A lot of estimate uncertainty

Finnair reports Q1 results on Apr 22. The unprecedented jet fuel price situation poses a big headache and hurts earnings, yet airlines might still navigate the chaos surprisingly well.

FY'26 EBIT outlook not quite that rosy any longer
Finnair was well-positioned to reach the upper end of its EUR 120-190m FY'26 EBIT guidance since Asia and Europe were developing favorably while early signs of North American stabilization could be seen. Then jet fuel prices doubled over the first few weeks of March; prices have since declined a bit but are still almost twice the levels before the war. The prices rose much faster than those of crude oil as there aren't large buffers since jet fuel can't be stored for that long due to the strict quality standards. Many significant locations where jet fuel is refined are also geographically distinct from crude oil production, so the current logistical challenges further contribute to the problem.

Jet fuel prices are very likely to decline more from here on
Jet fuel prices are likely to decline at least a bit more over the following months even if the war continues and crude oil prices remain at their present levels; airlines could see a big cost pressure relief if the situation unwinds soon, and fares are already rising at double-digit rates. Finnair also saw its RASK increase by more than 20%, of which almost half was due to a higher PLF. We believe ticket pricing will be very dynamic given the current situation and there could be significant amounts of price variation between specific routes and different areas.

Sector profitability estimates may be trimmed some more
The low-end of the EBIT guidance looked conservative back in February, but now we estimate FY'26 EBIT at EUR 123m. We find the airline sell-off surprisingly small given the ATH fuel prices, although it could be at least partially justified by the very likely further fuel price declines in the coming months. The situation remains challenging in the short-term even if airlines are able to pass most of the higher fuel costs on to fares. Finnair's peers' FY'26 EBIT margin estimates have been so far trimmed only ca. 100bps in the median case, and hence their median FY'26 EV/EBIT multiple has risen by about 0.7x in the past two months. Finnair now trades some 12x EV/EBIT on our FY'26 estimates, about 40% higher than peers. We believe the gap will narrow as sector estimates still appear too high; the huge fuel price volatility and all its consequences create uncertainty around estimates, but Finnair's valuation doesn't yet represent a bargain. Our new TP is EUR 3.0 (3.3) as we retain REDUCE rating.

Rating — Reduce

Share price, EUR (Last trading day's closing price)	**3.02**
Target price, EUR	3.0
Latest change in recommendation	14-Feb-25
Latest report on company	12-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	619
Free float, %	42.9 %
Exchange rate	1.18
Reuters code	FIA1S.HE
Bloomberg code	FIA1S FH
Average daily volume, EURm	0.5
Next interim report	22-Apr-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
2024	3048.8	151.4	5.0%	308.5	0.36	6.1	0.4	8.4	68.1%	0.11
2025	3106.2	60.1	1.9%	226.0	0.07	45.3	0.4	20.5	35.1%	0.09
2026E	3430.9	122.5	3.6%	-252.5	0.19	16.1	0.4	12.1	-40.8%	0.10
2027E	3533.8	166.1	4.7%	-76.8	0.32	9.4	0.4	9.5	-12.4%	0.12
2028E	3622.2	206.5	5.7%	-96.9	0.49	6.2	0.5	8.2	-15.6%	0.13

Market cap, EURm	619	Gearing 2026E, %	130.9 %	CAGR EPS 2025-28, %	91.8 %
Net debt 2026E, EURm	860	Price/book 2026E	0.9	CAGR Sales 2025-28, %	5.3 %
Enterprise value, EURm	1 479	Dividend yield 2026E, %	3.3 %	ROE 2026E, %	6.0 %
Total assets 2026E, EURm	4 362	Tax rate 2026E, %	34.2 %	ROCE 2026E, %	1.6 %
Goodwill 2026E, EURm	0	Equity ratio 2026E, %	13.4 %	PEG, P/E 26/CAGR	0.0

