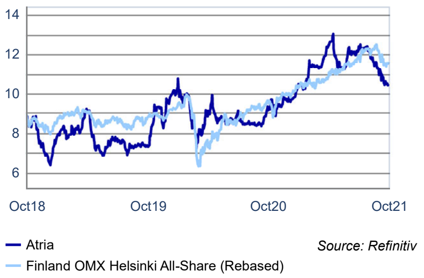
Atria

Consumer Goods
Finland

KEY DATA

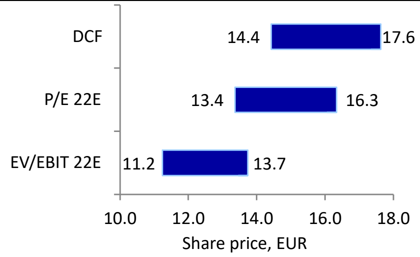
Stock country	Finland
Bloomberg	ATRAV FH
Reuters	ATRAV.HE
Share price (close)	EUR 10.56
Free Float	42%
Market cap. (bn)	EUR 0.30/EUR 0.30
Website	www.atria.fi
Next report date	21 Oct 2021

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	0%	0%	0%
EBIT (adj)	-6%	-9%	-6%

Source: Nordea estimates

Nordea Markets - Analysts
Joni Sandvall
Analyst

Svante Krokfors
Director

Cost inflation is lurking around the corner

We take a slightly more cautious view ahead of Atria's Q3 results due on 21 October. We believe retail sales have remained solid, while foodservice sales have started to recover following the easing of restrictions. Pork exports from Finland to China appear to have plummeted due to declining prices. However, sudden changes can occur in the Chinese pork market. Following a poor harvest season, we expect cost inflation, especially in Finland and Sweden, while Denmark and Estonia could benefit from low European pork prices. We derive a fair value range of EUR 13.0-15.9 (14.1-17.3) per share for Atria.

Weak harvest season could increase raw material prices

In addition to increasing logistics and packaging costs, we think the weak harvest in 2021 could start to increase meat raw material prices, especially in Finland. Swedish pork prices diverged from EU prices in 2020 and remain high, while EU prices have plummeted since making a sharp recovery during the summer. African swine fever continues to affect market prices in Europe due to restricted export opportunities. In Finland, the value of pork meat exports to China decreased by 59% y/y in July. We think this decrease reflects both lower volumes and the continued decline of pork prices in China. Despite mounting cost inflation, ongoing efficiency measures, solid retail demand and a recovering foodservice market should mitigate short-term earnings pressure.

We trim our 2021E-23E adjusted EBIT by 6-9%

As we allow for cost inflation and lower our estimates for exports to China from Q3 onwards, we trim our adjusted EBIT by 6-9% for 2021E-23E. For Q3, we model sales of EUR 377m and adjusted EBIT of EUR 16.7m, down 1% and 12% y/y, respectively. For 2021, Atria expects EUR 41-48m adjusted EBIT, while we model EUR 47.5m. We expect meat raw material prices to increase in Finland due to a poor harvest season and to remain elevated at least until the 2022 harvest. However, lower pork prices in the EU could support Atria's Denmark & Estonia division.

Fair value range of EUR 13.0-15.9

We derive a fair value range of EUR 13.0-15.9 (14.1-17.3) per share for Atria by applying equal weighting to our DCF, P/E and EV/EBIT valuation methods. We note that the volatility of meat raw material prices could have a meaningful impact on Atria's earnings.

SUMMARY TABLE - KEY FIGURES

EURm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	1,436	1,439	1,451	1,504	1,516	1,538	1,567
EBITDA (adj)	86	74	87	96	104	106	110
EBIT (adj)	40	28	33	40	48	50	54
EBIT (adj) margin	2.8%	2.0%	2.3%	2.6%	3.1%	3.2%	3.4%
EPS (adj, EUR)	0.87	0.59	0.60	0.91	0.87	1.24	1.35
EPS (adj) growth	37.5%	-32.5%	2.6%	51.8%	-4.4%	41.9%	8.7%
DPS (ord, EUR)	0.50	0.40	0.42	0.50	0.50	0.50	0.50
EV/Sales	0.4	0.3	0.4	0.3	0.3	0.4	0.4
EV/EBIT (adj)	14.3	14.9	15.7	12.3	10.3	10.8	10.3
P/E (adj)	13.9	11.2	16.7	10.8	12.1	8.5	7.8
P/BV	0.8	0.4	0.7	0.7	0.7	0.6	0.6
Dividend yield (ord)	4.1%	6.1%	4.2%	5.1%	4.7%	4.7%	4.7%
FCF Yield bef A&D, lease	3.3%	1.5%	14.0%	18.9%	-0.5%	-11.0%	0.2%
Net debt	210	222	223	190	174	221	235
Net debt/EBITDA	2.4	3.0	2.6	2.0	2.9	2.1	2.1
ROIC after tax	4.8%	3.3%	3.8%	4.8%	6.2%	6.1%	6.0%

Source: Company data and Nordea estimates

Expectations ahead of the Q3 report

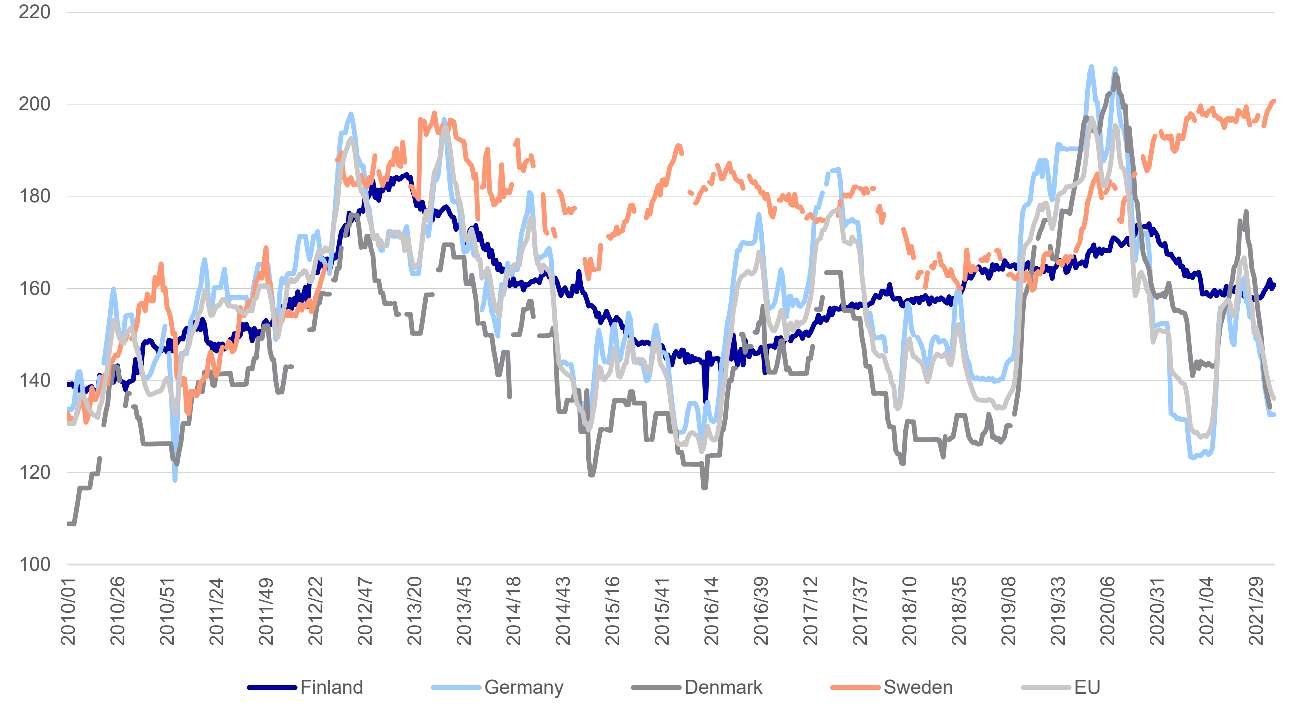
Atria will release its Q3 report on 21 October. We expect consumer demand remained solid in Q3, while the easing of restrictions should have started to improve the sales mix. The European raw material market for meat remains volatile due to the spread of African swine fever, affecting several regions around the world. EU pork prices have plummeted after a strong recovery during the summer and rolling-three-week prices are down 7% y/y (-13% YTD). Amid possible cost inflation, we take a slightly more conservative view ahead of the Q3 report. We think the main pressure is coming from the logistics side, while there is high likelihood of increasing meat raw material prices, especially in Finland, due to a poor harvest in 2021. We model EUR 47.5m adjusted EBIT for 2021, in the upper end of company guidance of EUR 41-48m (following EUR 40.5m in 2020).

