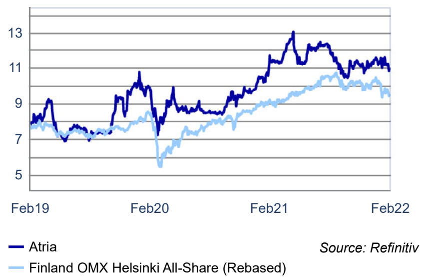
Atria

Consumer Goods
Finland

KEY DATA

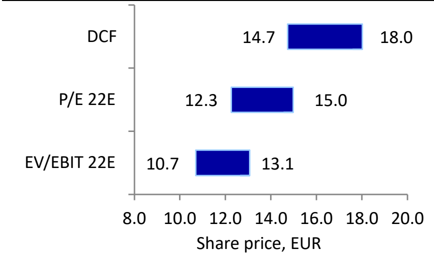
Stock country	Finland
Bloomberg	ATRAV FH
Reuters	ATRAV.HE
Share price (close)	EUR 11.04
Free Float	42%
Market cap. (bn)	EUR 0.31/EUR 0.31
Website	www.atria.fi
Next report date	03 May 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	0%	0%	0%
EBIT (adj)	-6%	-4%	-3%

Source: Nordea estimates

Nordea Markets - Analysts
Joni Sandvall
Analyst

Svante Krokfors
Director

Exceptional cost pressure in 2022

Atria reported Q4 adjusted EBIT of EUR 10.3m, 19% below Refinitiv consensus. Net sales increased despite the divestment in Russia. Broad-based cost inflation burdened margins and the company expects this to continue in 2022. The dividend proposal of EUR 0.63 was well above expectations. Atria's guidance for 2022 points to a decline in adjusted EBIT. Due to the lag in price increases, we believe H1 will be difficult. Despite the easing of restaurant restrictions and the positive effect of the divestment in Russia, we model a 13% adjusted EBIT decline in 2022. We derive a fair value range of EUR 12.6-15.4 (12.6-15.5) per share.

Q4 EBIT was below expectations, but top line was solid

Atria reported Q4 adjusted EBIT of EUR 10.3m, 19% below Refinitiv consensus. Adjusted EBIT declined in all divisions due to broad-based cost inflation. Net sales of EUR 404m were up 1% y/y despite the divestment in Russia in April. Average selling prices developed favourably in 2021, while we believe more material price increases will happen at the end of Q1 2022. The company expects a headwind of around EUR 30m from meat raw material prices and a similar headwind from other costs in 2022. We note that cost headwinds appear to have increased since the CMD at the end of November, when the company estimated EUR 40-50m cost headwinds for 2022. The dividend proposal of EUR 0.63 was well above our estimate of EUR 0.50 and consensus of EUR 0.52.

Adjusted EBIT guided to decline in 2022

Atria guides for adjusted EBIT to decline in 2022. Given the cost inflation and lag in price increases, this was not a big surprise. However, the material increase in cost headwinds was a surprise. We raise our underlying top line estimates by 1% while negative FX movements mitigate the impact for 2022E-24E. We cut adjusted EBIT by 6% for 2022E and 3-4% for 2023E-24E. Exports to China were sluggish in H2 due to low prices and a price recovery could boost H2 2022 sales and margins.

Fair value range of EUR 12.6-15.4

We derive a fair value of EUR 12.6-15.4 (12.6-15.5) per Atria share by applying equal weighting to our DCF and multiple valuations. We note that visibility into 2022 earnings development remains challenging due to broad-based cost inflation. Volatility in the meat raw material market continues, while we expect the company to continue to make efficiency improvements.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	1,439	1,451	1,504	1,540	1,564	1,593	1,623
EBITDA (adj)	74	87	96	106	98	108	111
EBIT (adj)	28	33	40	49	43	52	54
EBIT (adj) margin	2.0%	2.3%	2.6%	3.2%	2.7%	3.2%	3.3%
EPS (adj, EUR)	0.59	0.60	0.91	0.97	1.05	1.23	1.34
EPS (adj) growth	-32.5%	2.6%	51.8%	6.4%	8.0%	17.5%	8.7%
DPS (ord, EUR)	0.40	0.42	0.50	0.63	0.60	0.65	0.70
EV/Sales	0.3	0.4	0.3	0.3	0.3	0.4	0.4
EV/EBIT (adj)	14.9	15.7	12.3	10.0	12.8	11.2	10.9
P/E (adj)	11.2	16.7	10.8	11.9	10.5	9.0	8.2
P/BV	0.4	0.7	0.7	0.7	0.7	0.6	0.6
Dividend yield (ord)	6.1%	4.2%	5.1%	5.5%	5.4%	5.9%	6.3%
FCF Yield bef A&D, lease	1.5%	14.0%	18.9%	7.2%	-16.2%	-4.3%	5.3%
Net debt	222	223	190	152	220	251	253
Net debt/EBITDA	3.0	2.6	2.0	2.4	2.2	2.3	2.3
ROIC after tax	3.3%	3.8%	4.8%	6.4%	5.2%	5.8%	5.7%

Source: Company data and Nordea estimates

Q4 deviation and estimate revisions

Q4 misses on higher costs

Atria reported Q4 adjusted EBIT of EUR 10.3m, coming in -19% and -13% versus Refinitiv consensus and Nordea, respectively. Q4 net sales of EUR 404m were up 1% y/y and beat consensus by 3% and our forecast by 2%. Adjusted EBIT declined across all divisions on account of higher costs. A EUR 2.3m positive impact on reported EBIT was reported on items affecting comparability in Q4 (a refund of an employment pension contribution in Sweden). Exports to China declined owing to the deteriorating market situation towards year-end. The Finnish poultry investment is progressing according to schedule and should be operational in 2024. The dividend proposal stands well above expectations at EUR 0.63 (consensus was for EUR 0.52, following EUR 0.50 in 2020).

- Atria Finland's net sales were EUR 293m, up 3% y/y and 2% above our expectations. Adjusted EBIT was EUR 10.6m, 8% below our estimate of EUR 11.6m. Atria Finland benefited from increased food service and feed customer sales, while retail sales were at last year’s level. Exports to China decreased, in line with our expectations. Profitability was burdened by higher costs.
- Atria Sweden's net sales were EUR 93m, up 7% in local currencies (+9% on reported basis) and 1% above our estimate. Adjusted EBIT of EUR 0.6m was 47% below our estimate of EUR 1.1m but supported by improving fast food and food service sales. Sales to retail were flat y/y. Increased feed, transport and energy costs brought down EBIT growth during Q4. Atria Sweden reported EBIT at EUR 2.9m, supported by a non-recurring EUR 2.3m refund for an employment pension contribution.
- Atria Denmark & Estonia's net sales were EUR 26m, down 1% y/y and 3% below our expectations. Sales in Estonia increased by nearly 5% thanks to market share gains and favourable sales structure. Atria’s market share strengthened to 14.8% (14.1% a year ago) in Estonian retail. In Denmark, food service and export sales improved while retail sales were sluggish. EBIT was burdened by broad-based cost inflation and higher feed costs in Estonia. Adjusted EBIT was EUR 0.0m, below our estimate of EUR 1.1m.
- After the review period, Atria received an export licence for poultry products to South Korea and expects to export the first product batch during February-March 2022.

