27 January 2025

Commissioned research: Atria –We are in line with consensus for Q4E - Lower raw material prices possible in 2025

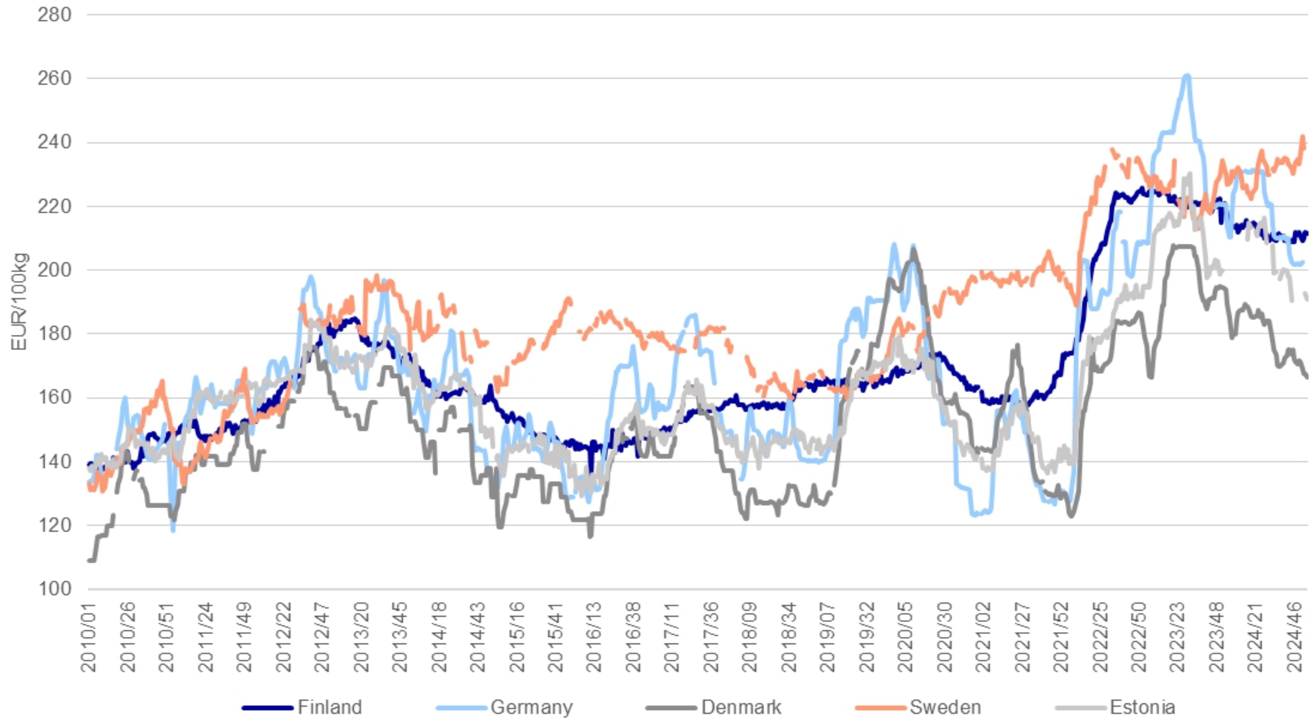
Marketing material commissioned by Atria

Ahead of Atria's Q4 report, we maintain our estimates intact. We model EUR 16.4m adjusted EBIT for Q4E, in line with LSEG Data & Analytics consensus and up from EUR 9.4m a year ago. New poultry unit should support profitability while we note that closest peer and competitor in Finland, HKFoods was out with positive profit warning on 15 January stating successful Christmas sales. We and consensus expect EUR 0.72 DPS from 2024E, indicating some 6% dividend yield with around 50% payout ratio. For 2025E, we forecast slightly higher adjusted EBIT of EUR 71m, supported by 2% higher sales. We note clearly declined cereal prices which could drive feed costs lower and give further profitability support. We expect Atria to issue a positive guidance for 2025 while note that consensus is modelling flattish adjusted EBIT y/y. Our DCF- and multiples based fair value is EUR 15.5-19.0 per share.