Volatility in meat raw material market continues

The African swine fever (ASF) outbreaks in China and Europe have caused volatility in the raw material market for meat. EU prices for pork started to gain momentum in late February, but started to decrease again in June and are currently some 7% below last year's level. Prices in Finland have remained below last year's level, but the weak harvest is clearly putting upward pressure on prices. Swedish prices diverged early in the COVID-19 outbreak, which we think reflects low self-sufficiency in Sweden. For Atria, low EU prices could be positive in Denmark and Estonia, where the company can use its wider raw material base, while in Finland and Sweden high meat raw material prices could hamper earnings in the short term if prices continue to increase.

We expect volatility to continue in the meat raw material market. ASF continues to affect the market, with exports from countries such as Germany restricted, which could cause further volatility in EU prices.

CLASS E PIG CARCASS PRICES (EUR/100 KG)



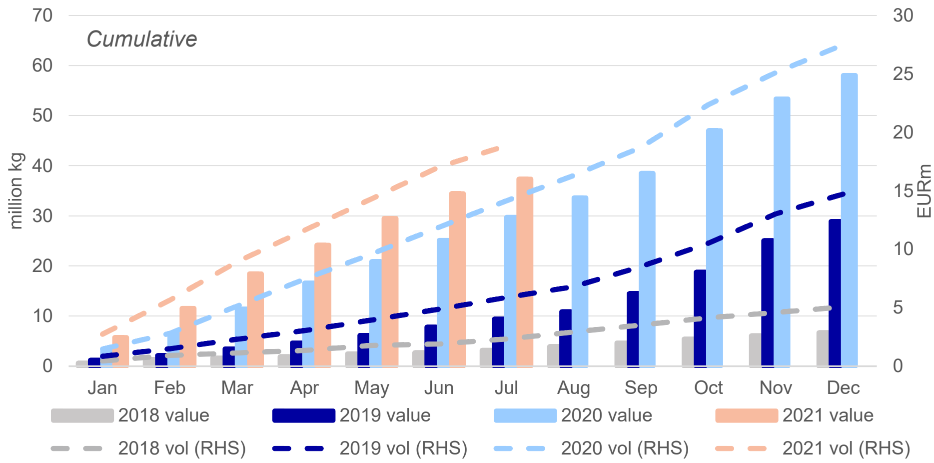
Source: Natural Resources Institute Finland

Setback in pork exports to China

Looking at Finnish customs statistics, we conclude that pork exports to China from Finland gained momentum in 2019-20. Volume and value development was favourable in Q1, while decreasing market prices in China have hampered exports from Q2 onwards. The latest Finnish customs statistics indicate that total volume decreased by 20% in July, while we note that the export of pork meat decreased by 49% in volume and 59% in value. According to pig333.com, Chinese pork prices have decreased from CNY ~35/kg in January to CNY ~13/kg currently. We think that low Chinese pork prices could force Atria and other meat processors to find other export countries and might even lead to lower domestic prices due to increased availability of meat.

On a cumulative basis, pork exports continue to be supportive and we note that sudden changes in Chinese price levels are possible. Based on July 2021 statistics, YTD exports of pork meat to China amount to 18.9m kilograms, up 33% YTD. In 2020, Atria exported more than 20 million kilograms of pork to China and the company expects higher volumes in 2021. However, if Chinese prices remain low, volumes could remain flat at best y/y. In total, Atria processed 68.5m kilograms of pork in 2020, indicating the growing importance of exports to China.

PORK EXPORTS TO CHINA FROM FINLAND (EURm AND KG)



Note: Combined meat and offal volumes and values

Source: Finnish Customs and Nordea

Estimate revisions

We allow for cost inflation and trim our adjusted EBIT estimates by 6-9% for 2021-23. We leave our top-line estimates intact as we expect lower Chinese exports to be mitigated by higher selling prices in domestic markets. No high-quality consensus estimates are available for Atria.

