

## High earnings to be sustained

Finnair reports Q4 on Feb 14. In our view this year's summer season will again lift earnings as volumes have more room to grow while jet fuel prices have recently declined a bit.

### Summer season to deliver another set of high earnings

Finnair's Q4 ASK continued to grow 11% y/y, driven by the 22% increase in Asia and where the PLF still improved (although not as much as we expected). Meanwhile European traffic is already a lot closer to a stable level as RPK has grown ca. 5% y/y and the PLF declined a bit. Finnair's FY '23 PLF landed at 76.4%, 500-600bps below general sector levels. Finnair's PLF is likely to stay below the sector average also this year (as it was 100bps lower also in FY '19), however it should at least remain roughly stable and could even improve a bit as IATA expects the global PLF to gain another 60bps this year. Much again depends on the summer season as the winter months remain seasonally soft, while Q1 this year will also be burdened by the strikes in Finland. We estimate Finnair's Q4 revenue to have grown 9% y/y and see EBIT at EUR 26m.

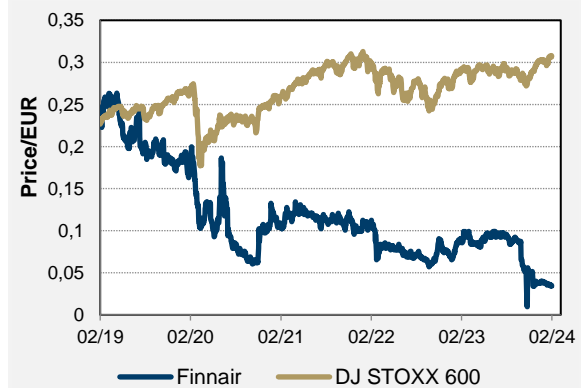
### Relatively stable development expected from here on

Jet fuel prices declined sharply late last year but have since bounced back a bit. The levels are still some 10% lower than they were in October, and although it's hard to say where the prices will settle the decrease should nevertheless support this year's earnings enough to offset the losses seen in Q1. We hence believe Finnair's FY '24 EBIT to stay close to EUR 200m. In our view cost inflation will not be a very big issue, rather the major theme continues to be the optimal balance between capacity utilization rates and prices. Yields are unlikely to decline, however they shouldn't have much potential for additional increases as demand and supply growth appear quite well balanced from now on.

### Earnings-based valuation not too demanding

Finnair's FY '23 revenue grew roughly in line with peers, and there should be potential for at least further mid-single-digit growth this year. Additional growth positions many airlines for further earnings gains after the pandemic cost-cutting exercises, whereas we estimate only marginal improvement for Finnair. The 7.5x EV/EBIT multiple, on our FY '24 estimates, is well in line with peers, while in our view a slight premium can be justified. Our EUR 0.04 (0.05) TP values Finnair at 8x EV/EBIT; our new rating is BUY (SELL).

Rating + BUY



Share price, EUR (Last trading day's closing price) 0.03  
Target price, EUR 0.04

Latest change in recommendation 08-Feb-24  
Latest report on company 01-Nov-23  
Research paid by issuer: YES  
No. of shares outstanding, '000's 20,421,000  
No. of shares fully diluted, '000's 20,421,000  
Market cap, EURm 700  
Free float, % 42.9  
Exchange rate EUR/USD 1.08  
Reuters code FIA1S.HE  
Bloomberg code FIA1S FH  
Average daily volume, EURm 0.5  
Next interim report 14-Feb-24  
Web site investors.finnair.com

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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	-0.06	-1.7	2.8	-5.1	-76.4	0.00
2022	2,356.6	-163.9	-7.0%	146.7	-0.05	-1.2	0.6	-8.8	26.9	0.00
2023E	3,010.7	187.8	6.2%	36.5	0.01	3.7	0.5	7.8	5.2	0.00
2024E	3,131.1	195.7	6.3%	15.5	0.00	8.3	0.5	7.4	2.2	0.00
2025E	3,225.1	203.2	6.3%	49.3	0.00	7.5	0.4	7.0	7.0	0.00