2022 guidance introduced

Atria expects adjusted EBIT to decline in 2022, following EUR 49.2m in 2021. Prior to the Q4 report, Refinitiv consensus was for EUR 45.5m in adjusted EBIT for 2022, i.e. an 8% adjusted EBIT decline in 2022. We forecast EUR 42.8m.

Outlook comments:

"The significant and rapid rise in costs and the imbalance between global pork demand and supply will create uncertainty in the business environment in 2022. However, Atria's strong market position, long-term investment in its own brands, as well as good customer relationships and reliable industrial processes provide the preconditions for business stability even in these market situations."

DEVIATION TABLE

EURm	Actual Q4 2021	NDA est. Q4 2021E	Deviation vs. actual		Consensus Q4 2021E	Deviation vs. actual		Actual Q3 2021	q/q	Actual Q4 2020	y/y
Sales	**404**	**396**	**8**	**2%**	**394**	**10**	**3%**	**388**	**4%**	**399**	**1%**
Adj. EBIT	**10.3**	**11.8**	**-1.5**	**-13%**	**12.8**	**(2.5)**	**-19%**	**19.7**	**-48%**	**15.1**	**-32%**
Adj. EBIT margin	2.6%	3.0%	-0.4pp	-0.4pp	3.2%	-0.7pp		5.1%	-2.5pp	3.8%	-1.2pp
EPS, EUR	**0.34**	**0.29**	**0.05**	**19%**	**0.32**	**0.02**	**6%**	**0.52**	-35%	**0.22**	58%
DPS, EUR	**0.63**	**0.50**	**0.13**	**26%**	**0.52**	**0.11**	**21%**			**0.50**	26%
Divisional sales, EURm											
Finland	293.2	287.3	6	2%				275	7%	285	3%
Sweden	92.7	92.1	1	1%				94	-2%	85	9%
Denmark & Estonia	26.4	27.1	-1	-3%				27	-3%	27	-1%
Unallocated	0.2	0.0	0	n.m.				0	n.m.	14	-99%
Group eliminations	-8.9	-11.0	2	-19%				-8	7%	-12	-23%
Group	**403.6**	**396**	**8.0**	**2%**				**388**	**4%**	**399**	**1%**
Divisional adj. EBIT, EURm											
Finland	10.6	11.6	-1.0	-8%				16.4	-35%	14.4	-26%
Sweden	0.6	1.1	-0.5	-47%				3	-80%	1.2	-50%
Denmark & Estonia	0.0	1.1	-1.1	-100%				1.2	-100%	1.7	-100%
Group eliminations	-0.9	-2.0	1.1	-55%				-0.9	0%	-2.2	-59%
Group	**10.3**	**11.8**	**-1.5**	**-13%**				**19.7**	**-48%**	**15.1**	**-32%**

Source: Company data, Refinitiv and Nordea estimates

Takeaways from earnings conference

We make following comments from the earnings conference:

- On the cost inflation front, Atria expects a EUR 30m headwind from increased producer prices (meat raw material) and a similar headwind from other costs (e.g. packaging, electricity, logistics). In total, this is approximately EUR 60m of cost headwinds for 2022. We note that at its CMD at the end of November, the company expected EUR 40-50m in cost headwinds for 2022. We believe it will take until H2 until all the required price increases are implemented.
- The company expects an elevated cost level with no rapid recovery to pre-COVID cost levels.
- Easing of restaurant restrictions will balance the supply and demand situation and should have net positive effect.
- Personnel expenses will be elevated in 2022-25 owing to the repayment of the temporarily lowered statutory employment pension contributions in Finland because of COVID-19. In 2021, the negative delta from the reversal was EUR 2m.
- It appears that COVID-19 will temporarily increase personnel costs, at least in Q1 2022 owing to higher sick leave. This has already been partially visible in Q4.
- The average interest rate is around 1%, ahead of the intense investment years in 2022-23.
- The Atria Russian subsidiary (for Sibylla) has some EUR 5m in accounts receivable. We note that Atria has otherwise exited Russia following the sale of its Russian subsidiary Pit-Product in April 2021.

Estimate revisions

We trim 2022E adjusted EBIT by 6% and 2023E-24E EBIT by 3-4% owing to slightly higher-than-expected cost inflation, particularly in Sweden and Denmark & Estonia. Our top-line estimates remain intact, driven by negative FX movements. We make material increase to our DPS estimate on account of a higher-than-expected dividend proposal for 2021. On average, we forecast a 54% payout ratio for 2022E-24E, while we note that large investment programmes could hamper the dividend payout, especially in 2022-23. Atria has a 50% dividend policy in place.