WE MAKE THE FOLLOWING CHANGES TO OUR ESTIMATES AHEAD OF THE Q3 REPORT

	New estimates				Old estimates				Difference %			
EURm	**Q3 2021E**	**2021E**	**2022E**	**2023E**	**Q3 2021E**	**2021E**	**2022E**	**2023E**	**Q3 2021E**	**2021E**	**2022E**	**2023E**
Sales	**378**	**1,516**	**1,538**	**1,567**	**378**	**1,515**	**1,530**	**1,559**	**0%**	**0%**	**0%**	**0%**
Adj. EBIT	**16.7**	**47.5**	**50.0**	**54.0**	**18.1**	**50.6**	**54.6**	**57.1**	**-8%**	**-6%**	**-9%**	**-6%**
Adj. EBIT margin	4.4%	3.1%	3.2%	3.4%	4.8%	3.3%	3.6%	3.7%	-0.4pp	-0.2pp	-0.3pp	-0.2pp
Adj. EPS, EUR	**0.42**	**0.87**	**1.24**	**1.35**	**0.46**	**0.96**	**1.36**	**1.43**	**-8%**	**-9%**	**-9%**	**-6%**
DPS		0.50	0.50	0.50		0.5	0.50	0.50		0%	0%	0%
Divisional sales EURm	**Q3 2021E**	**2021E**	**2022E**	**2023E**	**Q3 2021E**	**2021E**	**2022E**	**2023E**	**Q3 2021E**	**2021E**	**2022E**	**2023E**
Finland	267	1,091	1,113	1,130	269	1,094	1,110	1,127	0%	0%	0%	0%
Sweden	94	347	357	367	93	344	352	362	1%	1%	1%	1%
Denmark & Estonia	26	103	105	108	26	103	105	108	0%	0%	0%	0%
Unallocated	0	15	0	0	0	15	0	0	nm.	nm.	nm.	nm.
Group eliminations	-10	-41	-37	-38	-10	-41	-37	-38	0%	0%	0%	0%
Group	**378**	**1,516**	**1,538**	**1,567**	**378**	**1,515**	**1,530**	**1,559**	**0%**	**0%**	**0%**	**0%**
Divisional adj. EBIT	**Q3 2021E**	**2021E**	**2022E**	**2023E**	**Q3 2021E**	**2021E**	**2022E**	**2023E**	**Q3 2021E**	**2021E**	**2022E**	**2023E**
Finland	13.4	45.8	43.5	45.6	14.3	48.1	48.2	48.8	-7%	-5%	-10%	-6%
Sweden	2.9	3.1	4.9	6.8	3.3	3.9	5.0	6.9	-12%	-20%	-2%	-1%
Denmark & Estonia	1.9	7.2	5.8	5.9	2.0	7.2	5.6	5.8	-3%	-1%	3%	2%
Unallocated	-1.5	-8.6	-4.2	-4.3	-1.5	-8.6	-4.2	-4.3	0%	0%	0%	0%
Group	**16.7**	**47.5**	**50.0**	**54.0**	**18.1**	**50.6**	**54.6**	**57.1**	**-8%**	**-6%**	**-9%**	**-6%**
Divisional sales growth	**Q3 2021E**	**2021E**	**2022E**	**2023E**	**Q3 2021E**	**2021E**	**2022E**	**2023E**	**Q3 2021E**	**2021E**	**2022E**	**2023E**
Finland	0%	2%	2%	1%	1%	3%	1%	1%	-0.5pp	-0.3pp	0.5pp	0.0pp
Sweden	4%	5%	3%	3%	2%	4%	2%	3%	1.5pp	1.1pp	0.4pp	0.0pp
Denmark & Estonia	-3%	-3%	2%	2%	-3%	-3%	2%	2%	0.0pp	0.0pp	0.0pp	0.0pp
Unallocated	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.
Group eliminations	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.
Group	**-1%**	**1%**	**1%**	**2%**	**-1%**	**1%**	**1%**	**2%**	**0.0pp**	**0.1pp**	**0.4pp**	**0.0pp**
EBIT margin	**Q3 2021E**	**2021E**	**2022E**	**2023E**	**Q3 2021E**	**2021E**	**2022E**	**2023E**	**Q3 2021E**	**2021E**	**2022E**	**2023E**
Finland	5.0%	4.2%	3.9%	4.0%	5.3%	4.4%	4.3%	4.3%	-0.3pp	-0.2pp	-0.4pp	-0.3pp
Sweden	3.1%	0.9%	1.4%	1.8%	3.6%	1.1%	1.4%	1.9%	-0.5pp	-0.2pp	0.0pp	0.0pp
Denmark & Estonia	7.3%	6.9%	5.5%	5.5%	7.5%	7.0%	5.4%	5.4%	-0.2pp	0.0pp	0.1pp	0.1pp
Unallocated	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.
Group	**4.4%**	**3.1%**	**3.2%**	**3.4%**	**4.8%**	**3.3%**	**3.6%**	**3.7%**	**-0.4pp**	**-0.2pp**	**-0.3pp**	**-0.2pp**

Source: Nordea estimates

Valuation

We derive a fair value range based on the combination of a DCF-based valuation and a relative multiples-based valuation. In our relative valuation, we compare Atria to companies that we consider its most relevant European peers using various metrics. Based on these methods, we derive a fair value range of EUR 13.0-15.9 per share for Atria.

DCF valuation yields EUR 14.4-17.6 per share

The outcome of our DCF valuation is EUR 14.4-17.6 per share. We use a WACC of 6.9-7.5%, assuming a terminal growth rate of 1.5% and an EBIT margin that will gradually rise to 3.5%.

WACC COMPONENTS

WACC components	
Risk-free interest rate	2.0%
Market risk premium	4.5%
Equity beta	1.4-1.6
Cost of equity	8.1-9.0%
Cost of debt	4.0%
Tax-rate used in WACC	20%
Equity weight	75%
WACC	**6.9-7.5%**

Source: Nordea estimates

DCF VALUE (EURm AND EUR)

DCF value	**Value**	**Per share**
NPV FCFF	585-676	20.7-23.9
(Net debt)	-190	-6.7
Market value of associates	0	0.0
(Market value of minorities)	-16	-0.6
Surplus values	0	0.0
(Market value preference shares)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	29	1.0
DCF Value	**408-498**	**14.4-17.6**

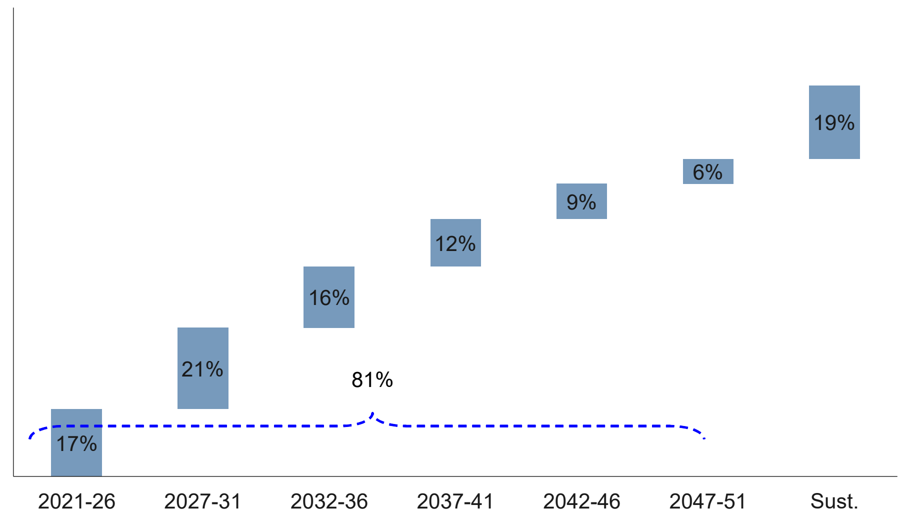
Source: Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	**2021-26**	**2027-31**	**2032-36**	**2037-41**	**2042-46**	**2047-51**	**Sust.**
Sales growth, CAGR	2.2%	1.5%	1.5%	1.5%	1.5%	1.5%	
EBIT-margin, excluding associate:	3.0%	3.5%	3.5%	3.5%	3.5%	3.0%	
Capex/depreciation, x	1.4	1.0	1.0	1.0	1.0	1.0	
Capex/sales	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	
NWC/sales	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	
FCFF, CAGR	12.9%	2.4%	1.5%	1.5%	1.5%	-1.9%	1.5%

Source: Nordea estimates

DCF VALUATION COMPOSITION



Source: Nordea estimates

DCF valuation sensitivity

To highlight the sensitivity of our DCF valuation, we also provide sensitivity matrices that model variations in revenue growth, margin assumptions and cost of capital. The sensitivities in our WACC are outlined in the following tables.

When we use sensitivities to changes of ±0.5 pp for WACC, ±0.5 pp for sales growth, and ±0.5 for EBIT margin, our DCF model gives us a value range of EUR 12.3-20.2 per share.

