

Blue skies at least for now

Finnair reports Q4 results on Feb 11. FY'25 was challenging due to labor issues, but right now the operating environment is mostly quite favorable so that EBIT should rebound well. Yet earnings multiples already reflect the positive trends.

At least some EUR 150m EBIT should be expected this year

Labor issues meant Finnair's FY'25 wasn't great in terms of profitability, but Q4 should already have been a clean performance. We estimate Q4 revenue to have grown 2% y/y and expect adj. EBIT flat at EUR 48m; we note Q4 faces a high comparison figure, but we believe Finnair could even beat it since lately its Asian volumes have grown well while such ticket prices increased about 3% y/y over the summer season. European ticket prices remained flat over the same period, yet Finnair's European PLFs gained by almost 300bps y/y in Q4. Finnair faces low comparison figures for most of FY'26, and we expect the company to again post around 5% EBIT margin this year.

EBIT could be trending above EUR 200m if trends persist

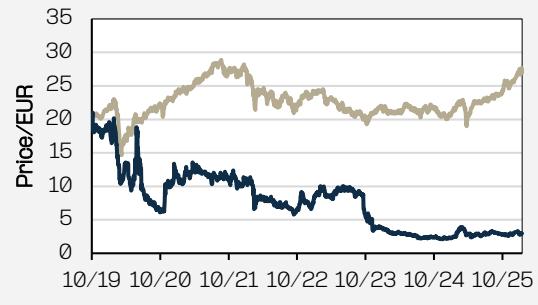
Jet fuel prices are still relatively low, even if slightly up in the past few months. In our view all these favorable trends imply Finnair should be well-positioned to reach some EUR 150–200m EBIT again this year; together Europe and Asia still account for some three-quarters of Finnair's revenue so that their positive development should compensate for the North Atlantic weakness. The mostly favorable current operating environment should help Finnair's asset utilization at least in the short-term; Finnair could even be headed above EUR 200m EBIT by next year should the trends persist, but right now it's early to extrapolate so far.

Earnings multiples already imply relatively high expectations

Last year marked a new record-high for airline profits, and the sector is expected to see more profitable growth also this year. Finnair is now clearly well-positioned to see a strong rebound in earnings after the recent challenges, and its updated strategy aims to improve RASK through better service experience. Finnair's EBIT could well improve to about EUR 250m in the coming years if the operating environment doesn't deteriorate and the company is able to deliver on its commercial strategy. We however find the valuation already quite optimistic about such prospects as Finnair is valued around 8–9x EV/EBIT on our FY'26–27 estimates, or some 15% above peer median multiples. Our new TP is EUR 2.7 (2.6) as we retain REDUCE rating.

Rating

■ Reduce



Share price, EUR (Last trading day's closing price)	2.96
Target price, EUR	2.7
Latest change in recommendation	14–Feb–25
Latest report on company	14–Nov–25
Research paid by issuer:	YES
No. of shares outstanding, '000's	204 811
No. of shares fully diluted, '000's	204 811
Market cap, EURm	606
Free float, %	42.9 %
Exchange rate	1.19
Reuters code	FIA1S.HE
Bloomberg code	FIA1S.FH
Average daily volume, EURm	0.5
Next interim report	11–Feb–26
Web site	investors.finnair.com
Analyst	Joonas Ilvonen
E-mail	joonas.ilvonen@evli.com
Telephone	+358 44 430 9071

■ BUY ■ ACCUMULATE ■ REDUCE ■ 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
2023	2988.5	184.0	6.2%	92.1	1.21	3.3	0.6	9.5	11.3%	
2024	3048.8	151.4	5.0%	154.9	0.36	6.1	0.4	8.4	34.2%	0.11
2025E	3118.4	46.7	1.5%	-35.2	-0.03	-118.3	0.5	31.7	-5.8%	0.05
2026E	3227.5	167.8	5.2%	-74.1	0.34	8.6	0.5	9.3	-12.2%	0.10
2027E	3340.5	190.4	5.7%	-40.0	0.42	7.1	0.5	8.5	-6.6%	0.12
Market cap, EURm	606					145.8 %				4.7 %
Net debt 2025E, EURm	874					1.0				3.1 %
Enterprise value, EURm	1 480					1.7 %				-0.8 %
Total assets 2025E, EURm	4 129					202.7 %				-0.7 %
Goodwill 2025E, EURm	0					12.9 %				-1.2
Gearing 2025E, %										
Price/book 2025E										
Dividend yield 2025E, %										
Tax rate 2025E, %										
Equity ratio 2025E, %										