Market cap, EURm	700	Gearing 2023E, %	107.9	CAGR EPS 2022-25, %	0.0
Net debt 2023E, EURm	761	Price/book 2023E	1.0	CAGR sales 2022-25, %	11.0
Enterprise value, EURm	1,461	Dividend yield 2023E, %	0.0	ROE 2023E, %	33.9
Total assets 2023E, EURm	4,091	Tax rate 2023E, %	-89.9	ROCE 2023E, %	3.2
Goodwill 2023E, EURm	0	Equity ratio 2023E, %	19.5	PEG, P/E 23/CAGR	-0.1

## Estimates and valuation

FINNAIR	2017	2018	2019	2020	2021	2022	2022	2022	2022	2022	2023	2023	2023	2023E	2023E
EURm	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	6 915	7 841	8 357	8 186	31 299	8 550	9 213	9 344	9 047	36 154
y/y change	9 %	15 %	11 %	-73 %	-7 %	476 %	453 %	154 %	32 %	159 %	24 %	17 %	12 %	11 %	15.5%-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	6 615	27 627
y/y change	14 %	13 %	11 %	-79 %	-36 %	967 %	1114 %	389 %	93 %	309 %	96 %	33 %	13 %	12 %	31 %
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 %	73.1 %	76.4 %
y/y change	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	0.8%-p	8.8%-p
Ancillary and retail	145	161	176	62	44	27	28	36	32	123	33	33	38	35	139
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
<b>Total revenue</b>	<b>2569</b>	<b>2835</b>	<b>3098</b>	<b>829</b>	<b>838</b>	<b>400</b>	<b>550</b>	<b>719</b>	<b>687</b>	<b>2356</b>	<b>695</b>	<b>749</b>	<b>817</b>	<b>749</b>	<b>3011</b>
YoY change	11 %	10 %	9 %	-73 %	1 %	252 %	392 %	261 %	66 %	181 %	74 %	36 %	14 %	9 %	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
y/y change	17 %	18 %	7 %	-47 %	-12 %	93 %	111 %	101 %	36 %	80 %	27 %	10 %	2 %	5 %	11 %
% of revenue	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	-249	-927
y/y change	-4 %	23 %	18 %	-66 %	-9 %	350 %	644 %	405 %	123 %	295 %	61 %	-4 %	-2 %	9 %	11 %
% of revenue	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
y/y change	4 %	0 %	10 %	-58 %	-8 %	130 %	139 %	126 %	24 %	88 %	27 %	12 %	2 %	1 %	10 %
% of revenue	51 %	46 %	47 %	74 %	68 %	58 %	46 %	42 %	41 %	45 %	42 %	38 %	38 %	38 %	39 %
Comparable EBIT	171	218	163	-595	-469	-133	-84	35	18	-164	1	66	94	26	188
Comp. EBIT-%	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 %	3.5 %	6.2 %