ESTIMATE REVISIONS AFTER THE Q4 REPORT

	New estimates				Old estimates				Difference %			
EURm	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**
Sales	**368**	**1,564**	**1,593**	**1,623**	**n.a.**	**1,568**	**1,598**	**1,628**	**n.a.**	**0%**	**0%**	**0%**
Adj. EBIT	**1.5**	**42.8**	**51.8**	**53.8**	**n.a.**	**45.7**	**53.8**	**55.6**	**n.a.**	**-6%**	**-4%**	**-3%**
Adj. EBIT margin	0.4%	2.7%	3.2%	3.3%	n.a.	2.9%	3.4%	3.4%	n.a.	-0.2pp	-0.1pp	-0.1pp
Adj. EPS, EUR	**0.01**	**1.05**	**1.23**	**1.34**	**n.a.**	**1.13**	**1.35**	**1.40**	**n.a.**	**-7%**	**-8%**	**-4%**
DPS		0.60	0.65	0.70		0.5	0.50	0.55	n.a.	20%	30%	27%
Divisional sales EURm	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**
Finland	267	1,138	1,155	n.a.	n.a.	1,133	1,150	n.a.	n.a.	0%	0%	n.a.
Sweden	84	354	365	n.a.	n.a.	364	374	n.a.	n.a.	-2%	-2%	n.a.
Denmark & Estonia	26	108	111	n.a.	n.a.	108	110	n.a.	n.a.	1%	1%	n.a.
Unallocated	0	0	0	n.a.	n.a.	0	0	n.a.	n.a.	nm.	nm.	n.a.
Group eliminations	-9	-37	-38	n.a.	n.a.	-36	-37	n.a.	n.a.	3%	3%	n.a.
Group	**368**	**1,564**	**1,593**	**n.a.**	**n.a.**	**1,568**	**1,598**	**n.a.**	**n.a.**	**0%**	**0%**	**n.a.**
Divisional adj. EBIT	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**
Finland	3.8	39.7	45.1	n.a.	n.a.	40.3	45.7	n.a.	n.a.	-1%	-1%	n.a.
Sweden	-1.8	3.3	6.1	n.a.	n.a.	4.4	6.6	n.a.	n.a.	-25%	-7%	n.a.
Denmark & Estonia	0.6	4.0	4.8	n.a.	n.a.	5.3	5.8	n.a.	n.a.	-25%	-18%	n.a.
Unallocated	-1.1	-4.2	-4.3	n.a.	n.a.	-4.3	-4.4	n.a.	n.a.	-2%	-2%	n.a.
Group	**1.5**	**42.8**	**51.8**	n.a.	**n.a.**	**45.7**	**53.8**	**n.a.**	**n.a.**	**-6%**	**-4%**	**n.a.**
Divisional sales growth	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**
Finland	2%	3%	1%	n.a.	n.a.	3%	1%	n.a.	n.a.	0.0pp	0.0pp	n.a.
Sweden	9%	1%	3%	n.a.	n.a.	4%	3%	n.a.	n.a.	-2.8pp	0.0pp	n.a.
Denmark & Estonia	7%	3%	2%	n.a.	n.a.	2%	2%	n.a.	n.a.	1.3pp	0.0pp	n.a.
Unallocated	nm.	nm.	nm.	n.a.	n.a.	nm.	nm.	n.a.	n.a.	nm.	nm.	n.a.
Group eliminations	n.m.	n.m.	n.m.	n.a.	n.a.	nm.	nm.	n.a.	n.a.	nm.	nm.	n.a.
Group	**2%**	**2%**	**2%**	**n.a.**	**n.a.**	**2%**	**2%**	**n.a.**	**n.a.**	**-0.8pp**	**0.0pp**	**n.a.**
EBIT margin	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**	**Q1 2022E**	**2022E**	**2023E**	**2024E**
Finland	1.4%	3.5%	3.9%	n.a.	n.a.	3.6%	4.0%	n.a.	n.a.	-0.1pp	-0.1pp	n.a.
Sweden	-2.1%	0.9%	1.7%	n.a.	n.a.	1.2%	1.8%	n.a.	n.a.	-0.3pp	-0.1pp	n.a.
Denmark & Estonia	2.3%	3.7%	4.3%	n.a.	n.a.	4.9%	5.3%	n.a.	n.a.	-1.3pp	-1.0pp	n.a.
Unallocated	nm.	nm.	nm.	n.a.	n.a.	nm.	nm.	n.a.	n.a.	nm.	nm.	n.a.
Group	**0.4%**	**2.7%**	**3.2%**	**n.a.**	**n.a.**	**2.9%**	**3.4%**	**n.a.**	**n.a.**	**-0.2pp**	**-0.1pp**	**n.a.**

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 12.6-15.4 per share for Atria.

DCF valuation yields EUR 14.7-18.0 per share

The outcome of our DCF valuation is EUR 14.7-18.0 (14.9-18.2) per share. We use a WACC of 6.9-7.6%, assuming a terminal growth rate of 1.5% and an EBIT margin that will gradually rise to 3.4%.

WACC COMPONENTS

WACC components	
Risk-free interest rate	2.0%
Market risk premium	4.5%
Equity beta	1.4-1.6
Cost of equity	8.3-9.2%
Cost of debt	3.5%
Tax-rate used in WACC	20%
Equity weight	75%
WACC	**6.9-7.6%**

Source: Nordea estimates

DCF VALUE (EURm AND EUR)

DCF value	**Value**	**Per share**
NPV FCFF	576-669	20.4-23.7
(Net debt)	-152	-5.4
Market value of associates	0	0.0
(Market value of minorities)	-13	-0.5
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	5	0.2
DCF Value	**417-509**	**14.7-18**

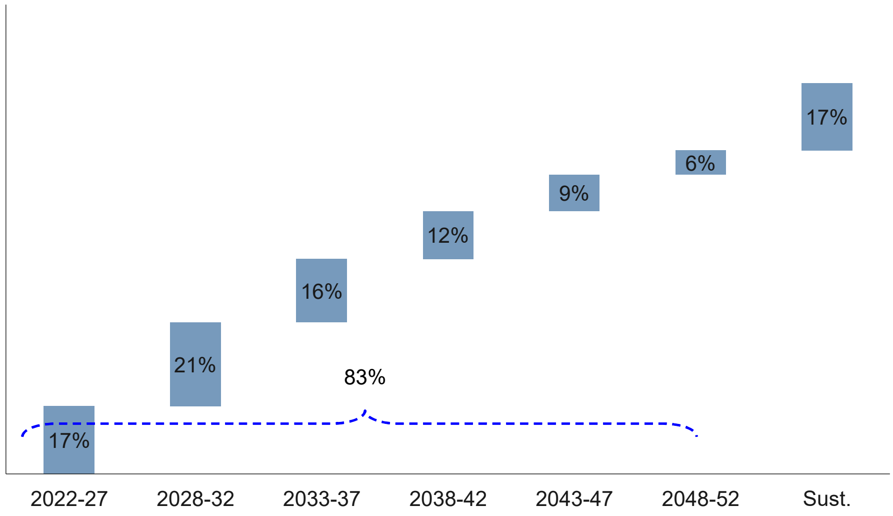
Source: Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	2022-27	2028-32	2033-37	2038-42	2043-47	2048-52	Sust.
Sales growth, CAGR	2.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
EBIT-margin, excluding associates	3.4%	3.4%	3.4%	3.4%	3.4%	2.7%	
Capex/depreciation, x	1.2	1.0	1.0	1.0	1.0	1.0	
Capex/sales	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	
NWC/sales	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	
FCFF, CAGR	-212.8%	2.7%	1.5%	1.5%	1.5%	-3.6%	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 12.8-20.4 per share.