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

Estimates and peer valuation

FINNAIR	2017	2018	2019	2020	2021	2022	2023	2024	2025	2025	2025	2025	2025	2026E	2026E	2026E	2026E	2026E
EURm	FY	FY	FY	FY	FY	FY	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
ASK (mkm)	36 922	42 386	47 189	12 938	12 094	31 299	36 154	38 259	9 126	10 208	10 474	9 499	39 306	9 454	10 681	11 040	9 837	41 011
y/y change	*9 %*	*15 %*	*11 %*	*−73 %*	*−7 %*	*159 %*	*16 %*	*6 %*	*2 %*	*4 %*	*3 %*	*2 %*	*3 %*	*4 %*	*5 %*	*5 %*	*4 %*	*4 %*
RPK (mkm)	30 749	34 660	38 534	8 150	5 178	21 157	27 627	29 000	6 731	7 816	8 355	7 325	30 228	7 379	8 428	8 929	7 562	32 298
y/y change	*14 %*	*13 %*	*11 %*	*−79 %*	*−36 %*	*309 %*	*31 %*	*5 %*	*5 %*	*7 %*	*3 %*	*3 %*	*4 %*	*10 %*	*8 %*	*7 %*	*3 %*	*7 %*
Load factor (RPK/ASK), PLF	83.3 %	81.8 %	81.7%	63.0 %	42.8 %	67.6 %	76.4 %	75.8 %	73.8 %	76.6 %	79.8 %	77.1 %	76.9 %	78.0 %	78.9 %	80.9 %	76.9 %	78.8 %
y/y change	*3.5%−p*	*−1.5%−p*	*−0.1%−p*	*−18.7%−p*	*−20.2%−p*	*24.8%−p*	*8.8%−p*	*−0.6%−p*	*1.6%−p*	*1.9%−p*	*0.2%−p*	*0.7%−p*	*1.1%−p*	*4.3%−p*	*2.3%−p*	*1.1%−p*	*−0.2%−p*	*1.9%−p*
Ancillary and retail	145	161	176	62	44	123	148	182	45	50	53	53	200	50	56	60	59	226
Cargo	197	207	212	178	335	352	192	206	50	51	49	55	205	48	49	47	53	197
Travel services	206	223	230	61	39	170	237	242	61	60	67	66	255	63	62	69	68	262
Total revenue	**2569**	**2835**	**3098**	**829**	**838**	**2356**	**2989**	**3049**	**694**	**788**	**835**	**790**	**3106**	**775**	**897**	**911**	**848**	**3431**
YoY change	***11 %***	***10 %***	***9 %***	***−73 %***	***1 %***	***181 %***	***27 %***	***2 %***	***2 %***	***3 %***	***2 %***	***1 %***	***2 %***	***12 %***	***14 %***	***9 %***	***7 %***	***10 %***
Other income	77	74	56	48	63	154	130	140	35	23	25	42	124	29	29	29	29	116
Staff costs	**−423**	**−500**	**−535**	**−284**	**−249**	**−447**	**−498**	**−519**	**−140**	**−132**	**−134**	**−140**	**−546**	**−141**	**−134**	**−137**	**−144**	**−557**
y/y change	*17 %*	*18 %*	*7 %*	*−47 %*	*−12 %*	*80 %*	*11 %*	*4 %*	*8 %*	*1 %*	*7 %*	*5 %*	*5 %*	*1 %*	*2 %*	*2 %*	*3 %*	*2 %*
% of revenue	*16 %*	*18 %*	*17 %*	*34 %*	*30 %*	*19 %*	*17 %*	*17 %*	*20 %*	*17 %*	*16 %*	*18 %*	*18 %*	*18 %*	*15 %*	*15 %*	*17 %*	*16 %*
Fuel	**−472**	**−581**	**−687**	**−233**	**−212**	**−836**	**−900**	**−893**	**−214**	**−228**	**−234**	**−204**	**−879**	**−250**	**−300**	**−290**	**−265**	**−1105**
y/y change	*−4 %*	*23 %*	*18 %*	*−66 %*	*−9 %*	*295 %*	*8 %*	*−1 %*	*2 %*	*1 %*	*−2 %*	*−7 %*	*−2 %*	*17 %*	*32 %*	*24 %*	*30 %*	*26 %*
% of revenue	*18 %*	*20 %*	*22 %*	*28 %*	*25 %*	*35 %*	*30 %*	*29 %*	*31 %*	*29 %*	*28 %*	*26 %*	*28 %*	*32 %*	*33 %*	*32 %*	*31 %*	*32 %*
Other OPEX	**−1314**	**−1316**	**−1444**	**−613**	**−566**	**−1067**	**−1191**	**−1284**	**−348**	**−352**	**−353**	**−334**	**−1387**	**−349**	**−366**	**−370**	**−351**	**−1437**
y/y change	*4 %*	*0 %*	*10 %*	*−58 %*	*−8 %*	*88 %*	*12 %*	*8 %*	*14 %*	*11 %*	*7 %*	*1 %*	*8 %*	*0 %*	*4 %*	*5 %*	*5 %*	*4 %*
% of revenue	*51 %*	*46 %*	*47 %*	*74 %*	*68 %*	*45 %*	*40 %*	*42 %*	*50 %*	*45 %*	*42 %*	*42 %*	*45 %*	*45 %*	*41 %*	*41 %*	*41 %*	*42 %*
Comparable EBIT	**171**	**218**	**163**	**−595**	**−469**	**−164**	**184**	**151**	**−63**	**10**	**51**	**62**	**60**	**−18**	**44**	**61**	**35**	**123**
Comp. EBIT−%	***6.6 %***	***7.7 %***	***5.3 %***	***−71.8 %***	***−56.0 %***	***−7.0 %***	***6.2 %***	***5.0 %***	***−9.0 %***	***1.3 %***	***6.1 %***	***7.8 %***	***1.9 %***	***−2.3 %***	***4.9 %***	***6.7 %***	***4.1 %***	***3.6 %***

