

No signs of relief

Finnair reports its Q4 result on next week's Thursday, 18th of February. We expect Q4E revenue to decline by 88% y/y to EUR 94m and adj. EBIT of EUR -172m. We retain "HOLD" and TP of EUR 0.60 ahead the result.

Expecting Q4E revenue to decline by 88% y/y

In Oct-Dec, Finnair carried 278k passengers which is 92% decline compared to Q4'19. Average Seat Kilometers (ASK) decreased by 89% y/y and Revenue Passenger Kilometers (RPK) decreased by 96% y/y. Passenger Load Factor (PLF) declined by 49.8%-points y/y and was 29.2%. The pandemic situation worsened towards the end of the year and strict travel restrictions remained. We expect Q4E revenue of EUR 94m (-88% y/y) and adj. EBIT of EUR -172m.

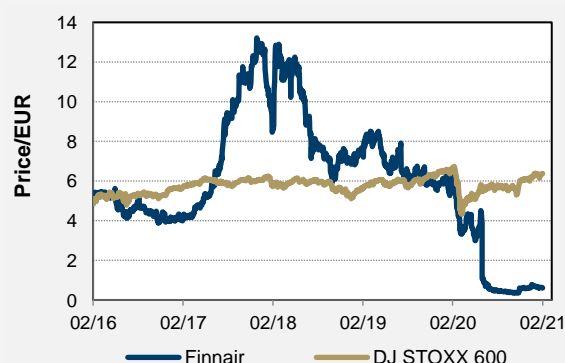
New virus variants increasing fears

During Q4, Finnair finalized a sale and leaseback arrangement for one of its A350 aircrafts. The immediate positive cash effect is in excess of EUR 100m. The total positive net impact of the amendments to the terms of Finnair pension fund as well as pilots' early retirement is EUR 133m on Q4 operating result (not affecting comparable operating result). According to the company, the comparable operating loss in Q4 will be similar to Q2-Q3'20. Despite the vaccine optimism the catastrophic situation threatens to continue at least throughout H1'2021 and deepen distress in the aviation sector as new virus variants are increasing fears and there are delays in the vaccine supply for Europe. Therefore, we have cut our H1'21E estimates and expect better improvement to start in the latter half of the year.

"HOLD" with TP of EUR 0.60

We expect FY20E revenue of EUR 821m (-74% y/y) and adj. EBIT of EUR -604m. We expect the situation to improve during 21E, but better improvement is seen later in 22E. However, there are still significant uncertainties with our estimates as visibility remains extremely weak. We keep our rating "HOLD" with TP of EUR 0.60 intact ahead the Q4 result.

Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 0.62

Target price, EUR 0.6

Latest change in rating	16-Jul-20
Latest report on company	25-Nov-20
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	872
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
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
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	-101.2	0.00
2021E	1,554.0	-334.0	-21.5%	89.1	-0.25	-2.5	1.2	-5.4	10.2	0.00
2022E	2,965.6	153.1	5.2%	116.1	0.04	16.0	0.6	10.9	13.3	0.00
Market cap, EURm		872	Gearing 2020E, %			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		1,874	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

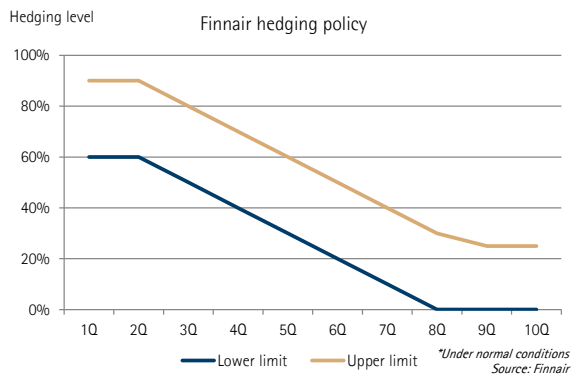
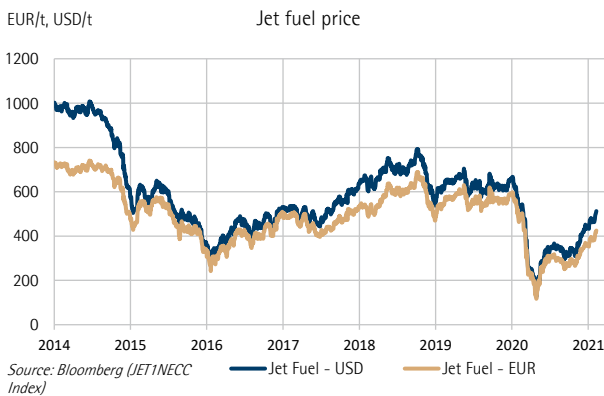
All the important disclosures can be found on the last pages of this report.