SENSITIVITY OF OUR DFC MODEL (EUR)

Sensitivity analysis: WACC vs EBIT margin

		WACC				
		6.8%	7.0%	7.3%	7.5%	7.8%
EBIT marg. change	1.0pp	25.0	23.4	22.0	20.7	19.5
	0.5pp	21.8	20.4	19.2	18.0	17.0
	0.0pp	18.6	17.4	16.4	15.4	14.5
	-0.5pp	15.4	14.5	13.6	12.8	12.0
	-1.0pp	12.3	11.5	10.8	10.1	9.5

Sensitivity analysis: WACC vs Sales growth

		WACC				
		6.8%	7.0%	7.3%	7.5%	7.8%
Sales gr. change	1.0pp	21.2	19.8	18.6	17.4	16.4
	0.5pp	19.9	18.6	17.4	16.4	15.4
	0.0pp	18.6	17.4	16.4	15.4	14.5
	-0.5pp	17.5	16.4	15.4	14.5	13.6
	-1.0pp	16.4	15.4	14.5	13.6	12.9

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	19.4	20.6	22.0	23.4	25.0
	0.5pp	17.0	18.0	19.2	20.4	21.8
	0.0pp	14.5	15.4	16.4	17.4	18.6
	-0.5pp	12.0	12.8	13.6	14.4	15.4
	-1.0pp	9.6	10.1	10.8	11.5	12.2

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 10.7-13.1 by taking 2022E adjusted EBIT of EUR 42.8m, multiplying it by the accepted multiple range of 12.2-13.8x and deducting our 2022 net debt assumption of EUR 220m (including IFRS 16 lease liabilities). Similarly, we derive a P/E valuation range of EUR 12.3-15.0 by taking 2022E adjusted EPS of EUR 1.05 and multiplying it by an accepted multiple range of 11.7-14.3x.

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	12.1	76	79	16.9	26.4	13.2	11.3	23.2	32.6	14.3	13.2	3.3%	5.0%
Bell Food Group Ag	Switzerland	280.0	1,682	2,338	16.1	14.7	13.7	13.9	12.4	11.3	13.6	12.8	2.5%	2.6%
Cranswick Plc	UK	3,710.0	2,361	2,463	15.3	15.4	14.5	14.0	20.9	18.2	17.4	17.3	1.9%	2.0%
Fleury Michon Sa	France	21.9	96	181	11.6	10.6	8.3	7.3	82.5	5.3	5.1	4.3	5.3%	5.5%
Hkscan Oyj	Finland	1.6	148	484	28.5	33.2	24.2	16.1			31.4	10.5	2.5%	2.5%
Raisio Oyj	Finland	3.1	514	454	15.7	18.8	20.2	15.4	20.7	22.5	24.8	20.0	4.5%	4.5%
Scandi Standard Ab (Publ)	Sweden	39.6	248	439	9.0	20.9	19.5	11.3	7.4	26.4	21.3	10.6	0.0%	1.5%
Societe Ldc Sa	France	98.0	1,735	1,624	8.2	8.1	7.3	6.7	11.4	10.9	10.0	9.2	1.8%	2.0%
Ter Beke Nv	Belgium	111.5	201	294	18.8	14.0	10.2	8.7	42.1	16.5	12.2	9.3	3.8%	4.0%
Average			785	929	15.6	18.0	14.6	11.6	27.6	18.0	16.7	11.9	2.9%	3.3%
Median			248	454	15.7	15.4	13.7	11.3	20.8	17.4	14.3	10.6	2.5%	2.6%
Atria (NDA)		**10.9**	**308**	**498**	**12.6**	**9.7**	**12.3**	**10.8**	**10.8**	**11.9**	**10.4**	**8.8**	**5.5%**	**5.5%**
International peers														
Brf Sa	Brazil	19.0	3,481	6,587	15.8	14.1	13.0	10.4	12.4	34.9	16.8	10.6	0.0%	0.0%
Gruppa Cherkizovo Pao	Russia	2,981.0	1,444	2,165	12.8				10.2					
Sanderson Farms Inc	US	181.9	3,591	3,211	154.1	6.6	5.9	7.8	72.5	9.9	10.6	11.5	1.0%	1.0%
Tyson Foods Inc	US	94.9	30,421	36,180	12.8	8.9	9.3	10.2	16.3	10.6	11.4	12.1	1.9%	2.0%
Average			9,734	12,036	48.9	9.9	9.4	9.5	27.8	18.5	12.9	11.4	0.9%	1.0%
Median			3,536	4,899	14.3	8.9	9.3	10.2	14.4	10.6	11.4	11.5	1.0%	1.0%
Atria (NDA)		**10.9**	**308**	**498**	**12.6**	**9.7**	**12.3**	**10.8**	**10.8**	**11.9**	**10.4**	**8.8**	**5.5%**	**5.5%**

Source: Refinitiv and Nordea estimates (as of market close on 14 February)

PEER GROUP KEY FIGURES

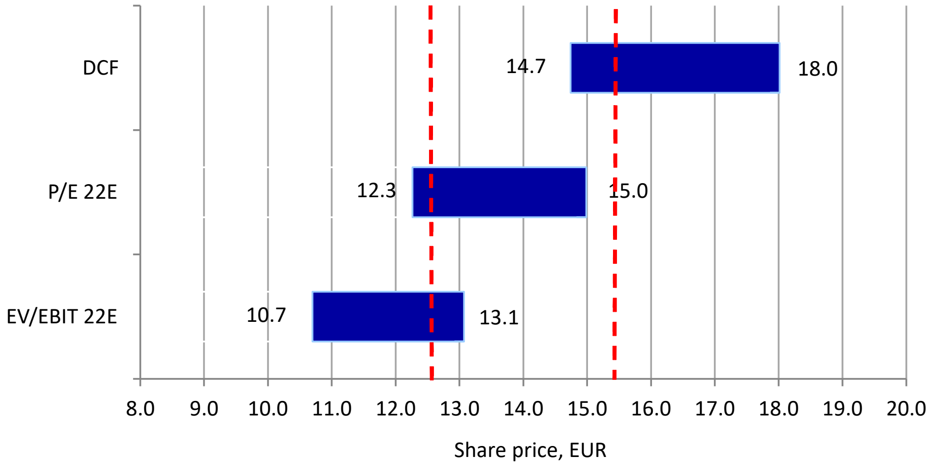
	Sales growth				EBIT margin				ROE			
European peers	**2020**	**2021E**	**2022E**	**2023E**	**2020**	**2021E**	**2022E**	**2023E**	**2020**	**2021E**	**2022E**	**2023E**
Apetit Oyj	-6.3%	-1.0%	-20.0%	-8.6%	1.6%	1.0%	2.6%	3.3%	3.3%	2.4%	5.3%	5.6%
Bell Food Group Ag	-0.3%	4.4%	0.9%	2.7%	3.9%	4.1%	4.3%	4.2%	9.0%	9.2%	8.7%	8.3%
Cranswick Plc	16.6%	10.1%	5.8%	4.1%	7.6%	6.9%	6.9%	6.9%	14.3%	14.6%	14.2%	13.1%
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%	1.9%	0.3%		1.0%	0.8%	1.1%	1.6%	0.4%	-1.4%	0.0%	0.0%
Raisio Oyj	-1.1%	5.5%	5.9%	5.6%	12.4%	9.8%	8.6%	10.7%	8.7%	7.6%	6.5%	8.1%
Scandi Standard Ab (Pul	4.0%	2.5%	-2.9%	0.7%	5.0%	2.1%	2.3%	4.0%	11.5%	5.4%	6.3%	13.2%
Societe Ldc Sa	1.3%	10.1%	4.1%	2.4%	4.5%	4.1%	4.4%	4.7%	9.8%	9.5%	10.0%	10.1%
Ter Beke Nv	-1.5%	-0.1%	40.7%		2.2%	2.9%	2.9%	3.3%	-2.0%	8.8%	10.1%	12.4%
Average	1.5%	3.5%	4.2%	1.3%	4.5%	3.8%	4.0%	4.7%	5.2%	7.3%	8.0%	9.1%
Median	-0.3%	2.5%	3.0%	2.4%	3.9%	2.9%	2.9%	4.0%	8.7%	8.8%	8.7%	10.1%
Atria (NDA)	**3.6%**	**2.4%**	**1.6%**	**1.9%**	**2.6%**	**3.2%**	**2.7%**	**3.2%**	**5.2%**	**-1.6%**	**6.4%**	**7.3%**
International peers												
Brf Sa	-21.0%	36.6%	4.9%	4.8%	7.2%	5.9%	6.1%	7.2%	16.8%	1.7%	11.9%	16.0%
Gruppa Cherkizovo Pao	-17.4%				11.8%				23.0%			
Sanderson Farms Inc	-1.9%	37.0%	7.9%		0.7%	11.5%	11.8%	9.4%	1.8%	23.8%	24.5%	14.4%
Tyson Foods Inc	-5.1%	15.6%	7.8%		7.7%	9.5%	8.5%	7.6%	14.7%	19.9%	15.7%	13.0%
Average	-11.4%	29.7%	6.9%	4.8%	6.8%	9.0%	8.8%	8.1%	14.1%	15.2%	17.4%	14.5%
Median	-11.3%	36.6%	7.8%	4.8%	7.4%	9.5%	8.5%	7.6%	15.8%	19.9%	15.7%	14.4%
Atria (NDA)	**3.6%**	**2.4%**	**1.6%**	**1.9%**	**2.6%**	**3.2%**	**2.7%**	**3.2%**	**5.2%**	**-1.6%**	**6.4%**	**7.3%**