SENSITIVITY OF OUR DFC MODEL (EUR)

Sensitivity analysis: WACC vs EBIT margin

		WACC				
		6.7%	**6.9%**	**7.2%**	**7.4%**	**7.7%**
EBIT marg. change	**1.0pp**	25.0	23.3	21.8	20.4	19.1
	0.5pp	21.7	20.2	18.9	17.7	16.5
	0.0pp	18.5	17.2	16.0	15.0	14.0
	-0.5pp	15.2	14.1	13.2	12.3	11.4
	-1.0pp	11.9	11.1	10.3	9.6	8.9

Sensitivity analysis: WACC vs Sales growth

		WACC				
		6.7%	**6.9%**	**7.2%**	**7.4%**	**7.7%**
Sales gr. change	**1.0pp**	21.3	19.8	18.5	17.2	16.1
	0.5pp	19.8	18.5	17.2	16.1	15.0
	0.0pp	18.5	17.2	16.0	15.0	14.0
	-0.5pp	17.2	16.0	15.0	14.0	13.1
	-1.0pp	16.0	14.9	14.0	13.1	12.2

Sensitivity analysis: Sales growth vs EBIT margin

		Sales growth change				
		-+1.0pp	**-+0.5pp**	**+0.0pp**	**+0.5pp**	**+1.0pp**
EBIT margin change	**1.0pp**	19.0	20.3	21.8	23.3	25.0
	0.5pp	16.5	17.6	18.9	20.3	21.8
	0.0pp	14.0	15.0	16.0	17.2	18.5
	-0.5pp	11.4	12.3	13.2	14.1	15.2
	-1.0pp	8.9	9.6	10.3	11.1	11.9

Source: Nordea estimates

Relative valuation versus European peers

We compare Atria to European food processing peers that we find relevant for the company. We derive an EV/EBIT valuation range of EUR 11.2-13.7 by taking 2022E adjusted EBIT of EUR 50m, multiplying it by the accepted multiple range of 10.8-12.2x and deducting our 2022 net debt assumption of EUR 221m (including IFRS 16 lease liabilities). Similarly, we derive a P/E valuation range of EUR 13.4-16.3 by taking 2022E adjusted EPS of EUR 1.24 and multiplying it by an accepted multiple range of 10.8-13.2x.

PEER GROUP VALUATION MULTIPLES

		Price	Mcap	EV	EV/EBIT				P/E				Div yield %	
European peers	**Country**	**Local**	**EURm**	**EURm**	**2020**	**2021E**	**2022E**	**2023E**	**2020**	**2021E**	**2022E**	**2023E**	**2021E**	**2022E**
Apetit Oyj	Finland	13.2	84	86	18.4	16.2	12.6	12.4	25.4	20.6	14.7	13.9	4.0%	4.9%
Bell Food Group Ag	Switzerland	297.0	1,746	2,400	16.5	15.3	14.6	14.4	12.8	14.1	14.3	13.2	2.3%	2.5%
Cranswick Plc	UK	3,494.0	2,183	2,291	14.2	14.7	14.0	13.7	19.4	16.9	16.5	16.5	2.0%	2.2%
Fleury Michon Sa	France	22.6	99	184	11.8	10.8	8.5	7.4	85.1	5.5	5.3	4.4	5.1%	5.3%
Hkscan Oyj	Finland	1.9	181	499	29.4	20.0	15.6	15.6		21.4	12.9	12.1	2.6%	4.1%
Raisio Oyj	Finland	3.4	567	515	17.8	22.4	20.6	16.1	22.8	27.4	26.3	20.8	3.9%	4.1%
Scandi Standard Ab (Publ)	Sweden	44.6	291	484	10.0	19.6	13.1	11.4	8.7	22.4	16.7	11.4	2.8%	2.6%
Societe Ldc Sa	France	99.0	1,709	1,593	8.1	7.8	7.1	6.5	11.5	10.9	10.1	9.4	1.8%	2.0%
Ter Beke Nv	Belgium	122.5	220	314	20.1				46.2	16.0	10.4			
Average			787	930	16.2	15.8	13.3	12.2	29.0	17.3	14.1	12.7	3.1%	3.5%
Median			291	499	16.5	15.7	13.6	13.0	21.1	16.9	14.3	12.6	2.7%	3.3%
Atria (NDA)		**10.6**	**299**	**489**	**12.4**	**9.9**	**10.4**	**9.9**	**10.8**	**12.1**	**8.5**	**7.8**	**4.7%**	**4.7%**
International peers														
Brf Sa	Brazil	26.6	3,390	6,426	15.4	16.5	14.2	12.1	16.1	46.7	23.8	16.9	0.0%	2.0%
Gruppa Cherkizovo Pao	Russia	3,194.0	1,983	2,816	16.6				11.3					
Sanderson Farms Inc	US	188.4	3,649	3,442	165.2	7.9	10.2	15.5	73.6	10.9	14.0		0.9%	0.9%
Tyson Foods Inc	US	79.2	25,079	32,557	11.5	9.7	10.4		13.4	10.7	11.4		2.2%	2.5%
Average			8,525	11,310	52.2	11.4	11.6	13.8	28.6	22.8	16.4	16.9	1.1%	1.8%
Median			3,520	4,934	16.0	9.7	10.4	13.8	14.7	10.9	14.0	16.9	0.9%	2.0%
Atria (NDA)		**10.6**	**299**	**489**	**12.4**	**9.9**	**10.4**	**9.9**	**10.8**	**12.1**	**8.5**	**7.8**	**4.7%**	**4.7%**

Source: Refinitiv and Nordea estimates (as of market close on 12 October)

PEER GROUP KEY FIGURES

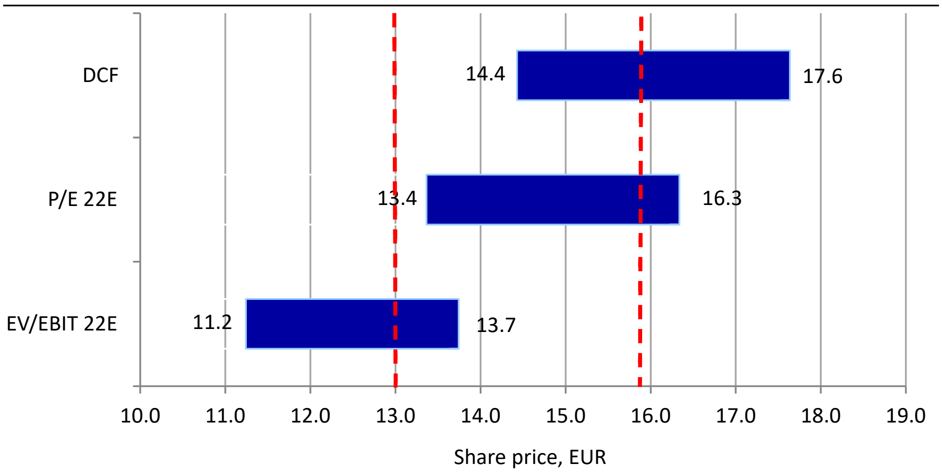
	Sales growth				EBIT margin				ROE			
European peers	**2020**	**2021E**	**2022E**	**2023E**	**2020**	**2021E**	**2022E**	**2023E**	**2020**	**2021E**	**2022E**	**2023E**
Apetit Oyj	-6.3%	2.0%	2.9%	2.0%	1.6%	1.8%	2.2%	2.2%	3.3%	3.4%	5.7%	6.0%
Bell Food Group Ag	-0.3%	2.1%	2.1%	2.3%	3.9%	4.1%	4.2%	4.2%	9.0%	9.0%	8.7%	8.3%
Cranswick Plc	16.6%	7.9%	2.8%	3.6%	7.6%	6.9%	7.0%	6.9%	14.3%	15.2%	14.1%	12.8%
Fleury Michon Sa	-1.6%	-1.8%	3.0%	2.2%	2.1%	2.4%	2.9%	3.3%	-8.3%	9.5%	11.0%	11.5%
Hkscan Oyj	2.1%	0.8%	1.1%		1.0%	1.4%	1.8%	1.7%	0.4%	3.1%	4.6%	5.1%
Raisio Oyj	-1.1%	6.8%	8.0%	4.6%	12.4%	9.2%	9.3%	11.3%	8.7%	7.3%	7.6%	9.4%
Scandi Standard Ab (Pul	4.0%	4.8%	2.9%	1.2%	5.0%	2.5%	3.5%	4.0%	11.5%	6.4%	8.9%	14.6%
Societe Ldc Sa	1.3%	10.1%	3.7%	2.1%	4.5%	4.2%	4.4%	4.7%	9.8%	9.4%	9.8%	10.1%
Ter Beke Nv	-1.5%	-0.1%	3.1%		2.2%	0.0%	0.0%		-2.0%	0.0%	0.0%	0.0%
Average	1.5%	3.6%	3.3%	2.6%	4.5%	3.6%	3.9%	4.8%	5.2%	7.0%	7.8%	8.7%
Median	-0.3%	2.1%	2.9%	2.2%	3.9%	2.5%	3.5%	4.1%	8.7%	7.3%	8.7%	9.4%
Atria (NDA)	**3.6%**	**0.8%**	**1.5%**	**1.9%**	**2.6%**	**3.1%**	**3.2%**	**3.4%**	**5.2%**	**-2.6%**	**7.7%**	**8.0%**
International peers												
Brf Sa	-21.0%	23.0%	4.4%	5.3%	7.2%	5.4%	6.1%	6.7%	16.8%	4.7%	9.4%	12.4%
Gruppa Cherkizovo Pao	-17.4%				11.8%				23.0%			
Sanderson Farms Inc	-1.9%	27.3%	1.0%		0.7%	11.1%	8.5%		1.8%	21.5%	14.7%	0.0%
Tyson Foods Inc	-5.1%	10.5%	1.9%		7.7%	8.3%	7.5%		14.7%	16.1%	13.0%	0.0%
Average	-11.4%	20.3%	2.5%	5.3%	6.8%	8.3%	7.4%	6.7%	14.1%	14.1%	12.4%	4.1%
Median	-11.3%	23.0%	1.9%	5.3%	7.4%	8.3%	7.5%	6.7%	15.8%	16.1%	13.0%	0.0%
Atria (NDA)	**3.6%**	**0.8%**	**1.5%**	**1.9%**	**2.6%**	**3.1%**	**3.2%**	**3.4%**	**5.2%**	**-2.6%**	**7.7%**	**8.0%**

