

Solid high profitability

Finnair's Q3 EBIT was impressive even if higher fuel prices already had some adverse impact. The company faces much more demanding comparison figures next year, but EBIT should remain high despite the slightly more challenging environment after the recovery and high summer season.

Guidance range still wide due to fuel price uncertainty

Finnair's EUR 817m Q3 revenue landed close to the EUR 826m/804m Evli/cons. estimates. Profitability was expected to be high, yet the EUR 94m adj. EBIT still managed to top the EUR 74m/84m Evli/cons. estimates even if higher fuel prices began to gnaw margins towards the autumn months. Finnair was able to maintain the EUR 180m midpoint of its EBIT guidance, despite the rise in fuel prices, although geopolitical tensions have lately elevated fuel price uncertainty. Profitability has fully recovered, and in our opinion it doesn't seem too hard for Finnair to reach the upper half of its profitability guidance range despite the fact that it remains quite wide given the prevailing circumstances.

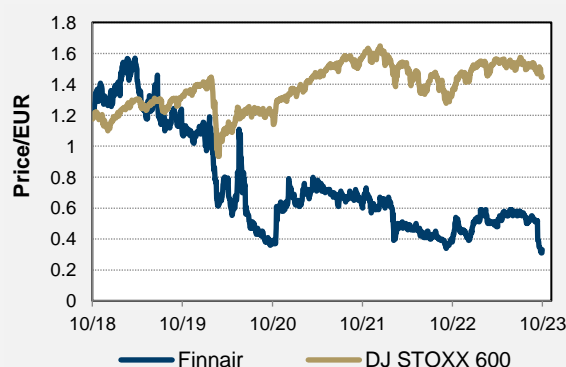
Ex-fuel CASK stays competitive, some more revenue drivers

We see (absolute) operating expenditure levels rather stable from now on, which should help keep unit costs competitive as capacity increases further, while there will be more fuel cost pressure at least in the short term. Finnair's volumes have mostly recovered to their new normal level, yet Asian and European (short haul) routes should still support growth next year while in our view there's more uncertainty around e.g. North Atlantic volumes. Unit yields should have some further marginal upside in the short term, but there's also room for additional price hikes in the case of extended fuel price inflation. Next year Finnair will face comparison figures no longer that easy to beat, but pricing focus and cost measures alike should secure relatively high profitability going forward.

Valued neutral around the assumption of roughly 6% EBIT

In our view Finnair's revenue should grow a few percentage points next year (due to modest gains in volumes and yields), yet the favorable profitability impact may be mostly offset by higher fuel prices. We thus estimate Finnair's FY '24 EBIT stable at around EUR 190m, or a bit above 6% in terms of EBIT margin. On that basis Finnair remains valued some 7x EV/EBIT, a level in line with peers. We retain our EUR 0.35 TP and HOLD rating.

Rating

HOLD


Share price, EUR (Last trading day's closing price) 0.33

Target price, EUR 0.35

Latest change in recommendation 24-Apr-23

Latest report on company 18-Oct-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 464

Free float, % 42.9

Exchange rate EUR/USD 1.07

Reuters code FIA1S.HE

Bloomberg code FIA1S.FH

Average daily volume, EURm 0.5

Next interim report 14-Feb-24

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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	3,015.9	189.9	6.3%	-18.6	0.14	2.4	0.4	6.7	-4.0	0.00
2024E	3,121.4	193.5	6.2%	60.9	0.06	5.1	0.4	6.3	13.1	0.02
2025E	3,215.1	199.3	6.2%	56.4	0.07	4.7	0.4	6.0	12.2	0.02
Market cap, EURm	464			Gearing 2023E, %	115.4			CAGR EPS 2022-25, %	0.0	
Net debt 2023E, EURm	816			Price/book 2023E	0.7			CAGR sales 2022-25, %	10.9	
Enterprise value, EURm	1,280			Dividend yield 2023E, %	0.0			ROE 2023E, %	34.2	
Total assets 2023E, EURm	4,151			Tax rate 2023E, %	-87.6			ROCE 2023E, %	3.2	
Goodwill 2023E, EURm	0			Equity ratio 2023E, %	19.3			PEG, P/E 23/CAGR	0.0	

