

Slowly towards better times

Finnair reports its Q1 result on next week's Tuesday, 27th of April. We expect Q1'21E to be relatively similar compared to the previous quarters. We keep our rating "HOLD" with TP of EUR 0.75 (0.60).

Quiet quarter, as expected

In Q1, Finnair carried 259k passengers which is 90% decline compared to Q1'20. Average Seat Kilometers (ASK) decreased by 87.6% y/y and Revenue Passenger Kilometers (RPK) decreased by 95.6% y/y. Passenger Load Factor (PLF) declined by 47.1%-points y/y and was 25.5%. The pandemic situation worsened during the first quarter of the year and strict travel restrictions remained. We expect Q1E revenue of EUR 96m (-83% y/y) and adj. EBIT of EUR -155m.

Towards better times

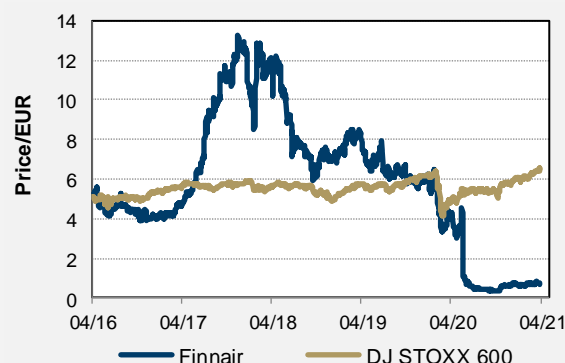
Even though the coronavirus situation has continued severe in the beginning of the year, there is light at the end of the tunnel as the vaccination pace has slowly improved. However, it is still unclear when traveling can start to normalize and how to make it safe. Possible vaccination certificates could be a crucial solution to this as it is important that European countries, including Finland lift travel restrictions at the same pace. Currently, it is estimated that majority of Finnish people have been received the first vaccine dose by the late summer thus air travel is expected to remain in a low level also during April-June. Therefore, we have cut our Q2'21E estimates. Our H2'21E and 22E-23E estimates are largely unchanged at this point.

"HOLD" with TP of EUR 0.75 (0.60)

The hybrid loan by the State of Finland to Finnair (max. of EUR 400m) was approved by the EU Commission in March. Approx. EUR 350m of the loan can be used by Finnair if its cash or equity position drop below specific limits. The remaining approx. EUR 50m share needs the Commission's approval at a later stage. The interest rate of the hybrid loan has not been specified. We expect the recovery of air travel to begin in H2'21 but highlight that there are still significant uncertainties due to the changing pandemic situation. We expect 21E revenue to increase by 72% y/y and adj. EBIT of EUR -336m. We keep our rating "HOLD" with TP of EUR 0.75 (0.60) ahead the Q1 result.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 0.71