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

Estimates and peer valuation

FINNAIR EURm	2017	2018	2019	2020	2021	2022	2023	2024	2024	2024	2024	2025	2025	2025	2025E	2025E
	FY	FY	FY	FY	FY	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	FY
ASK (mkm)	36 922	42 386	47 189	12 938	12 094	31 299	36 154	8 923	9 800	10 198	9 342	38 259	9 126	10 208	10 474	9 499
y/y change	9 %	15 %	11 %	-73 %	-7 %	159 %	16 %	4 %	6 %	9 %	3 %	0 %	2 %	4 %	3 %	2 %
RPK (mkm)	30 749	34 660	38 534	8 150	5 178	21 157	27 627	6 435	7 318	8 108	7 140	29 000	6 731	7 816	8 355	7 325
y/y change	14 %	13 %	11 %	-79 %	-36 %	309 %	31 %	0 %	4 %	7 %	8 %	5 %	5 %	7 %	3 %	4 %
Load factor (RPK/ASK), PLF	83.3 %	81.8 %	81.7 %	63.0 %	42.8 %	67.6 %	76.4 %	72.1 %	74.7 %	79.5 %	76.4 %	75.8 %	73.8 %	76.6 %	79.8 %	76.9 %
y/y change	3.5%-p	-1.5%-p	-0.1%-p	-18.7%-p	-20.2%-p	24.8%-p	8.8%-p	-2.9%-p	-1.6%-p	-1.4%-p	3.3%-p	-0.6%-p	1.6%-p	1.9%-p	0.2%-p	0.7%-p
Ancillary and retail																
Cargo	145	161	176	62	44	123	148	37	45	48	52	182	45	50	53	57
Travel services	197	207	212	178	335	352	192	46	51	53	55	206	50	51	49	53
206	223	230	61	39	170	237	58	57	63	64	242	61	60	67	66	255
Total revenue	2569	2835	3098	829	838	2356	2989	681	766	818	783	3049	694	788	835	802
y/y change	11 %	10 %	9 %	-73 %	1 %	181 %	27 %	-2 %	2 %	0 %	8 %	2 %	2 %	3 %	2 %	2 %
Other income	77	74	56	48	63	154	130	33	32	31	44	140	35	23	25	29
Staff costs	-423	-500	-535	-284	-249	-447	-498	-130	-130	-125	-133	-519	-140	-132	-134	-137
y/y change	17 %	18 %	7 %	-47 %	-12 %	80 %	11 %	0 %	4 %	4 %	8 %	4 %	8 %	1 %	7 %	3 %
% of revenue	16 %	18 %	17 %	34 %	30 %	19 %	17 %	19 %	17 %	15 %	17 %	17 %	20 %	17 %	16 %	17 %
Fuel	-472	-681	-687	-233	-212	-836	-900	-210	-225	-239	-219	-883	-214	-228	-234	-215
y/y change	-4 %	23 %	18 %	-66 %	-9 %	295 %	8 %	-4 %	2 %	1 %	-2 %	-1 %	2 %	1 %	-2 %	0 %
% of revenue	18 %	20 %	22 %	28 %	25 %	35 %	30 %	31 %	29 %	29 %	28 %	29 %	31 %	29 %	28 %	29 %
Other OPEX	-1314	-1316	-1444	-613	-566	-1067	-1191	-304	-318	-331	-332	-1284	-348	-352	-353	-349
y/y change	4 %	0 %	10 %	-58 %	-8 %	88 %	12 %	3 %	12 %	7 %	9 %	8 %	14 %	11 %	7 %	5 %
% of revenue	51 %	46 %	47 %	74 %	68 %	45 %	40 %	45 %	41 %	40 %	42 %	42 %	50 %	45 %	42 %	43 %
Comparable EBIT	171	218	163	-595	-469	-184	184	-12	44	72	48	151	-63	10	51	48
Comp. EBIT-%	6.6 %	7.7 %	5.3 %	-71.8 %	-56.0 %	-7.0 %	6.2 %	-1.7 %	5.7 %	8.7 %	6.1 %	5.0 %	-9.0 %	1.3 %	6.1 %	6.0 %
																47 %