Source: Refinitiv and Nordea estimates (as of market close 12 October)

Valuation conclusion

Based on our DCF-based valuation and a relative multiples-based valuation, we derive a fair value range of EUR 13.0-15.9 per Atria share, shown with red dotted lines in the picture below.

VALUATION (EUR)



Source: Nordea estimates

Detailed estimates

ANNUAL ESTIMATES (EURm)

Income statement (EURm)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Sales	1,411	1,426	1,340	1,352	1,436	1,439	1,451	1,504	1,516	1,538	1,567
- sales growth	5.0%	1.1%	-6.0%	0.9%	6.2%	0.2%	0.9%	3.6%	0.8%	1.5%	1.9%
Gross profit	**174**	**177**	**163**	**164**	**173**	**153**	**163**	**166**	**179**	**181**	**188**
- margin	12.3%	12.4%	12.2%	12.2%	12.1%	10.6%	11.2%	11.1%	11.8%	11.8%	12.0%
EBITDA	**84**	**89**	**76**	**79**	**87**	**74**	**85**	**96**	**59**	**106**	**110**
- margin	6.0%	6.2%	5.6%	5.8%	6.1%	5.1%	5.9%	6.4%	3.9%	6.9%	7.0%
D&A	-64	-48	-47	-47	-46	-45	-54	-57	-57	-56	-56
EBIT reported	19.7	40.6	28.9	31.8	40.9	28.2	31.1	39.5	2.4	50.0	54.0
Adj. EBIT	**37.0**	**39.6**	**36.1**	**31.2**	**39.6**	**28.2**	**33.0**	**40.3**	**47.5**	**50.0**	**54.0**
- margin	2.6%	2.8%	2.7%	2.3%	2.8%	2.0%	2.3%	2.7%	3.1%	3.2%	3.4%
Net finance	-15	-13	-9	-6	-7	-6	-6	-5	-6	-6	-6
Associated companies	2	6	0	1	2	0	1	1	4	3	3
Adj. PTP	**24.2**	**33.0**	**27.3**	**25.7**	**34.1**	**22.3**	**28.2**	**36.1**	**44.8**	**47.0**	**51.1**
Taxes	-11.2	-7.2	-5.5	-6.6	-7.1	-4.5	-9.2	-12.6	-9.0	-9.4	-10.2
Profit before minorities	**-4.3**	**26.8**	**14.6**	**19.6**	**28.4**	**17.8**	**17.0**	**23.5**	**-9.2**	**37.6**	**40.9**
Minorities	0.0	-0.6	-0.8	-1.4	-2.5	-1.4	-1.9	-1.8	-2.2	-2.6	-2.9
Adj. Net Profit	**12.9**	**21.5**	**21.0**	**17.8**	**24.5**	**16.5**	**17.0**	**25.8**	**24.7**	**35.0**	**38.0**
EPS, excluding NRI (EUR)	**0.46**	**0.76**	**0.74**	**0.63**	**0.87**	**0.59**	**0.60**	**0.91**	**0.87**	**1.24**	**1.35**
Divisional sales EURm	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Finland	887	946	929	932	986	1,019	1,034	1,066	1,091	1,113	1,130
Sweden					307	288	289	332	347	357	367
Denmark & Estonia					99	98	97	107	103	105	108
Unallocated	122	99	75	72	86	75	74	52	15	0	0
Group eliminations	-25	-25	-27	-30	-42	-41	-42	-53	-41	-37	-38
Group	**1,411**	**1,426**	**1,340**	**1,352**	**1,436**	**1,439**	**1,451**	**1,504**	**1,516**	**1,538**	**1,567**
Divisional operative EBIT	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Finland	31.9	32.5	29.8	24.2	36.3	36.7	40.0	43.1	45.8	43.5	45.6
Sweden					1.0	-7.1	-4.6	0.8	3.1	4.9	6.8
Denmark & Estonia					5.2	5.3	4.3	5.2	7.2	5.8	5.9
Unallocated	-4.6	-2.2	-4.5	-0.9	-3.8	-2.7	-3.1	-8.8	-8.6	-4.2	-4.3
Group	**37.0**	**39.6**	**36.1**	**31.4**	**39.5**	**28.2**	**33.1**	**39.5**	**47.5**	**50.0**	**54.0**
Divisional sales growth	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Finland	8%	7%	-2%	0%	6%	3%	1%	3%	2%	2%	1%
Sweden					n.a.	-6%	0%	15%	5%	3%	3%
Denmark & Estonia					n.a.	-1%	-1%	11%	-3%	2%	2%
Unallocated	-4%	-19%	-24%	-4%	19%	-12%	-2%	-30%	-72%	-100%	
Group eliminations	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.
Group	**5%**	**1%**	**-6%**	**1%**	**6%**	**0%**	**1%**	**4%**	**1%**	**1%**	**2%**
EBIT margin	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Finland	3.6%	3.4%	3.2%	2.6%	3.7%	3.6%	3.9%	4.0%	4.2%	3.9%	4.0%
Sweden					0.3%	-2.5%	-1.6%	0.2%	0.9%	1.4%	1.8%
Denmark & Estonia					5.3%	5.4%	4.5%	4.9%	6.9%	5.5%	5.5%
Group eliminations	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.
Group	**2.6%**	**2.8%**	**2.7%**	**2.3%**	**2.8%**	**2.0%**	**2.3%**	**2.6%**	**3.1%**	**3.2%**	**3.4%**