Target price, EUR 0.75

Latest change in rating 14-Jul-20

Latest report on company 19-Feb-21

Research paid by issuer: YES

No. of shares outstanding, '000's 1,407,231

No. of shares fully diluted, '000's 1,407,231

Market cap, EURm 999

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 27-Apr-21

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■ BUY ■ HOLD ■ SELL

KEY FIGURES

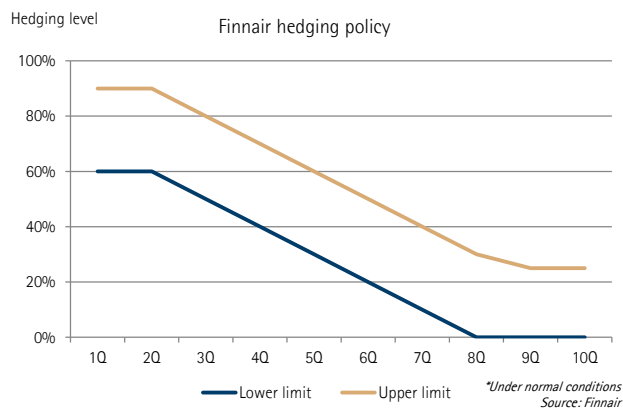
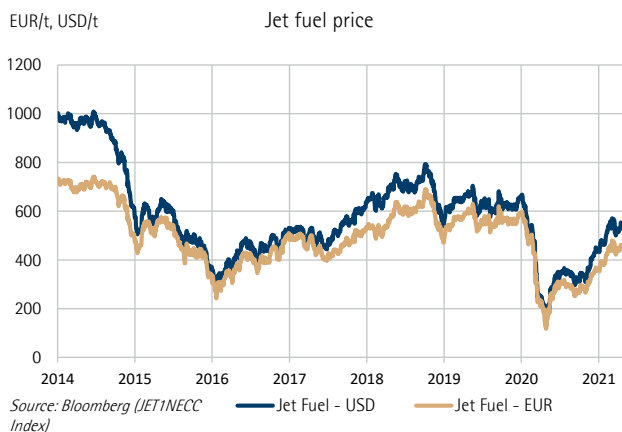
	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2019	3,097.7	162.8	5.3%	-12.3	0.50	11.7	0.4	8.5	-1.6	0.00
2020	829.2	-595.3	-71.8%	-1,281.1	-0.48	-1.6	2.9	-4.1	-119.8	0.00
2021E	1,428.4	-335.8	-23.5%	102.8	-0.24	-3.0	1.5	-6.5	10.3	0.00
2022E	2,989.7	186.3	6.2%	-62.4	0.04	16.5	0.7	11.6	-6.2	0.00
2023E	3,177.8	231.7	7.3%	-147.0	0.07	10.6	0.7	9.5	-14.7	0.00
Market cap, EURm		999	Gearing 2021E, %			212.0	CAGR EPS 2020-23, %			0.0
Net debt 2021E, EURm		1,196	Price/book 2021E			1.8	CAGR sales 2020-23, %			56.5
Enterprise value, EURm		2,195	Dividend yield 2021E, %			0.0	ROE 2021E, %			-45.5
Total assets 2021E, EURm		3,497	Tax rate 2021E, %			20.0	ROCE 2021E, %			-11.8
Goodwill 2021E, EURm		0	Equity ratio 2021E, %			17.3	PEG, P/E 21/CAGR			0.0