Source: Refinitiv and Nordea estimates (as of market close 14 February)

Valuation conclusion

From our DCF-based valuation and a relative multiples-based valuation we derive a fair value range of EUR 12.6-15.4 per Atria share, as shown by the red dotted lines in the chart below.

VALUATION (EUR)



Source: Nordea estimates

Detailed estimates

ANNUAL ESTIMATES (EURm)

Income statement (EURm)	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Sales	1,426	1,340	1,352	1,436	1,439	1,451	1,504	1,540	1,564	1,593	1,623
- sales growth	1.1%	-6.0%	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	1.6%	1.9%	1.9%
Gross profit	**177**	**163**	**164**	**173**	**153**	**163**	**166**	**177**	**172**	**182**	**187**
- margin	12.4%	12.2%	12.2%	12.1%	10.6%	11.2%	11.1%	11.5%	11.0%	11.4%	11.5%
EBITDA	**89**	**76**	**79**	**87**	**74**	**85**	**96**	**64**	**98**	**108**	**111**
- margin	6.2%	5.6%	5.8%	6.1%	5.1%	5.9%	6.4%	4.1%	6.3%	6.7%	6.9%
D&A	-48	-47	-47	-46	-45	-54	-57	-57	-56	-56	-58
EBIT reported	40.6	28.9	31.8	40.9	28.2	31.1	39.5	6.4	42.8	51.8	53.8
Adj. EBIT	**39.6**	**36.1**	**31.2**	**39.6**	**28.2**	**33.0**	**40.3**	**49.2**	**42.8**	**51.8**	**53.8**
- margin	2.8%	2.7%	2.3%	2.8%	2.0%	2.3%	2.7%	3.2%	2.7%	3.2%	3.3%
Net finance	-13	-9	-6	-7	-6	-6	-5	-5	-6	-8	-6
Associated companies	6	0	1	2	0	1	1	3	2	3	3
Adj. PTP	**33.0**	**27.3**	**25.7**	**34.1**	**22.3**	**28.2**	**36.1**	**47.6**	**39.0**	**46.8**	**50.9**
Taxes	-7.2	-5.5	-6.6	-7.1	-4.5	-9.2	-12.6	-10.2	-7.8	-9.4	-10.2
Profit before minorities	**26.8**	**14.6**	**19.6**	**28.4**	**17.8**	**17.0**	**23.5**	**-5.4**	**31.2**	**37.4**	**40.7**
Minorities	-0.6	-0.8	-1.4	-2.5	-1.4	-1.9	-1.8	-1.5	-1.6	-2.6	-2.8
Adj. Net Profit	**21.5**	**21.0**	**17.8**	**24.5**	**16.5**	**17.0**	**25.8**	**27.4**	**29.6**	**34.8**	**37.9**
EPS, excluding NRI (EUR)	**0.76**	**0.74**	**0.63**	**0.87**	**0.59**	**0.60**	**0.91**	**0.97**	**1.05**	**1.23**	**1.34**
Divisional sales EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Finland	946	929	932	986	1,019	1,034	1,066	1,106	1,138	1,155	1,173
Sweden				307	288	289	332	352	354	365	376
Denmark & Estonia				99	98	97	107	105	108	111	113
Unallocated	99	75	72	86	75	74	52	15	0	0	0
Group eliminations	-25	-27	-30	-42	-41	-42	-53	-37	-37	-38	-38
Group	**1,426**	**1,340**	**1,352**	**1,436**	**1,439**	**1,451**	**1,504**	**1,540**	**1,564**	**1,593**	**1,623**
Divisional operative EBIT	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Finland	32.5	29.8	24.2	36.3	36.7	40.0	43.1	48.1	39.7	45.1	45.6
Sweden				1.0	-7.1	-4.6	0.8	2.7	3.3	6.1	7.3
Denmark & Estonia				5.2	5.3	4.3	5.2	5.1	4.0	4.8	5.2
Unallocated	-2.2	-4.5	-0.9	-3.8	-2.7	-3.1	-8.8	-6.9	-4.2	-4.3	-4.4
Group	**39.6**	**36.1**	**31.4**	**39.5**	**28.2**	**33.1**	**39.5**	**49.2**	**42.8**	**51.8**	**53.8**
Divisional sales growth	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Finland	7%	-2%	0%	6%	3%	1%	3%	4%	3%	1%	1%
Sweden				n.a.	-6%	0%	15%	6%	1%	3%	3%
Denmark & Estonia				n.a.	-1%	-1%	11%	-2%	3%	2%	2%
Unallocated	-19%	-24%	-4%	19%	-12%	-2%	-30%	-72%	n.m.	n.m.	n.m.
Group eliminations	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Group	**1%**	**-6%**	**1%**	**6%**	**0%**	**1%**	**4%**	**2%**	**2%**	**2%**	**2%**
EBIT margin	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Finland	3.4%	3.2%	2.6%	3.7%	3.6%	3.9%	4.0%	4.4%	3.5%	3.9%	3.9%
Sweden				0.3%	-2.5%	-1.6%	0.2%	0.8%	0.9%	1.7%	2.0%
Denmark & Estonia				5.3%	5.4%	4.5%	4.9%	4.9%	3.7%	4.3%	4.6%
Group eliminations	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Group	**2.8%**	**2.7%**	**2.3%**	**2.8%**	**2.0%**	**2.3%**	**2.6%**	**3.2%**	**2.7%**	**3.2%**	**3.3%**