Estimates and valuation

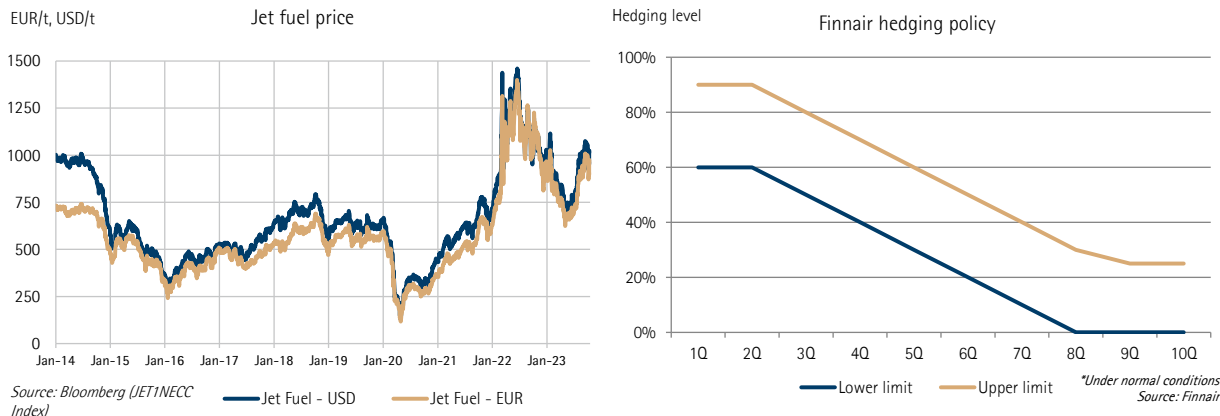
FINNAIR EURm	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022 FY	2023 Q1	2023 Q2	2023 Q3	2023E Q4	2023E FY
ASK (mkm)	36 922	42 386	47 189	12 938	12 094	6 915	7 841	8 357	8 186	31 299	8 550	9 213	9 344	8 954	36 061
<i>y/y change</i>	9 %	15 %	11 %	-73 %	-7 %	476 %	453 %	154 %	32 %	159 %	24 %	17 %	12 %	9 %	15.2%-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	7 031	7 562	7 063	28 075
<i>y/y change</i>	14 %	13 %	11 %	-79 %	-36 %	967 %	1114 %	389 %	93 %	309 %	96 %	33 %	13 %	19 %	33 %
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 %	76.3 %	80.9 %	78.9 %	77.9 %
<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	9.1%-p	0.8%-p	6.6%-p	10.3%-p
Ancillary and retail	145	161	176	62	44	27	28	36	32	123	33	33	38	34	138
Cargo	197	207	212	178	335	121	90	73	69	352	53	47	41	49	191
Travel services	206	223	230	61	39	25	39	56	51	170	55	57	66	57	235
Total revenue	2569	2835	3098	829	838	400	550	719	687	2356	695	749	817	755	3016
<i>YoY change</i>	11 %	10 %	9 %	-73 %	1 %	252 %	392 %	261 %	66 %	181 %	74 %	36 %	14 %	10 %	28 %
Other income	77	74	56	48	63	20	41	56	37	154	34	28	27	23	112
Staff costs	-423	-500	-535	-284	-249	-102	-114	-117	-115	-447	-129	-125	-120	-120	-494
<i>y/y change</i>	17 %	18 %	7 %	-47 %	-12 %	93 %	111 %	101 %	36 %	80 %	27 %	10 %	2 %	5 %	11 %
<i>% of revenue</i>	16 %	18 %	17 %	34 %	30 %	25 %	21 %	16 %	17 %	19 %	19 %	17 %	15 %	16 %	16 %
Fuel	-472	-581	-687	-233	-212	-137	-229	-242	-228	-836	-220	-220	-238	-252	-930
<i>y/y change</i>	-4 %	23 %	18 %	-66 %	-9 %	350 %	644 %	405 %	123 %	295 %	61 %	-4 %	-2 %	11 %	11 %
<i>% of revenue</i>	18 %	20 %	22 %	28 %	25 %	34 %	42 %	34 %	33 %	35 %	32 %	29 %	29 %	33 %	31 %
Other OPEX	-1314	-1316	-1444	-613	-566	-231	-251	-302	-283	-1067	-294	-282	-309	-285	-1170
<i>y/y change</i>	4 %	0 %	10 %	-58 %	-8 %	130 %	139 %	126 %	24 %	88 %	27 %	12 %	2 %	1 %	10 %
<i>% of revenue</i>	51 %	46 %	47 %	74 %	68 %	58 %	46 %	42 %	41 %	45 %	42 %	38 %	38 %	39 %	39 %
Comparable EBIT	171	218	163	-595	-469	-133	-84	35	18	-164	1	66	94	29	190
<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 %	8.8 %	11.5 %	3.8 %	6.3 %