Estimates

FINNAIR	2017	2018	2019	2020	2020	2020	2020	2020	2020	2021E	2021E	2021E	2021E	2021E	2022E	2023E
EURm	FY	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	FY	FY	
Passengers (thousands)	11905	13281	14650	2656	98	454	278	3486	259	421	2234	2366	5280	11617	12323	
y/y change	10 %	12 %	10 %	-16 %	-97 %	-89 %	-92 %	-76 %	-90 %	330 %	392 %	750 %	51 %	120 %	6 %	
ASK (mkm)	36 922	42 386	47 189	9 671	345	1 667	1 256	12 938	1 201	1 482	8 204	9 029	19 918	44 671	47 376	
y/y change	9 %	15 %	11 %	-9 %	-97 %	-87 %	-89 %	-73 %	-88 %	330 %	392 %	619 %	54 %	124 %	6.1% <i>-p</i>	
RPK (mkm)	30 749	34 660	38 534	7 025	114	645	366	8 150	306	649	5 930	7 167	14 053	35 817	38 603	
y/y change	14 %	13 %	11 %	-16 %	-99 %	-94 %	-96 %	-79 %	-96 %	469 %	820 %	1857 %	72 %	155 %	8 %	
Load factor (RPK/ASK), PLF	83.3 %	81.8 %	81.7%	72.6 %	33.1 %	38.7 %	29.2 %	63.0 %	25.5 %	43.8 %	72.3 %	79.4 %	70.6 %	80.2 %	81.5 %	
y/y change	3.5% <i>-p</i>	-1.5% <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>	-47.1% <i>-p</i>	10.7% <i>-p</i>	33.6% <i>-p</i>	50.2% <i>-p</i>	7.6% <i>-p</i>	9.6% <i>-p</i>	1.3% <i>-p</i>	
Ancillary and retail	145	161	176	43	6	9	5	62	7	10	26	35	78	173	197	
Cargo	197	207	212	37	50	32	60	178	56	50	51	61	218	216	229	
Travel services	206	223	230	58	0	2	1	61	1	6	37	41	84	219	226	
Total revenue	2569	2835	3098	561	69	97	102	829	96	135	551	646	1428	2990	3178	
YoY change	11 %	10 %	9 %	-16 %	-91 %	-89 %	-87 %	-73 %	-83 %	97 %	466 %	534 %	72 %	109 %	6 %	
Other income	77	74	56	14	11	11	12	48	11	13	13	13	50	52	52	
Staff costs	-423	-500	-535	-136	-48	-57	-42	-284	-41	-53	-106	-109	-309	-496	-509	
y/y change	17 %	18 %	7 %	5 %	-65 %	-57 %	-69 %	-47 %	-70 %	10 %	85 %	160 %	9 %	61 %	3 %	
% of revenue	16 %	18 %	17 %	24 %	70 %	59 %	41 %	34 %	43 %	39 %	19 %	17 %	22 %	17 %	16 %	
Fuel	-472	-581	-687	-144	-33	-29	-27	-233	-28	-35	-137	-159	-358	-661	-714	
y/y change	-4 %	23 %	18 %	-1 %	-82 %	-85 %	-85 %	-66 %	-81 %	7 %	371 %	498 %	54 %	85 %	70 %	
% of revenue	18 %	20 %	22 %	26 %	48 %	30 %	26 %	28 %	29 %	26 %	25 %	25 %	25 %	22 %	22 %	
Other OPEX	-1314	-1316	-1444	-304	-87	-104	-117	-613	-109	-131	-269	-290	-800	-1346	-1419	
y/y change	4 %	0 %	10 %	-13 %	-76 %	-72 %	-68 %	-58 %	-64 %	50 %	158 %	147 %	30 %	68 %	5 %	
% of revenue	51 %	46 %	47 %	54 %	127 %	107 %	115 %	74 %	114 %	97 %	49 %	45 %	56 %	45 %	45 %	
Comparable EBITDA	300	512	488	-9	-89	-82	-72	-251	-71	-72	52	101	11	538	588	
Depreciation	-129	-294	-325	-83	-85	-85	-91	-344	-84	-86	-86	-91	-347	-352	-356	
Comparable EBIT	171	218	163	-91	-174	-167	-163	-595	-155	-158	-34	10	-336	186	232	
Comp. EBIT-%	6.6 %	7.7 %	5.3 %	-16.2 %	-254.1 %	-171.3 %	-159.7 %	-71.8 %	-161.7 %	-116.5 %	-6.1 %	1.5 %	-23.5 %	6.2 %	7.3 %	
IAC & fair value changes	54	39	-3	-4	3	-16	148	131	0	0	0	0	0	0	0	
EBIT	225	256	160	-96	-171	-183	-15	-465	-155	-158	-34	10	-336	186	232	