Source: Company data and Nordea estimates

QUARTERLY ESTIMATES (EURm)

Income statement (EURm)	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22E	Q2/22E	Q3/22E	Q4/22E
Sales	357	366	382	399	361	387	388	403	368	390	395	411
- sales growth	6.0%	-0.7%	4.5%	4.9%	1.3%	5.7%	1.4%	1.2%	1.8%	0.8%	1.8%	2.0%
Gross profit	**33.9**	**36.0**	**47.2**	**49.3**	**38.1**	**45.4**	**48.7**	**43.9**	**33.1**	**39.0**	**48.2**	**51.8**
- margin	9.5%	9.8%	12.3%	12.4%	10.5%	11.7%	12.6%	10.9%	9.0%	10.0%	12.2%	12.6%
EBITDA	**16.1**	**17.9**	**32.7**	**30.2**	**21.9**	**-18.7**	**33.5**	**26.6**	**15.5**	**21.4**	**32.4**	**29.0**
- margin	4.5%	4.9%	8.6%	7.6%	6.1%	-4.8%	8.6%	6.6%	4.2%	5.5%	8.2%	7.1%
D&A	-14	-14	-14	-15	-15	-14	-14	-14	-14	-14	-14	-14
EBIT reported	2.1	4.1	19.0	15.1	6.5	-32.6	19.7	12.6	1.5	7.4	18.4	15.5
Adj. EBIT	**2.1**	**4.1**	**19.0**	**15.1**	**6.5**	**12.5**	**19.7**	**10.3**	**1.5**	**7.4**	**18.4**	**15.5**
- margin	0.6%	1.1%	5.0%	3.8%	1.8%	3.2%	5.1%	2.6%	0.4%	1.9%	4.6%	3.8%
Net finance	-1.4	-0.8	-1.4	-0.8	-2.3	-0.4	-1.4	-0.9	-1.2	-1.4	-1.6	-1.8
Associated companies	0.3	0.2	0.3	0.3	0.8	1.1	1.0	0.6	0.3	0.5	0.6	0.8
Adj. PTP	1.0	3.6	17.9	14.6	5.0	13.2	19.3	10.0	0.6	6.5	17.4	14.5
Taxes	-0.4	-1.3	-3.0	-7.9	-0.9	-2.9	-4.2	-2.2	-0.1	-1.3	-3.5	-2.9
Profit before minorities	**0.6**	**2.3**	**14.9**	**5.7**	**4.1**	**-34.8**	**15.1**	**10.2**	**0.5**	**5.2**	**13.9**	**11.6**
Minorities	-0.4	-0.2	-0.5	-0.6	-0.4	-0.3	-0.4	-0.5	-0.2	-0.2	-0.4	-0.8
Adj. Net Profit	**0.2**	**2.0**	**14.4**	**6.1**	**3.7**	**10.0**	**14.7**	**7.3**	**0.3**	**5.0**	**13.5**	**10.9**
EPS, excluding NRI (EUR)	**0.01**	**0.07**	**0.51**	**0.22**	**0.13**	**0.35**	**0.52**	**0.26**	**0.01**	**0.18**	**0.48**	**0.38**
Divisional sales EURm	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22E**	**Q2/22E**	**Q3/22E**	**Q4/22E**
Finland	253	263	266	285	260	278	275	293	267	285	283	303
Sweden	78	78	91	85	77	88	94	93	84	88	93	90
Denmark & Estonia	27	27	27	27	25	27	27	26	26	27	28	27
Unallocated	14	10	14	14	10	5	0	0	0	0	0	0
Group eliminations	-14	-12	-15	-12	-10	-10	-8	-9	-9	-10	-9	-9
Group	**357**	**366**	**382**	**399**	**361**	**387**	**388**	**403**	**368**	**390**	**395**	**411**
Divisional operative EBIT	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22E**	**Q2/22E**	**Q3/22E**	**Q4/22E**
Finland	6.2	7.3	15.2	14.4	9.8	11.3	16.4	10.6	3.8	7.0	15.0	14.0
Sweden	-1.8	-1.6	3.0	1.2	-1.2	0.3	3.0	0.6	-1.8	0.1	3.2	1.7
Denmark & Estonia	0.3	1.1	2.1	1.7	1.9	2.0	1.2	0.0	0.6	1.3	1.1	0.9
Unallocated	-2.6	-2.7	-1.3	-2.2	-4.0	-1.1	-0.9	-0.9	-1.1	-1.1	-1.1	-1.1
Group	**2.1**	**4.1**	**19.0**	**15.1**	**6.5**	**12.5**	**19.7**	**10.3**	**1.5**	**7.4**	**18.4**	**15.5**
Divisional sales growth	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22E**	**Q2/22E**	**Q3/22E**	**Q4/22E**
Finland	5%	0%	3%	5%	3%	6%	3%	3%	2%	3%	3%	3%
Sweden	17%	5%	23%	14%	-2%	12%	4%	9%	9%	0%	-1%	-3%
Denmark & Estonia	22%	14%	9%	0%	-8%	-1%	1%	-1%	7%	2%	2%	3%
Unallocated	-13%	-45%	-32%	-26%	-27%	-55%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Group eliminations	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Group	**6%**	**-1%**	**5%**	**5%**	**1%**	**6%**	**1%**	**1%**	**2%**	**1%**	**2%**	**2%**
EBIT margin	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22E**	**Q2/22E**	**Q3/22E**	**Q4/22E**
Finland	2.5%	2.8%	5.7%	5.1%	3.8%	4.1%	6.0%	3.6%	1.4%	2.4%	5.3%	4.6%
Sweden	-2.3%	-2.0%	3.3%	1.4%	-1.6%	0.3%	3.2%	0.6%	-2.1%	0.1%	3.5%	1.9%
Denmark & Estonia	1.1%	4.1%	7.8%	6.4%	7.8%	7.5%	4.4%	0.0%	2.3%	4.9%	4.1%	3.2%
Group eliminations	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Group	**0.6%**	**1.1%**	**5.0%**	**3.8%**	**1.8%**	**3.2%**	**5.1%**	**2.6%**	**0.4%**	**1.9%**	**4.6%**	**3.8%**