Sources: Finnair, Evli estimates

FINNAIR PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
SAS	30				43.7x			-9.4 %	-3.5 %	2.1 %
International Consolidated	8057	5.4x	3.1x	2.9x	14.6x	5.1x	5.0x	5.3 %	10.9 %	10.9 %
Air France-KLM	2949	3.1x	2.6x	2.4x	9.4x	6.1x	5.7x	4.5 %	6.2 %	6.3 %
Deutsche Lufthansa	8056	4.3x	2.8x	2.7x	11.2x	5.2x	5.1x	4.4 %	7.2 %	6.9 %
Norwegian Air Shuttle	667	11.3x	2.3x	2.1x	8.2x	6.3x	5.4x	8.0 %	7.8 %	8.3 %
Aegean Airlines	916	3.5x	3.8x	3.3x	6.9x	7.7x	6.3x	10.5 %	11.3 %	13.1 %
easyJet	3200	4.4x	2.5x	2.2x	25.4x	5.7x	4.8x	1.9 %	6.0 %	6.5 %
Ryanair Holdings	16664	7.6x	5.3x	4.5x	13.7x	8.2x	6.6x	11.6 %	15.3 %	16.9 %
Wizz Air Holdings	1922	54.7x	5.9x	3.9x		20.0x	8.2x	-14.0 %	5.8 %	11.5 %
American Airlines Group	6941	10.9x	6.2x	6.5x	23.5x	9.8x	10.8x	3.6 %	7.3 %	6.3 %
Delta Air Lines	19396	7.2x	4.7x	4.5x	12.6x	6.9x	6.6x	7.8 %	11.2 %	11.3 %
Peer Group Average	6254	11.2x	3.9x	3.5x	14.0x	8.1x	9.8x	3.1 %	7.8 %	9.1 %
Peer Group Median	3200	6.3x	3.4x	3.1x	12.6x	6.6x	6.3x	4.5 %	7.3 %	8.3 %
Finnair (Evli est.)	461	7.8x	2.4x	2.2x	-8.8x	6.7x	6.3x	-7.0 %	6.3 %	6.2 %