Sources: Finnair, Evli estimates

Jet fuel



Valuation

FINNAIR PEER GROUP	MCAP	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT	P/E	P/E	P/E	P/B	P/B	P/B
	local FX	21	22	23	21	22	23	21	22	23	21	22	23
Primary European peers													
SAS AB	14685	37.2x	6.0x	5.0x		24.7x	13.1x		89.2x	8.8x	4.0x	3.6x	3.6x
International Consolidated Airlines Group	9639	40.4x	6.0x	4.3x		13.6x	7.8x		13.0x	5.7x		29.3x	6.5x
Air France-KLM SA	2039	112.8x	5.3x	3.9x		165.0x	15.2x			15.9x			
Deutsche Lufthansa AG	6134	57.6x	5.3x	4.3x		22.7x	11.2x		27.8x	8.1x	11.2x	6.7x	4.6x
Norwegian Air Shuttle ASA	2317	49.5x	7.9x	5.0x									
Other European peers													
Aegean Airlines SA	364		1.9x	1.6x		5.6x	3.3x		8.2x	3.8x	1.8x	1.3x	1.0x
easyJet plc	4391		6.9x	4.8x		16.2x	8.5x		18.3x	10.0x	3.3x	3.0x	2.4x
Ryanair Holdings Plc	17248	23.1x	7.4x	5.4x	78.1x	10.8x	7.3x	121.9x	11.6x	9.2x	3.9x	2.8x	2.3x
Wizz Air Holdings Plc	3943	14.3x	6.4x	4.5x	79.1x	11.6x	7.5x	949.2x	13.8x	8.2x	7.6x	4.6x	3.1x
North American peers													
American Airlines Group, Inc.	13440		14.2x	7.9x		32.7x	13.0x		288.9x	8.6x			
Delta Air Lines, Inc.	29233	28.1x	6.6x	4.5x		10.3x	6.4x		11.5x	7.1x	35.9x	10.6x	4.8x
JetBlue Airways Corporation	6292		7.5x	4.8x		13.6x	7.3x		19.2x	9.0x	1.8x	1.7x	1.4x
Southwest Airlines Co.	36684	109.1x	8.1x	5.5x		11.9x	7.5x		20.2x	13.3x	4.4x	3.7x	3.1x
Spirit Airlines, Inc.	3523	21.8x	7.5x	5.6x		13.4x	8.9x		18.6x	10.7x	1.7x	1.5x	1.4x
Primary European peers median		49.5x	6.0x	4.3x	-	23.7x	12.1x	-	27.8x	8.4x	7.6x	6.7x	4.6x
Finnair (Evli est)*		195.7x	4.0x	3.7x	-6.5x	11.6x	9.5x	-3.0x	16.5x	10.6x	1.8x	1.4x	1.1x
<i>Finnair discount/premium to primary peer group median*</i>		-	-33 %	-14 %	-	-	-22 %	-	-	26 %	-77 %	-79 %	-77 %

FINNAIR PEER GROUP	Ticker	Div yield	Div yield	Div yield	EBIT-%	EBIT-%	EBIT-%	ROCE-%	ROCE-%	ROCE-%	ROE-%	ROE-%	ROE-%
		21	22	23	21	22	23	21	22	23	21	22	23
Primary European peers													
SAS AB	SAS-SE	0.0%	0.0%	0.0%	-22.5%	5.2%	9.2%	-10.2%	4.6%	12.0%	-108.8%	4.0%	41.4%
International Consolidated Airlines Group	IAG-GB	0.0%	0.6%	2.1%	-12.7%	8.6%	12.3%	-8.3%	8.4%	12.9%		224.5%	114.3%
Air France-KLM SA	AF-FR	0.0%	0.0%	0.6%	-18.0%	0.5%	4.3%	-16.7%	0.8%	9.8%			
Deutsche Lufthansa AG	LHA-DE	0.0%	0.1%	0.5%	-11.7%	2.9%	5.4%	-9.8%	3.3%	6.9%	-422.5%	24.0%	57.0%
Norwegian Air Shuttle ASA	NAS-NO	0.0%	0.0%	0.0%	-25.0%	-1.0%	-1.8%						
Other European peers													
Aegean Airlines SA	AEGN-GR	0.0%	2.4%	15.6%	-3.0%	8.8%	12.7%	-2.5%	9.4%	14.6%	-17.6%	16.5%	27.0%
easyJet plc	EZJ-GB	0.0%	1.0%	4.1%	-46.1%	6.9%	10.8%	-16.7%	7.4%	12.7%	-60.3%	16.2%	24.0%
Ryanair Holdings Plc	RY4C-IE	0.0%	0.2%	0.7%	4.8%	20.1%	22.7%	2.8%	16.7%	22.2%	3.2%	24.3%	24.7%
Wizz Air Holdings Plc	WIZZ-GB	0.0%	0.0%	0.0%	4.6%	17.5%	20.6%	2.8%	14.6%	18.3%	0.8%	33.1%	37.5%
North American peers													
American Airlines Group, Inc.	AAL-US	0.0%	0.0%	0.0%	-18.7%	3.7%	8.1%	-9.8%	2.8%	7.7%			
Delta Air Lines, Inc.	DAL-US	0.0%	0.0%	1.0%	-6.7%	11.7%	14.7%	-3.4%	8.4%	12.7%	-293.0%	92.8%	67.5%
JetBlue Airways Corporation	JBLU-US	0.0%	0.0%	0.0%	-15.1%	9.3%	14.3%	-7.0%	6.2%	12.2%	-24.2%	8.6%	15.5%
Southwest Airlines Co.	LUV-US	0.3%	0.5%	0.6%	-6.4%	13.7%	17.8%	-3.5%	9.9%	14.7%	-14.1%	18.2%	23.3%
Spirit Airlines, Inc.	SAVE-US	0.0%	0.0%	0.0%	-8.2%	10.2%	12.9%	-3.8%	6.4%	9.7%	-18.7%	8.2%	13.1%
Primary European peers median		0.0%	0.0%	0.5%	-18.0%	2.9%	5.4%	-10.0%	4.0%	10.9%	-265.7%	24.0%	57.0%
Finnair (Evli est)*	FIA1S-FI	0.0%	0.0%	0.0%	-23.5%	6.2%	7.3%	-11.8%	6.5%	7.2%	-45.5%	9.3%	11.3%