Sources: Finnair, Evli Research

FINNAIR PEER GROUP	MCAP MEUR	EV/EBITDA 25	EV/EBITDA 26	EV/EBITDA 27	EV/EBIT 25	EV/EBIT 26	EV/EBIT 27	P/B 25	P/B 26	P/B 27
United Airlines Holdings	26622	6.9x	6.6x	5.1x	11.2x	11.0x	7.8x	2.1x	1.8x	1.4x
International Consolidated A	20411	3.9x	3.8x	3.5x	5.9x	5.9x	5.5x	2.7x	2.2x	1.7x
Air France−KLM	2641	3.2x	3.1x	2.8x	8.0x	8.4x	7.1x	18.9x	2.6x	1.2x
Deutsche Lufthansa	9304	3.9x	3.6x	3.2x	8.4x	8.2x	6.6x	0.8x	0.7x	0.7x
Norwegian Air Shuttle	1342	3.6x	3.1x	2.8x	7.7x	8.2x	6.7x	2.0x	1.7x	1.3x
Aegean Airlines	1173	4.6x	4.0x	3.8x	8.8x	8.5x	7.7x	2.1x	1.9x	1.7x
easyJet	3372	2.3x	1.7x	1.5x	5.0x	4.1x	3.3x	0.8x	0.8x	0.7x
Ryanair Holdings	26495	8.6x	6.5x	6.1x	13.8x	10.1x	9.4x	3.4x	2.8x	2.4x
Wizz Air Holdings	1187	5.6x	4.7x	3.8x	65.5x	89.4x	19.9x	4.2x	5.6x	4.4x
American Airlines Group	6783	10.8x	11.7x	6.8x	24.3x	34.9x	11.4x			
Delta Air Lines	39890	7.4x	7.7x	6.0x	10.5x	11.7x	8.4x	2.3x	2.0x	1.7x
Peer Group Average	12656	5.5x	5.1x	4.1x	15.4x	18.2x	8.5x	3.9x	2.2x	1.7x
Peer Group Median	6783	4.6x	4.0x	3.8x	8.8x	8.5x	7.7x	2.2x	1.9x	1.5x
Finnair (Evli est.)	**619**	**3.1x**	**3.5x**	**3.3x**	**20.5x**	**12.1x**	**9.5x**	**1.0x**	**0.9x**	**0.9x**
Finnair prem./disc. to peer median		*−34 %*	*−13 %*	*−13 %*	*133 %*	*42 %*	*23 %*	*−54 %*	*−51 %*	*−42 %*

