

Close to expectations

Finnair's Q4 revenue hit estimates well, while adjusted EBIT was a bit stronger than expected. At first glance the report doesn't seem to contain any major surprises. Travel demand continues high after the pandemic for now, while inflation is still a challenge.

- Q4 revenue landed at EUR 687.3m, compared to the EUR 679.0m/681.2m Evli/consensus estimates.
- Adjusted EBIT was EUR 17.9m vs the EUR 13.5m/2.7m Evli/consensus estimates.
- Fuel costs amounted to EUR 228m vs our EUR 222m estimate, whereas staff costs were EUR 115m vs our EUR 115m estimate. All other OPEX+D&A totaled EUR 364m, compared to our EUR 370m estimate.
- Cost per Available Seat Kilometer was 8.18 eurocents vs our estimate of 8.13 eurocents.
- The BoD proposes no dividend to be paid for the year (as expected).
- Finnair expects to operate an average capacity of 80-85%, in terms of ASKs, in 2023 compared to 2019. High demand should support unit revenues in the short-term, while normal seasonality returns, which may result in negative Q1 EBIT. Finnair estimates FY '23 revenue to increase significantly but will not yet reach the level of FY '19.

Rating				SELL
Q4'22	Actual	Evli	Year ago	Q3'22
Revenue	687.3	679.0	413.5	719.2
Adj. EBIT	17.9	13.5	-65.2	35.2
Adj. EBIT-%	2.6 %	2.0 %	-15.8 %	4.9 %
Share price, EUR (Last trading day's closing price)				0.53
Target price, EUR				0.45
Latest change in recommendation				09-Feb-23
Latest report on company				09-Feb-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				745
Free float, %				42.9
Exchange rate EUR/USD				1.07
Reuters code				FIA1S.HE
Bloomberg code				FIA1S FH
Average daily volume, EURm				0.9
Next interim report				15-Feb-23
Web site				investors.finnair.com
Analyst				Joonas Ilvonen
E-mail				joonas.ilvonen@evli.com
Telephone				+358 44 430 9071

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	2,348.3	-168.3	-7.2%	-235.5	-0.36	-1.5	1.0	-14.4	-31.6	0.00
2023E	2,763.8	121.3	4.4%	119.6	-0.03	-17.1	0.8	18.1	16.1	0.00
2024E	2,902.0	174.1	6.0%	214.3	0.02	24.3	0.7	11.4	28.8	0.01
Market cap, EURm	745			BV per share 2022E, EUR		2,237.7	CAGR EPS 2021-24, %		0.0	
Net debt 2022E, EURm	1,674			Price/book 2022E		10.0	CAGR sales 2021-24, %		51.3	
Enterprise value, EURm	2,419			Dividend yield 2022E, %		0.0	ROE 2022E, %		-183.8	
Total assets 2022E, EURm	3,465			Tax rate 2022E, %		-23.7	ROCE 2022E, %		-9.3	
Goodwill 2022E, EURm	0			Equity ratio 2022E, %		2.4	PEG, P/E 22/CAGR		0.0	

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

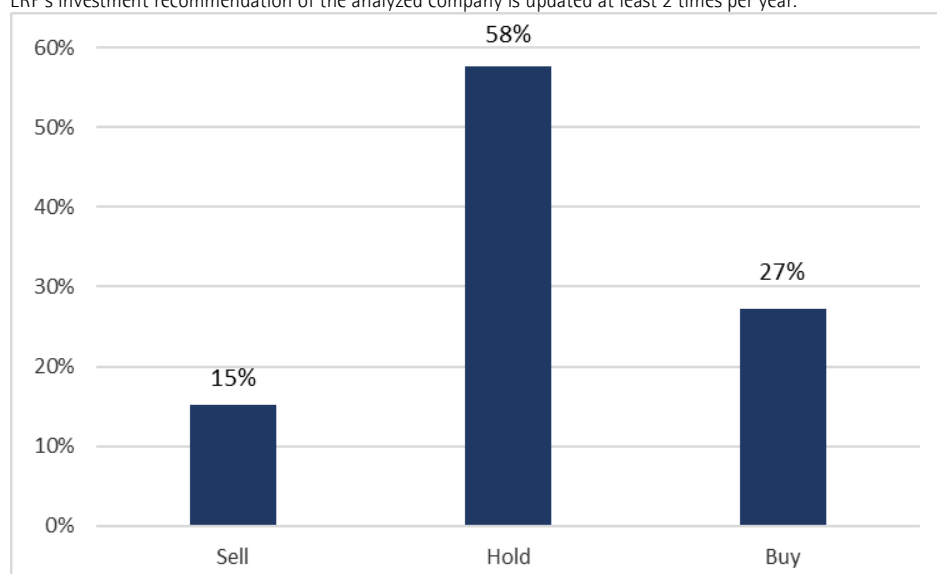
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Investment recommendations are defined as follows:

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

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

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Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Teemu Reiman +358 40 352 6175

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001