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	12558	6.7x	4.6x	4.5x	13.5x	7.0x	7.1x	2.2x	1.4x	1.1x
International Consolidated Airlines Group	8504	5.4x	3.1x	3.0x	14.6x	4.9x	5.0x	4.2x	2.0x	1.4x
Air France-KLM	3033	3.1x			9.4x					
Deutsche Lufthansa	9192	4.3x	3.0x	2.9x	11.2x	5.6x	5.5x	1.2x	0.9x	0.8x
Norwegian Air Shuttle	1218	11.3x	2.8x	3.2x	8.2x	7.8x	8.3x	3.4x	2.5x	2.0x
Aegean Airlines	1129	3.5x	3.6x	4.2x	6.9x	5.8x	7.5x	3.2x	2.3x	1.9x
easyJet	5002	4.4x	3.2x	3.1x	25.8x	7.4x	6.5x	1.7x	1.5x	1.3x
Ryanair Holdings	22489	7.6x	7.3x	6.0x	13.7x	11.2x	8.7x	4.0x	3.2x	2.5x
Wizz Air Holdings	2620	54.7x	7.3x	4.8x		28.8x	11.0x			8.1x
American Airlines Group	9042	10.9x	6.9x	7.1x	23.5x	10.5x	11.4x			
Delta Air Lines	24007	7.2x	5.4x	5.3x	12.6x	7.8x	7.6x	5.5x	2.5x	1.7x
Peer Group Average	8981	10.8x	4.7x	4.4x	14.0x	9.7x	7.9x	3.2x	2.0x	2.3x
Peer Group Median	8504	6.7x	4.1x	4.3x	13.1x	7.6x	7.5x	3.3x	2.2x	1.7x
Finnair (Evli est.)	700	7.8x	2.8x	2.6x	-8.8x	7.8x	7.4x	1.3x	1.0x	0.9x

Finnair prem./disc. to peer median

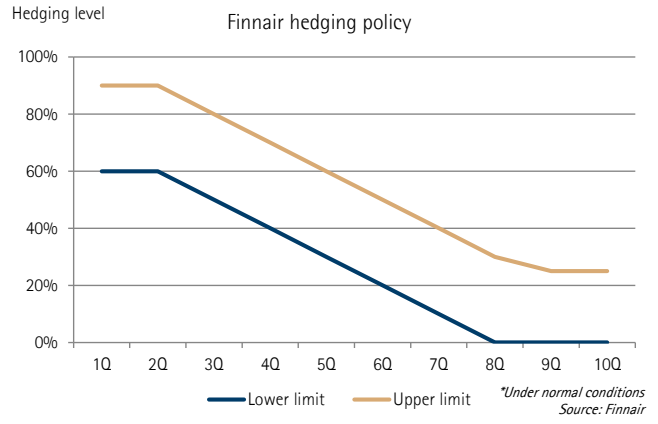
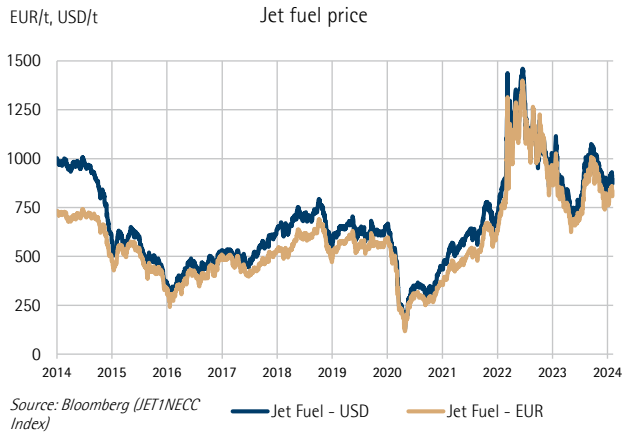
Source FactSet, Evli Research