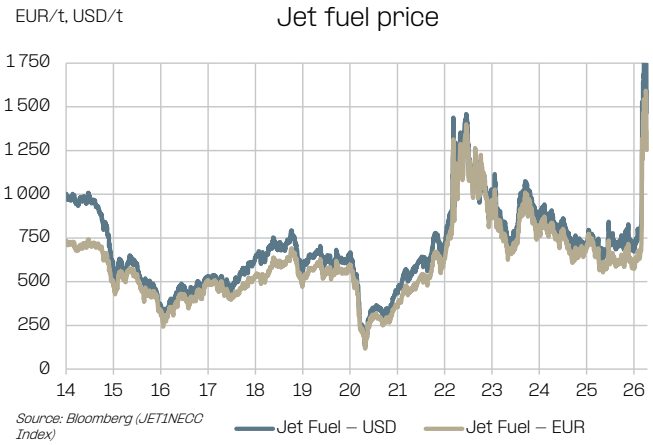
Source FactSet, Evli Research

FINNAIR PEER GROUP	Sales 24	Sales gr. 25	Sales gr. 26	Sales gr. 27	EBIT−% 25	EBIT−% 26	EBIT−% 27	Div. yield 25	Div. yield 26	Div. yield 27
United Airlines Holdings	54766	−7.8%	10.5%	5.2%	8.4 %	7.0 %	9.4 %	0.0 %	0.0 %	0.0 %
International Consolidated A	32100	3.5%	4.9%	4.9%	15.0 %	13.9 %	14.3 %	2.3 %	2.5 %	2.7 %
Air France−KLM	31459	4.9%	6.0%	4.6%	6.0 %	5.3 %	6.0 %	0.0 %	0.0 %	0.0 %
Deutsche Lufthansa	37581	5.4%	7.4%	4.6%	4.9 %	4.5 %	5.3 %	4.0 %	4.2 %	5.0 %
Norwegian Air Shuttle	3023	10.2%	9.2%	4.6%	9.9 %	7.5 %	8.7 %	5.2 %	4.5 %	4.3 %
Aegean Airlines	1777	4.4%	6.3%	5.9%	12.0 %	11.1 %	11.5 %	6.8 %	6.9 %	7.9 %
easyJet	11164	5.9%	9.8%	8.1%	6.4 %	5.2 %	5.9 %	3.2 %	3.0 %	3.5 %
Ryanair Holdings	13949	8.1%	7.4%	7.3%	14.6 %	15.9 %	15.9 %	1.8 %	2.1 %	2.3 %
Wizz Air Holdings	5268	7.7%	16.5%	14.3%	1.8 %	1.1 %	4.2 %	0.0 %	0.0 %	0.0 %
American Airlines Group	52138	−12.3%	13.0%	4.9%	3.0 %	1.8 %	5.1 %	0.0 %	0.0 %	0.1 %
Delta Air Lines	55613	−10.0%	9.3%	4.0%	10.0 %	8.2 %	10.9 %	0.9 %	1.0 %	1.1 %
Peer Group Average	27167	1.8%	9.1%	6.2%	8.4 %	7.4 %	8.8 %	2.2 %	2.2 %	2.5 %
Peer Group Median	31459	4.9%	9.2%	4.9%	8.4 %	7.0 %	8.7 %	1.8 %	2.1 %	2.3 %
Finnair (Evli est.)	**3049**	**1.9%**	**10.5%**	**3.0%**	**1.9 %**	**3.6 %**	**4.7 %**	**2.9 %**	**3.3 %**	**4.0 %**

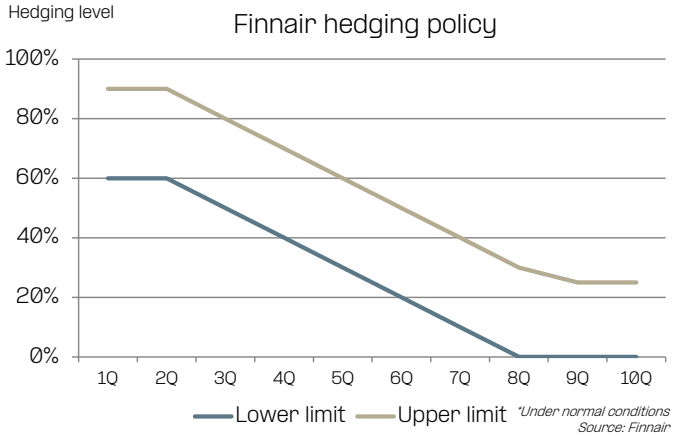
Finnair prem./disc. to peer median

Source FactSet, Evli Research

Jet fuel cost



Source: Bloomberg (JET1NECC Index)



*Under normal conditions
Source: Finnair

VALUATION RESULTS		BASE CASE DETAILS		VALUATION ASSUMPTIONS		ASSUMPTIONS FOR WACC	
Current share price	3.02	PV of Free Cash Flow	1 018	Long-term growth, %	1.0 %	Risk-free interest rate, %	2.50 %
DCF share value	5.45	PV of Horizon value	706	WACC, %	13.0 %	Market risk premium, %	5.8 %
Share price potential, %	80.3 %	Unconsolidated equity	0	Spread, %	0.5 %	Debt risk premium %	3.5 %
Maximum value	5.9	Marketable securities	1 063	Minimum WACC, %	12.5 %	Equity beta coefficient	2.25
Minimum value	5.1	Debt – dividend	-1 671	Maximum WACC, %	13.5 %	Target debt ratio, %	30 %
Horizon value, %	41.0 %	Value of stock	1 117	No. of shares, Mn	204.8	Effective tax rate, %	20 %