Finnair prem./disc. to peer median

Source FactSet, Evli Research

Jet fuel cost


INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3	2023Q4E	2023E	2024E	2025E
Net sales	399.8	550.3	719.2	687.3	2,356.6	694.7	749.2	817.4	754.6	3,015.9	3,121.4	3,215.1
EBITDA	-54.7	-5.4	146.9	99.1	185.9	82.9	149.0	177.8	111.5	521.2	556.2	550.5
<i>EBITDA margin (%)</i>	<i>-13.7</i>	<i>-1.0</i>	<i>20.4</i>	<i>14.4</i>	<i>7.9</i>	<i>11.9</i>	<i>19.9</i>	<i>21.8</i>	<i>14.8</i>	<i>17.3</i>	<i>17.8</i>	<i>17.1</i>
EBIT	-132.9	-84.2	35.3	17.9	-163.9	0.9	66.2	94.3	28.5	189.9	193.5	199.3
<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>8.8</i>	<i>11.5</i>	<i>3.8</i>	<i>6.3</i>	<i>6.2</i>	<i>6.2</i>
Net financial items	-47.1	-76.5	-63.8	17.2	-170.2	-15.7	-22.2	-23.5	-25.0	-86.4	-64.0	-60.0
Pre-tax profit	-180.0	-160.7	-28.5	35.1	-334.1	-14.8	44.0	70.8	3.5	103.5	129.5	139.3
Tax	-0.7	-110.3	7.6	-2.0	-105.4	10.3	95.1	-14.0	-0.7	90.7	-25.9	-27.9
<i>Tax rate (%)</i>	<i>-0.4</i>	<i>-68.6</i>	<i>-181.0</i>	<i>83.3</i>	<i>-31.5</i>	<i>69.6</i>	<i>-216.1</i>	<i>19.8</i>	<i>20.0</i>	<i>-87.6</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-180.7	-271.0	-20.9	33.1	-439.5	-4.5	139.1	56.8	-0.3	191.1	91.0	98.9
EPS	-0.13	-0.19	-0.01	0.02	-0.31	0.00	0.10	0.04	0.00	0.14	0.06	0.07
EPS adjusted (diluted no. of shares)	-0.13	-0.19	-0.01	0.02	-0.31	0.00	0.10	0.04	0.00	0.14	0.06	0.07
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.02
SALES, EURm												
Group total	399.8	550.3	719.2	687.3	2,356.6	694.7	749.2	817.4	754.6	3,015.9	3,121.4	3,215.1
Total	399.8	550.3	719.2	687.3	2,356.6	694.7	749.2	817.4	754.6	3,015.9	3,121.4	3,215.1
SALES GROWTH, Y/Y %												
Group total	251.9	392.2	260.5	66.2	181.1	73.8	36.1	13.7	9.8	28.0	3.5	3.0
Total	251.9	392.2	260.5	66.2	181.1	73.8	36.1	13.7	9.8	28.0	3.5	3.0
EBIT, EURm												
Group total	-132.9	-84.2	35.3	17.9	-163.9	0.9	66.2	94.3	28.5	189.9	193.5	199.3
Total	-132.9	-84.2	35.3	17.9	-163.9	0.9	66.2	94.3	28.5	189.9	193.5	199.3
EBIT margin, %												
Group total	-33.2	-15.3	4.9	2.6	-7.0	0.1	8.8	11.5	3.8	6.3	6.2	6.2
Total	-33.2	-15.3	4.9	2.6	-7.0	0.1	8.8	11.5	3.8	6.3	6.2	6.2