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%	7.0%	5.5 %	9.6 %	8.9 %	0.0 %	0.0 %	0.0 %
International Consolidated Airlines Group	8450	173.0%	28.5%	3.7%	5.3 %	11.8 %	10.8 %	0.0 %	0.0 %	1.6 %
Air France-KLM	14315	84.4%	13.6%	4.7%	4.5 %	6.0 %	6.0 %	0.0 %	0.0 %	0.0 %
Deutsche Lufthansa	16811	94.9%	12.0%	6.4%	4.4 %	7.3 %	6.7 %	0.0 %	2.8 %	3.8 %
Norwegian Air Shuttle	497	246.8%	27.8%	8.7%	8.0 %	7.8 %	8.4 %	0.0 %	0.0 %	0.6 %
Aegean Airlines	675	96.3%	27.0%	3.6%	10.5 %	15.0 %	12.1 %	0.0 %	2.4 %	3.9 %
easyJet	1714	330.5%	33.3%	14.3%	1.9 %	6.1 %	6.8 %	0.2 %	1.2 %	2.6 %
Ryanair Holdings	4801	93.8%	37.0%	14.0%	11.6 %	15.2 %	17.7 %	0.0 %	1.2 %	2.2 %
Wizz Air Holdings	1663	101.1%	44.9%	11.3%	-14.0 %	4.9 %	11.5 %	0.0 %	0.0 %	0.0 %
American Airlines Group	26332	71.3%	8.0%	4.8%	3.6 %	7.6 %	6.8 %	0.0 %	0.0 %	0.0 %
Delta Air Lines	26089	61.4%	18.4%	6.6%	7.8 %	11.6 %	11.4 %	0.0 %	0.2 %	0.8 %
Peer Group Average	11187	131.3%	24.5%	7.7%	4.5 %	9.4 %	9.7 %	0.0 %	0.7 %	1.4 %
Peer Group Median	8450	94.9%	27.0%	6.6%	5.3 %	7.8 %	8.9 %	0.0 %	0.0 %	0.8 %
Finnair (Evli est.)	838	181.1%	27.8%	4.0%	-7.0 %	6.2 %	6.3 %	0.0 %	0.0 %	4.0 %

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	2,229 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	0.14 PV of Horizon value	2,000 WACC, %	9.6 Market risk premium, %
Share price potential, %	312.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	0.2 Marketable securities	1,204 Minimum WACC, %	9.1 Equity beta coefficient
Minimum value	0.1 Debt - dividend	-1,965 Maximum WACC, %	10.1 Target debt ratio, %
Horizon value, %	47.3 Value of stock	3,328 Nr of shares, Mn	20,421. Effective tax rate, %
			0

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	2,357	3,011	3,131	3,225	3,290	3,355	3,422	3,491	3,561	3,632	3,705	3,779
<i>Sales growth, %</i>	<i>181.1</i>	<i>27.8</i>	<i>4.0</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>
Operating income (EBIT)	-164	188	196	203	214	201	205	209	231	236	241	246
<i>Operating income margin, %</i>	<i>-7.0</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>6.5</i>	<i>6.5</i>
+ Depreciation+amort.	350	331	355	349	354	331	343	355	365	375	384	
EBITDA	186	519	550	553	568	532	548	564	597	611	625	
- Paid taxes	60	70	-39	-41	-43	-40	-41	-42	-46	-47	-48	
- Change in NWC	274	217	16	13	9	9	9	9	10	10	10	
<i>NWC / Sales, %</i>	<i>-27.3</i>	<i>-28.6</i>	<i>-28.0</i>	<i>-27.6</i>	<i>-27.3</i>	<i>-27.0</i>	<i>-26.8</i>	<i>-26.5</i>	<i>-26.3</i>	<i>-26.0</i>	<i>-25.8</i>	
+ Change in other liabs	171	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-88	-225	-250	-250	-250	-240	-240	-240	-240	-240	-240	
<i>opCAPEX / Sales, %</i>	<i>6.3</i>	<i>23.3</i>	<i>14.1</i>	<i>12.6</i>	<i>6.6</i>	<i>12.8</i>	<i>12.7</i>	<i>12.5</i>	<i>12.4</i>	<i>12.3</i>	<i>6.5</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	-3	-13	-13	-13	-13	-13	-13	-13	-13	-13	
= FCFF	603	577	265	262	272	248	264	279	307	321	334	4,507
= Discounted FCFF		583	244	220	209	174	169	163	164	156	148	2,000
= DFCF min WACC		582	245	222	211	177	173	167	169	162	154	2,231
= DFCF max WACC		583	243	219	206	171	165	158	159	151	142	1,802