Sources: Finnair, Evli Research

FINNAIR PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/B		
		25	26	27	25	26	27	25	26	27
United Airlines Holdings	28259	6.9x	5.7x	5.2x	11.2x	8.7x	7.8x	2.2x	1.7x	1.7x
International Consolidated A	22031	3.9x	3.8x	3.6x	5.9x	5.7x	5.5x	2.9x	2.1x	1.7x
Air France–KLM	2835	3.5x	3.2x	2.9x	9.0x	7.7x	6.8x	4.8x	4.8x	1.6x
Deutsche Lufthansa	10474	3.6x	3.3x	3.0x	7.9x	6.8x	6.0x	0.9x	0.8x	0.7x
Norwegian Air Shuttle	1508	3.3x	3.0x	2.8x	6.9x	7.5x	6.7x	2.4x	2.1x	1.7x
Aegean Airlines	1340	4.2x	4.0x	3.8x	8.3x	8.1x	7.2x	2.4x	2.2x	2.0x
easyJet	4143	2.2x	2.0x	1.8x	4.7x	4.2x	3.7x	1.0x	0.9x	0.8x
Ryanair Holdings	30148	8.6x	7.2x	6.7x	13.7x	10.8x	10.0x	3.9x	3.2x	2.6x
Wizz Air Holdings	1667	5.5x	4.5x	3.8x	54.4x	25.2x	13.7x	5.4x	4.0x	2.5x
American Airlines Group	7489	10.9x	7.5x	6.7x	24.8x	12.6x	11.0x			207.2x
Delta Air Lines	36489	7.0x	6.1x	5.5x	10.5x	8.6x	7.7x	2.1x	1.8x	1.5x
Peer Group Average	13308	5.4x	4.6x	4.2x	14.3x	9.6x	7.8x	2.6x	2.4x	20.4x
Peer Group Median	7489	4.2x	4.0x	3.8x	9.0x	8.1x	7.2x	2.4x	2.1x	1.7x
Finnair (Evli est.)	606	3.8x	3.4x	3.2x	31.7x	9.3x	8.5x	1.0x	0.9x	0.8x

Finnair prem./disc. to peer median -8 % -15 % -14 % 251 % 15 % 18 % -58 % -57 % -50 %