Estimates

FINNAIR EURm	2017 FY	2018 FY	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019 FY	2020 Q1	2020 Q2	2020 Q3	2020E Q4	2020E FY	2021E FY	2022E FY
Passengers (thousands)	11905	13281	3148	3910	4088	3504	14650	2656	98	454	278	3486	6135	12205
y/y change	10%	12%	4%	13%	12%	11%	10%	-16%	-97%	-89%	-92%	-76%	76%	99%
ASK (mkm)	36 922	42 386	10 670	12 307	12 624	11 587	47 189	9 671	345	1 667	1 256	12 938	22 688	44 672
y/y change	9%	15%	10%	15%	10%	11%	11%	-9%	-97%	-87%	-89%	-73%	75%	97%
RPK (mkm)	30 749	34 660	8 356	10 150	10 877	9 151	38 534	7 025	114	645	366	8 150	15 899	35 816
y/y change	14%	13%	4%	15%	12%	14%	11%	-16%	-99%	-94%	-96%	-79%	95%	125%
Load factor (RPK/ASK), PLF	83.3%	81.8%	78.3%	82.5%	86.2%	79.0%	81.7%	72.6%	33.1%	38.7%	29.2%	63.0%	70.1%	80.2%
y/y change	3.5% <i>-p</i>	-1.5% <i>-p</i>	-4.6% <i>-p</i>	-0.1% <i>-p</i>	1.7% <i>-p</i>	2.1% <i>-p</i>	-0.1% <i>-p</i>	-5.7% <i>-p</i>	-49.4% <i>-p</i>	-47.5% <i>-p</i>	-49.8% <i>-p</i>	-18.7% <i>-p</i>	7.1% <i>-p</i>	10.1% <i>-p</i>
Ancillary and retail	145	161	41	45	46	45	176	43	6	9	7	64	97	197
Cargo	197	207	47	55	53	57	212	37	50	32	40	158	201	213
Travel services	206	223	68	48	57	57	230	58	0	2	2	63	111	228
Total revenue	2569	2835	668	789	865	775	3098	561	69	97	94	821	1554	2966
YoY change	11%	10%	5%	10%	8%	13%	9%	-16%	-91%	-89%	-88%	-73%	89%	91%
Other income	77	74	15	13	13	15	56	14	11	11	11	47	50	52
Staff costs	-423	-500	-130	-137	-132	-136	-535	-136	-48	-57	-56	-297	-368	-516
y/y change	17%	18%	5%	3%	6%	14%	7%	5%	-65%	-57%	-59%	-44%	24%	40%
% of revenue	16%	18%	19%	17%	15%	18%	17%	24%	70%	59%	60%	36%	24%	17%
Fuel	-472	-581	-145	-181	-190	-171	-687	-144	-33	-29	-31	-237	-384	-653
y/y change	-4%	23%	14%	24%	17%	18%	18%	-1%	-82%	-85%	-82%	-66%	62%	70%
% of revenue	18%	20%	22%	23%	22%	22%	22%	26%	48%	30%	33%	29%	25%	22%
Other OPEX	-1314	-1316	-348	-359	-375	-362	-1444	-304	-87	-104	-103	-599	-847	-1350
y/y change	4%	0%	8%	10%	8%	9%	10%	-13%	-76%	-72%	-71%	-59%	41%	59%
% of revenue	51%	46%	52%	45%	43%	47%	47%	54%	127%	107%	110%	73%	54%	46%
Comparable EBITDA	300	512	60	126	182	121	488	-9	-89	-82	-85	-265	6	498
Depreciation	-129	-294	-76	-79	-81	-90	-325	-83	-85	-85	-87	-340	-340	-345
Comparable EBIT	171	218	-16	47	101	31	163	-91	-174	-167	-172	-604	-334	153
Comp. EBIT-%	6.6%	7.7%	-2.4%	5.9%	11.6%	4.0%	5.3%	-16.2%	-254.1%	-171.3%	-183.2%	-73.6%	-21.5%	5.2%
IAC & fair value changes	54	39	-2	1	-6	4	-3	-4	3	-16	133	115	0	0
EBIT	225	256	-18	48	95	35	160	-96	-171	-183	-39	-489	-334	153