## 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	749.4	3,010.7	3,131.1	3,225.1
EBITDA	-54.7	-5.4	146.9	99.1	185.9	82.9	149.0	177.8	109.4	519.1	550.2	552.5
<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>14.6</i>	<i>17.2</i>	<i>17.6</i>	<i>17.1</i>
EBIT	-132.9	-84.2	35.3	17.9	-163.9	0.9	66.2	94.3	26.4	187.8	195.7	203.2
<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>3.5</i>	<i>6.2</i>	<i>6.3</i>	<i>6.3</i>
Net financial items	-47.1	-76.5	-63.8	17.2	-170.2	-15.7	-22.2	-23.5	-25.0	-86.4	-74.0	-70.0
Pre-tax profit	-180.0	-160.7	-28.5	35.1	-334.1	-14.8	44.0	70.8	1.4	101.4	121.7	133.2
Tax	-0.7	-110.3	7.6	-2.0	-105.4	10.3	95.1	-14.0	-0.3	91.1	-24.3	-26.6
<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>-89.9</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	-2.1	189.3	84.8	93.9
EPS	-0.02	-0.03	0.00	0.00	-0.05	0.00	0.01	0.00	0.00	0.01	0.00	0.00
EPS adjusted (diluted no. of shares)	-0.02	-0.03	0.00	0.00	-0.05	0.00	0.01	0.00	0.00	0.01	0.00	0.00
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
<b>SALES, EURm</b>												
Group total	399.8	550.3	719.2	687.3	2,356.6	694.7	749.2	817.4	749.4	3,010.7	3,131.1	3,225.1
Total	399.8	550.3	719.2	687.3	2,356.6	694.7	749.2	817.4	749.4	3,010.7	3,131.1	3,225.1
<b>SALES GROWTH, Y/Y %</b>												
Group total	251.9	392.2	260.5	66.2	181.1	73.8	36.1	13.7	9.0	27.8	4.0	3.0
Total	251.9	392.2	260.5	66.2	181.1	73.8	36.1	13.7	9.0	27.8	4.0	3.0
<b>EBIT, EURm</b>												
Group total	-132.9	-84.2	35.3	17.9	-163.9	0.9	66.2	94.3	26.4	187.8	195.7	203.2
Total	-132.9	-84.2	35.3	17.9	-163.9	0.9	66.2	94.3	26.4	187.8	195.7	203.2
<b>EBIT margin, %</b>												
Group total	-33.2	-15.3	4.9	2.6	-7.0	0.1	8.8	11.5	3.5	6.2	6.3	6.3
Total	-33.2	-15.3	4.9	2.6	-7.0	0.1	8.8	11.5	3.5	6.2	6.3	6.3