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	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	561.2	68.6	97.4	102.0	829.2	95.6	135.2	551.2	646.3	1,428.4	2,989.7	3,177.8
EBITDA	-8.6	-89.2	-82.0	-71.7	-251.5	-70.6	-71.5	52.3	101.0	11.2	538.4	587.7
<i>EBITDA margin (%)</i>	<i>-1.5</i>	<i>-130.0</i>	<i>-84.1</i>	<i>-70.3</i>	<i>-30.3</i>	<i>-73.8</i>	<i>-52.9</i>	<i>9.5</i>	<i>15.6</i>	<i>0.8</i>	<i>18.0</i>	<i>18.5</i>
EBIT	-91.1	-174.3	-167.0	-162.9	-595.3	-154.6	-157.5	-33.7	10.0	-335.8	186.3	231.7
<i>EBIT margin (%)</i>	<i>-16.2</i>	<i>-254.1</i>	<i>-171.3</i>	<i>-159.7</i>	<i>-71.8</i>	<i>-161.7</i>	<i>-116.5</i>	<i>-6.1</i>	<i>1.5</i>	<i>-23.5</i>	<i>6.2</i>	<i>7.3</i>
Net financial items	-82.7	-44.0	-66.3	2.9	-190.1	-20.0	-20.0	-20.0	-20.0	-80.0	-90.2	-98.7
Pre-tax profit	-173.8	-218.3	-233.3	-160.0	-785.4	-174.6	-177.5	-53.7	-10.0	-415.8	96.0	133.0
Tax	35.6	43.1	49.9	2.6	131.2	34.9	35.5	10.7	2.0	83.2	-19.2	-26.6
<i>Tax rate (%)</i>	<i>20.5</i>	<i>19.7</i>	<i>21.4</i>	<i>1.6</i>	<i>16.7</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-141.4	-178.3	-187.9	-161.3	-669.0	-139.6	-142.0	-43.0	-8.0	-332.6	60.4	93.8
EPS	-0.10	-0.13	-0.13	-0.11	-0.48	-0.10	-0.10	-0.03	-0.01	-0.24	0.04	0.07
EPS adjusted (diluted no. of shares)	-0.10	-0.13	-0.13	-0.11	-0.48	-0.10	-0.10	-0.03	-0.01	-0.24	0.04	0.07
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	561.2	68.6	97.4	102.0	829.2	95.6	135.2	551.2	646.3	1,428.4	2,989.7	3,177.8
Total	561.2	68.6	97.4	102.0	829.2	95.6	135.2	551.2	646.3	1,428.4	2,989.7	3,177.8
SALES GROWTH, Y/Y %												
Group total	-16.0	-91.3	-88.7	-86.8	-73.2	-83.0	97.2	465.7	533.6	72.2	109.3	6.3
Total	-16.0	-91.3	-88.7	-86.8	-73.2	-83.0	97.2	465.7	533.6	72.2	109.3	6.3
EBIT, EURm												
Group total	-91.1	-174.3	-167.0	-162.9	-595.3	-154.6	-157.5	-33.7	10.0	-335.8	186.3	231.7
Total	-91.1	-174.3	-167.0	-162.9	-595.3	-154.6	-157.5	-33.7	10.0	-335.8	186.3	231.7
EBIT margin, %												
Group total	-16.2	-254.1	-171.3	-159.7	-71.8	-161.7	-116.5	-6.1	1.5	-23.5	6.2	7.3
Total	-16.2	-254.1	-171.3	-159.7	-71.8	-161.7	-116.5	-6.1	1.5	-23.5	6.2	7.3

