

## Earnings above expectations

Finnair's Q4'19 adj. EBIT was EUR 31.2m vs. our expectation of EUR 8.2m and consensus of EUR 9.0m. Revenue was EUR 775m vs. our expectation of EUR 740m and consensus of EUR 744m.

- Q4 revenue was EUR 774.9m vs. EUR 740m/744m Evli/cons.
- ASK increased by 10.6% in Q4. RASK increased by 2.5% y/y.
- Q4 adj. EBIT was EUR 31.2m vs. EUR 8.2m/9.0m Evli/cons. Q4 comparable EBITDA was EUR 120.7m vs. EUR 89.7m our view.
- Absolute costs in Q4: Fuel costs were EUR 171m vs. EUR 171m our view. Staff costs were EUR 136m vs. EUR 133m our view. All other OPEX+D&A combined were EUR 451m vs. EUR 447m our view.
- Unit costs: CASK was 6.42 eurocents vs. 6.31 eurocents our view.
- Q4 EPS was EUR 0.17 vs. -0.14/-0.12 Evli/cons.
- 2019 dividend: EUR 0.20 vs. 0.11/0.10 Evli/cons.
- Finnair expects capacity increase of ~4% in 2020 but due to the coronavirus the company does not provide a full year revenue estimate.

Rating	🟡 HOLD
Share price, EUR (Last trading day's closing price)	5.61
Target price, EUR	6.5
Latest change in rating	23-Oct-19
Latest report on company	29-Jan-20
Research paid by issuer:	YES
No. of shares outstanding, '000's	128,136
No. of shares fully diluted, '000's	128,136
Market cap, EURm	719
Free float, %	44.0
Exchange rate EUR/USD	1.170
Reuters code	FIA1S.HE
Bloomberg code	FIA1S.FH
Average daily volume, EURm	0.0
Next interim report	07-Feb-20
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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
2017	2,568.4	170.4	6.6%	134.1	0.88	14.6	0.5	8.2	8.2	0.30
2018	2,849.7	218.4	7.7%	267.6	0.40	17.7	0.6	7.4	29.5	0.27
2019E	3,076.7	140.1	4.6%	-18.3	0.22	24.9	0.5	10.6	-2.5	0.11
2020E	3,178.2	165.1	5.2%	-108.4	0.30	18.8	0.5	9.7	-15.1	0.15
2021E	3,304.0	216.0	6.5%	-20.8	0.58	9.7	0.5	7.6	-2.9	0.25
Market cap, EURm		719		BV per share 2019E, EUR		83.3		CAGR EPS 2018-21, %		13.0
Net debt 2019E, EURm		760		Price/book 2019E		0.8		CAGR sales 2018-21, %		5.1
Enterprise value, EURm		1,479		Dividend yield 2019E, %		2.0		ROE 2019E, %		3.1
Total assets 2019E, EURm		4,098		Tax rate 2019E, %		17.4		ROCE 2019E, %		5.1
Goodwill 2019E, EURm		0		Equity ratio 2019E, %		24.3		PEG, P/E 19/CAGR		0.5

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

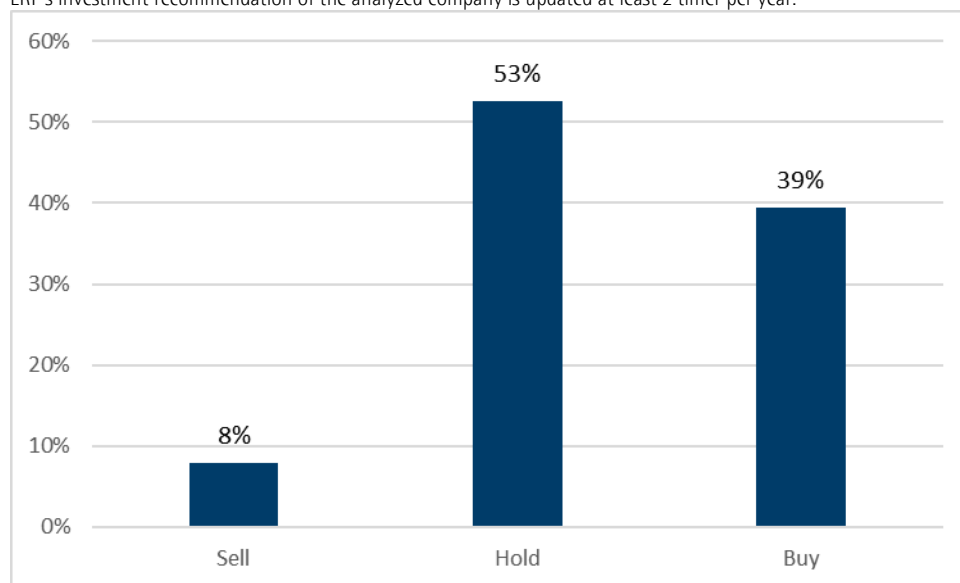
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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