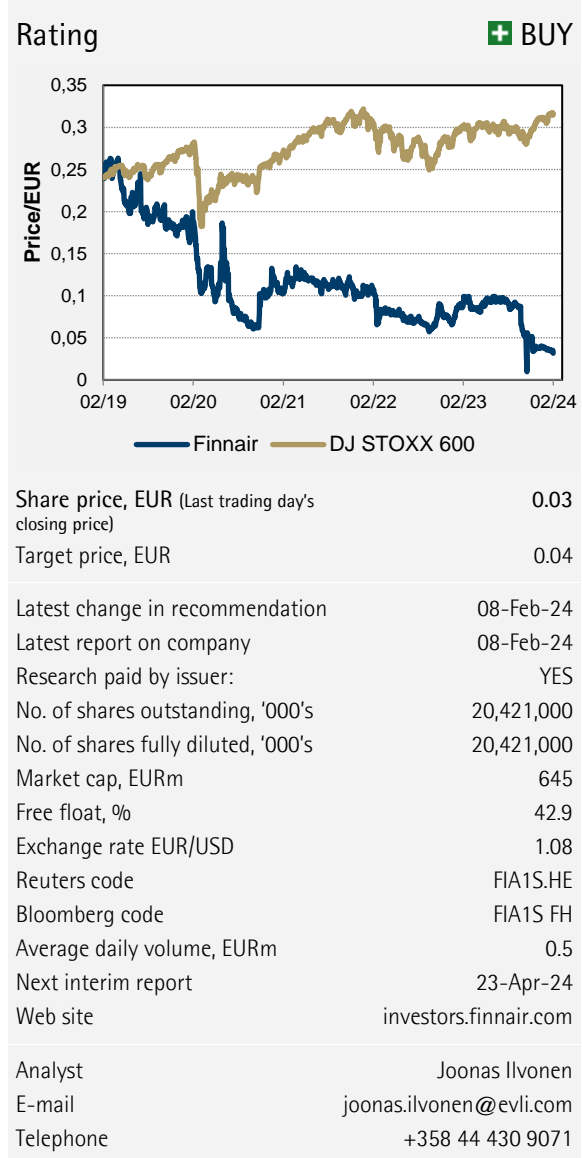
Finnair's EUR 727m Q4 revenue didn't quite meet the EUR 749m/745m Evli/cons. estimates as passenger revenue fell almost EUR 30m short of our estimate due to a relative softness in unit yields. Fuel costs were lower than we estimated while other operating expenses were higher, but the overall cost structure was close to what we expected. The EUR 22.5m adj. EBIT thus landed relatively close to the EUR 26.4m/28.3m Evli/cons. estimates. Finnair continues to pay close attention to load factors and unit yields as passenger volumes have mostly stabilized after the recent surge driven by pent-up demand.

Around 10% capacity growth in line with sector estimates

Demand and supply growth now appear quite even going forward, and Finnair's capacity guidance for FY '24 is roughly in line with estimates provided by IATA; all markets continue to contribute growth, but Asia still has most potential. Yields are already high and can be expected to remain stable assuming no major changes in fuel prices. We estimate 7% revenue growth for this year, which is in line with Finnair's comments and peer group estimates. The EUR 184m adj. EBIT seen last year is already a high benchmark, but in our view profitability has room for marginal improvement this year as growth continues widely while previously achieved cost measures mostly hold. Last year's quarters do not yet pose exceptionally high comparison figures, so further gains could be seen throughout the year, but the FY '24 EBIT will still be largely earned over the summer season.

EBIT multiple not too high compared to peers

Finnair is valued a bit below 8x EV/EBIT on our FY '24 estimates. The multiple is line with peers, whereas we estimate 10bps EBIT margin improvement while the expectations for peers are significantly higher; our estimated EUR 18m y/y EBIT improvement stems from additional revenue growth as we expect costs to remain stable relative to volume. We don't thus consider Finnair's valuation demanding. We retain our EUR 0.04 TP and BUY rating.



KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	2,356.6	-163.9	-7.0%	146.7	-0.05	-1.2	0.6	-8.8	26.9	0.00
2023	2,988.5	184.0	6.2%	92.1	0.01	3.3	0.6	9.5	11.3	0.00
2024E	3,198.9	202.3	6.3%	64.4	0.01	5.4	0.5	7.5	10.0	0.00
2025E	3,294.8	207.6	6.3%	-15.2	0.01	6.0	0.5	7.5	-2.4	0.00
2026E	3,360.7	218.4	6.5%	44.9	0.01	5.6	0.5	7.1	7.0	0.00
Market cap, EURm		645	Gearing 2024E, %			125.8	CAGR EPS 2023-26, %			-22.5
Net debt 2024E, EURm		875	Price/book 2024E			0.9	CAGR sales 2023-26, %			4.0
Enterprise value, EURm		1,520	Dividend yield 2024E, %			4.6	ROE 2024E, %			18.7
Total assets 2024E, EURm		4,146	Tax rate 2024E, %			13.2	ROCE 2024E, %			4.1
Goodwill 2024E, EURm		0	Equity ratio 2024E, %			19.2	PEG, P/E 24/CAGR			0.0

Estimates and valuation

FINNAIR	2017	2018	2019	2020	2021	2022	2023	2023	2023	2023	2023	2024E	2024E	2024E	2024E	2024E
EURm	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	8 550	9 213	9 344	9 047	36 154	9 349	10 295	10 239	9 662	39 545
<i>y/y change</i>	9 %	15 %	11 %	-73 %	-7 %	159 %	24 %	17 %	12 %	11 %	16 %	9 %	12 %	10 %	7 %	9 %
RPK (mkm)	30 749	34 660	38 534	8 150	5 178	21 157	6 419	7 031	7 562	6 615	27 627	6 925	8 042	8 387	7 237	30 591
<i>y/y change</i>	14 %	13 %	11 %	-79 %	-36 %	309 %	96 %	33 %	13 %	12 %	31 %	8 %	14 %	11 %	9 %	11 %
Load factor (RPK/ASK), PLF	83.3 %	81.8 %	81.7 %	63.0 %	42.8 %	67.6 %	75.1 %	76.3 %	80.9 %	73.1 %	76.4 %	74.1 %	78.1 %	81.9 %	74.9 %	77.4 %
<i>y/y change</i>	3.5%-p	-1.5%-p	-0.1%-p	-18.7%-p	-20.2%-p	24.8%-p	27.8%-p	9.1%-p	0.8%-p	0.8%-p	8.8%-p	-1.0%-p	1.8%-p	1.0%-p	1.8%-p	0.9%-p
Ancillary and retail	145	161	176	62	44	123	33	33	38	44	148	35	36	40	45	157
Cargo	197	207	212	178	335	352	53	47	41	51	192	38	34	29	36	138
Travel services	206	223	230	61	39	170	55	57	66	60	237	62	64	74	68	268
Total revenue	2569	2835	3098	829	838	2356	695	749	817	727	2989	738	816	874	770	3199
<i>YoY change</i>	11 %	10 %	9 %	-73 %	1 %	181 %	74 %	36 %	14 %	6 %	27 %	6 %	9 %	7 %	6 %	7 %
Other income	77	74	56	48	63	154	34	28	27	42	130	27	23	22	25	97
Staff costs	-423	-500	-535	-284	-249	-447	-129	-125	-120	-124	-498	-138	-141	-135	-133	-548
<i>y/y change</i>	17 %	18 %	7 %	-47 %	-12 %	80 %	27 %	10 %	2 %	8 %	11 %	7 %	13 %	13 %	7 %	10 %
<i>% of revenue</i>	16 %	18 %	17 %	34 %	30 %	19 %	19 %	17 %	15 %	17 %	17 %	19 %	17 %	15 %	17 %	17 %
Fuel	-472	-581	-687	-233	-212	-836	-220	-220	-238	-222	-900	-224	-233	-249	-229	-935
<i>y/y change</i>	-4 %	23 %	18 %	-66 %	-9 %	295 %	61 %	-4 %	-2 %	-3 %	8 %	2 %	6 %	5 %	3 %	4 %
<i>% of revenue</i>	18 %	20 %	22 %	28 %	25 %	35 %	32 %	29 %	29 %	31 %	30 %	30 %	29 %	28 %	30 %	29 %
Other OPEX	-1314	-1316	-1444	-613	-566	-1067	-294	-282	-309	-306	-1191	-318	-309	-334	-324	-1285
<i>y/y change</i>	4 %	0 %	10 %	-58 %	-8 %	88 %	27 %	12 %	2 %	8 %	12 %	8 %	9 %	8 %	6 %	8 %
<i>% of revenue</i>	51 %	46 %	47 %	74 %	68 %	45 %	42 %	38 %	38 %	42 %	40 %	43 %	38 %	38 %	42 %	40 %
Comparable EBIT	171	218	163	-595	-469	-164	1	66	94	23	184	3	75	96	28	202
<i>Comp. EBIT-%</i>	6.6 %	7.7 %	5.3 %	-71.8 %	-56.0 %	-7.0 %	0.1 %	8.8 %	11.5 %	3.1 %	6.2 %	0.5 %	9.2 %	11.0 %	3.6 %	6.3 %