Sources: Finnair, Evli estimates

Jet fuel



Valuation

FINNAIR PEER GROUP	MCAP local FX	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT	P/E	P/E	P/E	P/B	P/B	P/B
		20	21	22	20	21	22	20	21	22	20	21	22
Primary European peers													
SAS AB	12367		19.8x	6.1x			29.9x			47.0x	0.3x	2.7x	4.2x
International Consolidated Airlines Group	7403		14.5x	4.7x			9.4x			6.2x	2.6x	4.2x	2.7x
Air France-KLM SA	2060		22.0x	5.0x			28.9x						
Deutsche Lufthansa AG	6429		22.2x	4.9x			17.1x			18.6x	1.8x	3.4x	2.6x
Norwegian Air Shuttle ASA	2187		16.3x	7.4x			50.5x			1.7x	0.1x	0.1x	0.1x
Other European peers													
Aegean Airlines SA	314			2.8x			6.2x			5.4x	2.9x	2.3x	1.7x
easyJet plc	3466			5.6x			14.2x			16.2x	1.7x	2.3x	2.1x
Ryanair Holdings Plc	16940		16.9x	7.2x		38.8x	10.3x		41.8x	11.9x	3.9x	3.7x	2.7x
Wizz Air Holdings Plc	4006		13.3x	6.4x		52.7x	11.8x		94.0x	14.1x	7.5x	7.1x	4.4x
North American peers													
American Airlines Group, Inc.	10559			14.9x			34.9x			264.7x			
Delta Air Lines, Inc.	27244		19.7x	6.9x			11.0x			11.4x	26.1x	163.1x	13.8x
JetBlue Airways Corporation	5195			8.4x			15.8x			21.4x	1.3x	1.7x	1.6x
Southwest Airlines Co.	30373		52.8x	7.5x			11.2x			18.5x	3.5x	4.0x	3.5x
Spirit Airlines, Inc.	2934		96.0x	8.2x			14.7x			18.8x	1.3x	1.8x	1.6x
Primary European peers median			19.8x	5.0x			28.9x			12.4x	1.0x	3.1x	2.7x
Finnair (Evli est)*		-7.1x	299.2x	3.4x	-3.1x	-5.4x	10.9x	-1.3x	-2.5x	16.0x	1.2x	2.1x	1.9x
<i>Finnair discount/premium to primary peer group median*</i>			1410 %	-33 %			-62 %			28 %	10 %	-30 %	-29 %

