

Very strong Q4 earnings margin

Finnair's EUR 789.5m Q4 revenue was quite close to estimates, but the EUR 61.7m comparable EBIT clearly beat expectations owing to solid operational execution. Finnair's FY'26 guidance is mostly in line with estimates, however revenue growth outlook seems a bit stronger than expected.

- Finnair Q4 revenue grew by 0.8% y/y to EUR 789.5m, compared to the EUR 801.7m/795.8m Evli/consensus estimates. Passenger revenue increased by 0.7% y/y. Average ticket fares declined due to the subdued North Atlantic demand, while Asia improved.
- Comparable EBIT amounted to EUR 61.7m vs the EUR 48.2m/43.6m Evli/consensus estimates, a very strong result for Q4 due to Finnair managing lower-than-estimated costs.
- Fuel costs amounted to EUR 204m vs our EUR 215m estimate, while staff costs were EUR 140m vs our EUR 137m estimate. All other OPEX+D&A were EUR 418m, compared to our EUR 429m estimate.
- Cost per Available Seat Kilometer was 7.66 eurocents, compared to our estimate of 7.93 eurocents.
- The BoD proposes a dividend per share of EUR 0.09 to be distributed for FY'26 vs the EUR 0.05/0.05 Evli/consensus estimates.
- Finnair estimates its FY'26 revenue to be EUR 3.3–3.4bn and comparable EBIT EUR 120–190m. The profitability guidance is well in line with estimates while the revenue guidance is higher than the consensus.

Rating - Reduce

| Q4'25 | Actual | Evli | Year ago | Q3'25 |
|-------------|--------|-------|----------|-------|
| Revenue | 789.5 | 801.7 | 782.9 | 834.9 |
| Adj. EBIT | 61.7 | 48.2 | 47.9 | 50.7 |
| Adj. EBIT–% | 7.8 % | 6.0 % | 6.1 % | 6.1 % |

Share price, EUR (Last trading day's closing price) **3.09**
Target price, EUR 2.7

Latest change in recommendation 14–Feb–25

Latest report on company 02–Feb–26

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 632

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

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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 | –123.3 | 0.5 | 32.2 | –5.6% | 0.05 |
| 2026E | 3227.5 | 167.8 | 5.2% | –74.1 | 0.34 | 9.0 | 0.5 | 9.5 | –11.7% | 0.10 |
| 2027E | 3340.5 | 190.4 | 5.7% | –40.0 | 0.42 | 7.4 | 0.5 | 8.7 | –6.3% | 0.12 |
| Market cap, EURm | 632 | | Gearing 2025E, % | | 145.8 % | | CAGR EPS 2024–27, % | | 4.7 % | |
| Net debt 2025E, EURm | 874 | | Price/book 2025E | | 1.1 | | CAGR Sales 2024–27, % | | 3.1 % | |
| Enterprise value, EURm | 1 506 | | Dividend yield 2025E, % | | 1.6 % | | ROE 2025E, % | | –0.8 % | |
| Total assets 2025E, EURm | 4 129 | | Tax rate 2025E, % | | 202.7 % | | ROCE 2025E, % | | –0.7 % | |
| Goodwill 2025E, EURm | 0 | | Equity ratio 2025E, % | | 12.9 % | | PEG, P/E 25/CAGR | | –1.2 | |

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Target price compared to share price

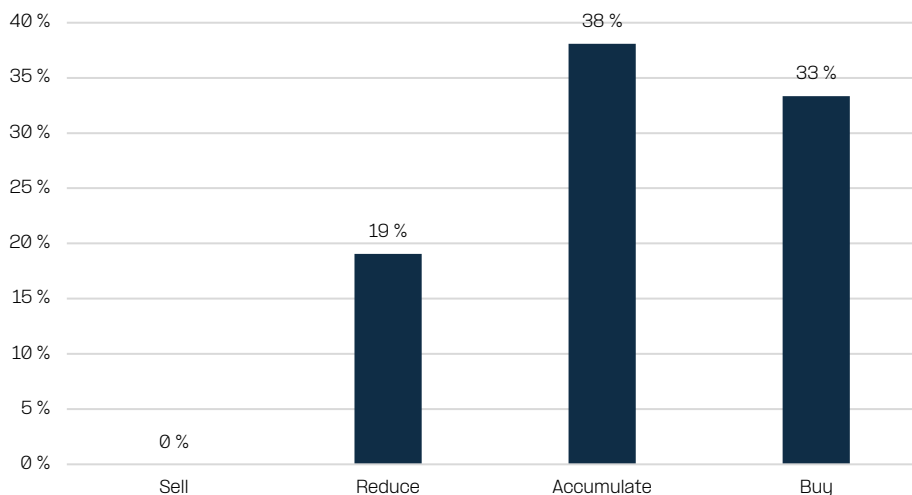
< -10 %
-10 - 0 %
0 - (+10) %
> 10 %

Recommendation

SELL
REDUCE
ACCUMULATE
BUY

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

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