DCF valuation, EURm	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	TERMINAL
Net sales	3 106	3 431	3 534	3 622	3 695	3 769	3 844	3 921	3 999	4 079	4 120	4 161
Sales growth (%)	*1.9%*	*10.5%*	*3.0%*	*2.5%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*1.0%*	*1.0%*
Operating income (EBIT)	60	123	166	206	222	245	250	235	200	204	206	208
Operating income margin %	*1.9%*	*3.6%*	*4.7%*	*5.7%*	*6.0%*	*6.5%*	*6.5%*	*6.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
+ Depreciation+amort.	344	300	312	331	353	403	444	454	470	477	488	
EBITDA	404	423	478	538	574	648	694	689	670	681	694	
– Paid taxes	-7	-33	-33	-41	-44	-49	-50	-47	-40	-41	-41	
– Change in NWC	82	131	36	-2	13	13	13	13	14	14	7	
NWC / Sales, %	*29.4%*	*30.4%*	*30.5%*	*29.7%*	*29.5%*	*29.3%*	*29.0%*	*28.8%*	*28.6%*	*28.4%*	*28.2%*	
+ Change in other liabs	-36											
– Operative CAPEX	-193	-375	-400	-450	-500	-300	-275	-325	-350	-350	-375	
opCAPEX / Sales, %	*7.1%*	*21.0%*	*13.9%*	*14.5%*	*20.2%*	*18.1%*	*13.3%*	*14.6%*	*13.3%*	*13.9%*	*9.1%*	
– Acquisitions												
+ Divestments												
– Other items			-13	-13	-13	-13	-13	-13	-13	-13	-13	
= FCFF	249	146	67	32	30	299	369	318	281	291	273	2 304
= Discounted FCFF		133	55	23	19	169	184	140	110	101	84	706
= DFCF min WACC		134	55	23	19	172	189	145	114	105	87	770
= DFCF max WACC		133	54	22	19	165	180	136	106	97	80	650

Sensitivity analysis, EUR

Terminal EBIT-% \ Terminal WACC	10.95 %	11.95 %	12.95 %	13.95 %	14.95 %
3.00 %	5.97	5.12	4.41	3.81	3.29
4.00 %	6.71	5.74	4.93	4.25	3.66
5.00 %	7.46	6.36	5.45	4.69	4.04
6.00 %	8.20	6.98	5.97	5.13	4.42
7.00 %	8.95	7.60	6.50	5.57	4.79

INTERIM FIGURES

EVLI ESTIMATES, EURm	2025Q1	2025Q2	2025Q3	2025Q4	2025	2026Q1E	2026Q2E	2026Q3E	2026Q4E	2026E	2027E	2028E
Net sales	694.2	787.7	834.8	789.5	3 106.2	775.3	897.1	911.0	847.5	3 430.9	3 533.8	3 622.2
EBITDA	23.1	97.4	137.7	145.6	403.8	57.2	119.2	136.3	109.9	422.5	477.6	537.6
EBITDA margin (%)	*3.3%*	*12.4%*	*16.5%*	*18.4%*	*13.0%*	*7.4%*	*13.3%*	*15.0%*	*13.0%*	*12.3%*	*13.5%*	*14.8%*
EBIT	−62.6	10.3	50.8	61.6	60.1	−17.8	44.2	61.3	34.9	122.5	166.1	206.5
EBIT margin (%)	*−9.0%*	*1.3%*	*6.1%*	*7.8%*	*1.9%*	*−2.3%*	*4.9%*	*6.7%*	*4.1%*	*3.6%*	*4.7%*	*5.7%*
Net financial items	−10.6	−4.6	−12.6	−13.1	−40.9	−17.0	−17.0	−15.0	−15.0	−64.0	−68.0	−65.5
Pre−tax profit	−73.2	5.7	38.2	48.5	19.2	−34.8	27.2	46.3	19.9	58.5	98.1	140.9
Tax	13.0	−1.9	−9.0	−7.1	−5.0	−5.0	−5.0	−5.0	−5.0	−20.0	−19.6	−28.2
Tax rate (%)	*17.8%*	*33.3%*	*23.6%*	*14.6%*	*26.0%*	*−14.4%*	*18.4%*	*10.8%*	*25.2%*	*34.2%*	*20.0%*	*20.0%*
Net profit	−60.2	3.8	29.2	41.4	14.2	−39.8	22.2	41.3	14.9	38.5	65.9	100.1
EPS	−0.29	0.02	0.14	0.20	0.07	−0.19	0.11	0.20	0.07	0.19	0.32	0.49
EPS adj. (diluted)	−0.29	0.02	0.14	0.20	0.07	−0.19	0.11	0.20	0.07	0.19	0.32	0.49
Dividend per share					0.09					0.10	0.12	0.13