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	2,316.8	2,568.4	2,836.1	3,097.7	829.2	1,428.4	2,989.7	3,177.8
<i>Sales growth (%)</i>	<i>2.8</i>	<i>10.9</i>	<i>10.4</i>	<i>9.2</i>	<i>-73.2</i>	<i>72.2</i>	<i>109.3</i>	<i>6.3</i>
EBITDA	161.0	299.6	512.6	488.2	-251.5	11.2	538.4	587.7
<i>EBITDA margin (%)</i>	<i>6.9</i>	<i>11.7</i>	<i>18.1</i>	<i>15.8</i>	<i>-30.3</i>	<i>0.8</i>	<i>18.0</i>	<i>18.5</i>
Depreciation	-105.8	-129.2	-294.2	-325.4	-343.8	-347.0	-352.1	-356.0
EBITA	55.2	170.4	218.4	162.8	-595.3	-335.8	186.3	231.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	55.2	170.4	218.4	162.8	-595.3	-335.8	186.3	231.7
<i>EBIT margin (%)</i>	<i>2.4</i>	<i>6.6</i>	<i>7.7</i>	<i>5.3</i>	<i>-71.8</i>	<i>-23.5</i>	<i>6.2</i>	<i>7.3</i>
Reported EBIT	53.8	169.5	218.3	160.0	-597.7	-335.8	186.3	231.7
<i>EBIT margin (reported) (%)</i>	<i>2.3</i>	<i>6.6</i>	<i>7.7</i>	<i>5.2</i>	<i>-72.1</i>	<i>-23.5</i>	<i>6.2</i>	<i>7.3</i>
Net financials	-10.5	-13.7	-129.0	-67.0	-190.1	-80.0	-90.2	-98.7
Pre-tax profit	44.7	156.7	89.4	95.8	-785.4	-415.8	96.0	133.0
Taxes	-8.9	-31.3	-25.6	-18.4	131.2	83.2	-19.2	-26.6
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	19.4	111.9	51.1	61.8	-671.4	-332.6	60.4	93.8
Cash NRIs	-1.4	-0.9	-0.1	-2.8	-2.4	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
BALANCE SHEET, EURm								
Assets								
Fixed assets	1,189	1,446	1,547	1,751	1,683	1,557	1,534	1,763
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	999	878	918	857	927	953
Inventory	15	17	121	80	68	57	75	79
Receivables	512	460	210	217	70	84	102	108
Liquid funds	814	965	1,067	952	824	857	1,196	1,271
Total assets	2,529	2,887	3,944	3,878	3,646	3,497	3,919	4,259
Liabilities								
Shareholder's equity	857	1,016	918	966	897	564	729	928
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	1,159	1,054	1,016	857	927	953
Deferred taxes	33	74	48	64	0	0	0	0
Interest bearing debt	718	719	615	521	1,182	1,196	1,422	1,513
Non-interest bearing current liabilities	519	566	285	243	176	429	389	413
Other interest-free debt	339	428	811	873	215	291	291	291
Total liabilities	2,529	2,887	3,944	3,878	3,647	3,497	3,919	4,259
CASH FLOW, EURm								
+ EBITDA	161	300	513	488	-251	11	538	588
- Net financial items	-10	-14	-129	-67	-190	-80	-90	-99
- Taxes	33	-1	-52	-2	-18	83	-19	-27
- Increase in Net Working Capital	56	57	50	-7	-489	249	-76	14
+/- Other	-19	40	1	-16	-17	0	-16	-13
= Cash flow from operations	220	382	383	397	-966	264	337	464
- Capex	-486	-405	-330	-409	-315	-161	-399	-611
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	153	157	214	0	0	0	0	0
= Free cash flow	-113	134	268	-12	-1,281	103	-62	-147
+/- New issues/buybacks	110	60	-110	21	602	0	105	105
- Paid dividend	0	-13	-38	-35	0	0	0	0
+/- Other	108	-30	-17	-89	551	-69	296	117
Change in cash	105	151	103	-116	-128	33	339	75

