

The suffering continues

The pandemic continued to hamper Finnair operations during Q4. Finnair's Q4'20 adj. EBIT was EUR -163m vs. our expectation of EUR -172m and consensus of EUR -167m. Revenue decreased by ~87% y/y and was EUR 102m vs. our expectation of EUR 94m and consensus of EUR 101m.

- Q4 revenue was EUR 102m (-87% y/y) vs. EUR 94m/101m Evli/cons.
- ASK decreased by ~89% y/y in Q4. PLF was 29.2% (-49.8 points). Strict travel restrictions globally and overall lack of demand forced also Finnair to operate with limited network.
- Q4 adj. EBIT was EUR -163m vs. EUR -172m/-167m Evli/cons. Q4 comparable EBITDA was EUR -72m vs. EUR -85m our view.
- Absolute costs in Q4: Fuel costs were EUR 27m vs. EUR 31m our view. Staff costs were EUR 42m vs. EUR 56m our view. All other OPEX+D&A combined were EUR 209m vs. EUR 190m our view.
- Unit costs: CASK was 21.10 eurocents vs. 21.02 eurocents our view.
- No dividend is distributed for 2020.
- The company expect similar comparable operating loss in Q1'21 as in Q2-Q4'20. In Q1, Finnair continues to operate with limited network. As the visibility thereafter is weak, the company does not provide a full year revenue guidance.

Rating	🟡 HOLD
Share price, EUR (Last trading day's closing price)	0.63
Target price, EUR	0.6
Latest change in rating	16-Jul-20
Latest report on company	12-Feb-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	1,407,192
No. of shares fully diluted, '000's	1,407,192
Market cap, EURm	887
Free float, %	42.9
Exchange rate EUR/USD	1.000
Reuters code	FIA1S.HE
Bloomberg code	FIA1S.FH
Average daily volume, EURm	na.
Next interim report	18-Feb-21
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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
2018	2,836.1	218.4	7.7%	267.6	0.40	10.2	0.6	7.4	29.5	0.27
2019	3,097.7	162.8	5.3%	-12.3	0.50	11.7	0.4	8.5	-1.6	0.00
2020E	821.1	-604.3	-73.6%	-883.0	-0.49	-1.3	2.3	-3.1	-99.6	0.00
2021E	1,554.0	-334.0	-21.5%	89.1	-0.25	-2.6	1.2	-5.4	10.0	0.00
2022E	2,965.6	153.1	5.2%	116.1	0.04	16.2	0.6	11.0	13.1	0.00
Market cap, EURm			887	BV per share 2020E, EUR		132.6	CAGR EPS 2019-22, %			-57.5
Net debt 2020E, EURm			1,001	Price/book 2020E		1.2	CAGR sales 2019-22, %			-1.4
Enterprise value, EURm			1,888	Dividend yield 2020E, %		0.0	ROE 2020E, %			-80.6
Total assets 2020E, EURm			3,903	Tax rate 2020E, %		17.2	ROCE 2020E, %			-22.9
Goodwill 2020E, EURm			0	Equity ratio 2020E, %		19.8	PEG, P/E 20/CAGR			0.0

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

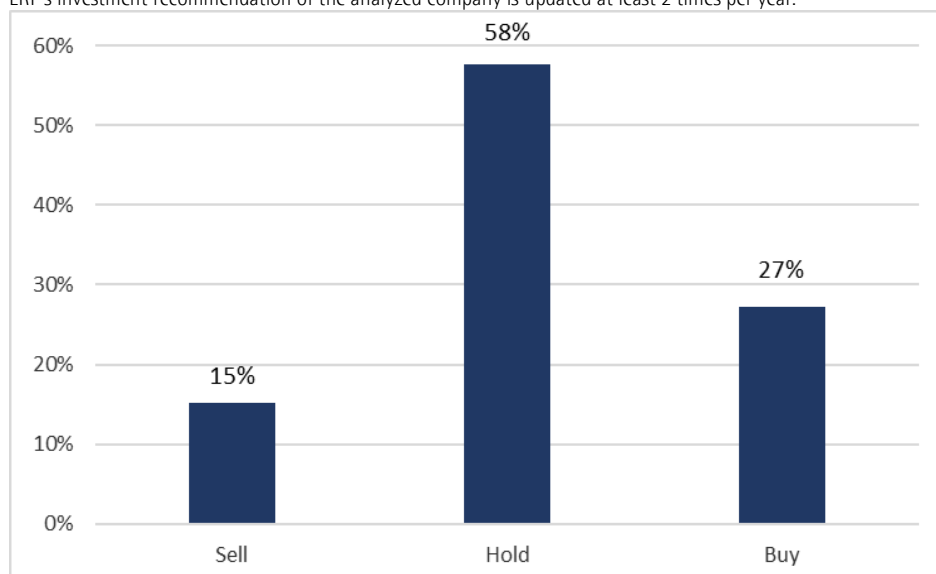
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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