SALES, EURm	2025Q1	2025Q2	2025Q3	2025Q4	2025	2026Q1E	2026Q2E	2026Q3E	2026Q4E	2026E	2027E	2028E
Group total	694.2	787.7	834.8	789.5	3 106.2	775.3	897.1	911.0	847.5	3 430.9	3 533.8	3 622.2
Total	694.2	787.7	834.8	789.5	3 106.2	775.3	897.1	911.0	847.5	3 430.9	3 533.8	3 622.2

SALES GROWTH, Y/Y %	2025Q1	2025Q2	2025Q3	2025Q4	2025	2026Q1E	2026Q2E	2026Q3E	2026Q4E	2026E	2027E	2028E
Group total	1.9%	2.8%	2.0%	0.8%	1.9%	11.7%	13.9%	9.1%	7.4%	10.5%	3.0%	2.5%
Total	1.9%	2.8%	2.0%	0.8%	1.9%	11.7%	13.9%	9.1%	7.4%	10.5%	3.0%	2.5%

EBIT, EURm	2025Q1	2025Q2	2025Q3	2025Q4	2025	2026Q1E	2026Q2E	2026Q3E	2026Q4E	2026E	2027E	2028E
Group total	−62.6	10.3	50.8	61.6	60.1	−17.8	44.2	61.3	34.9	122.5	166.1	206.5
Total	−62.6	10.3	50.8	61.6	60.1	−17.8	44.2	61.3	34.9	122.5	166.1	206.5

EBIT margin %	2025Q1	2025Q2	2025Q3	2025Q4	2025	2026Q1E	2026Q2E	2026Q3E	2026Q4E	2026E	2027E	2028E
Group total	−9.0%	1.3%	6.1%	7.8%	1.9%	−2.3%	4.9%	6.7%	4.1%	3.6%	4.7%	5.7%
Total	−9.0%	1.3%	6.1%	7.8%	1.9%	−2.3%	4.9%	6.7%	4.1%	3.6%	4.7%	5.7%

INCOME STATEMENT, EURm	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales	838.4	2 356.6	2 988.5	3 048.8	3 106.2	3 430.9	3 533.8	3 622.2
Sales growth (%)	1.1%	181.1%	26.8%	2.0%	1.9%	10.5%	3.0%	2.5%
EBITDA	−149.0	185.9	530.2	481.7	403.8	422.5	477.6	537.6
EBITDA margin (%)	−17.8%	7.9%	17.7%	15.8%	13.0%	12.3%	13.5%	14.8%
Depreciation	−319.9	−349.8	−346.2	−330.3	−343.7	−300.0	−311.5	−331.2
EBITA	−468.9	−163.9	184.0	151.4	60.1	122.5	166.1	206.5
Goodwill amortization / writedown								
EBIT	−468.9	−163.9	184.0	151.4	60.1	122.5	166.1	206.5
EBIT margin (%)	−55.9%	−7.0%	6.2%	5.0%	1.9%	3.6%	4.7%	5.7%
Reported EBIT	−474.7	−163.9	184.0	151.4	60.1	122.5	166.1	206.5
EBIT margin (reported) (%)	−56.6%	−7.0%	6.2%	5.0%	1.9%	3.6%	4.7%	5.7%
Net financials	−127.5	−170.2	−72.3	−68.1	−40.9	−64.0	−68.0	−65.5
Pre−tax profit	−596.4	−334.1	111.7	83.3	19.2	58.5	98.1	140.9
Taxes	117.6	−105.4	135.2	−9.1	−5.0	−20.0	−19.6	−28.2
Minority shares								
Net profit	−484.6	−439.5	246.9	74.2	14.2	38.5	65.9	100.1
Cash NRIs	−5.8							
Non−cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	1 215	1 165	1 325	1 517	1 488	1 663	1 885	2 131
Goodwill								
Right of use assets	1 182	1 083	917	780	645	892	848	797
Inventory	56	122	135	87	89	86	88	91
Receivables	137	158	166	232	188	135	121	141
Liquid funds	1 266	1 524	922	884	1 063	1 372	1 414	1 449
Total assets	4 047	4 133	3 698	3 721	3 687	4 362	4 569	4 822
Liabilities								
Shareholders' equity	476	411	577	627	637	657	702	778
Minority interest								
Convertibles								
Lease liabilities	1 381	1 128	951	840	632	892	848	797
Deferred taxes								
Interest bearing debt	1 428	1 299	911	861	1 020	1 340	1 523	1 731
Non−interest bearing current liabilities	291	452	507	659	715	790	813	834
Other interest−free debt	271	658	627	613	597	597	597	597
Total liabilities	4 047	4 133	3 698	3 721	3 687	4 362	4 569	4 822
CASH FLOW, EURm								
+ EBITDA	−149	186	530	482	404	423	478	538
− Net financial items	−128	−170	−72	−68	−41	−64	−68	−66
− Taxes	11	6	−18	3	3	−20	−20	−28
− Increase in Net Working Capital	117	274	64	124	82	131	36	−2
+/− Other	−6						−13	−13
= Cash flow from operations	−155	296	504	541	448	469	413	429
− Capex	−484	−149	−412	−232	−222	−722	−490	−526
− Acquisitions								
+ Divestments								
= Free cash flow	−639	147	92	309	226	−252	−77	−97
+/− New issues/buybacks	64	374	−81	−24	18			
− Paid dividend				23	18	20	25	27
+/− Other	1 018	−262	−614	−322	−42	580	138	157
Change in cash	442	259	−603	−38	179	309	41	35