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	1,643	908	753	1,069	999	999	999
Net debt (excl. convertibles)	-246	707	623	1,374	1,196	1,153	1,195
Enterprise value	1,397	1,615	1,377	2,443	2,195	2,152	2,194
Sales	2,568	2,836	3,098	829	1,428	2,990	3,178
EBITDA	300	513	488	-251	11	538	588
EBIT	170	218	163	-595	-336	186	232
Pre-tax	157	89	96	-785	-416	96	133
Earnings	113	51	65	-669	-333	60	94
Equity book value (excl. minorities)	1,016	918	966	897	564	729	928
Valuation multiples							
EV/sales	0.5	0.6	0.4	2.9	1.5	0.7	0.7
EV/EBITDA	4.7	3.2	2.8	-9.7	195.7	4.0	3.7
EV/EBITA	8.2	7.4	8.5	-4.1	-6.5	11.6	9.5
EV/EBIT	8.2	7.4	8.5	-4.1	-6.5	11.6	9.5
EV/OCF	3.7	4.2	3.5	-2.5	8.3	6.4	4.7
EV/FCFF	6.3	6.1	8.4	-2.4	7.2	10.3	23.6
P/FCFE	12.2	3.4	-61.4	-0.8	9.7	-16.0	-6.8
P/E	14.6	10.2	11.7	-1.6	-3.0	16.5	10.6
P/B	1.6	1.0	0.8	1.2	1.8	1.4	1.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	200.7	4.1	3.8
Target EV/EBIT	0.0	0.0	0.0	0.0	-6.7	11.9	9.7
Target EV/FCF	0.0	0.0	0.0	0.0	21.9	-35.4	-15.3
Target P/B	0.0	0.0	0.0	0.0	1.9	1.4	1.1
Target P/E	0.0	0.0	0.0	0.0	-3.2	17.5	11.2
Per share measures							
Number of shares	128,136	128,136	128,136	1,407,231	1,407,231	1,407,231	1,407,231
Number of shares (diluted)	128,136	128,136	128,136	1,407,231	1,407,231	1,407,231	1,407,231
EPS	0.88	0.40	0.50	-0.48	-0.24	0.04	0.07
Operating cash flow per share	2.98	2.99	3.09	-0.69	0.19	0.24	0.33
Free cash flow per share	1.05	2.09	-0.10	-0.91	0.07	-0.04	-0.10
Book value per share	7.93	7.17	7.54	0.64	0.40	0.52	0.66
Dividend per share	0.30	0.27	0.00	0.00	0.00	0.00	0.00
Dividend payout ratio, %	34.1	68.6	0.0	0.0	0.0	0.0	0.0
Dividend yield, %	2.3	3.9	0.0	0.0	0.0	0.0	0.0
FCF yield, %	8.2	29.5	-1.6	-119.8	10.3	-6.2	-14.7
Efficiency measures							
ROE	12.0	5.3	6.9	-71.8	-45.5	9.3	11.3
ROCE	10.3	9.9	6.2	-21.1	-11.8	6.5	7.2
Financial ratios							
Inventories as % of sales	0.7	4.3	2.6	8.2	4.0	2.5	2.5
Receivables as % of sales	17.9	7.4	7.0	8.4	5.9	3.4	3.4
Non-interest bearing liabilities as % of sales	22.0	10.1	7.8	21.2	30.0	13.0	13.0
NWC/sales, %	-18.7	-26.4	-23.9	-30.3	-35.1	-14.2	-13.8
Operative CAPEX/sales, %	15.8	11.6	13.2	38.0	11.3	13.4	19.2
CAPEX/sales (incl. acquisitions), %	15.8	11.6	13.2	38.0	11.3	13.4	19.2
FCFF/EBITDA	0.7	0.5	0.3	4.0	27.0	0.4	0.2
Net debt/EBITDA, book-weighted	-0.8	1.4	1.3	-5.5	106.6	2.1	2.0
Debt/equity, market-weighted	0.4	0.7	0.7	1.1	1.2	1.4	1.5
Equity ratio, book-weighted	39.1	25.4	27.4	25.5	17.3	21.2	24.8
Gearing, %	-24.2	77.0	64.5	153.3	212.0	158.1	128.7