Sources: Finnair, Evli estimates

FINNAIR PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/B		
		22	23	24	22	23	24	22	23	24
United Airlines Holdings	12760	6.7x	4.6x	4.5x	13.5x	7.0x	7.1x	2.2x	1.4x	1.1x
International Consolidated Airlines Group	8303	5.4x	3.0x	3.0x	14.6x	4.9x	5.0x	4.1x	2.0x	1.4x
Air France-KLM	2917	3.1x			9.4x					
Deutsche Lufthansa	8878	4.3x	3.0x	2.8x	11.2x	5.6x	5.4x	1.1x	0.9x	0.8x
Norwegian Air Shuttle	1268	11.3x	2.8x	3.2x	8.2x	7.6x	8.3x	3.6x	2.5x	2.0x
Aegean Airlines	1116	3.5x	3.6x	4.1x	6.9x	5.8x	7.4x	3.2x	2.3x	1.9x
easyJet	4976	4.4x	3.2x	3.0x	25.8x	7.4x	6.4x	1.7x	1.5x	1.3x
Ryanair Holdings	22671	7.6x	7.3x	6.0x	13.7x	11.2x	8.7x	4.0x	3.3x	2.5x
Wizz Air Holdings	2564	54.7x	7.4x	4.7x		29.7x	10.7x			7.5x
American Airlines Group	8924	10.9x	7.0x	7.2x	23.5x	10.5x	11.4x			
Delta Air Lines	24057	7.2x	5.4x	5.3x	12.6x	7.7x	7.6x	5.4x	2.5x	1.7x
Peer Group Average	8949	10.8x	4.7x	4.4x	14.0x	9.7x	7.8x	3.2x	2.0x	2.2x
Peer Group Median	8303	6.7x	4.1x	4.3x	13.1x	7.5x	7.5x	3.4x	2.1x	1.7x
Finnair (Evli est.)	645	7.8x	3.3x	2.9x	-8.8x	9.5x	7.5x	1.3x	1.4x	0.9x

