

## Result heavily impacted by the pandemic

The coronavirus pandemic and strict travel restrictions especially in Finland continued to hamper Finnair's result in Q3. Finnair's Q3'20 adj. EBIT was EUR -167m vs. our expectation of EUR -191m and consensus of EUR -179m. Revenue decreased by 88.7% y/y and was EUR 97m vs. our expectation of EUR 157m and consensus of EUR 145m.

- Q3 revenue was below expectations at EUR 97m vs. EUR 157m/145m Evli/cons.
- ASK decreased by ~87% y/y in Q3. PLF was 38.7% (-47.5 points). Strict travel restrictions especially in Finland had a negative impact on Finnair's flight plans.
- Q3 adj. EBIT was EUR -167m vs. EUR -191m/-179m Evli/cons. Q3 comparable EBITDA was EUR -82m vs. EUR -103m our view.
- Absolute costs in Q3: Fuel costs were EUR 29m vs. EUR 55m our view. Staff costs were EUR 57m vs. EUR 53m our view. All other OPEX+D&A combined were EUR 189m vs. EUR 250m our view.
- Unit costs: CASK was 15.86 eurocents vs. 20.81 eurocents our view.
- Q3 EPS was EUR -0.15 vs. EUR -0.12/-0.12 Evli/cons.
- According to the company, comparable operating loss in Q4 will be of a similar magnitude as in Q2 and Q3.
- The company expects that revenue and capacity (ASK) will both decrease more than 70% in 2020 compared to 2019.

**Rating** 🟡 HOLD

Q3 2020	Actual	Evli	Cons	Year ago
Net Sales	97	157	145	865
Comp. EBIT	-167	-191	-179	101
Comp EBIT margin	-171 %	-122 %	-123 %	12 %
PTP	-249	-214	-202	72
EPS	-0.15	-0.12	-0.12	
Deviation		Evli	Cons	Year ago
Net sales		-38 %	-33 %	-89 %
Comparable EBIT		-13 %	-7 %	-266 %
PTP		16 %	23 %	-446 %
<i>Consensus by Infront (5 est. mean)</i>				

**Share price, EUR**(Last trading day's closing price) 0.38
**Target price, EUR** 0.38

Latest change in rating	16-Jul-20
Latest report on company	19-Oct-20
Research paid by issuer:	YES
No. of shares outstanding, '000's	1,407,192
No. of shares fully diluted, '000's	1,407,192
Market cap, EURm	535
Free float, %	42.6
Exchange rate EUR/USD	1.170
Reuters code	FIA1S.HE
Bloomberg code	FIA1S FH
Average daily volume, EURm	na.
Next interim report	28-Oct-20
Web site	investors.finnair.com

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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
2018	2,836.1	218.4	7.7%	267.6	0.40	10.2	0.6	7.4	29.5	0.27
2019	3,097.7	162.8	5.3%	-12.3	0.50	11.7	0.4	8.5	-1.6	0.00
2020E	1,062.3	-609.3	-57.4%	-860.7	-0.45	-0.8	1.4	-2.5	-161.0	0.00
2021E	2,224.1	-74.5	-3.4%	5.3	-0.11	-3.5	0.7	-20.3	1.0	0.00
2022E	2,858.3	114.7	4.0%	110.4	0.01	26.7	0.5	12.2	20.6	0.00
Market cap, EURm	535		BV per share 2020E, EUR		118.6		CAGR EPS 2019-22, %		-69.6	
Net debt 2020E, EURm	979		Price/book 2020E		0.6		CAGR sales 2019-22, %		-2.6	
Enterprise value, EURm	1,514		Dividend yield 2020E, %		0.0		ROE 2020E, %		-71.4	
Total assets 2020E, EURm	3,976		Tax rate 2020E, %		20.0		ROCE 2020E, %		-22.8	
Goodwill 2020E, EURm	0		Equity ratio 2020E, %		21.4		PEG, P/E 20/CAGR		0.0	

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

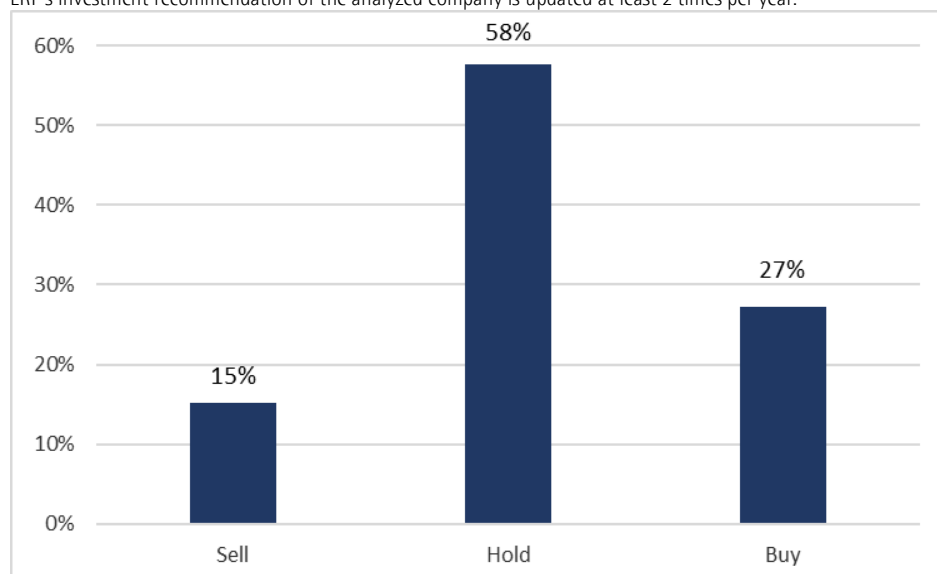
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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## Name(s) of the analyst(s): Rissanen

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