13 February 2025

Commissioned research: Atria – Soft Q4 and a negative guidance for 2025

Marketing material commissioned by Atria

Atria reported Q4 adjusted EBIT of EUR 13.2m, 19% (EUR 3.1m) below LSEG Data & Analytics consensus. Q4 net sales of EUR 445m were up 2% y/y and came 1% below consensus. All segments missed our EBIT estimates, led by Finland. Operating cash flow was EUR 31m (EUR 52m a year ago). DPS proposal of EUR 0.69 came slightly below of consensus expectation. Atria expects 2025 adjusted EBIT to decline from EUR 65.4m in 2024. Consensus has modelled EUR 69m, or 5% increase. We believe the company has taken cautious view entering 2025 due to uncertainty in consumer sentiment. Initially, we expect consensus to trim 2025 EBIT estimate to the tune of 10% due to increased uncertainty over sustainable earnings level.

ATRIA: DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	Q4 2024	Q4 2024E	vs. actual		Q4 2024E	vs. actual		Q3 2024	q/q	Q4 2023	y/y
Sales	**445**	**454**	**-8**	**-2%**	**449**	**(4)**	**-1%**	**439**	**1%**	**438**	**2%**
Adj. EBIT	**13.2**	**16.4**	**-3.2**	**-19%**	**16.3**	**(3.1)**	**-19%**	**25.8**	**-49%**	**9.3**	**42%**
Adj. EBIT margin	3.0%	3.6%	-0.6pp	-0.6pp	3.6%	-0.7pp		5.9%	-2.9pp	2.1%	0.8pp
Adj. EPS, EUR	**0.27**	**0.32**	**-0.05**	**-14%**	**0.30**	**(0.03)**	**-10%**	**0.65**	-59%	**(1.53)**	-118%
DPS, EUR	**0.69**	**0.72**	**-0.03**	**-4%**	**0.72**	**(0.03)**	**-4%**			**0.60**	15%
Divisional sales, EURm											
Finland	330.9	336.2	-5	-2%				319	4%	334	-1%
Sweden	89.3	92.6	-3	-4%				95	-6%	80	11%
Denmark & Estonia	30.7	31.5	-1	-3%				32	-5%	31	0%
Unallocated	0.0	0.0	0	n.m.				0	n.m.	0	n.m.
Group eliminations	-5.6	-6.6	1	-15%				-7	-22%	-7	-14%
Group	**445.3**	**453.7**	**-8.4**	**-2%**				**439**	**1%**	**438**	**2%**
Divisional adj. EBIT, EURm											
Finland	12.9	14.6	-1.7	-11%				23.3	-45%	9.4	37%
Sweden	0.5	1.7	-1.2	-70%				2.4		-0.3	-267%
Denmark & Estonia	1.2	1.4	-0.2	-16%				1.2	0%	1.3	n.m.
Group eliminations	-1.3	-1.3	0.0	0%				-1.1	18%	-1.1	18%
Group	**13.2**	**16.4**	**-3.2**	**-19%**				**25.8**	**-49%**	**9.3**	**42%**

Source: Company data, LSEG Data & Analytics and Nordea estimates

Q4 miss was broad based – China poultry deliveries started year-end

- Atria Q4 adjusted EBIT of EUR 13.2m missed LSEG Data & Analytics consensus by 19% (EUR 3.1m). There were no items affecting comparability.
- Net sales of EUR 445m were 1% below consensus expectations.
- Adjusted EPS stood at EUR 0.27 compared to consensus of EUR 0.30.
- Dividend proposal of EUR 0.69 per share came slightly below consensus of EUR 0.72.
- Operating cash flow of EUR 31m was down from EUR 52m a year ago. Leverage was at 2.1x at the end of Q4 (2.3x in Q3 and X.Xx a year ago).

Atria Finland improved EBIT y/y but missed our estimates

- Finland net sales of EUR 331m were down 1% y/y and came 2% below our expectations. Net sales declined due to lower feed and foodservice sales while export sales improved.

- Adjusted EBIT was EUR 12.9m, 11% below our estimate of EUR 14.6m.
- Atria's supplier share remained stable, at slightly above 25%, in 2024 .

Atria Sweden missed on top line and EBIT

- Sweden net sales were EUR 89m, up 11% y/y and 4% below our estimate, supported by Gooh! acquisition and growth in retail and foodservice. Atria's market share improved in foodservice during 2024.
- Adjusted EBIT of EUR 0.5m came below our estimate of EUR 1.7m.

Atria Denmark & Estonia remains a mixed bag

- Denmark & Estonia net sales were EUR 31m flat y/y, 3% below our expectations. In Denmark, sales were weighted down by lower volumes to retail and foodservice. In Estonia, the company continued to grow sales volumes to retail.
- Adjusted EBIT was EUR 1.2m, 16% below our estimate. Atria Estonia profitability improved, while in Denmark, lower sales and lost market shares continue to burden EBIT. Atria's performance in Estonia appears to be solid while Denmark continues to struggle with a tight market.

Guidance appears conservative with expected decline in EBIT

Atria issued a new guidance for 2025 and expects adjusted EBIT to decline in 2025 after EUR 65.4m in 2024. Prior to the Q4 report, LSEG Data & Analytics consensus expected EUR 69m adjusted EBIT in 2025, i.e. 5% adjusted EBIT increase in 2025. We note the company has been relatively conservative with its guidance past years. The company notes that it is in good position entering 2025 while uncertain global trade and geopolitical situation could weigh on consumer confidence and market growth. Hence, we believe the company has incorporated lot of uncertainties into its guidance.

Given increased uncertainty over sustainable profitability level, we expect consensus to trim its 2025 EBIT estimates to the tune of 10%. We continue to expect positive delta from the new poultry unit and expect the company to give more colour on 2025 guidance during the earnings call starting 12:45 EET: Atria Q4 webcasat.

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	1,540	1,697	1,753	1,764	1,806	1,842
EBITDA (adj)	106.3	101.8	109.4	130.0	133.3	137.1
EBIT (adj)	49.2	49.0	49.5	69.7	71.0	73.9
EBIT (adj) margin	3.19%	2.89%	2.82%	3.95%	3.93%	4.01%
EPS (adj. EUR)	0.97	1.54	1.04	1.45	1.51	1.65
EPS (adj) growth	6.36%	58.7%	-32.5%	39.9%	3.76%	9.16%
DPS (ord. EUR)	0.63	0.70	0.60	0.72	0.80	0.85
EV/Sales	0.32	0.30	0.34	0.35	0.33	0.31
EV/EBIT (adj)	9.97	10.4	12.0	8.84	8.28	7.68
P/E (adj)	11.9	6.02	10.1	8.42	8.12	7.44
P/BV	0.72	0.58	0.76	0.84	0.80	0.75
Divident yield (ord)	5.47%	7.55%	5.70%	5.88%	6.53%	6.94%
FCF Yield bef A&D, lease adj	7.25%	-31.1%	-8.44%	15.9%	15.2%	13.8%
Net debt	151.8	233.8	273.3	242.8	210.4	185.3
Net debt/EBITDA	2.39	2.25	2.73	1.87	1.58	1.35
ROIC after tax	6.44%	6.32%	5.70%	7.82%	8.17%	8.51%

Source: Company data and Nordea estimates

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