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	3,010.7	3,131.1	3,225.1
<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>27.8</i>	<i>4.0</i>	<i>3.0</i>
EBITDA	512.6	488.2	-251.5	-149.0	185.9	519.1	550.2	552.5
<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>17.2</i>	<i>17.6</i>	<i>17.1</i>
Depreciation	-294.2	-325.4	-343.8	-319.9	-349.8	-331.3	-354.5	-349.4
EBITA	218.4	162.8	-595.3	-468.9	-163.9	187.8	195.7	203.2
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	187.8	195.7	203.2
<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>6.2</i>	<i>6.3</i>	<i>6.3</i>
Reported EBIT	218.3	160.0	-597.7	-474.7	-163.9	187.8	195.7	203.2
<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>6.2</i>	<i>6.3</i>	<i>6.3</i>
Net financials	-129.0	-67.0	-190.1	-127.5	-170.2	-86.4	-74.0	-70.0
Pre-tax profit	89.4	95.8	-785.4	-596.4	-334.1	101.4	121.7	133.2
Taxes	-25.6	-18.4	131.2	117.6	-105.4	91.1	-24.3	-26.6
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	189.3	84.8	93.9
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
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	1,547	1,751	1,683	1,215	1,165	1,232	1,294	1,406
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	999	878	918	1,182	1,083	1,385	1,409	1,355
Inventory	121	80	68	56	122	75	78	81
Receivables	210	217	70	137	158	114	117	120
Liquid funds	1,067	952	824	1,266	1,524	1,204	1,252	1,290
Total assets	3,944	3,878	3,646	4,047	4,133	4,091	4,232	4,332
Liabilities								
Shareholder's equity	918	966	897	476	411	705	790	856
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	1,385	1,409	1,355
Deferred taxes	48	64	0	0	0	0	0	0
Interest bearing debt	615	521	1,182	1,428	1,299	580	589	659
Non-interest bearing current liabilities	285	243	176	291	452	577	601	619
Other interest-free debt	811	873	215	271	658	658	658	658
Total liabilities	3,944	3,878	3,647	4,047	4,133	4,091	4,232	4,332
<b>CASH FLOW, EURm</b>								
+ EBITDA	513	488	-251	-149	186	519	550	553
- Net financial items	-129	-67	-190	-127	-170	-86	-74	-70
- Taxes	-52	-2	-18	11	6	91	-24	-27
- Increase in Net Working Capital	50	-7	-489	117	274	217	16	13
+/- Other	1	-16	-17	-6	0	-3	-13	-13
= Cash flow from operations	383	397	-966	-155	296	737	456	456
- Capex	-330	-409	-315	-484	-149	-701	-440	-407
- 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	36	15	49
+/- New issues/buybacks	-110	21	602	64	374	105	0	0
- Paid dividend	-38	-35	0	0	0	0	0	-28
+/- Other	-17	-89	551	1,018	-262	-462	33	16
Change in cash	103	-116	-128	442	259	-320	48	38

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	753	1,069	837	546	700	700	700
Net debt (excl. convertibles)	623	1,374	1,543	902	761	745	724
Enterprise value	1,377	2,443	2,380	1,448	1,461	1,445	1,424
Sales	3,098	829	838	2,357	3,011	3,131	3,225
EBITDA	488	-251	-149	186	519	550	553
EBIT	163	-595	-469	-164	188	196	203
Pre-tax	96	-785	-596	-334	101	122	133
Earnings	65	-669	-479	-439	189	85	94
Equity book value (excl. minorities)	966	897	476	411	705	790	856
<b>Valuation multiples</b>							
EV/sales	0.4	2.9	2.8	0.6	0.5	0.5	0.4
EV/EBITDA	2.8	-9.7	-16.0	7.8	2.8	2.6	2.6
EV/EBITA	8.5	-4.1	-5.1	-8.8	7.8	7.4	7.0
EV/EBIT	8.5	-4.1	-5.1	-8.8	7.8	7.4	7.0
EV/OCF	3.5	-2.5	-15.4	4.9	2.0	3.2	3.1
EV/FCFF	8.4	-2.4	-26.4	2.4	2.5	5.5	5.4
P/FCFE	-1,985.0	-5.0	-7.8	22.2	19.2	45.2	14.2
P/E	11.7	-1.6	-1.7	-1.2	3.7	8.3	7.5
P/B	0.8	1.2	1.8	1.3	1.0	0.9	0.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	3.0	2.8	2.8
Target EV/EBIT	0.0	0.0	0.0	0.0	8.4	8.0	7.6
Target EV/FCF	0.0	0.0	0.0	0.0	43.2	100.8	31.3
Target P/B	0.0	0.0	0.0	0.0	1.2	1.0	1.0
Target P/E	0.0	0.0	0.0	0.0	4.3	9.6	8.7
<b>Per share measures</b>							
Number of shares	4,145,234	8,382,451	8,374,906	8,374,906	20,421,000	20,421,000	20,421,000
Number of shares (diluted)	4,145,234	8,382,451	8,374,906	8,374,906	20,421,000	20,421,000	20,421,000
EPS	0.02	-0.08	-0.06	-0.05	0.01	0.00	0.00
Operating cash flow per share	0.10	-0.12	-0.02	0.04	0.04	0.02	0.02
Free cash flow per share	0.00	-0.15	-0.08	0.02	0.00	0.00	0.00
Book value per share	0.23	0.11	0.06	0.05	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	0.0	33.0	33.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	4.0	4.4
FCF yield, %	-1.6	-119.8	-76.4	26.9	5.2	2.2	7.0
<b>Efficiency measures</b>							
ROE	6.9	-71.8	-69.8	-99.2	33.9	11.3	11.4
ROCE	6.2	-21.1	-17.9	-8.9	3.2	3.7	4.9
<b>Financial ratios</b>							
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	-28.6	-28.0	-27.6
Operative CAPEX/sales, %	13.2	38.0	57.8	6.3	23.3	14.1	12.6
CAPEX/sales (incl. acquisitions), %	13.2	38.0	57.8	6.3	23.3	14.1	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	1.5	1.4	1.3
Debt/equity, market-weighted	0.7	1.1	1.7	2.4	0.8	0.8	0.9
Equity ratio, book-weighted	27.4	25.5	12.2	10.9	19.5	21.2	22.4
Gearing, %	64.5	153.3	324.4	219.7	107.9	94.4	84.6