FINNAIR PEER GROUP	Ticker	Div yield	Div yield	Div yield	EBIT-%	EBIT-%	EBIT-%	ROCE-%	ROCE-%	ROCE-%	ROE-%	ROE-%	ROE-%
		20	21	22	20	21	22	20	21	22	20	21	22
Primary European peers													
SAS AB	SAS-SE	0.0%	0.0%	0.0%	-45.1%	-12.7%	4.1%	-25.3%	-8.7%	4.3%	-147.1%	-23.0%	8.9%
International Consolidated Airlines Group	IAG-GB	0.0%	0.0%	2.1%	-56.5%	-4.8%	10.6%	-21.5%	-3.2%	10.1%	-206.4%	-49.2%	43.4%
Air France-KLM SA	AF-FR	0.0%	0.0%	0.0%	-42.5%	-12.5%	2.7%	-28.4%	-10.4%	3.7%			
Deutsche Lufthansa AG	LHA-DE	0.0%	0.0%	0.4%	-42.2%	-7.8%	3.7%	-22.6%	-6.8%	4.2%	-167.0%	-97.1%	14.2%
Norwegian Air Shuttle ASA	NAS-NO	0.0%	0.0%	60.6%	-39.8%	-10.7%	3.3%				-81.9%	-12.5%	5.5%
Other European peers													
Aegean Airlines SA	AEGN-GR	14.4%	0.2%	3.5%	-45.5%	0.8%	9.7%	-24.1%	0.9%	13.2%	-187.7%	-11.0%	32.1%
easyJet plc	EZJ-GB	0.0%	0.0%	2.0%	-25.8%	-27.3%	6.3%	-16.7%	-14.7%	7.6%	-38.8%	-39.4%	12.9%
Ryanair Holdings Plc	RY4C-IE	0.0%	0.0%	0.2%	-53.1%	8.7%	20.5%	-10.2%	5.3%	16.6%	-19.3%	8.7%	23.1%
Wizz Air Holdings Plc	WIZZ-GB	0.0%	0.0%	0.8%	-64.5%	6.5%	17.4%	-15.1%	3.9%	13.4%	-51.6%	7.5%	31.4%
North American peers													
American Airlines Group, Inc.	AAL-US	0.3%	0.0%	0.0%	-65.2%	-17.5%	3.6%	-24.9%	-10.0%	3.0%			
Delta Air Lines, Inc.	DAL-US	0.7%	0.1%	0.8%	-47.4%	-2.0%	11.4%	-14.4%	-1.0%	7.9%	-656.9%	-952.2%	121.4%
JetBlue Airways Corporation	JBLU-US	0.0%	0.0%	0.0%	-67.5%	-17.2%	8.1%	-18.4%	-8.5%	5.9%	-44.2%	-27.0%	7.3%
Southwest Airlines Co.	LUV-US	0.5%	0.4%	0.6%	-55.5%	-5.8%	12.7%	-23.7%	-4.0%	12.3%	-41.9%	-14.2%	19.0%
Spirit Airlines, Inc.	SAVE-US	0.0%	0.0%	0.0%	-44.7%	-8.9%	10.2%	-11.5%	-3.9%	6.2%	-36.1%	-20.0%	8.3%
Primary European peers median		0.0%	0.0%	0.4%	-42.5%	-10.7%	3.7%	-23.9%	-7.7%	4.2%	-157.0%	-36.1%	11.5%
Finnair (Evli est)*	FIA1S-FI	0.0%	0.0%	0.0%	-73.6%	-21.5%	5.2%	-22.9%	-14.5%	7.6%	-80.6%	-59.8%	12.6%

Source: Factset, Evli Research

Note: Our model treats Finnair's EUR 200m hybrid bond as 100% equity. Our estimates exclude IAC and fair value changes, but include hybrid interest.

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3	2020Q4E	2020E	2021E	2022E
Net sales	668.3	789.1	865.4	774.9	3,097.7	561.2	68.6	97.4	93.9	821.1	1,554.0	2,965.6
EBITDA	60.2	125.6	181.8	120.7	488.2	-8.6	-89.2	-82.0	-85.0	-264.7	6.0	497.9
<i>EBITDA margin (%)</i>	<i>9.0</i>	<i>15.9</i>	<i>21.0</i>	<i>15.6</i>	<i>15.8</i>	<i>-1.5</i>	<i>-130.0</i>	<i>-84.1</i>	<i>-90.5</i>	<i>-32.2</i>	<i>0.4</i>	<i>16.8</i>
EBIT	-15.8	46.9	100.6	31.2	162.8	-91.1	-174.3	-167.0	-172.0	-604.3	-334.0	153.1
<i>EBIT margin (%)</i>	<i>-2.4</i>	<i>5.9</i>	<i>11.6</i>	<i>4.0</i>	<i>5.3</i>	<i>-16.2</i>	<i>-254.1</i>	<i>-171.3</i>	<i>-183.2</i>	<i>-73.6</i>	<i>-21.5</i>	<i>5.2</i>
Net financial items	-31.0	-8.8	-22.9	-4.3	-67.0	-82.7	-44.0	-66.3	-23.0	-216.0	-80.0	-64.4
Pre-tax profit	-46.8	38.1	77.7	26.9	95.8	-173.8	-218.3	-233.3	-195.0	-820.3	-414.0	88.7
Tax	9.7	-7.8	-14.4	-5.9	-18.4	35.6	43.1	49.9	12.4	141.0	82.8	-17.7
<i>Tax rate (%)</i>	<i>20.7</i>	<i>20.5</i>	<i>18.5</i>	<i>21.9</i>	<i>19.2</i>	<i>20.5</i>	<i>19.7</i>	<i>21.4</i>	<i>6.4</i>	<i>17.2</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-40.3	27.1	60.1	17.8	64.6	-141.4	-178.3	-187.5	-186.7	-693.8	-347.6	54.6
EPS	-0.31	0.21	0.47	0.14	0.50	-0.10	-0.13	-0.13	-0.13	-0.49	-0.25	0.04
EPS adjusted (diluted no. of shares)	-0.31	0.21	0.47	0.14	0.50	-0.10	-0.13	-0.13	-0.13	-0.49	-0.25	0.04
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
SALES, EURm												
Group total	668.3	789.1	865.4	774.9	3,097.7	561.2	68.6	97.4	93.9	821.1	1,554.0	2,965.6
Total	668.3	789.1	865.4	774.9	3,097.7	561.2	68.6	97.4	93.9	821.1	1,554.0	2,965.6
SALES GROWTH, Y/Y %												
Group total	4.2	9.9	7.2	15.7	9.2	-16.0	-91.3	-88.7	-87.9	-73.5	89.3	90.8
Total	4.2	9.9	7.2	15.7	9.2	-16.0	-91.3	-88.7	-87.9	-73.5	89.3	90.8
EBIT, EURm												
Group total	-15.8	46.9	100.6	31.2	162.8	-91.1	-174.3	-167.0	-172.0	-604.3	-334.0	153.1
Total	-15.8	46.9	100.6	31.2	162.8	-91.1	-174.3	-167.0	-172.0	-604.3	-334.0	153.1
EBIT margin, %												
Group total	-2.4	5.9	11.6	4.0	5.3	-16.2	-254.1	-171.3	-183.2	-73.6	-21.5	5.2
Total	-2.4	5.9	11.6	4.0	5.3	-16.2	-254.1	-171.3	-183.2	-73.6	-21.5	5.2