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 proved 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 as 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 put pressure on prices there owing to restrictions on exports to China. Spread of the current H5N8 avian influenza cannot be ruled out, while the 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 its 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 its 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 elevated the risk of trade receivable writedowns. Investments may also be hard to carry out 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	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Total revenue	**1,426**	**1,340**	**1,352**	**1,436**	**1,439**	**1,451**	**1,504**	**1,540**	**1,564**	**1,593**	**1,623**
Revenue growth	1.1%	-6.0%	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	1.6%	1.9%	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	90	68	79	87	74	85	96	64	98	108	111
Depreciation and impairments PPE	-48	-47	-47	-46	-45	-54	-57	-57	-56	-56	-58
of which leased assets	0	0	0	0	0	-9	-9	-9	-9	-9	-9
EBITA	42	22	32	41	28	31	40	6	43	52	54
Amortisation and impairments	-1	7	0	0	0	0	0	0	0	0	0
EBIT	41	29	32	41	28	31	40	6	43	52	54
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	6	0	1	2	0	1	1	3	2	3	3
Net financials	-13	-9	-6	-7	-6	-6	-5	-5	-6	-8	-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	**34**	**20**	**26**	**36**	**22**	**26**	**36**	**5**	**39**	**47**	**51**
Reported taxes	-7	-5	-7	-7	-5	-9	-13	-10	-8	-9	-10
Net profit from continued operations	27	15	20	28	18	17	24	-5	31	37	41
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	-1	-1	-1	-3	-1	-2	-2	-2	-2	-3	-3
Net profit to equity	26	14	18	26	17	15	22	-7	30	35	38
EPS, EUR	**0.93**	**0.49**	**0.65**	**0.92**	**0.59**	**0.53**	**0.77**	**-0.24**	**1.05**	**1.23**	**1.34**
DPS, EUR	0.40	0.40	0.46	0.50	0.40	0.42	0.50	0.63	0.60	0.65	0.70
of which ordinary	0.40	0.40	0.46	0.50	0.40	0.42	0.50	0.63	0.60	0.65	0.70
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	6.3%	5.1%	5.8%	6.1%	5.1%	5.9%	6.4%	4.1%	6.3%	6.7%	6.9%
EBITA	2.9%	1.6%	2.3%	2.8%	2.0%	2.1%	2.6%	0.4%	2.7%	3.2%	3.3%
EBIT	2.8%	2.2%	2.3%	2.8%	2.0%	2.1%	2.6%	0.4%	2.7%	3.2%	3.3%
Adjusted earnings											
EBITDA (adj)	89	76	78	86	74	87	96	106	98	108	111
EBITA (adj)	41	29	31	40	28	33	40	49	43	52	54
EBIT (adj)	40	36	31	40	28	33	40	49	43	52	54
EPS (adj, EUR)	0.76	0.74	0.63	0.87	0.59	0.60	0.91	0.97	1.05	1.23	1.34
Adjusted profit margins in percent											
EBITDA (adj)	6.2%	5.6%	5.8%	6.0%	5.1%	6.0%	6.4%	6.9%	6.3%	6.7%	6.9%
EBITA (adj)	2.8%	2.2%	2.3%	2.8%	2.0%	2.3%	2.6%	3.2%	2.7%	3.2%	3.3%
EBIT (adj)	2.8%	2.7%	2.3%	2.8%	2.0%	2.3%	2.6%	3.2%	2.7%	3.2%	3.3%
Performance metrics											
CAGR last 5 years											
Net revenue	1.6%	0.6%	0.8%	1.3%	0.4%	0.4%	2.3%	2.6%	1.7%	2.1%	2.3%
EBITDA	1.2%	2.5%	7.2%	1.8%	-6.2%	-1.0%	7.1%	-4.2%	2.5%	7.9%	5.5%
EBIT	8.1%	24.3%	31.9%	6.2%	7.4%	-5.2%	6.4%	-27.4%	0.9%	12.9%	11.6%
EPS	30.2%	n.m.	n.m.	21.3%	n.m.	-10.6%	9.4%	n.m.	2.7%	16.0%	20.3%
DPS	9.9%	9.9%	18.1%	17.8%	12.7%	1.0%	4.6%	6.5%	3.7%	10.2%	10.8%
Average last 5 years											
Average EBIT margin	1.6%	1.9%	2.2%	2.3%	2.4%	2.3%	2.4%	2.0%	2.0%	2.2%	2.5%
Average EBITDA margin	5.7%	5.8%	6.1%	6.1%	5.7%	5.6%	5.9%	5.5%	5.6%	5.9%	6.1%

VALUATION RATIOS - ADJUSTED EARNINGS											
EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
P/E (adj)	8.7	12.2	18.2	13.9	11.2	16.7	10.8	11.9	10.5	9.0	8.2
EV/EBITDA (adj)	4.8	5.8	7.0	6.6	5.7	6.0	5.0	4.6	5.6	5.4	5.2
EV/EBITA (adj)	10.5	15.2	17.5	14.3	14.9	15.7	12.3	10.0	12.8	11.2	10.9
EV/EBIT (adj)	10.8	12.2	17.5	14.3	14.9	15.7	12.3	10.0	12.8	11.2	10.9