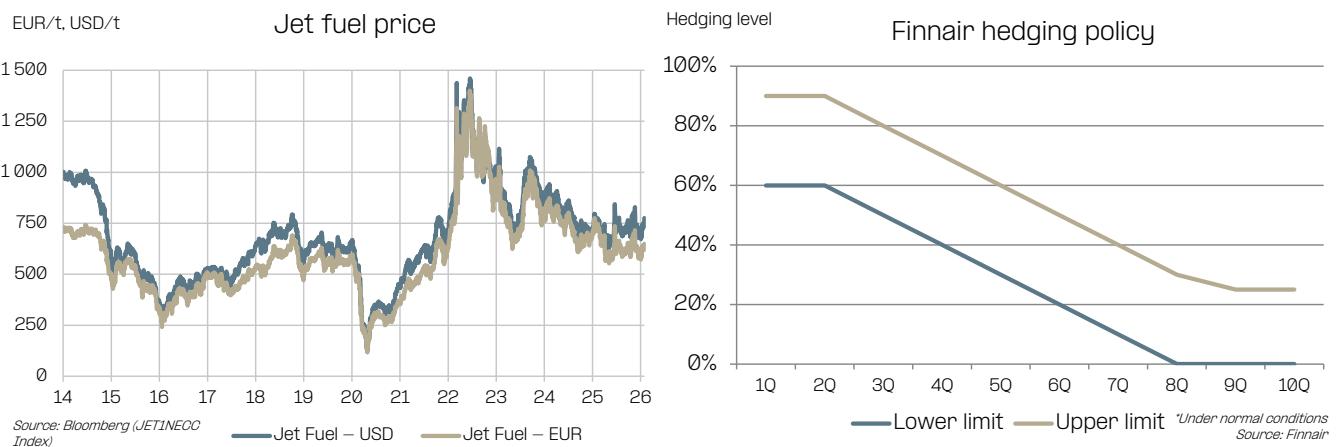
Source FactSet, Evli Research

FINNAIR PEER GROUP	Sales 24	Sales gr.			EBIT-%			Div. yield		
		25	26	27	25	26	27	25	26	27
United Airlines Holdings	54766	-7.8%	6.1%	6.9%	8.4 %	9.5 %	10.0 %	0.0 %	0.0 %	0.0 %
International Consolidated A	32100	4.6%	3.8%	4.3%	15.0 %	15.1 %	15.1 %	2.2 %	2.4 %	2.6 %
Air France–KLM	31459	4.7%	4.6%	5.7%	5.7 %	6.3 %	6.8 %	0.0 %	0.1 %	0.7 %
Deutsche Lufthansa	37581	5.8%	4.6%	4.4%	4.8 %	5.5 %	6.0 %	3.6 %	4.1 %	4.8 %
Norwegian Air Shuttle	3023	8.4%	6.7%	5.1%	10.4 %	8.5 %	9.1 %	4.5 %	4.4 %	4.5 %
Aegean Airlines	1777	5.8%	7.1%	5.8%	11.5 %	11.4 %	12.1 %	6.1 %	6.8 %	7.5 %
easyJet	11164	5.9%	9.6%	7.5%	6.8 %	6.5 %	6.8 %	2.8 %	2.9 %	3.2 %
Ryanair Holdings	13949	8.1%	6.4%	6.7%	14.7 %	17.0 %	17.2 %	1.6 %	1.9 %	2.1 %
Wizz Air Holdings	5268	7.9%	15.3%	12.5%	2.2 %	4.2 %	6.8 %	0.0 %	0.0 %	0.0 %
American Airlines Group	52138	-12.3%	8.7%	5.7%	3.0 %	5.2 %	5.7 %	0.0 %	0.0 %	0.7 %
Delta Air Lines	55613	-10.0%	4.4%	5.7%	10.0 %	11.1 %	11.7 %	1.0 %	1.1 %	1.2 %
Peer Group Average	27167	1.9%	7.0%	6.4%	8.4 %	9.1 %	9.8 %	2.0 %	2.2 %	2.5 %
Peer Group Median	31459	5.8%	6.4%	5.7%	8.4 %	8.5 %	9.1 %	1.6 %	1.9 %	2.1 %
Finnair (Evli est.)	3049	2.3%	3.5%	3.5%	1.5 %	5.2 %	5.7 %	1.7 %	3.4 %	4.1 %

Finnair prem./disc. to peer median

Source FactSet, Evli Research

Jet fuel cost



VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	2.96 PV of Free Cash Flow	998 Long-term growth, %	1.0 % Risk-free interest rate, %	2.50 %
DCF share value	4.21 PV of Horizon value	704 WACC, %	13.0 % Market risk premium, %	5.8 %
Share price potential, %	42.3 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %	3.5 %
Maximum value	4.6 Marketable securities	884 Minimum WACC, %	12.5 % Equity beta coefficient	2.25
Minimum value	3.8 Debt – dividend	-1 723 Maximum WACC, %	13.5 % Target debt ratio, %	30 %
Horizon value, %	41.4 % Value of stock	863 No. of shares, Mn	204.8 Effective tax rate, %	20 %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	3 049	3 118	3 228	3 341	3 424	3 493	3 562	3 634	3 706	3 780	3 818	3 856
<i>Sales growth (%)</i>	<i>2.0%</i>	<i>2.3%</i>	<i>3.5%</i>	<i>3.5%</i>	<i>2.5%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>	<i>1.0%</i>	<i>1.0%</i>
Operating income (EBIT)	151	47	168	190	212	210	232	236	222	189	191	193
<i>Operating income margin %</i>	<i>5.0%</i>	<i>1.5%</i>	<i>5.2%</i>	<i>5.7%</i>	<i>6.2%</i>	<i>6.0%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.0%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>
+ Depreciation+amort.	330	340	288	310	328	378	436	447	455	470	475	
EBITDA	482	386	456	501	540	588	668	683	678	659	666	
- Paid taxes	-4	-13	-34	-38	-42	-42	-46	-47	-44	-38	-38	
- Change in NWC	124	64	49	35	-3	11	11	11	12	12	6	
<i>NWC / Sales, %</i>	<i>27.3%</i>	<i>28.7%</i>	<i>29.3%</i>	<i>29.3%</i>	<i>28.5%</i>	<i>28.2%</i>	<i>28.0%</i>	<i>27.8%</i>	<i>27.6%</i>	<i>27.3%</i>	<i>27.2%</i>	
+ Change in other liabs	-8											
- Operative CAPEX	-377	-300	-375	-400	-450	-500	-300	-275	-325	-350	-375	
<i>opCAPEX / Sales, %</i>	<i>12.7%</i>	<i>13.9%</i>	<i>14.9%</i>	<i>14.1%</i>	<i>20.7%</i>	<i>23.5%</i>	<i>14.4%</i>	<i>13.7%</i>	<i>15.1%</i>	<i>13.8%</i>	<i>9.8%</i>	
- Acquisitions												
+ Divestments												
- Other items	-3	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	
= FCOFF	217	135	83	85	32	44	320	360	307	270	246	2 082
= Discounted FCFF	136	75	67	22	27	176	175	132	103	83	704	
= DFCF min WACC	136	75	68	23	28	180	180	137	107	87	764	
= DFCF max WACC	136	74	67	22	27	172	171	128	100	80	649	