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	2,254.5	2,316.8	2,568.4	2,836.1	3,097.7	821.1	1,554.0	2,965.6
<i>Sales growth (%)</i>	<i>-1.3</i>	<i>2.8</i>	<i>10.9</i>	<i>10.4</i>	<i>9.2</i>	<i>-73.5</i>	<i>89.3</i>	<i>90.8</i>
EBITDA	131.8	161.0	299.6	512.6	488.2	-264.7	6.0	497.9
<i>EBITDA margin (%)</i>	<i>5.8</i>	<i>6.9</i>	<i>11.7</i>	<i>18.1</i>	<i>15.8</i>	<i>-32.2</i>	<i>0.4</i>	<i>16.8</i>
Depreciation	-108.1	-105.8	-129.2	-294.2	-325.4	-339.6	-340.0	-344.8
EBITA	23.7	55.2	170.4	218.4	162.8	-604.3	-334.0	153.1
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	23.7	55.2	170.4	218.4	162.8	-604.3	-334.0	153.1
<i>EBIT margin (%)</i>	<i>1.1</i>	<i>2.4</i>	<i>6.6</i>	<i>7.7</i>	<i>5.3</i>	<i>-73.6</i>	<i>-21.5</i>	<i>5.2</i>
Reported EBIT	12.4	53.8	169.5	218.3	160.0	-621.7	-334.0	153.1
<i>EBIT margin (reported) (%)</i>	<i>0.6</i>	<i>2.3</i>	<i>6.6</i>	<i>7.7</i>	<i>5.2</i>	<i>-75.7</i>	<i>-21.5</i>	<i>5.2</i>
Net financials	-8.3	-10.5	-13.7	-129.0	-67.0	-216.0	-80.0	-64.4
Pre-tax profit	15.4	44.7	156.7	89.4	95.8	-820.3	-414.0	88.7
Taxes	-3.1	-8.9	-31.3	-25.6	-18.4	141.0	82.8	-17.7
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-17.8	19.4	111.9	51.1	61.8	-711.2	-347.6	54.6
Cash NRIs	-11.3	-1.4	-0.9	-0.1	-2.8	-17.4	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	957	1,189	1,446	1,547	1,751	1,737	1,645	1,698
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	999	878	985	900	875
Inventory	12	15	17	121	80	99	19	24
Receivables	364	512	460	210	217	98	103	146
Liquid funds	708	814	965	1,067	952	984	533	890
Total assets	2,050	2,529	2,887	3,944	3,878	3,903	3,200	3,632
Liabilities								
Shareholder's equity	727	857	1,016	918	966	755	407	462
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	1,159	1,054	985	900	875
Deferred taxes	0	33	74	48	64	64	64	64
Interest bearing debt	346	718	719	615	521	1,000	550	816
Non-interest bearing current liabilities	682	519	566	285	243	64	249	386
Other interest-free debt	201	339	428	811	873	878	873	873
Total liabilities	2,050	2,529	2,887	3,944	3,878	3,903	3,200	3,632
CASH FLOW, EURm								
+ EBITDA	132	161	300	513	488	-265	6	498
- Net financial items	-8	-10	-14	-129	-67	-216	-80	-64
- Taxes	0	33	-1	-52	-2	141	83	-18
- Increase in Net Working Capital	43	56	57	50	-7	-78	259	89
+/- Other	-2	-19	40	1	-16	-32	-16	-16
= Cash flow from operations	164	220	382	383	397	-449	251	489
- Capex	-81	-486	-405	-330	-409	-434	-162	-373
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	448	153	157	214	0	0	0	0
= Free cash flow	531	-113	134	268	-12	-883	89	116
+/- New issues/buybacks	231	110	60	-110	21	500	0	0
- Paid dividend	0	0	-13	-38	-35	0	0	0
+/- Other	-480	108	-30	-17	-89	416	-541	241
Change in cash	282	105	151	103	-116	33	-452	357