KEY FIGURES	2022	2023	2024	2025	2026E	2027E	2028E
M-cap	546	817	453	644	619	619	619
Net debt (excl. convertibles)	902	940	817	589	860	957	1 079
Enterprise value	1 448	1 756	1 269	1 232	1 479	1 576	1 698
Sales	2 357	2 989	3 049	3 106	3 431	3 534	3 622
EBITDA	186	530	482	404	423	478	538
EBIT	-164	184	151	60	123	166	206
Pre-tax	-334	112	83	19	59	98	141
Earnings	-440	247	74	14	39	66	100
Equity book value (excl. minorities)	411	577	627	637	657	702	778

Valuation multiple	2022	2023	2024	2025	2026E	2027E	2028E
EV/Sales	0.6	0.6	0.4	0.4	0.4	0.4	0.5
EV/EBITDA	7.8	3.3	2.6	3.1	3.5	3.3	3.2
EV/EBITA	-8.8	9.5	8.4	20.5	12.1	9.5	8.2
EV/EBIT	-8.8	9.5	8.4	20.5	12.1	9.5	8.2
EV/OCF	4.9	3.5	2.3	2.8	3.2	3.8	4.0
EV/FCF	2.8	47.8	3.4	4.9	10.2	23.4	53.8
P/FCFR	0.2	0.1	1.5	2.8	-2.5	-8.1	-6.4
P/E	-1.2	3.3	6.1	45.3	16.1	9.4	6.2
P/BV	1.3	1.4	0.7	1.0	0.9	0.9	0.8
Target EV/EBITDA					3.5	3.3	3.1
Target EV/EBIT					12.0	9.5	8.2
Target EV/FCFF					-5.8	-20.5	-17.5
Target P/BV					0.9	0.9	0.8
Target P/E, diluted	-1.3	4.3	7.6	-107.9	15.9	9.3	6.1

Per share measures	2022	2023	2024	2025	2026E	2027E	2028E
Number of shares (million)	83.75	204.21	204.81	204.81	204.81	204.81	204.81
Number of shares (diluted, million)	83.75	204.21	204.81	204.81	204.81	204.81	204.81
EPS	-5.25	1.21	0.36	0.07	0.19	0.32	0.49
Operating cash flow per share	3.53	2.47	2.64	2.19	2.29	2.02	2.10
Free cash flow per share	1.75	0.45	1.51	1.10	-1.23	-0.38	-0.47
Book value per share	4.90	2.83	3.06	3.11	3.21	3.43	3.80
Dividend per share			0.11	0.09	0.10	0.12	0.13
Dividend payout ratio, %			30.4%	129.8%	53.1%	37.3%	26.6%
Dividend yield, %			5.0%	2.9%	3.3%	4.0%	4.3%
FCF yield, %	26.9%	11.3%	68.1%	35.1%	-40.8%	-12.4%	-15.6%