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	786,669,686	558.535	55.9%
Varma Mutual Pension Insurance Company	50,081,263	35.558	3.6%
Ilmarinen Mutual Pension Insurance Company	37,000,000	26.270	2.6%
The State Pension Fund	14,978,215	10.635	1.1%
Elo Mutual Pension Insurance Company	14,671,668	10.417	1.0%
OP-Finland Fund	8,000,000	5.680	0.6%
OP-Finland Small Firms Fund	4,917,610	3.492	0.3%
Finnairin Henkilöstörahoisto Hr	4,000,000	2.840	0.3%
Veritas Pension Insurance Company Ltd.	2,707,011	1.922	0.2%
Länsiauto Oy	1,854,503	1.317	0.1%
Ten largest	924,879,956	656.665	66%
Residual	482,350,649	342.469	34%
Total	1,407,230,605	999.134	100%

EARNINGS CALENDAR	
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

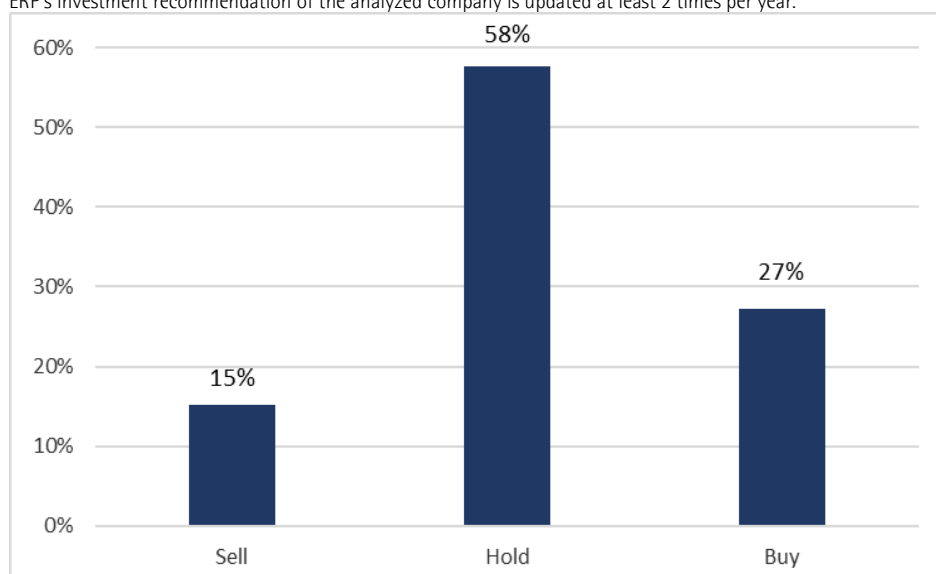
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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