



Transportation/Finland, April 23, 2024 News Flash

EBIT landed right next to estimates

Finnair's Q1 earnings were in line with estimates even though top line came in a bit lower than estimated. The report doesn't seem to contain many surprises, although Finnair appears slightly more cautious towards capacity increases (and hence revenue) than before.

- Finnair's Q1 revenue decreased by 1.9% y/y to EUR 681.5m vs the EUR 709.8m/698.2m Evli/consensus estimates. Passenger revenue decreased by 2.5% y/y to EUR 539.3m. Political strikes in Finland had a negative effect on revenue. Yields remained strong despite a slight y/y decrease.
- Comparable EBIT amounted to EUR -11.6m, compared to the EUR -12.9m/-8.3m Evli/consensus estimates.
 Operating expenses remained unchanged y/y due to strict cost control and lower fuel prices even though capacity increased.
- Fuel costs were EUR 210m vs our EUR 212m estimate, whereas staff costs amounted to EUR 130m vs our EUR 138m estimate. All other OPEX+D&A were EUR 386m, compared to our EUR 399m estimate.
- Cost per Available Seat Kilometer was 7.77 eurocents vs our estimate of 8.10 eurocents.

Finnair updates its guidance and now plans to increase its total capacity (ASK) by some 10% this year, including the agreed wet leases. Growth mainly focuses on Asia and Europe, and revenue is expected to grow at a slower pace than capacity in 2024. Finnair previously planned to increase capacity by more than 10% while revenue was expected to grow at a somewhat slower pace than capacity. Finnair provides full-year comparable EBIT guidance in connection with the Q2 report in July. Summer season sales look good while winter season trips have been booked well in advance.

Rating				■ BUY				
Q1'24	Actual	Evli	Year ago	Q4'23				
Revenue	681.5	709.8	694.7	727.2				
Adj. EBIT	-11.6	-12.9	0.9	22.5				
Adj. EBIT-%	-1.7 %	-1.8 %	0.1 %	3.1 %				
Share price, EUR (Last trading day's closing price) 3.0								
Target price, EUF	?			3.5				
Latest change in 08-Feb-24								
Latest report on		08-Apr-24						
Research paid by issuer:								
No. of shares ou	tstanding, '0	00's	204,811					
No. of shares ful	ly diluted, '0	00's	204,811					
Market cap, EURm 62								
Free float, % 42								
Exchange rate E	JR/USD		1.07					
Reuters code			FIA1S.HE					
Bloomberg code				FIA1S FH				
Average daily vo	lume FURm			0.5				
Next interim rep	·		2	3-Apr-24				
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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		
2022	2,356.6	-163.9	-7.0%	146.7	-5.25	-1.2	0.6	-8.8	26.9	0.00		
2023	2,988.5	184.0	6.2%	92.1	1.21	3.3	0.6	9.5	11.3	0.00		
2024E	3,170.5	190.0	6.0%	58.2	0.52	5.9	0.5	7.9	9.3	0.10		
2025E	3,265.7	202.5	6.2%	-19.1	0.50	6.1	0.5	7.6	-3.1	0.12		
2026E	3,331.0	216.5	6.5%	43.9	0.56	5.5	0.5	7.1	7.0	0.13		
Market ca	p, EURm		627	BV per share 20	24E, EUR		129.0 CAGR	EPS 2023-2	6, %	-22.7		
Net debt 2	2024E, EURm		881	Price/book 2024	1E		0.9 CAGR	sales 2023-	26, %	3.7		
Enterprise	value, EURm		1,508	Dividend yield 2	2024E, %		3.3 ROE 2	024E, %		16.9		
Total asset	ts 2024E, EURn	n	4,123	Tax rate 2024E,	0/0		14.4 ROCE	2024E, %		3.6		
Goodwill 2	2024E, EURm		0	Equity ratio 202	24E, %		18.9 PEG, F	P/E 24/CAGR		0.0		

Important Disclosures

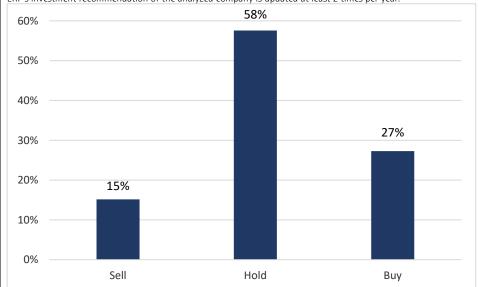
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Target price compared to share price Recommendation

< -10 % SELL -10 - (+10) % HOLD > 10 % BUY

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