**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	391.250	55.9%
Varma Mutual Pension Insurance Company	582,778,296	19.989	2.9%
Ilmarinen Mutual Pension Insurance Company	278,850,001	9.565	1.4%
Elo Mutual Pension Insurance Company	197,450,506	6.773	1.0%
The State Pension Fund	179,499,998	6.157	0.9%
Sijoitusrahasto Danske Invest Suomi Osake	149,732,796	5.136	0.7%
Sijoitusrahasto Säästöpankki Pienyhtiöt	72,900,009	2.500	0.4%
Sijoitusrahasto Nordea Pro Suomi	58,520,174	2.007	0.3%
Nordea Bank ABP	50,379,689	1.728	0.2%
Finnair Oyj	49,565,647	1.700	0.2%
Ten largest	13026387570	446.805	64%
Residual	7394612430	253.635	36%
Total	20421000000	700.440	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: 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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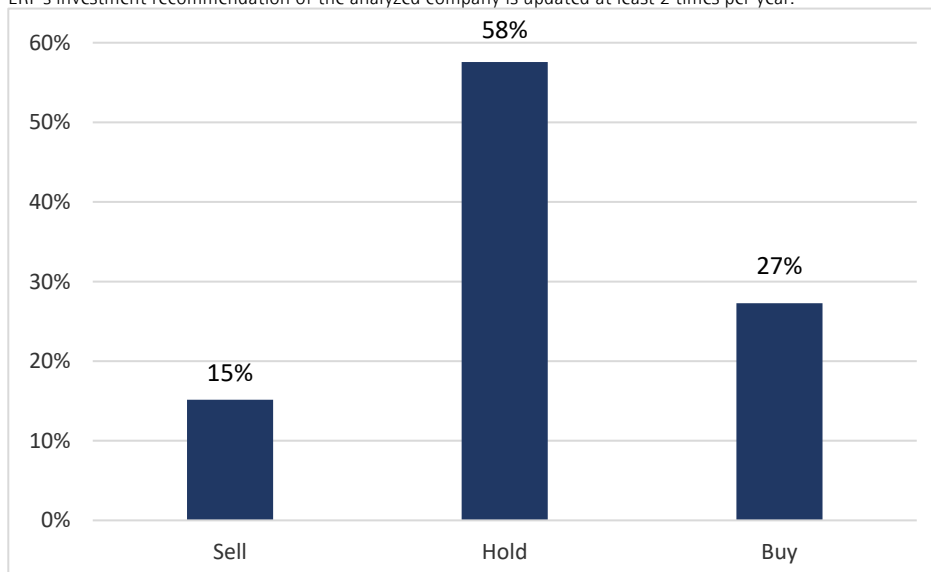
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Investment recommendations are defined as follows:

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

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

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