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	516	1,643	908	753	872	872	872
Net debt (excl. convertibles)	-96	-246	707	623	1,001	917	801
Enterprise value	420	1,397	1,615	1,377	1,874	1,790	1,673
Sales	2,317	2,568	2,836	3,098	821	1,554	2,966
EBITDA	161	300	513	488	-265	6	498
EBIT	55	170	218	163	-604	-334	153
Pre-tax	45	157	89	96	-820	-414	89
Earnings	21	113	51	65	-694	-348	55
Equity book value (excl. minorities)	857	1,016	918	966	755	407	462
Valuation multiples							
EV/sales	0.2	0.5	0.6	0.4	2.3	1.2	0.6
EV/EBITDA	2.6	4.7	3.2	2.8	-7.1	299.5	3.4
EV/EBITA	7.6	8.2	7.4	8.5	-3.1	-5.4	10.9
EV/EBIT	7.6	8.2	7.4	8.5	-3.1	-5.4	10.9
EV/OCF	1.9	3.7	4.2	3.5	-4.2	7.1	3.4
EV/FCFF	-1.5	6.3	6.1	8.4	-4.1	8.5	6.0
P/FCFE	-4.6	12.2	3.4	-61.4	-1.0	9.8	7.5
P/E	24.9	14.6	10.2	11.7	-1.3	-2.5	16.0
P/B	0.6	1.6	1.0	0.8	1.2	2.1	1.9
Target EV/EBITDA	0.0	0.0	0.0	0.0	-7.0	294.8	3.3
Target EV/EBIT	0.0	0.0	0.0	0.0	-3.1	-5.3	10.7
Target EV/FCF	0.0	0.0	0.0	0.0	-2.1	19.8	14.2
Target P/B	0.0	0.0	0.0	0.0	1.1	2.1	1.8
Target P/E	0.0	0.0	0.0	0.0	-1.2	-2.4	15.5
Per share measures							
Number of shares	128,136	128,136	128,136	128,136	1,407,192	1,407,192	1,407,192
Number of shares (diluted)	128,136	128,136	128,136	128,136	1,407,192	1,407,192	1,407,192
EPS	0.16	0.88	0.40	0.50	-0.49	-0.25	0.04
Operating cash flow per share	1.71	2.98	2.99	3.09	-0.32	0.18	0.35
Free cash flow per share	-0.88	1.05	2.09	-0.10	-0.63	0.06	0.08
Book value per share	6.69	7.93	7.17	7.54	0.54	0.29	0.33
Dividend per share	0.10	0.30	0.27	0.00	0.00	0.00	0.00
Dividend payout ratio, %	61.7	34.1	68.6	0.0	0.0	0.0	0.0
Dividend yield, %	2.5	2.3	3.9	0.0	0.0	0.0	0.0
FCF yield, %	-21.9	8.2	29.5	-1.6	-101.2	10.2	13.3
Efficiency measures							
ROE	2.6	12.0	5.3	6.9	-80.6	-59.8	12.6
ROCE	4.2	10.3	9.9	6.2	-22.9	-14.5	7.6
Financial ratios							
Inventories as % of sales	0.6	0.7	4.3	2.6	12.0	1.2	0.8
Receivables as % of sales	22.1	17.9	7.4	7.0	11.9	6.7	4.9
Non-interest bearing liabilities as % of sales	22.4	22.0	10.1	7.8	7.8	16.0	13.0
NWC/sales, %	-12.7	-18.7	-26.4	-23.9	-80.8	-59.3	-34.1
Operative CAPEX/sales, %	21.0	15.8	11.6	13.2	52.8	10.4	12.6
CAPEX/sales (incl. acquisitions), %	21.0	15.8	11.6	13.2	52.8	10.4	12.6
FCFF/EBITDA	-1.8	0.7	0.5	0.3	1.7	35.2	0.6
Net debt/EBITDA, book-weighted	-0.6	-0.8	1.4	1.3	-3.8	153.5	1.6
Debt/equity, market-weighted	1.4	0.4	0.7	0.7	1.1	0.6	0.9
Equity ratio, book-weighted	37.8	39.1	25.4	27.4	19.8	13.5	14.0
Gearing, %	-11.2	-24.2	77.0	64.5	132.6	225.1	173.4