Source: Company data and Nordea estimates

QUARTERLY ESTIMATES (EURm)

Income statement (EURm)	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21E	Q4/21E
Sales	336	369	366	380	357	366	382	399	361	387	378	390
- sales growth	-2.6%	2.7%	2.5%	0.8%	6.0%	-0.7%	4.5%	4.9%	1.3%	5.7%	-1.2%	-2.3%
Gross profit	**30.3**	**38.5**	**45.9**	**48.0**	**33.9**	**36.0**	**47.2**	**49.3**	**38.1**	**45.4**	**48.5**	**46.9**
- margin	9.0%	10.4%	12.5%	12.6%	9.5%	9.8%	12.3%	12.4%	10.5%	11.7%	12.8%	12.0%
EBITDA	**10.8**	**18.6**	**30.1**	**25.8**	**16.1**	**17.9**	**32.7**	**30.2**	**21.9**	**-18.7**	**30.5**	**25.6**
- margin	3.2%	5.0%	8.2%	6.8%	4.5%	4.9%	8.6%	7.6%	6.1%	-4.8%	8.1%	6.6%
D&A	-14	-14	-14	-14	-14	-14	-14	-15	-15	-14	-14	-14
EBIT reported	-2.8	5.1	16.6	12.1	2.1	4.1	19.0	15.1	6.5	-32.6	16.7	11.8
Adj. EBIT	**-1.3**	**5.1**	**16.6**	**12.6**	**2.1**	**4.1**	**19.0**	**15.1**	**6.5**	**12.5**	**16.7**	**11.8**
- margin	-0.4%	1.4%	4.5%	3.3%	0.6%	1.1%	5.0%	3.8%	1.8%	3.2%	4.4%	3.0%
Net finance	-1.2	-1.3	-1.4	-1.6	-1.4	-0.8	-1.4	-0.8	-2.3	-0.4	-1.8	-1.8
Associated companies	0.2	-0.3	0.4	0.3	0.3	0.2	0.3	0.3	0.8	1.1	0.8	0.8
Adj. PTP	-2.2	3.5	15.7	11.2	1.0	3.6	17.9	14.6	5.0	13.2	15.8	10.9
Taxes	-0.2	-1.0	-3.0	-4.9	-0.4	-1.3	-3.0	-7.9	-0.9	-2.9	-3.2	-2.0
Profit before minorities	**-4.0**	**2.4**	**12.7**	**5.8**	**0.6**	**2.3**	**14.9**	**5.7**	**4.1**	**-34.8**	**12.6**	**8.8**
Minorities	-0.4	-0.4	-0.5	-0.6	-0.4	-0.2	-0.5	-0.6	-0.4	-0.3	-0.8	-0.7
Adj. Net Profit	**-2.9**	**2.1**	**12.1**	**5.8**	**0.2**	**2.0**	**14.4**	**6.1**	**3.7**	**10.0**	**11.9**	**8.1**
EPS, excluding NRI (EUR)	**-0.10**	**0.07**	**0.43**	**0.21**	**0.01**	**0.07**	**0.51**	**0.22**	**0.13**	**0.35**	**0.42**	**0.29**
Divisional sales EURm	**Q1/19**	**Q2/19**	**Q3/19**	**Q4/19**	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21E**	**Q4/21E**
Finland	241	264	258	272	253	263	266	285	260	278	267	286
Sweden	67	74	74	75	78	78	91	85	77	88	94	89
Denmark & Estonia	22	24	25	27	27	27	27	27	25	27	26	26
Unallocated	16	19	21	19	14	10	14	14	10	5	0	0
Group eliminations	-9	-11	-11	-12	-14	-12	-15	-12	-10	-10	-10	-11
Group	**337**	**369**	**366**	**380**	**357**	**366**	**382**	**399**	**361**	**387**	**378**	**390**
Divisional operative EBIT	**Q1/19**	**Q2/19**	**Q3/19**	**Q4/19**	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21E**	**Q4/21E**
Finland	3.9	6.4	15.3	14.4	6.2	7.3	15.2	14.4	9.8	11.3	13.4	11.4
Sweden	-2.6	-1.5	0.0	-0.5	-1.8	-1.6	3.0	1.2	-1.2	0.3	2.9	1.1
Denmark & Estonia	0.6	1.0	1.7	1.0	0.3	1.1	2.1	1.7	1.9	2.0	1.9	1.4
Unallocated	-1.0	-0.5	-0.8	-0.8	-2.6	-2.7	-1.3	-2.2	-4.0	-1.1	-1.5	-2.0
Group	**0.9**	**5.4**	**16.2**	**14.1**	**2.1**	**4.1**	**19.0**	**15.1**	**6.5**	**12.5**	**16.7**	**11.8**
Divisional sales growth	**Q1/19**	**Q2/19**	**Q3/19**	**Q4/19**	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21E**	**Q4/21E**
Finland	-2%	3%	3%	1%	5%	0%	3%	5%	3%	6%	0%	0%
Sweden	-4%	4%	2%	1%	17%	5%	23%	14%	-2%	12%	4%	4%
Denmark & Estonia	-6%	-3%	0%	5%	22%	14%	9%	0%	-8%	-1%	-3%	-2%
Unallocated	-9%	0%	7%	-5%	-13%	-45%	-32%	-26%	-27%	-55%	-100%	-100%
Group eliminations	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.
Group	**-3%**	**3%**	**2%**	**1%**	**6%**	**-1%**	**5%**	**5%**	**1%**	**6%**	**-1%**	**-2%**
EBIT margin	**Q1/19**	**Q2/19**	**Q3/19**	**Q4/19**	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21E**	**Q4/21E**
Finland	1.6%	2.4%	5.9%	5.3%	2.5%	2.8%	5.7%	5.1%	3.8%	4.1%	5.0%	4.0%
Sweden	-3.9%	-2.0%	0.0%	-0.7%	-2.3%	-2.0%	3.3%	1.4%	-1.6%	0.3%	3.1%	1.2%
Denmark & Estonia	2.8%	4.3%	6.9%	3.8%	1.1%	4.1%	7.8%	6.4%	7.8%	7.5%	7.3%	5.2%
Group eliminations	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.
Group	**0.3%**	**1.5%**	**4.4%**	**3.7%**	**0.6%**	**1.1%**	**5.0%**	**3.8%**	**1.8%**	**3.2%**	**4.4%**	**3.0%**

Source: Company data and Nordea estimates

Risk factors

In this section, we highlight the main risks that we find relevant for Atria. We list risks according to their relevance, with the most relevant on top. The following is not an exhaustive list but rather our view of some key risks for the company.

Increasing raw material prices

Atria's profitability depends on changes in global market prices for meat raw materials, which affect Atria with a lag. As Atria and other meat processing companies are in the middle of the value chain, it might be difficult to fully implement the product price hikes needed to protect EBIT margins in the case of elevated meat raw material prices. The 2021 harvest turned out to be poor, which might have indirect impacts on meat raw material prices.

Changes in customer demand

Atria's key market areas of retail trade are highly centralised, making it dependent on individual customers. Shifts in consumer demand could thus affect Atria's margins.