Finnair prem./disc. to peer median

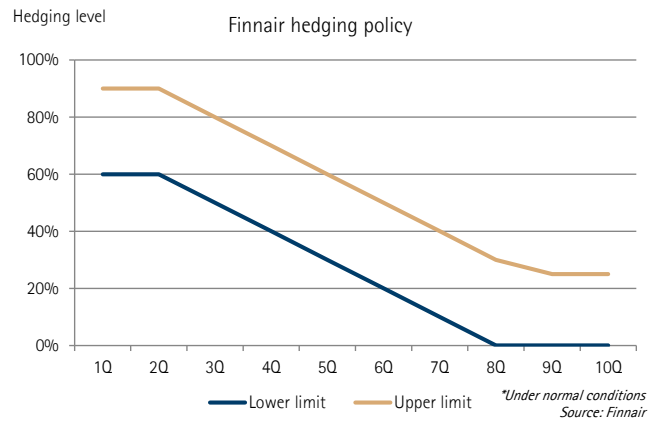
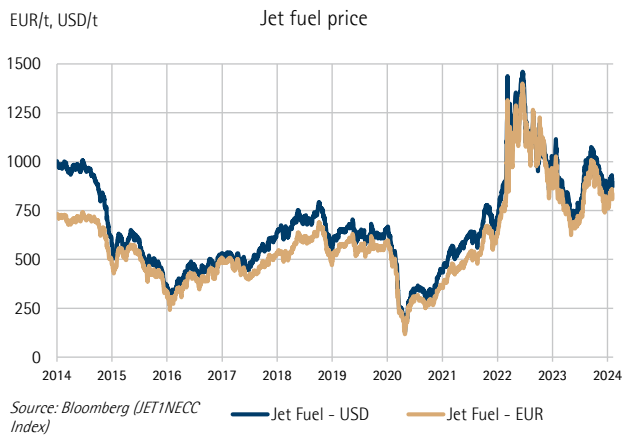
Source FactSet, Evli Research

FINNAIR PEER GROUP	Sales 21	Sales gr.			EBIT-%			Div. yield		
		22	23	24	22	23	24	22	23	24
United Airlines Holdings	21708	91.2%	19.5%	7.4%	5.5 %	9.6 %	9.0 %	0.0 %	0.0 %	0.0 %
International Consolidated Airlines Group	8450	173.0%	28.9%	4.1%	5.3 %	11.9 %	10.7 %	0.0 %	0.0 %	1.7 %
Air France-KLM	14315	84.4%	13.6%	4.6%	4.5 %	6.0 %	5.9 %	0.0 %	0.0 %	0.0 %
Deutsche Lufthansa	16811	94.9%	12.0%	6.5%	4.4 %	7.3 %	6.7 %	0.0 %	3.1 %	4.2 %
Norwegian Air Shuttle	497	246.8%	28.4%	8.8%	8.0 %	8.0 %	8.6 %	0.0 %	0.0 %	0.5 %
Aegean Airlines	675	96.3%	27.1%	3.5%	10.5 %	15.0 %	12.1 %	0.0 %	2.0 %	4.0 %
easyJet	1714	330.5%	33.5%	14.7%	1.9 %	6.1 %	6.9 %	0.2 %	1.2 %	2.6 %
Ryanair Holdings	4801	93.8%	36.9%	14.2%	11.6 %	15.1 %	17.8 %	0.0 %	1.1 %	2.2 %
Wizz Air Holdings	1663	101.1%	44.7%	11.5%	-14.0 %	4.8 %	11.7 %	0.0 %	0.0 %	0.0 %
American Airlines Group	26332	71.3%	8.0%	5.0%	3.6 %	7.6 %	6.8 %	0.0 %	0.0 %	0.0 %
Delta Air Lines	26089	61.4%	18.4%	6.9%	7.8 %	11.6 %	11.3 %	0.0 %	0.4 %	0.8 %
Peer Group Average	11187	131.3%	24.6%	7.9%	4.5 %	9.4 %	9.8 %	0.0 %	0.7 %	1.5 %
Peer Group Median	8450	94.9%	27.1%	6.9%	5.3 %	8.0 %	9.0 %	0.0 %	0.0 %	0.8 %
Finnair (Evli est.)	838	181.1%	26.8%	7.0%	-7.0 %	6.2 %	6.3 %	0.0 %	0.0 %	4.5 %

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	0.03 PV of Free Cash Flow	1,816 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	0.12 PV of Horizon value	1,508 WACC, %	9.6 Market risk premium, %
Share price potential, %	269.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	0.1 Marketable securities	922 Minimum WACC, %	9.1 Equity beta coefficient
Minimum value	0.1 Debt - dividend	-1,861 Maximum WACC, %	10.1 Target debt ratio, %
Horizon value, %	45.4 Value of stock	2,385 Nr of shares, Mn	20,421. Effective tax rate, %
			0