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	3,015.9	3,121.4	3,215.1
<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>28.0</i>	<i>3.5</i>	<i>3.0</i>
EBITDA	512.6	488.2	-251.5	-149.0	185.9	521.2	556.2	550.5
<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>17.3</i>	<i>17.8</i>	<i>17.1</i>
Depreciation	-294.2	-325.4	-343.8	-319.9	-349.8	-331.3	-362.7	-351.2
EBITA	218.4	162.8	-595.3	-468.9	-163.9	189.9	193.5	199.3
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	189.9	193.5	199.3
<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>6.3</i>	<i>6.2</i>	<i>6.2</i>
Reported EBIT	218.3	160.0	-597.7	-474.7	-163.9	189.9	193.5	199.3
<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>6.3</i>	<i>6.2</i>	<i>6.2</i>
Net financials	-129.0	-67.0	-190.1	-127.5	-170.2	-86.4	-64.0	-60.0
Pre-tax profit	89.4	95.8	-785.4	-596.4	-334.1	103.5	129.5	139.3
Taxes	-25.6	-18.4	131.2	117.6	-105.4	90.7	-25.9	-27.9
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	191.1	91.0	98.9
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	1,257	1,315	1,424
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	999	878	918	1,182	1,083	1,417	1,405	1,350
Inventory	121	80	68	56	122	75	78	80
Receivables	210	217	70	137	158	114	117	120
Liquid funds	1,067	952	824	1,266	1,524	1,206	1,249	1,286
Total assets	3,944	3,878	3,646	4,047	4,133	4,151	4,244	4,342
Liabilities								
Shareholder's equity	918	966	897	476	411	707	798	867
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	1,417	1,405	1,350
Deferred taxes	48	64	0	0	0	0	0	0
Interest bearing debt	615	521	1,182	1,428	1,299	605	599	664
Non-interest bearing current liabilities	285	243	176	291	452	578	599	617
Other interest-free debt	811	873	215	271	658	658	658	658
Total liabilities	3,944	3,878	3,647	4,047	4,133	4,151	4,244	4,342
CASH FLOW, EURm								
+ EBITDA	513	488	-251	-149	186	521	556	550
- Net financial items	-129	-67	-190	-127	-170	-86	-64	-60
- Taxes	-52	-2	-18	11	6	91	-26	-28
- Increase in Net Working Capital	50	-7	-489	117	274	217	14	13
+/- Other	1	-16	-17	-6	0	-3	-13	-13
= Cash flow from operations	383	397	-966	-155	296	740	468	463
- Capex	-330	-409	-315	-484	-149	-758	-407	-406
- 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	-19	61	56
+/- New issues/buybacks	-110	21	602	64	374	105	0	0
- Paid dividend	-38	-35	0	0	0	0	0	-30
+/- Other	-17	-89	551	1,018	-262	-404	-19	11
Change in cash	103	-116	-128	442	259	-318	42	37

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	753	1,069	837	546	464	464	464
Net debt (excl. convertibles)	623	1,374	1,543	902	816	755	728
Enterprise value	1,377	2,443	2,380	1,448	1,280	1,219	1,192
Sales	3,098	829	838	2,357	3,016	3,121	3,215
EBITDA	488	-251	-149	186	521	556	550
EBIT	163	-595	-469	-164	190	194	199
Pre-tax	96	-785	-596	-334	104	130	139
Earnings	65	-669	-479	-439	191	91	99
Equity book value (excl. minorities)	966	897	476	411	707	798	867
Valuation multiples							
EV/sales	0.4	2.9	2.8	0.6	0.4	0.4	0.4
EV/EBITDA	2.8	-9.7	-16.0	7.8	2.5	2.2	2.2
EV/EBITA	8.5	-4.1	-5.1	-8.8	6.7	6.3	6.0
EV/EBIT	8.5	-4.1	-5.1	-8.8	6.7	6.3	6.0
EV/OCF	3.5	-2.5	-15.4	4.9	1.7	2.6	2.6
EV/FCFF	8.4	-2.4	-26.4	2.4	2.3	4.5	4.6
P/FCFE	-333.2	-0.8	-1.3	3.7	-24.9	7.6	8.2
P/E	11.7	-1.6	-1.7	-1.2	2.4	5.1	4.7
P/B	0.8	1.2	1.8	1.3	0.7	0.6	0.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	2.5	2.2	2.2
Target EV/EBIT	0.0	0.0	0.0	0.0	6.9	6.4	6.1
Target EV/FCF	0.0	0.0	0.0	0.0	-70.3	20.5	21.6
Target P/B	0.0	0.0	0.0	0.0	0.7	0.6	0.6
Target P/E	0.0	0.0	0.0	0.0	2.6	5.4	5.0
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	0.14	0.06	0.07
Operating cash flow per share	0.57	-0.69	-0.11	0.21	0.53	0.33	0.33
Free cash flow per share	-0.02	-0.91	-0.45	0.10	-0.01	0.04	0.04
Book value per share	1.39	0.64	0.34	0.29	0.50	0.57	0.62
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.02	0.02
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	6.5	7.0
FCF yield, %	-1.6	-119.8	-76.4	26.9	-4.0	13.1	12.2
Efficiency measures							
ROE	6.9	-71.8	-69.8	-99.2	34.2	12.1	11.9
ROCE	6.2	-21.1	-17.9	-8.9	3.2	3.6	5.1
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	3.8	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	-28.5	-28.0	-27.6
Operative CAPEX/sales, %	13.2	38.0	57.8	6.3	25.1	13.0	12.6
CAPEX/sales (incl. acquisitions), %	13.2	38.0	57.8	6.3	25.1	13.0	12.6
FCFF/EBITDA	0.3	4.0	0.6	3.2	1.1	0.5	0.5
Net debt/EBITDA, book-weighted	1.3	-5.5	-10.4	4.9	1.6	1.4	1.3
Debt/equity, market-weighted	0.7	1.1	1.7	2.4	1.3	1.3	1.4
Equity ratio, book-weighted	27.4	25.5	12.2	10.9	19.3	21.3	22.7
Gearing, %	64.5	153.3	324.4	219.7	115.4	94.6	84.1