Sensitivity analysis, EUR

Terminal WACC					
	10.95 %	11.95 %	12.95 %	13.95 %	14.95 %
Terminal EBIT-%	3.00 %	4.55	3.79	3.15	2.60
	4.00 %	5.30	4.42	3.68	3.06
	5.00 %	6.05	5.05	4.21	3.51
	6.00 %	6.80	5.68	4.74	3.96
	7.00 %	7.55	6.31	5.28	4.42
					3.69

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Net sales	6815	7661	818.3	782.9	3 048.8	694.2	787.7	834.8	801.7	3 118.4	3 227.5	3 340.5
EBITDA	712	125.8	153.3	131.4	481.7	23.1	97.4	137.7	128.2	386.4	455.7	500.9
<i>EBITDA margin (%)</i>	<i>10.5%</i>	<i>16.4%</i>	<i>18.7%</i>	<i>16.8%</i>	<i>15.8%</i>	<i>3.3%</i>	<i>12.4%</i>	<i>16.5%</i>	<i>16.0%</i>	<i>12.4%</i>	<i>14.1%</i>	<i>15.0%</i>
EBIT	-11.6	43.6	71.5	47.9	151.4	-62.6	10.3	50.8	48.2	46.7	167.8	190.4
<i>EBIT margin (%)</i>	<i>-1.7%</i>	<i>5.7%</i>	<i>8.7%</i>	<i>6.1%</i>	<i>5.0%</i>	<i>-9.0%</i>	<i>1.3%</i>	<i>6.1%</i>	<i>6.0%</i>	<i>1.5%</i>	<i>5.2%</i>	<i>5.7%</i>
Net financial items	-20.3	-20.0	-51	-22.7	-68.1	-10.6	-4.6	-12.6	-17.0	-44.8	-64.0	-68.2
Pre-tax profit	-31.9	23.6	66.4	25.2	83.3	-73.2	5.7	38.2	31.2	1.9	103.8	122.2
Tax	7.6	-4.6	-14.3	2.2	-9.1	13.0	-1.9	-9.0	-6.0	-3.9	-20.8	-24.4
<i>Tax rate (%)</i>	<i>23.8%</i>	<i>19.5%</i>	<i>21.5%</i>	<i>-8.7%</i>	<i>10.9%</i>	<i>17.8%</i>	<i>33.3%</i>	<i>23.6%</i>	<i>19.2%</i>	<i>20.27%</i>	<i>20.0%</i>	<i>20.0%</i>
Net profit	-24.3	19.0	52.1	27.4	74.2	-60.2	3.8	29.2	22.1	-5.1	70.5	85.2
EPS	-0.12	0.09	0.25	0.13	0.36	-0.29	0.02	0.14	0.11	-0.03	0.34	0.42
EPS adj. (diluted)	-0.12	0.09	0.25	0.13	0.36	-0.29	0.02	0.14	0.11	-0.03	0.34	0.42
Dividend per share					0.11					0.05	0.10	0.12
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Group total	6815	7661	818.3	782.9	3 048.8	694.2	787.7	834.8	801.7	3 118.4	3 227.5	3 340.5
Total	6815	7661	818.3	782.9	3 048.8	694.2	787.7	834.8	801.7	3 118.4	3 227.5	3 340.5
SALES GROWTH, Y/Y %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Group total	-1.9%	2.3%	0.1%	7.7%	2.0%	1.9%	2.8%	2.0%	2.4%	2.3%	3.5%	3.5%
Total	-1.9%	2.3%	0.1%	7.7%	2.0%	1.9%	2.8%	2.0%	2.4%	2.3%	3.5%	3.5%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Group total	-11.6	43.6	71.5	47.9	151.4	-62.6	10.3	50.8	48.2	46.7	167.8	190.4
Total	-11.6	43.6	71.5	47.9	151.4	-62.6	10.3	50.8	48.2	46.7	167.8	190.4
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Group total	-1.7%	5.7%	8.7%	6.1%	5.0%	-9.0%	1.3%	6.1%	6.0%	1.5%	5.2%	5.7%
Total	-1.7%	5.7%	8.7%	6.1%	5.0%	-9.0%	1.3%	6.1%	6.0%	1.5%	5.2%	5.7%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	829.2	838.4	2 356.6	2 988.5	3 048.8	3 118.4	3 227.5	3 340.5