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	2,989	3,199	3,295	3,361	3,428	3,496	3,566	3,638	3,710	3,785	3,860	3,938
<i>Sales growth, %</i>	<i>26.8</i>	<i>7.0</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>	<i>2.0</i>
Operating income (EBIT)	184	202	208	218	206	210	214	236	241	227	232	236
<i>Operating income margin, %</i>	<i>6.2</i>	<i>6.3</i>	<i>6.3</i>	<i>6.5</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	<i>6.5</i>	<i>6.5</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>
+ Depreciation+amort.	346	326	307	323	332	349	365	375	384	392	419	
EBITDA	530	528	514	542	538	559	579	611	625	619	651	
- Paid taxes	-36	-27	-42	-44	-41	-42	-43	-47	-48	-45	-46	
- Change in NWC	64	149	11	8	8	8	8	8	8	9	9	
<i>NWC / Sales, %</i>	<i>-23.7</i>	<i>-26.8</i>	<i>-26.3</i>	<i>-26.0</i>	<i>-25.7</i>	<i>-25.4</i>	<i>-25.2</i>	<i>-24.9</i>	<i>-24.6</i>	<i>-24.4</i>	<i>-24.1</i>	
+ Change in other liabs	-121	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-404	-250	-250	-250	-240	-240	-240	-240	-240	-300	-325	
<i>opCAPEX / Sales, %</i>	<i>13.8</i>	<i>16.5</i>	<i>13.4</i>	<i>11.9</i>	<i>13.3</i>	<i>13.4</i>	<i>12.4</i>	<i>12.3</i>	<i>12.1</i>	<i>15.6</i>	<i>8.4</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	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	
= FCFF	33	388	221	243	252	272	291	319	332	270	275	3,715
= Discounted FCFF		358	186	187	177	174	170	170	162	120	112	1,508

= DFCF min WACC		359	188	189	180	178	175	176	168	125	117	1,689
= DFCF max WACC		356	185	185	174	170	166	165	156	115	107	1,352

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	694.7	749.2	817.4	727.2	2,988.5	738.1	816.3	874.5	770.0	3,198.9	3,294.8	3,360.7
EBITDA	82.9	149.0	177.8	120.5	530.2	84.8	156.3	177.6	109.4	528.1	514.3	541.9
<i>EBITDA margin (%)</i>	<i>11.9</i>	<i>19.9</i>	<i>21.8</i>	<i>16.6</i>	<i>17.7</i>	<i>11.5</i>	<i>19.1</i>	<i>20.3</i>	<i>14.2</i>	<i>16.5</i>	<i>15.6</i>	<i>16.1</i>
EBIT	0.9	66.2	94.3	22.6	184.0	3.4	74.8	96.1	28.0	202.3	207.6	218.4
<i>EBIT margin (%)</i>	<i>0.1</i>	<i>8.8</i>	<i>11.5</i>	<i>3.1</i>	<i>6.2</i>	<i>0.5</i>	<i>9.2</i>	<i>11.0</i>	<i>3.6</i>	<i>6.3</i>	<i>6.3</i>	<i>6.5</i>
Net financial items	-15.7	-22.2	-23.5	-10.9	-72.3	-13.0	-12.0	-13.0	-13.0	-51.0	-58.0	-58.8
Pre-tax profit	-14.8	44.0	70.8	11.7	111.7	-9.6	62.8	83.1	15.0	151.3	149.6	159.6
Tax	10.3	95.1	-14.0	43.8	135.2	-5.0	-5.0	-5.0	-5.0	-20.0	-29.9	-31.9
<i>Tax rate (%)</i>	<i>69.6</i>	<i>-216.1</i>	<i>19.8</i>	<i>-374.4</i>	<i>-121.0</i>	<i>-52.0</i>	<i>8.0</i>	<i>6.0</i>	<i>33.4</i>	<i>13.2</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-4.5	139.1	56.8	55.5	246.9	-17.8	54.7	75.0	6.8	118.7	107.1	115.1
EPS	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.01
EPS adjusted (diluted no. of shares)	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.01
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES, EURm												
Group total	694.7	749.2	817.4	727.2	2,988.5	738.1	816.3	874.5	770.0	3,198.9	3,294.8	3,360.7
Total	694.7	749.2	817.4	727.2	2,988.5	738.1	816.3	874.5	770.0	3,198.9	3,294.8	3,360.7
SALES GROWTH, Y/Y %												
Group total	73.8	36.1	13.7	5.8	26.8	6.2	9.0	7.0	5.9	7.0	3.0	2.0
Total	73.8	36.1	13.7	5.8	26.8	6.2	9.0	7.0	5.9	7.0	3.0	2.0
EBIT, EURm												
Group total	0.9	66.2	94.3	22.6	184.0	3.4	74.8	96.1	28.0	202.3	207.6	218.4
Total	0.9	66.2	94.3	22.6	184.0	3.4	74.8	96.1	28.0	202.3	207.6	218.4
EBIT margin, %												
Group total	0.1	8.8	11.5	3.1	6.2	0.5	9.2	11.0	3.6	6.3	6.3	6.5
Total	0.1	8.8	11.5	3.1	6.2	0.5	9.2	11.0	3.6	6.3	6.3	6.5