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	259.601	56.0%
Varma Mutual Pension Insurance Company	50,081,263	16.527	3.6%
Ilmarinen Mutual Pension Insurance Company	30,000,000	9.900	2.1%
Elo Mutual Pension Insurance Company	14,008,115	4.623	1.0%
The State Pension Fund	11,000,000	3.630	0.8%
Finnairin Henkilöstöraho Hr.	3,772,902	1.245	0.3%
OP Life Assurance Company Ltd	1,954,798	0.645	0.1%
Finnairin Eläkesäätiö	1,505,262	0.497	0.1%
Finnair Oyj	1,421,133	0.469	0.1%
Mäkitalo Allan Risto Pekka	1,195,547	0.395	0.1%
Ten largest	901,608,705	297.531	64%
Residual	504,355,367	166.437	36%
Total	1,405,964,072	463.968	100%

EARNINGS CALENDAR

February 14, 2024	FY 2023 Results
April 23, 2024	Q1 report
July 19, 2024	Q2 report
October 29, 2024	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Topi Manner	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

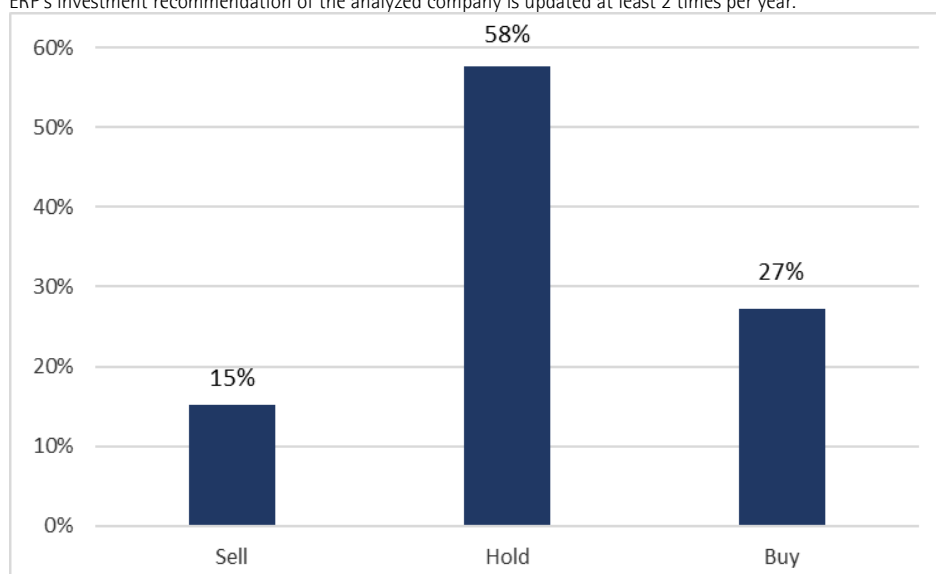
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Investment recommendations are defined as follows:

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

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

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