Efficiency measures	2022	2023	2024	2025	2026E	2027E	2028E
ROE	-99.2%	50.0%	12.3%	2.3%	6.0%	9.7%	13.5%
ROCE	-8.9%	3.2%	2.4%	-0.2%	1.6%	2.5%	3.5%

Financial ratios	2022	2023	2024	2025	2026E	2027E	2028E
Inventories as % of sales	5.2%	4.5%	2.9%	2.9%	2.5%	2.5%	2.5%
Receivables as % of sales	6.7%	5.6%	7.6%	6.1%	3.9%	3.4%	3.9%
Non-int. bearing liabilities as % of sales	19.2%	17.0%	21.6%	23.0%	23.0%	23.0%	23.0%
NWC/sales, %	-27.3%	-23.7%	-27.3%	-29.4%	-30.4%	-30.5%	-29.7%
Operative CAPEX/Sales, %	6.3%	13.8%	7.6%	7.1%	21.0%	13.9%	14.5%
CAPEX/sales (incl. acquisitions), %	6.3%	13.8%	7.6%	7.1%	21.0%	13.9%	14.5%
FCFF/EBITDA	2.8	0.1	0.8	0.6	0.3	0.1	0.1
Net Debt/EBITDA, book-weighted	4.9	1.8	1.7	1.5	2.0	2.0	2.0
Debt/equity, market-weighted	2.4	1.1	1.9	1.6	2.2	2.5	2.8
Equity ratio, book-weighted	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Gearing, %	219.7%	162.9%	130.2%	92.5%	130.9%	136.3%	138.7%

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	344.939	55.7 %
Varma Mutual Pension Insurance Company	5 827 783	17.623	2.8 %
Ilmarinen Mutual Pension Insurance Company	2 788 500	8.432	1.4 %
Elo Mutual Pension Insurance Company	2 100 000	6.350	1.0 %
The State Pension Fund	1 795 000	5.428	0.9 %
Sijoitusrahasto Danske Invest Suomi Osake	1 203 042	3.638	0.6 %
Sijoitusrahasto Säästöpankki Pienyhtiöt	729 000	2.204	0.4 %
Sijoitusrahasto Nordea Pro Suomi	558 729	1.690	0.3 %
Finnair Oyj	300 082	0.907	0.1 %
Forsten Visa Tapio	245 700	0.743	0.1 %
Ten largest	129 614 941	391.956	63.3 %
Residual	75 196 059	227.393	36.7 %
Total	204 811 000	619.348	100%

EARNINGS CALENDAR

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 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 rate per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 - 0 %	RECUDE
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.

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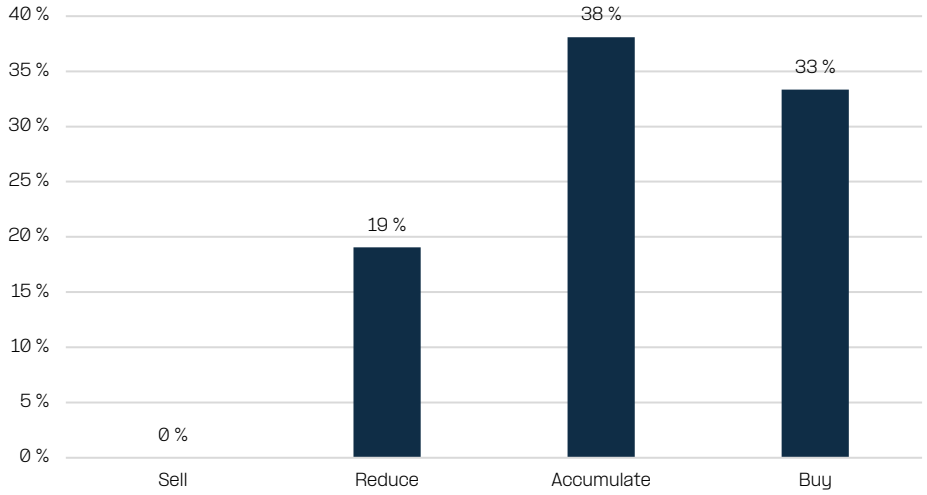

The graph above shows the distribution of ERP's recommendations of companies under coverage on the 16th of May, 2025. If recommendation is not given, it is not mentioned here.

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

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Contact information

SALES, TRADING AND RESEARCH

Equity Sales & Trading

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

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205

Equity Research

Jerker Salokivi (head)	+358 9 4766 9149
Joonas Ilvonen	+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