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	3,097.7	829.2	838.4	2,356.6	2,988.5	3,198.9	3,294.8	3,360.7
<i>Sales growth (%)</i>	<i>9.2</i>	<i>-73.2</i>	<i>1.1</i>	<i>181.1</i>	<i>26.8</i>	<i>7.0</i>	<i>3.0</i>	<i>2.0</i>
EBITDA	488.2	-251.5	-149.0	185.9	530.2	528.1	514.3	541.9
<i>EBITDA margin (%)</i>	<i>15.8</i>	<i>-30.3</i>	<i>-17.8</i>	<i>7.9</i>	<i>17.7</i>	<i>16.5</i>	<i>15.6</i>	<i>16.1</i>
Depreciation	-325.4	-343.8	-319.9	-349.8	-346.2	-325.8	-306.7	-323.5
EBITA	162.8	-595.3	-468.9	-163.9	184.0	202.3	207.6	218.4
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	162.8	-595.3	-468.9	-163.9	184.0	202.3	207.6	218.4
<i>EBIT margin (%)</i>	<i>5.3</i>	<i>-71.8</i>	<i>-55.9</i>	<i>-7.0</i>	<i>6.2</i>	<i>6.3</i>	<i>6.3</i>	<i>6.5</i>
Reported EBIT	160.0	-597.7	-474.7	-163.9	184.0	202.3	207.6	218.4
<i>EBIT margin (reported) (%)</i>	<i>5.2</i>	<i>-72.1</i>	<i>-56.6</i>	<i>-7.0</i>	<i>6.2</i>	<i>6.3</i>	<i>6.3</i>	<i>6.5</i>
Net financials	-67.0	-190.1	-127.5	-170.2	-72.3	-51.0	-58.0	-58.8
Pre-tax profit	95.8	-785.4	-596.4	-334.1	111.7	151.3	149.6	159.6
Taxes	-18.4	131.2	117.6	-105.4	135.2	-20.0	-29.9	-31.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	61.8	-671.4	-484.6	-439.5	246.9	118.7	107.1	115.1
Cash NRIs	-2.8	-2.4	-5.8	0.0	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	1,751	1,683	1,215	1,165	1,325	1,389	1,490	1,580
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	878	918	1,182	1,083	917	1,056	1,087	1,075
Inventory	80	68	56	122	135	80	82	84
Receivables	217	70	137	158	166	108	111	113
Liquid funds	952	824	1,266	1,524	922	1,280	1,318	1,344
Total assets	3,878	3,646	4,047	4,133	3,698	4,146	4,323	4,430
Liabilities								
Shareholder's equity	966	897	476	411	577	696	773	861
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	1,054	1,016	1,381	1,128	951	1,056	1,087	1,075
Deferred taxes	64	0	0	0	0	0	0	0
Interest bearing debt	521	1,182	1,428	1,299	911	1,099	1,151	1,171
Non-interest bearing current liabilities	243	176	291	452	507	542	559	570
Other interest-free debt	873	215	271	658	627	627	627	627
Total liabilities	3,878	3,647	4,047	4,133	3,698	4,146	4,323	4,430
CASH FLOW, EURm								
+ EBITDA	488	-251	-149	186	530	528	514	542
- Net financial items	-67	-190	-127	-170	-72	-51	-58	-59
- Taxes	-2	-18	11	6	-18	-20	-30	-32
- Increase in Net Working Capital	-7	-489	117	274	64	149	11	8
+/- Other	-16	-17	-6	0	0	-13	-13	-13
= Cash flow from operations	397	-966	-155	296	504	593	425	446
- Capex	-409	-315	-484	-149	-412	-529	-440	-401
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-12	-1,281	-639	147	92	64	-15	45
+/- New issues/buybacks	21	602	64	374	-81	0	0	0
- Paid dividend	-35	0	0	0	0	0	-30	-27
+/- Other	-89	551	1,018	-262	-614	293	83	8
Change in cash	-116	-128	442	259	-602	358	38	26

