

Strong Q1 due to low costs

Finnair's EUR -0.6m comparable EBIT was a strong result for Q1 and was a bit above estimates. Revenue was as estimated, and the Iran war actually helped Finnair's performance a bit as capacity moderations between Europe and Asia bolstered Finnair's Asian demand. The positive earnings surprise was driven by lower costs, and Finnair retains its financial guidance for the year although there are still increased risks related to fuel availability even if the situation is stable for now.

- Finnair Q1 revenue grew by 12.1% y/y to EUR 778.1m vs the EUR 775.3m/776.5m Evli/consensus estimates as passenger revenue gained by 14.0% y/y when average ticket fares started to increase (already up some 4% y/y).
- Comparable EBIT was EUR -0.6m vs the EUR -17.8m/-4.8m Evli/consensus estimates. Successful cost management and increased demand for Asian flights counterbalanced higher jet fuel prices' negative impact.
- Fuel costs were EUR 227m, compared to our EUR 250m estimate, whereas staff costs amounted to EUR 148m vs our EUR 141m estimate. All other OPEX+D&A landed at EUR 440m vs our EUR 424m estimate.
- Cost per Available Seat Kilometer was 8.24 eurocents, compared to our estimate of 8.39 eurocents.
- Finnair expects its revenue to be EUR 3.3-3.4bn and comparable EBIT to be EUR 120-190m in FY'26 (guidance unchanged). The guidance is based on the assumption that there will be no significant disruptions in fuel availability. So far fuel availability at Helsinki airport is stable. Fuel availability could however become a new risk factor if the war prolongs.

Rating	Reduce			
Q1'26	Actual	Evli	Year ago	Q4'25
Revenue	778.1	775.3	694.2	789.5
Adj. EBIT	-0.6	-17.8	-62.6	61.7
Adj. EBIT-%	-0.1%	-2.3%	-9.0%	7.8%

Share price, EUR (Last trading day's closing price)	2.97
Target price, EUR	3.0
Latest change in recommendation	14-Feb-25
Latest report on company	16-Apr-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	609
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
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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
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	15.8	0.4	12.0	-41.5%	0.10
2027E	3533.8	166.1	4.7%	-76.8	0.32	9.2	0.4	9.4	-12.6%	0.12
2028E	3622.2	206.5	5.7%	-96.9	0.49	6.1	0.5	8.2	-15.9%	0.13
Market cap, EURm		609	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		1 469	Dividend yield 2026E, %			3.4%	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.

Important Disclosures

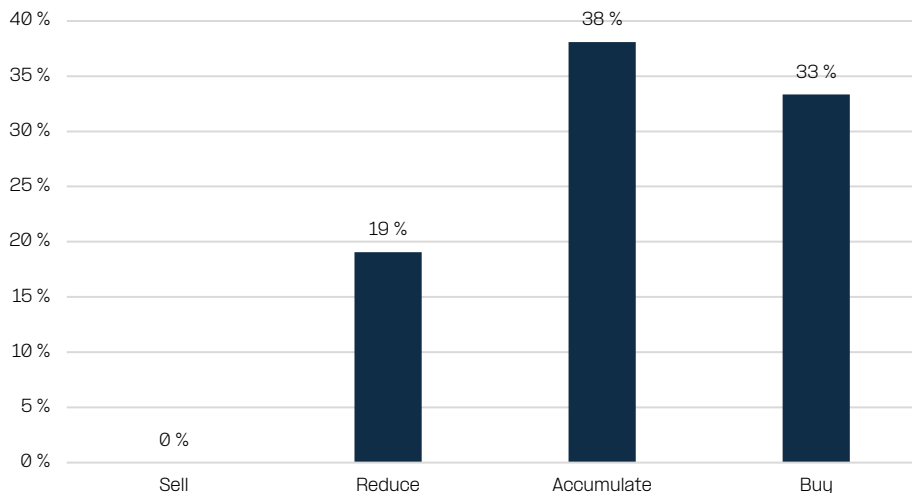
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Investment recommendations are defined as follows:

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

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