<i>Sales growth (%)</i>	<i>-73.2%</i>	<i>1.1%</i>	<i>181.1%</i>	<i>26.8%</i>	<i>2.0%</i>	<i>2.3%</i>	<i>3.5%</i>	<i>3.5%</i>
EBITDA	-251.5	-149.0	185.9	530.2	481.7	386.4	455.7	500.9
<i>EBITDA margin (%)</i>	<i>-30.3%</i>	<i>-17.8%</i>	<i>7.9%</i>	<i>17.7%</i>	<i>15.8%</i>	<i>12.4%</i>	<i>14.1%</i>	<i>15.0%</i>
Depreciation	-343.8	-319.9	-349.8	-346.2	-330.3	-339.7	-287.8	-310.5
EBITA	-595.3	-468.9	-163.9	184.0	151.4	46.7	167.8	190.4
Goodwill amortization / writedown								
EBIT	-595.3	-468.9	-163.9	184.0	151.4	46.7	167.8	190.4
<i>EBIT margin (%)</i>	<i>-71.8%</i>	<i>-55.9%</i>	<i>-7.0%</i>	<i>6.2%</i>	<i>5.0%</i>	<i>1.5%</i>	<i>5.2%</i>	<i>5.7%</i>
Reported EBIT	-597.7	-474.7	-163.9	184.0	151.4	46.7	167.8	190.4
<i>EBIT margin (reported) (%)</i>	<i>-72.1%</i>	<i>-56.6%</i>	<i>-7.0%</i>	<i>6.2%</i>	<i>5.0%</i>	<i>1.5%</i>	<i>5.2%</i>	<i>5.7%</i>
Net financials	-190.1	-127.5	-170.2	-72.3	-68.1	-44.8	-64.0	-68.2
Pre-tax profit	-785.4	-596.4	-334.1	111.7	83.3	1.9	103.8	122.2
Taxes	131.2	117.6	-105.4	135.2	-9.1	-3.9	-20.8	-24.4
Minority shares								
Net profit	-671.4	-484.6	-439.5	246.9	74.2	-5.1	70.5	85.2
Cash NRIs	-2.4	-5.8						
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	1 683	1 215	1 165	1 325	1 517	1 643	1 842	2 043
Goodwill								
Right of use assets	918	1 182	1 083	917	780	748	742	702
Inventory	68	56	122	135	87	94	81	84
Receivables	70	137	158	166	232	176	163	150
Liquid funds	824	1 266	1 524	922	884	1 247	1 291	1 336
Total assets	3 646	4 047	4 133	3 698	3 721	4 129	4 341	4 536
Liabilities								
Shareholders' equity	897	476	411	577	627	599	660	724
Minority interest								
Convertibles								
Lease liabilities	1 016	1 381	1 128	951	840	748	742	702
Deferred taxes								
Interest bearing debt	1 182	1 428	1 299	911	861	1 373	1 507	1 654
Non-interest bearing current liabilities	176	291	452	507	659	674	698	722
Other interest-free debt	215	271	658	627	613	613	613	613
Total liabilities	3 647	4 047	4 133	3 698	3 721	4 129	4 341	4 536
CASH FLOW, EURm								
+ EBITDA	-251	-149	186	530	482	386	456	501
- Net financial items	-190	-128	-170	-72	-68	-45	-64	-68
- Taxes	-18	11	6	-18	3	-4	-21	-24
- Increase in Net Working Capital	-489	117	274	64	124	64	49	35
+/- Other	-17	-6				-3	-13	-13
= Cash flow from operations	-966	-155	296	504	541	399	407	431
- Capex	-315	-484	-149	-412	-386	-434	-481	-471
- Acquisitions								
+ Divestments								
= Free cash flow	-1 281	-639	147	92	155	-35	-74	-40
+/- New issues/buybacks	602	64	374	-81	-24			
- Paid dividend					23	10	20	25
+/- Other	551	1 018	-262	-614	-169	421	128	106
Change in cash	-128	442	259	-603	-38	363	44	45