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	1,069	837	546	817	645	645	645
Net debt (excl. convertibles)	1,374	1,543	902	940	875	920	902
Enterprise value	2,443	2,380	1,448	1,756	1,520	1,565	1,547
Sales	829	838	2,357	2,989	3,199	3,295	3,361
EBITDA	-251	-149	186	530	528	514	542
EBIT	-595	-469	-164	184	202	208	218
Pre-tax	-785	-596	-334	112	151	150	160
Earnings	-669	-479	-439	247	119	107	115
Equity book value (excl. minorities)	897	476	411	577	696	773	861
Valuation multiples							
EV/sales	2.9	2.8	0.6	0.6	0.5	0.5	0.5
EV/EBITDA	-9.7	-16.0	7.8	3.3	2.9	3.0	2.9
EV/EBITA	-4.1	-5.1	-8.8	9.5	7.5	7.5	7.1
EV/EBIT	-4.1	-5.1	-8.8	9.5	7.5	7.5	7.1
EV/OCF	-2.5	-15.4	4.9	3.5	2.6	3.7	3.5
EV/FCFF	-2.4	-26.4	2.4	53.0	3.9	7.1	6.4
P/FCFE	-5.0	-7.8	22.2	8.9	10.0	-42.4	14.4
P/E	-1.6	-1.7	-1.2	3.3	5.4	6.0	5.6
P/B	1.2	1.8	1.3	1.4	0.9	0.8	0.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	3.2	3.4	3.2
Target EV/EBIT	0.0	0.0	0.0	0.0	8.4	8.4	7.9
Target EV/FCF	0.0	0.0	0.0	0.0	26.3	-114.1	38.3
Target P/B	0.0	0.0	0.0	0.0	1.2	1.1	0.9
Target P/E	0.0	0.0	0.0	0.0	6.9	7.6	7.1
Per share measures							
Number of shares	8,382,451	8,374,906	8,374,906	20,421,000	20,421,000	20,421,000	20,421,000
Number of shares (diluted)	8,382,451	8,374,906	8,374,906	20,421,000	20,421,000	20,421,000	20,421,000
EPS	-0.08	-0.06	-0.05	0.01	0.01	0.01	0.01
Operating cash flow per share	-0.12	-0.02	0.04	0.02	0.03	0.02	0.02
Free cash flow per share	-0.15	-0.08	0.02	0.00	0.00	0.00	0.00
Book value per share	0.11	0.06	0.05	0.03	0.03	0.04	0.04
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout ratio, %	0.0	0.0	0.0	0.0	25.0	25.0	25.0
Dividend yield, %	0.0	0.0	0.0	0.0	4.6	4.1	4.5
FCF yield, %	-119.8	-76.4	26.9	11.3	10.0	-2.4	7.0
Efficiency measures							
ROE	-71.8	-69.8	-99.2	50.0	18.7	14.6	14.1
ROCE	-21.1	-17.9	-8.9	3.2	4.1	4.9	3.6
Financial ratios							
Inventories as % of sales	8.2	6.7	5.2	4.5	2.5	2.5	2.5
Receivables as % of sales	8.4	16.3	6.7	5.6	3.4	3.4	3.4
Non-interest bearing liabilities as % of sales	21.2	34.7	19.2	17.0	17.0	17.0	17.0
NWC/sales, %	-30.3	-43.9	-27.3	-23.7	-26.8	-26.3	-26.0
Operative CAPEX/sales, %	38.0	57.8	6.3	13.8	16.5	13.4	11.9
CAPEX/sales (incl. acquisitions), %	38.0	57.8	6.3	13.8	16.5	13.4	11.9
FCFF/EBITDA	4.0	0.6	3.2	0.1	0.7	0.4	0.4
Net debt/EBITDA, book-weighted	-5.5	-10.4	4.9	1.8	1.7	1.8	1.7
Debt/equity, market-weighted	1.1	1.7	2.4	1.1	1.7	1.8	1.8
Equity ratio, book-weighted	25.5	12.2	10.9	17.9	19.2	20.4	22.1
Gearing, %	153.3	324.4	219.7	162.9	125.8	119.0	104.7