Outbreak of animal diseases

Animal disease discovered at a critical point in Atria's production chain could interrupt production in the unit concerned and disrupt operations throughout the chain. The development of African swine fever (ASF) may cause similar restrictions and government guidance pressure, much like avian influenza did in Sweden in H2 2017. Diseases may even lead to import and export restrictions on meat products. The latest outbreak of ASF in Germany caused pressure on prices in Germany due to restrictions on exports to China. Expansion of the current H5N8 avian influenza cannot be ruled out, while direct impact on Atria should be limited as the company has only limited exposure to poultry exports outside the EU. An outbreak of animal diseases in Atria's operating countries could have a substantial effect on Atria's sales.

Changes in consumer demand

In the long term, consumer behaviour may change the pattern of demand for Atria's products across different categories. As a result, shifts in consumer demand could affect Atria's net sales and eventually margins.

Operational disturbances

Atria has production plants in Finland, Sweden, Denmark and Estonia. Its operations are process-centric and disturbances in a critical part of the process could result in the suspension of plant operations.

COVID-19-related risks

In addition to possible changes in raw material prices, operational disturbances and changes in consumer and customer demand, COVID-19 poses various risks for Atria. FX changes and geopolitical risks have increased, while lockdowns have increased the risk of trade receivable writedowns. Investments may also be hard to conduct during social restrictions. All risks related to COVID-19 might cause a sudden decline in sales, while fixed costs would occur in any case.

Product safety issues

As a food manufacturing company, Atria is exposed to internal and external quality and safety issues throughout the production chain. Product safety issues may hamper Atria's reputation as a quality producer.

Financial risks

The key financial risks are translation, transaction, and refinancing risks. Atria's main transaction and translation risks are in its Swedish operations.

Increasing competition from foreign products

Atria primarily uses domestic meat raw materials, and domestic customers demand mostly domestic meat products. In a scenario with changes in demand and foreign competitors entering the market, increased competition could affect profitability.

Reported numbers and forecasts

INCOME STATEMENT											
EURm	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Total revenue	**1,411**	**1,426**	**1,340**	**1,352**	**1,436**	**1,439**	**1,451**	**1,504**	**1,516**	**1,538**	**1,567**
Revenue growth	5.0%	1.1%	-6.0%	0.9%	6.2%	0.2%	0.9%	3.6%	0.8%	1.5%	1.9%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	101	90	68	79	87	74	85	96	59	106	110
Depreciation and impairments PPE	-64	-48	-47	-47	-46	-45	-54	-57	-57	-56	-56
of which leased assets	0	0	0	0	0	0	-9	-9	-9	-9	-9
EBITA	37	42	22	32	41	28	31	40	2	50	54
Amortisation and impairments	-17	-1	7	0	0	0	0	0	0	0	0
EBIT	20	41	29	32	41	28	31	40	2	50	54
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	2	6	0	1	2	0	1	1	4	3	3
Net financials	-15	-13	-9	-6	-7	-6	-6	-5	-6	-6	-6
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	**7**	**34**	**20**	**26**	**36**	**22**	**26**	**36**	**0**	**47**	**51**
Reported taxes	-11	-7	-5	-7	-7	-5	-9	-13	-9	-9	-10
Net profit from continued operations	-4	27	15	20	28	18	17	24	-9	38	41
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	-1	-1	-1	-3	-1	-2	-2	-2	-3	-3
Net profit to equity	-4	26	14	18	26	17	15	22	-11	35	38
EPS, EUR	**-0.16**	**0.93**	**0.49**	**0.65**	**0.92**	**0.59**	**0.53**	**0.77**	**-0.40**	**1.24**	**1.35**
DPS, EUR	0.22	0.40	0.40	0.46	0.50	0.40	0.42	0.50	0.50	0.50	0.50
of which ordinary	0.22	0.40	0.40	0.46	0.50	0.40	0.42	0.50	0.50	0.50	0.50
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit margin in percent											
EBITDA	7.2%	6.3%	5.1%	5.8%	6.1%	5.1%	5.9%	6.4%	3.9%	6.9%	7.0%
EBITA	2.6%	2.9%	1.6%	2.3%	2.8%	2.0%	2.1%	2.6%	0.2%	3.2%	3.4%
EBIT	1.4%	2.8%	2.2%	2.3%	2.8%	2.0%	2.1%	2.6%	0.2%	3.2%	3.4%
Adjusted earnings											
EBITDA (adj)	119	89	76	78	86	74	87	96	104	106	110
EBITA (adj)	54	41	29	31	40	28	33	40	48	50	54
EBIT (adj)	37	40	36	31	40	28	33	40	48	50	54
EPS (adj, EUR)	0.46	0.76	0.74	0.63	0.87	0.59	0.60	0.91	0.87	1.24	1.35
Adjusted profit margins in percent											
EBITDA (adj)	8.4%	6.2%	5.6%	5.8%	6.0%	5.1%	6.0%	6.4%	6.9%	6.9%	7.0%
EBITA (adj)	3.9%	2.8%	2.2%	2.3%	2.8%	2.0%	2.3%	2.6%	3.1%	3.2%	3.4%
EBIT (adj)	2.6%	2.8%	2.7%	2.3%	2.8%	2.0%	2.3%	2.6%	3.1%	3.2%	3.4%
Performance metrics											
CAGR last 5 years											
Net revenue	0.8%	1.6%	0.6%	0.8%	1.3%	0.4%	0.4%	2.3%	2.3%	1.4%	1.7%
EBITDA	3.7%	1.2%	2.5%	7.2%	1.8%	-6.2%	-1.0%	7.1%	-5.5%	4.0%	8.4%
EBIT	-12.5%	8.1%	24.3%	31.9%	6.2%	7.4%	-5.2%	6.4%	-40.1%	4.1%	13.9%
EPS	n.m.	30.2%	n.m.	n.m.	21.3%	n.m.	-10.6%	9.4%	n.m.	6.1%	18.1%
DPS	1.9%	9.9%	9.9%	18.1%	17.8%	12.7%	1.0%	4.6%	1.7%	0.0%	4.6%
Average last 5 years											
Average EBIT margin	1.4%	1.6%	1.9%	2.2%	2.3%	2.4%	2.3%	2.4%	1.9%	2.0%	2.3%
Average EBITDA margin	5.7%	5.7%	5.8%	6.1%	6.1%	5.7%	5.6%	5.9%	5.5%	5.6%	6.0%

VALUATION RATIOS - ADJUSTED EARNINGS											
EURm	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
P/E (adj)	16.8	8.7	12.2	18.2	13.9	11.2	16.7	10.8	12.1	8.5	7.8
EV/EBITDA (adj)	4.3	4.8	5.8	7.0	6.6	5.7	6.0	5.0	4.7	5.1	5.0
EV/EBITA (adj)	9.4	10.5	15.2	17.5	14.3	14.9	15.7	12.3	10.3	10.8	10.3
EV/EBIT (adj)	13.8	10.8	12.2	17.5	14.3	14.9	15.7	12.3	10.3	10.8	10.3