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	837	546	817	453	606	606	606
Net debt (excl. convertibles)	1 543	902	940	817	874	959	1 019
Enterprise value	2 380	1 448	1 756	1 269	1 480	1 565	1 625
Sales	838	2 357	2 989	3 049	3 118	3 228	3 341
EBITDA	-149	186	530	482	386	456	501
EBIT	-469	-164	184	151	47	168	190
Pre-tax	-596	-334	112	83	2	104	122
Earnings	-479	-440	247	74	-5	70	85
Equity book value (excl. minorities)	476	411	577	627	599	660	724
Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	2.8	0.6	0.6	0.4	0.5	0.5	0.5
EV/EBITDA	-16.0	7.8	3.3	2.6	3.8	3.4	3.2
EV/EBITA	-5.1	-8.8	9.5	8.4	31.7	9.3	8.5
EV/EBIT	-5.1	-8.8	9.5	8.4	31.7	9.3	8.5
EV/OCF	-15.4	4.9	3.5	2.3	3.7	3.8	3.8
EV/FCF	-26.4	2.8	47.8	5.8	11.0	18.8	19.1
P/FCFR	-0.1	0.2	0.1	2.9	-17.2	-8.2	-15.2
P/E	-1.7	-1.2	3.3	6.1	-118.3	8.6	7.1
P/BV	1.8	1.3	1.4	0.7	1.0	0.9	0.8
Target EV/EBITDA					3.7	3.3	3.1
Target EV/EBIT					30.5	9.0	8.3
Target EV/FOCF					-40.6	-20.4	-39.3
Target P/BV					0.9	0.8	0.8
Target P/E, diluted	-1.8	-1.3	4.3	7.6	-107.9	7.8	6.5
Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)	83.75	83.75	204.21	204.81	204.81	204.81	204.81
Number of shares (diluted, million)	83.75	83.75	204.21	204.81	204.81	204.81	204.81
EPS	-5.72	-5.25	1.21	0.36	-0.03	0.34	0.42
Operating cash flow per share	-185	3.53	2.47	2.64	1.95	1.99	2.10
Free cash flow per share	-7.63	1.75	0.45	0.76	-0.17	-0.36	-0.20
Book value per share	5.68	4.90	2.83	3.06	2.93	3.22	3.54
Dividend per share				0.11	0.05	0.10	0.12
Dividend payout ratio, %				30.4%	-199.8%	29.1%	28.9%
Dividend yield, %				5.0%	1.7%	3.4%	4.1%
FCF yield, %	-76.4%	26.9%	11.3%	34.2%	-5.8%	-12.2%	-6.6%
Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	-69.8%	-99.2%	50.0%	12.3%	-0.8%	11.2%	12.3%
ROCE	-17.9%	-8.9%	3.2%	2.4%	-0.7%	1.2%	1.7%
Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	6.7%	5.2%	4.5%	2.9%	3.0%	2.5%	2.5%
Receivables as % of sales	16.3%	6.7%	5.6%	7.6%	5.6%	5.1%	4.5%
Non-int. bearing liabilities as % of sales	34.7%	19.2%	17.0%	21.6%	21.6%	21.6%	21.6%
NWC/sales, %	-43.9%	-27.3%	-23.7%	-27.3%	-28.7%	-29.3%	-29.3%
Operative CAPEX/Sales, %	57.8%	6.3%	13.8%	12.7%	13.9%	14.9%	14.1%
CAPEX/sales (incl. acquisitions), %	57.8%	6.3%	13.8%	12.7%	13.9%	14.9%	14.1%
FCFF/EBITDA	0.6	2.8	0.1	0.5	0.3	0.2	0.2
Net Debt/EBITDA, book-weighted	-10.4	4.9	1.8	1.7	2.3	2.1	2.0
Debt/equity, market-weighted	1.7	2.4	1.1	1.9	2.3	2.5	2.7
Equity ratio, book-weighted	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Gearing, %	324.4%	219.7%	162.9%	130.2%	145.8%	145.3%	140.7%

COMPANY DESCRIPTION: Finnair is a network airline established in 1923. The company focuses on passenger and cargo traffic between Nordic capitals and destinations across the northern hemisphere 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 restoring profitability according to its new strategy and operating a cost efficient and eco-friendly modern fleet.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Prime Minister's Office	114 067 105	337.639	55.7 %
Varma Mutual Pension Insurance Company	5 827 783	17.250	2.8 %
Ilmarinen Mutual Pension Insurance Company	2 788 500	8.254	1.4 %
Elo Mutual Pension Insurance Company	2 100 000	6.216	1.0 %
The State Pension Fund	1 795 000	5.313	0.9 %
Sijoitusrahasto Danske Invest Suomi Osake	1 203 042	3.561	0.6 %
Sijoitusrahasto Säästöpankki Pienyhtiöt	729 000	2.158	0.4 %
Sijoitusrahasto Nordea Pro Suomi	558 729	1.654	0.3 %
Finnair Oyj	300 082	0.888	0.1 %
Forsten Visa Tapio	245 700	0.727	0.1 %
Ten largest	129 614 941	383.660	63.3 %
Residual	75 196 059	222.580	36.7 %
Total	204 811 000	606.241	100%

