



Transportation/Finland, February 17, 2022 News Flash

Uncertainty extends through spring

Finnair's Q4'21 losses were a bit lower than estimated, however the company expects the combination of Omicron and certain other operational expenses to lead to somewhat higher losses again in Q1'22. Finnair expects Omicron to postpone the opening of Asia to some extent.

- Q4 revenue grew by 305.5% y/y and amounted to EUR 413.5m, compared to the EUR 451.9m/387.4m Evli/consensus estimates.
- Adjusted EBIT was EUR -65.2m vs the EUR -94.6/-90.1m Evli/consensus estimates.
- Fuel costs were EUR 102m vs our EUR 126m estimate.
 Staff costs amounted to EUR 84m, compared to our EUR 95m estimate. All other OPEX+D&A amounted to EUR 305m vs our EUR 340m estimate.
- Cost per Available Seat Kilometer was 7.75 eurocents vs our estimate of 8.84 eurocents.
- Finnair sees Q1 losses due to Omicron notable but short-lived and as a result, in addition to increased fuel prices and incremental costs caused by the need to ramp up capacity for summer 2022, expects Q1'22 losses to be of a similar magnitude as in Q1'21 (EUR 143m in terms of EBIT). Finnair reiterates its previous estimate that the losses will continue during the entire H1'22. There's prolonged uncertainty with respect to the opening of China and Hong Kong, while countries such as Japan and South Korea should open towards the end of Q2'22.
- The EUR 200m cost savings programme's full run-rate impact will be visible this year.

Rating				■ SELL						
Q4'21 Revenue Adj. EBIT Adj. EBIT-%	Actual 413.5 -65.2 -15.8 %	Evli 451.9 -94.6 -20.9 %	Year ago 102.0 -162.9 -159.7 %	03'21 199.4 -109.1 -54.7 %						
Share price, EUR (Last trading day's 0.64 closing price)										
Target price, EU	R			0.6						
Latest change in Latest report on Research paid b No. of shares ou No. of shares fu Market cap, EUF Free float, % Exchange rate E Reuters code Bloomberg code Average daily vo Next interim rep Web site	company y issuer: itstanding, '0 Ily diluted, '0' Rm UR/USD	00's	09-Feb-22 09-Feb-22 YES 1,405,964 1,405,964 900 42.9 1.14 FIA1S.HE FIA1S FH 2.0 17-Feb-22 investors.finnair.com							
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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		
2019	3,097.7	162.8	5.3%	-12.3	0.50	11.7	0.4	8.5	-1.6	0.00		
2020	829.2	-595.3	-71.8%	-1,281.1	-0.48	-1.6	2.9	-4.1	-119.8	0.00		
2021E	876.8	-498.2	-56.8%	137.6	-0.34	-1.9	2.4	-4.1	15.3	0.00		
2022E	2,278.4	-10.6	-0.5%	-267.6	-0.07	-8.7	1.0	-210.2	-29.7	0.00		
2023E	2,804.2	163.6	5.8%	-282.8	0.03	23.5	0.9	14.7	-31.4	0.00		
Market cap, EURm 900			900 E	BV per share 2021E, EUR			283.7 CAGR EPS 2020-23, %					
Net debt 2021E, EURm		1,161 F	Price/book 2021E		2.2 CAGR sales 2020-23, %				50.1			
Enterprise value, EURm 2		2,061 [Dividend yield 2021E, %		0.0 ROE 2021E, %				-73.8			
Total assets 2021E, EURm		2,811 T	Tax rate 2021E, %		19.9 ROCE 2021E, %				-23.2			
Goodwill 2021E, EURm			0 E	quity ratio 202	1E, %	15.3 PEG, P/E 21/CAGR				0.0		

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

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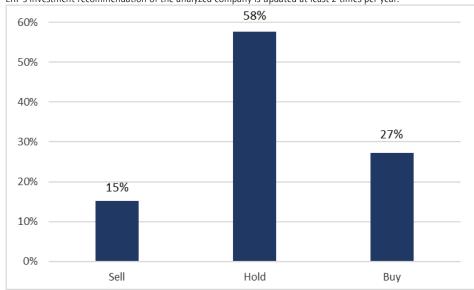
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Target price compared to share price Recommendation

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

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