COMPANY DESCRIPTION: Finnair is a network airline established in 1923. The company specializes in passenger and cargo traffic between Asia and Europe 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 growth and profitability improvement which stems from its competitive advantage of operating the transfer traffic between Europe and Asia due to its geographical position and operating a growing cost efficient and eco-friendly modern fleet.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Prime Minister's Office	786,669,687	487.735	55.9%
Ilmarinen Mutual Pension Insurance Company	37,000,000	22.940	2.6%
Varma Mutual Pension Insurance Company	35,881,263	22.246	2.5%
The State Pension Fund	15,978,215	9.906	1.1%
Elo Mutual Pension Insurance Company	14,671,667	9.096	1.0%
The Local Government Pensions Institution	13,198,680	8.183	0.9%
OP-Finland Fund	8,000,000	4.960	0.6%
OP-Finland Small Firms Fund	4,917,609	3.049	0.3%
Finnair	4,000,000	2.480	0.3%
Veritas Pension Insurance Company Ltd.	3,599,349	2.232	0.3%
Ten largest	923,916,468	572.828	66%
Residual	483,275,197	299.631	34%
Total	1,407,191,665	872.459	100%

EARNINGS CALENDAR

February 18, 2021	FY 2020 Results
April 27, 2021	Q1 report
July 15, 2021	Q2 report
October 26, 2021	Q3 report

COMPANY MISCELLANEOUS

CEO: Topi Manner	Tietotie 9, 01053 FINNAIR (VANTAA AIRPORT)
CFO: Mika Stirkkinen	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

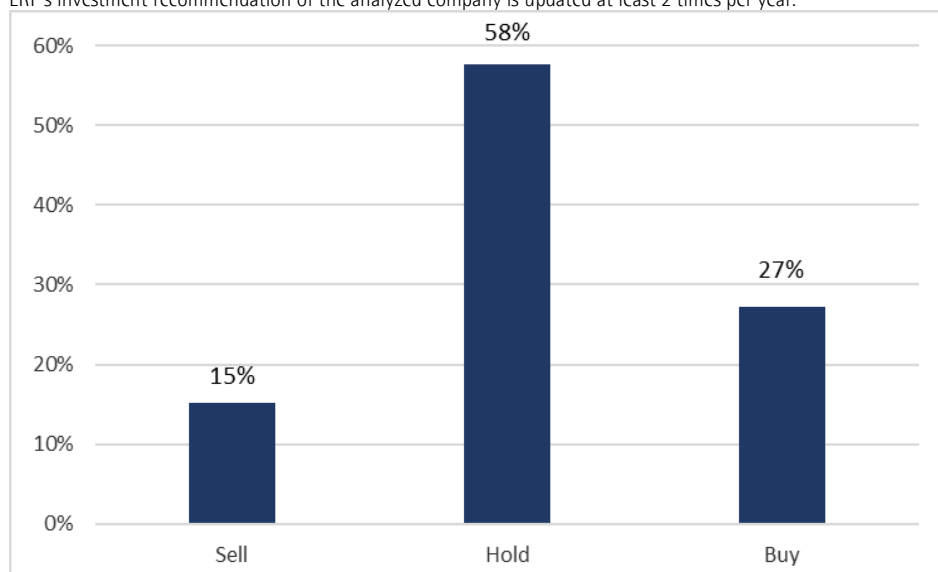
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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