EARNINGS CALENDAR

February 11, 2026 FY 2025 Results
 April 22, 2026 Q1 report
 July 22, 2026 Q2 report
 October 27, 2026 Q3 report

OTHER EVENTS
COMPANY MISCELLANEOUS

CEO: Turkka Kuusisto
 CFO: Pia Aaltonen-Forsell
 IR: Erkka Salonen
 Tietotie 9, 01053 FINNAIR (VANTAA AIRPORT)
 Tel: +358 9 818 2780

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 $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	DPS Dividend for the financial period per share
Market cap $\text{Price per share} * \text{Number of shares}$	OCF (Operating cash flow) $\text{EBITDA} - \text{Net financial items} - \text{Taxes} - \text{Increase in working capital} - \text{Cash NRIs} \pm \text{Other adjustments}$
EV (Enterprise value) $\text{Market cap} + \text{net debt} + \text{minority interest at market value} - \text{share of associated companies at market value}$	FCF (Free cash flow) $\text{Operating cash flow} - \text{Operative CAPEX} - \text{acquisitions} + \text{divestments}$
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 $\text{Interest bearing debt} - \text{financial assets}$	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, % $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt} \text{ (average)}}$	CAGR, % Cumulative annual growth rate = Average growth rate per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions} \text{ (average)}}$	

Important Disclosures

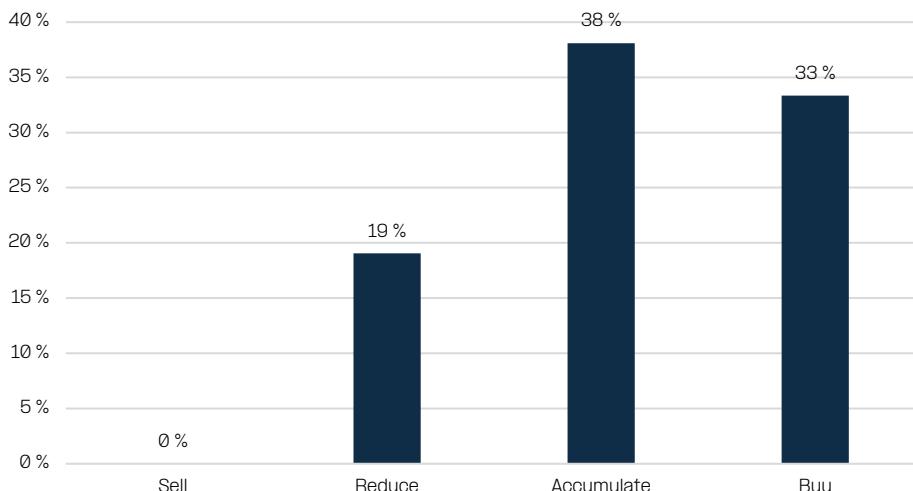
Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. The valuation assumptions used are sensitive to changes and can significantly affect fair values. A change of a single percentage point in any used assumption could affect fair values by more than +/-20%. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 - 0 %	REDUCE
0 - (+10) %	ACCUMULATE
> 10 %	BUY

ERP may temporarily suspend the rating and, if applicable, the target price to comply with regulations and/or firm policies, in which case a NOT RATED classification is used.

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage on the 16th of May, 2025. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Joonas Iivonen

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on [2.2.2026, 9:00]. This report has been published on [2.2.2026, 9:25].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

According to ERP's best knowledge, the issuer(s) of the securities does/(do) not hold in excess of 5% of the total issued share capital of the issuer(s).

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers FactSet and Bloomberg, stock-exchange releases from the companies and other company news, and publicly available online sources. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity Sales & Trading**

Joachim Dannberg (head) +358 9 4766 9123
Aleksi Jalava +358 9 4766 9123
Pasi Väistönen +358 9 4766 9123

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205

Equity Research

Jerker Salokivi (head) +358 9 4766 9149
Joonas Ilonen +358 44 430 9071
Atte Jortikka +358 40 054 3725
Atte Pitkäjärvi +358 44 047 6597

EVLI

EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000