VALUATION RATIOS - REPORTED EARNINGS											
EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
P/E	7.1	18.5	17.8	13.2	11.2	18.9	12.8	n.m.	10.5	9.0	8.2
EV/Sales	0.30	0.33	0.41	0.39	0.29	0.36	0.32	0.32	0.35	0.36	0.36
EV/EBITDA	4.7	6.4	7.0	6.5	5.7	6.1	5.0	7.7	5.6	5.4	5.2
EV/EBITA	10.3	20.3	17.3	13.8	14.9	16.8	12.3	76.6	12.8	11.2	10.9
EV/EBIT	10.5	15.2	17.3	13.8	14.9	16.8	12.3	76.6	12.8	11.2	10.9
Dividend yield (ord.)	6.0%	4.4%	4.0%	4.1%	6.1%	4.2%	5.1%	5.5%	5.4%	5.9%	6.3%
FCF yield	23.8%	26.8%	-0.8%	5.6%	1.0%	17.1%	20.8%	19.2%	-13.5%	-1.5%	8.1%
FCF Yield bef A&D, lease adj	31.3%	15.9%	6.9%	3.3%	1.5%	14.0%	18.9%	7.2%	-16.2%	-4.3%	5.3%
Payout ratio	52.3%	53.7%	72.8%	57.6%	68.3%	69.8%	54.8%	64.9%	57.2%	52.8%	52.3%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Intangible assets	239	237	263	256	249	246	249	240	240	240	240
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	76	79	94	89	87	85	84	78	78	78	78
of which goodwill	164	158	170	167	163	161	165	163	163	163	163
Tangible assets	391	395	405	409	401	423	421	408	476	523	545
of which leased assets	0	0	0	0	0	30	25	22	22	22	22
Shares associates	13	13	14	15	15	15	15	17	19	22	26
Interest bearing assets	1	1	1	1	1	1	1	1	1	1	1
Deferred tax assets	6	7	7	6	5	4	2	2	2	2	2
Other non-IB non-current assets	11	11	11	9	10	5	5	6	6	6	6
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	663	665	701	696	681	694	692	674	744	795	819
Inventory	93	81	90	93	106	110	103	110	109	112	114
Accounts receivable	117	101	109	114	105	107	106	108	110	112	114
Short-term leased assets	0	0	0	0	0	9	9	9	9	9	9
Other current assets	7	4	5	4	3	4	4	4	4	4	4
Cash and bank	3	4	5	3	4	4	27	57	19	9	17
Total current assets	220	190	208	214	219	235	248	287	251	245	257
Assets held for sale	41	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**923**	**855**	**909**	**910**	**900**	**929**	**940**	**961**	**995**	**1,040**	**1,076**
Shareholders equity	402	400	410	419	415	420	423	455	466	484	504
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	4	5	12	12	13	14	16	13	15	17	20
Total Equity	406	405	422	431	428	434	439	468	481	501	524
Deferred tax	44	45	49	47	43	41	39	37	37	37	37
Long term interest bearing debt	203	156	178	122	153	141	139	176	206	226	236
Pension provisions	8	7	7	6	6	7	7	7	7	7	7
Other long-term provisions	1	0	0	0	0	1	0	0	0	0	0
Other long-term liabilities	6	6	11	8	7	7	2	3	3	3	3
Non-current lease debt	0	0	0	0	0	25	25	21	22	22	22
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	260	214	245	184	209	221	212	245	276	295	305
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	199	192	200	202	188	211	234	237	227	231	235
Current lease debt	0	0	0	0	0	9	10	10	9	9	9
Other current liabilities	0	0	3	1	0	0	0	0	0	0	0
Short term interest bearing debt	52	44	40	92	75	54	45	3	3	3	3
Total current liabilities	250	236	242	295	262	274	289	249	238	243	247
Liabilities for assets held for sale	7	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**924**	**855**	**909**	**910**	**900**	**929**	**940**	**961**	**995**	**1,040**	**1,076**
Balance sheet and debt metrics											
Net debt	249	194	212	210	222	223	190	152	220	251	253
of which lease debt	0	0	0	0	0	34	34	31	31	31	31
Working capital	18	-6	1	7	27	10	-21	-15	-4	-4	-4
Invested capital	681	659	703	703	708	705	670	659	741	791	815
Capital employed	660	604	640	645	656	663	657	678	721	761	794
ROE	6.5%	3.4%	4.5%	6.2%	4.0%	3.6%	5.2%	-1.6%	6.4%	7.3%	7.7%
ROIC	5.2%	4.4%	3.8%	4.8%	3.3%	3.8%	4.8%	6.4%	5.2%	5.8%	5.7%
ROCE	6.5%	5.8%	5.1%	6.4%	4.4%	5.1%	6.2%	7.9%	6.4%	7.4%	7.3%
Net debt/EBITDA	2.8	2.8	2.7	2.4	3.0	2.6	2.0	2.4	2.2	2.3	2.3
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	43.5%	46.8%	45.1%	46.0%	46.2%	45.2%	45.0%	47.3%	46.9%	46.6%	46.8%
Net gearing	61.5%	48.0%	50.3%	48.7%	51.9%	51.3%	43.4%	32.5%	45.8%	50.0%	48.2%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
EBITDA (adj) for associates	**90**	**68**	**79**	**87**	**74**	**85**	**96**	**64**	**98**	**108**	**111**
Paid taxes	-8	-4	-6	-10	-1	-9	-9	-11	-8	-9	-10
Net financials	-7	-9	-4	-8	-6	-6	-5	-2	-6	-8	-6
Change in provisions	1	-1	0	-1	0	1	0	-1	0	0	0
Change in other LT non-IB	-5	-1	5	1	0	5	-2	-1	0	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	65	61	-16	-10	-6	-18	6	27	0	0	0
Funds from operations (FFO)	**136**	**115**	**58**	**59**	**60**	**59**	**87**	**77**	**85**	**90**	**95**
Change in NWC	-44	-24	7	6	-13	29	15	12	-12	0	0
Cash flow from operations (CFO)	**92**	**91**	**65**	**65**	**47**	**89**	**102**	**88**	**73**	**90**	**95**
Capital expenditure	-34	-50	-43	-53	-45	-40	-41	-56	-115	-95	-70
Free cash flow before A&D	**58**	**40**	**22**	**11**	**3**	**48**	**61**	**32**	**-42**	**-5**	**25**
Proceeds from sale of assets	19	33	6	8	-1	0	0	30	0	0	0
Acquisitions	-33	-5	-30	0	0	0	-3	0	0	0	0
Free cash flow	44	68	-2	19	2	48	58	63	-42	-5	25
Free cash flow bef A&D, lease adj	58	40	22	11	3	40	53	24	-51	-13	16
Dividends paid	-6	-11	-11	-13	-15	-12	-12	-15	-18	-17	-18
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	-81	-55	15	-3	13	-40	-13	-5	30	20	10
Other financing adjustments	18	0	0	0	0	0	-9	-10	-9	-9	-9
Other non-cash adjustments	-1	-2	-1	-4	1	4	-2	-3	0	0	0
Change in cash	-25	1	0	-1	1	0	22	31	-38	-10	8
Cash flow metrics											
Capex/D&A	68.9%	n.m.	90.9%	n.m.	98.0%	73.8%	72.0%	97.7%	n.m.	n.m.	n.m.
Capex/Sales	2.4%	3.7%	3.2%	3.7%	3.1%	2.8%	2.7%	3.6%	7.4%	6.0%	4.3%
Key information											
Share price year end (/current)	7	9	11	12	7	10	10	12	11	11	11
Market cap.	186	255	324	341	185	284	278	326	312	312	312
Enterprise value	426	441	548	563	420	521	485	490	547	580	585
Diluted no. of shares, year-end (m)	28.2	28.2	28.2	28.2	28.2	28.3	28.3	28.3	28.3	28.3	28.3

Source: Company data and Nordea estimates

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It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

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