Nordea

Commissioned Equity Research

Flash comment

08 March 2022

Commissioned research: Atria – Exiting last piece of Russian business

Marketing material commissioned by Atria

Atria announced that it will exit fast food business in Russia where it has been operating with Sibylla brand after divestment of its industrial subsidiary in 2021. Net sales of Russian fast food company operating in Russia is about 1.5% of Atria's sales. We believe Russian fast food company has been operating with above group average operating profit. The company notes that the decision to exit Russian fast food business is not financially significant for Atria. To our understanding, Atria's Russian fast food company had around EUR 5m in accounts receivable at the end of 2021. We believe the company will make a small write-down related to the exit in its Q1 report. Although the exit will cause some pressure on earnings development, we view the increasing cost inflation as a more material concern. In its Q4 report, Atria expected around EUR 60m cost headwind for 2022 and we believe the Ukrainian crisis could increase the cost pressure further through e.g. higher producer prices (meat raw material), packaging, electricity and logistics. We have anticipated 13% adjusted EBIT decline in 2022E.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	1,451	1,504	1,540	1,564	1,593	1,623
EBITDA (adj)	87	96	106	98	108	111
EBIT (adj)	33	40	49	43	52	54
EBIT (adj) margin	2.3%	2.6%	3.2%	2.7%	3.2%	3.3%
EPS (adj, EUR)	0.60	0.91	0.97	1.05	1.23	1.34
EPS (adj) growth	2.6%	51.8%	6.4%	8.0%	17.5%	8.7%
DPS (ord, EUR)	0.42	0.50	0.63	0.60	0.65	0.70
EV/Sales	0.4	0.3	0.3	0.3	0.3	0.3
EV/EBIT (adj)	15.7	12.3	10.0	11.8	10.4	10.1
P/E (adj)	16.7	10.8	11.9	9.2	7.8	7.2
P/BV	0.7	0.7	0.7	0.6	0.6	0.5
Dividend yield (ord)	4.2%	5.1%	5.5%	6.2%	6.8%	7.3%
FCF Yield bef A&D, lease adj	14.0%	18.9%	7.2%	-18.6%	-4.9%	6.0%
Net debt	223	190	152	220	251	253
Net debt/EBITDA	2.6	2.0	2.4	2.2	2.3	2.3
ROIC after tax	3.8%	4.8%	6.4%	5.2%	5.8%	5.7%

Source: Company data and Nordea estimates

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