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	11406710454	360.452	55.9%
Varma Mutual Pension Insurance Company	582,778,296	18.416	2.9%
Ilmarinen Mutual Pension Insurance Company	278,850,001	8.812	1.4%
Elo Mutual Pension Insurance Company	197,450,506	6.239	1.0%
The State Pension Fund	179,499,998	5.672	0.9%
Sijoitusrahasto Danske Invest Suomi Osake	149,732,796	4.732	0.7%
Sijoitusrahasto Säästöpankki Pienyhtiöt	72,900,009	2.304	0.4%
Sijoitusrahasto Nordea Pro Suomi	58,520,174	1.849	0.3%
Nordea Bank ABP	50,379,689	1.592	0.2%
Finnair Oyj	49,565,647	1.566	0.2%
Ten largest	13026387570	411.634	64%
Residual	7394612430	233.670	36%
Total	20421000000	645.304	100%

EARNINGS CALENDAR

April 23, 2024	Q1 report
July 19, 2024	Q2 report
October 29, 2024	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Jaakko Schildt	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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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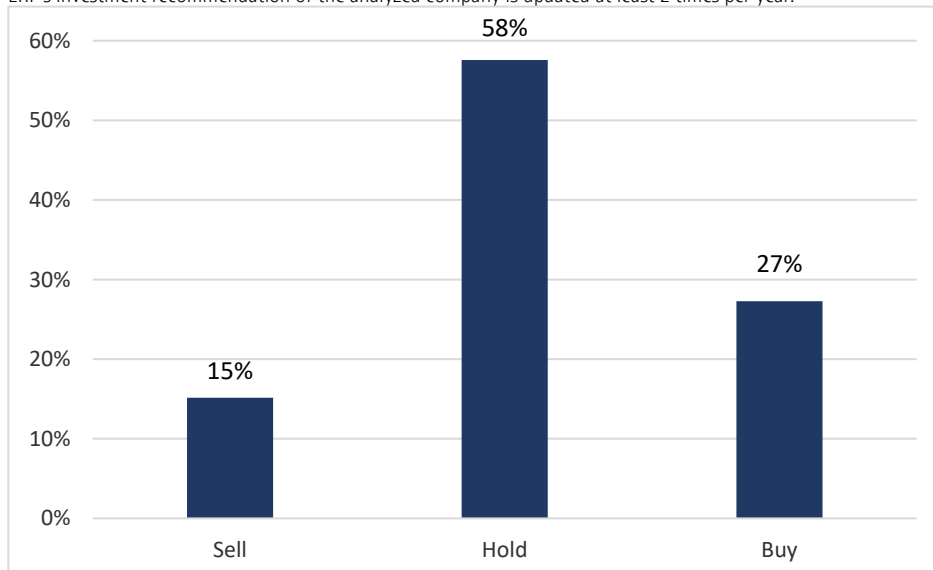
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Investment recommendations are defined as follows:

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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