Cereal prices have declined clearly in Finland - meat raw material prices still elevated

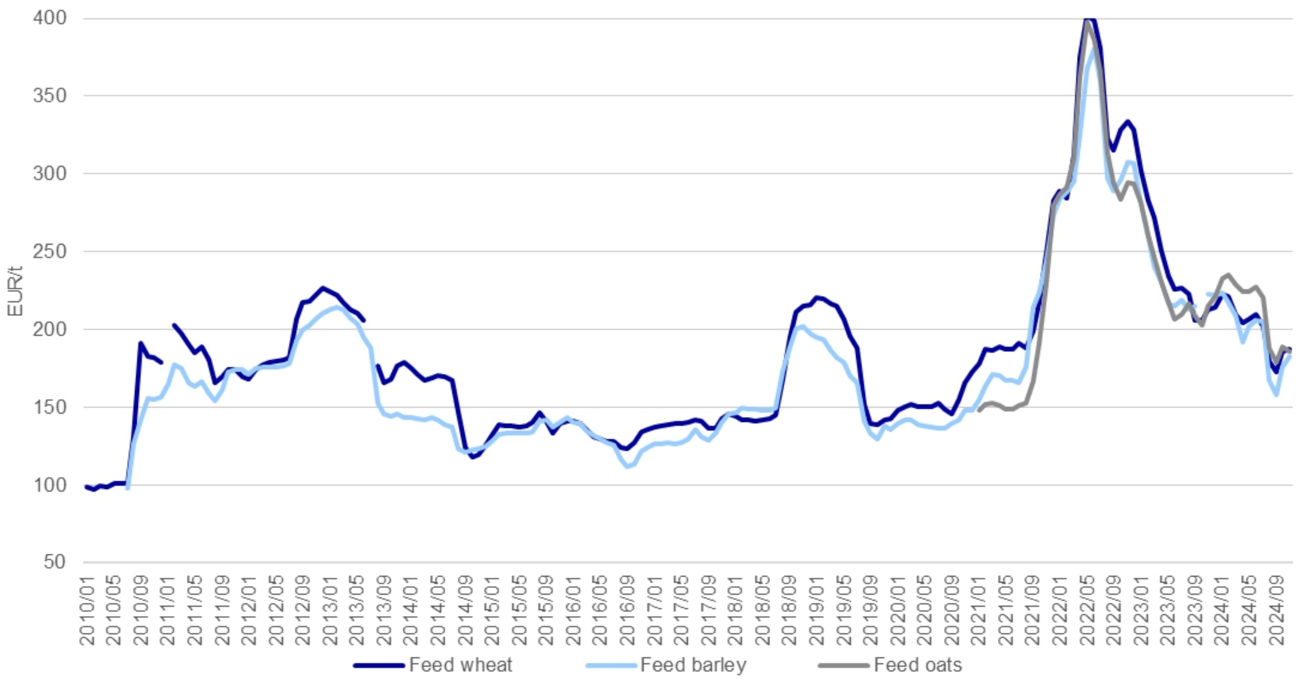
We note continued decline in cereal prices in Finland. Hence, we expect continued decline also in feeding costs which could drive lower meat raw material prices during 2025. We have modelled relatively stable gross margin development for Atria in 2025E, which all else equal could leave upside to estimates if lower raw material prices materialise. However, if raw material prices start to decline, we expect to see some price pressure why we do not expect possible lower raw material prices to have material long-term positive impact on EBIT margins. We calculate 11.3% average gross margin for Atria during past 10 years, while we model around 11% gross margins in 2025E-26E.

PRICES FOR PIG CARCASES IN RELEVANT COUNTRIES (EUR/100KG)



Source: Natural Resources Institute Finland

CEREAEL PRICES IN FINLAND (EUR/T), FEED GRADE



Source: Natural Resources Institute Finland

OUR ESTIMATES VERSUS CONSENSUS

	Nordea estimates					Consensus estimates				Difference %			
EURm	2023	Q4 2024E	2024E	2025E	2026E	Q4 2024E	2024E	2025E	2026E	Q4 2024E	2024E	2025E	2026E
Sales	1,753	453	1,764	1,806	1,842	449	1759	1802	1841	1%	0%	0%	0%
Adj. EBIT	49.5	16.4	69.7	71.0	73.9	16.3	69.3	69.0	71.0	1%	0%	3%	4%
Adj. EBIT margin	2.8%	3.6%	3.9%	3.9%	4.0%	3.6%	3.9%	3.8%	3.9%	0.0pp	0.0pp	0.1pp	0.2pp
Adj. EPS	1.04	0.32	1.45	1.51	1.65	0.30	1.43	1.47	1.58	5%	2%	3%	4%
DPS	0.60		0.72	0.80	0.85		0.72	0.78	0.82		0%	3%	4%

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

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	0.34	0.32	0.30
EV/EBIT (adj)	9.97	10.4	12.0	8.70	8.14	7.55
P/E (adj)	11.9	6.02	10.1	8.18	7.89	7.23
P/BV	0.72	0.58	0.76	0.81	0.77	0.73
Divident yield (ord)	5.47%	7.55%	5.70%	6.05%	6.72%	7.14%
FCF Yield bef A&D, lease adj	7.25%	-31.1%	-8.44%	16.4%	15.7%	14.2%
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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