VALUATION RATIOS - REPORTED EARNINGS											
EURm	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
P/E	n.m.	7.1	18.5	17.8	13.2	11.2	18.9	12.8	n.m.	8.5	7.8
EV/Sales	0.36	0.30	0.33	0.41	0.39	0.29	0.36	0.32	0.32	0.35	0.36
EV/EBITDA	5.0	4.7	6.4	7.0	6.5	5.7	6.1	5.0	8.3	5.1	5.0
EV/EBITA	13.8	10.3	20.3	17.3	13.8	14.9	16.8	12.3	200.9	10.8	10.3
EV/EBIT	25.8	10.5	15.2	17.3	13.8	14.9	16.8	12.3	200.9	10.8	10.3
Dividend yield (ord.)	2.8%	6.0%	4.4%	4.0%	4.1%	6.1%	4.2%	5.1%	4.7%	4.7%	4.7%
FCF yield	24.9%	23.8%	26.8%	-0.8%	5.6%	1.0%	17.1%	20.8%	13.2%	-8.1%	3.1%
FCF Yield bef A&D, lease adj	23.1%	31.3%	15.9%	6.9%	3.3%	1.5%	14.0%	18.9%	-0.5%	-11.0%	0.2%
Payout ratio	n.m.	43.0%	81.8%	71.2%	54.4%	68.3%	79.1%	65.1%	n.m.	40.4%	37.2%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	242	239	237	263	256	249	246	249	244	244	244
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	77	76	79	94	89	87	85	84	79	79	79
of which goodwill	165	164	158	170	167	163	161	165	165	165	165
Tangible assets	434	391	395	405	409	401	423	421	421	479	516
of which leased assets	0	0	0	0	0	0	30	25	25	25	25
Shares associates	15	13	13	14	15	15	15	15	18	21	24
Interest bearing assets	2	1	1	1	1	1	1	1	1	1	1
Deferred tax assets	5	6	7	7	6	5	4	2	0	0	0
Other non-IB non-current assets	7	11	11	11	9	10	5	5	5	5	5
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	706	663	665	701	696	681	694	692	689	749	790
Inventory	114	93	81	90	93	106	110	103	104	108	110
Accounts receivable	114	117	101	109	114	105	107	106	107	108	111
Short-term leased assets	0	0	0	0	0	0	9	9	9	9	9
Other current assets	8	7	4	5	4	3	4	4	4	4	4
Cash and bank	29	3	4	5	3	4	4	27	43	26	22
Total current assets	265	220	190	208	214	219	235	248	266	254	255
Assets held for sale	7	41	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**978**	**923**	**855**	**909**	**910**	**900**	**929**	**940**	**955**	**1,004**	**1,045**
Shareholders equity	408	402	400	410	419	415	420	423	442	463	487
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	3	4	5	12	12	13	14	16	18	21	24
Total Equity	412	406	405	422	431	428	434	439	461	484	511
Deferred tax	45	44	45	49	47	43	41	39	39	39	39
Long term interest bearing debt	216	203	156	178	122	153	141	139	139	169	179
Pension provisions	7	8	7	7	6	6	7	7	7	7	7
Other long-term provisions	0	1	0	0	0	0	1	0	0	0	0
Other long-term liabilities	6	6	6	11	8	7	7	2	2	2	2
Non-current lease debt	0	0	0	0	0	0	25	25	26	25	25
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	273	260	214	245	184	209	221	212	213	243	253
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	174	199	192	200	202	188	211	234	227	223	227
Current lease debt	0	0	0	0	0	0	9	10	9	9	9
Other current liabilities	0	0	0	3	1	0	0	0	0	0	0
Short term interest bearing debt	119	52	44	40	92	75	54	45	45	45	45
Total current liabilities	293	250	236	242	295	262	274	289	281	277	281
Liabilities for assets held for sale	0	7	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**978**	**924**	**855**	**909**	**910**	**900**	**929**	**940**	**955**	**1,004**	**1,045**
Balance sheet and debt metrics											
Net debt	304	249	194	212	210	222	223	190	174	221	235
of which lease debt	0	0	0	0	0	0	34	34	34	34	34
Working capital	62	18	-6	1	7	27	10	-21	-13	-3	-3
Invested capital	768	681	659	703	703	708	705	670	676	746	787
Capital employed	746	660	604	640	645	656	663	657	679	732	769
ROE	-1.0%	6.5%	3.4%	4.5%	6.2%	4.0%	3.6%	5.2%	-2.6%	7.7%	8.0%
ROIC	3.9%	5.2%	4.4%	3.8%	4.8%	3.3%	3.8%	4.8%	6.2%	6.1%	6.0%
ROCE	5.1%	6.5%	5.8%	5.1%	6.4%	4.4%	5.1%	6.2%	7.6%	7.5%	7.6%
Net debt/EBITDA	3.0	2.8	2.8	2.7	2.4	3.0	2.6	2.0	2.9	2.1	2.1
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	0.4	n.m.	n.m.
Equity ratio	41.8%	43.5%	46.8%	45.1%	46.0%	46.2%	45.2%	45.0%	46.3%	46.1%	46.6%
Net gearing	73.8%	61.5%	48.0%	50.3%	48.7%	51.9%	51.3%	43.4%	37.8%	45.7%	46.0%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
EURm	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
EBITDA (adj) for associates	**101**	**90**	**68**	**79**	**87**	**74**	**85**	**96**	**59**	**106**	**110**
Paid taxes	-6	-8	-4	-6	-10	-1	-9	-9	-9	-9	-10
Net financials	-13	-7	-9	-4	-8	-6	-6	-5	-6	-6	-6
Change in provisions	-1	1	-1	0	-1	0	1	0	0	0	0
Change in other LT non-IB	13	-5	-1	5	1	0	5	-2	2	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	21	65	61	-16	-10	-6	-18	6	45	0	0
Funds from operations (FFO)	**115**	**136**	**115**	**58**	**59**	**60**	**59**	**87**	**91**	**91**	**94**
Change in NWC	-26	-44	-24	7	6	-13	29	15	-8	-10	0
Cash flow from operations (CFO)	**89**	**92**	**91**	**65**	**65**	**47**	**89**	**102**	**82**	**81**	**94**
Capital expenditure	-39	-34	-50	-43	-53	-45	-40	-41	-75	-105	-85
Free cash flow before A&D	**50**	**58**	**40**	**22**	**11**	**3**	**48**	**61**	**7**	**-24**	**9**
Proceeds from sale of assets	4	19	33	6	8	-1	0	0	32	0	0
Acquisitions	0	-33	-5	-30	0	0	0	-3	0	0	0
Free cash flow	54	44	68	-2	19	2	48	58	39	-24	9
Free cash flow bef A&D, lease adj	50	58	40	22	11	3	40	53	-1	-33	0
Dividends paid	-6	-6	-11	-11	-13	-15	-12	-12	-14	-14	-14
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	-36	-81	-55	15	-3	13	-40	-13	0	30	10
Other financing adjustments	16	18	0	0	0	0	0	-9	-9	-9	-9
Other non-cash adjustments	-6	-1	-2	-1	-4	1	4	-2	0	0	0
Change in cash	22	-25	1	0	-1	1	0	22	16	-17	-4
Cash flow metrics											
Capex/D&A	47.3%	68.9%	n.m.	90.9%	n.m.	98.0%	73.8%	72.0%	n.m.	n.m.	n.m.
Capex/Sales	2.7%	2.4%	3.7%	3.2%	3.7%	3.1%	2.8%	2.7%	4.9%	6.8%	5.4%
Key information											
Share price year end (/current)	8	7	9	11	12	7	10	10	11	11	11
Market cap.	218	186	255	324	341	185	284	278	299	299	299
Enterprise value	509	426	441	548	563	420	521	485	491	541	557
Diluted no. of shares, year-end (m)	28.2	28.2	28.2	28.2	28.2	28.2	28.3	28.3	28.3	28.3	28.3

Source: Company data and Nordea estimates

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