Atria

Consumer Goods
Finland

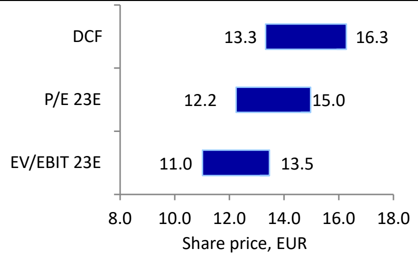
KEY DATA

Stock country	Finland
Bloomberg	ATRAV FH
Reuters	ATRAV.HE
Share price (close)	EUR 9.33
Free Float	42%
Market cap. (bn)	EUR 0.26/EUR 0.26
Website	www.atria.fi
Next report date	22 Feb 2023

PERFORMANCE

Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	1%	1%	1%
EBIT (adj)	-5%	0%	1%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Joni Sandvall
Analyst

Solid performance in tough environment

Atria's Q3 adjusted EBIT of EUR 16.2m was in line with our expectations, supported by strong sales growth of 13% y/y that was driven by price increases. Volume development in retail has levelled off, while foodservice remained on its strong track. Costs continue to increase and the main concerns relate to logistics and energy. Large investments are progressing according to plan and we note the positive development in Sweden, where the company had previously been struggling with its poultry operations. We believe Atria can maintain its strong market positions, although uncertainties related to overall market volumes remain. We derive a fair value range of EUR 12.2-14.9 (12.0-14.7) per Atria share.

Retail demand is key for Q4 and 2023

Atria's Q3 adjusted EBIT came in 10% above Refinitiv consensus and in line with our expectations. Net sales increased 13% y/y, driven by price increases and good performance in foodservice. The company has clearly been able to price in higher meat raw material prices (up 30% y/y), while volatile and high energy costs continue to hamper profitability. Going into Q4 and 2023, we argue that overall volume development in the retail channel will be key - the company requires healthy volumes given its cost structure. Although we believe the overall market will remain solid in Q4, there might be some downtrading both in retail and foodservice channels. As a small positive, we note improving pork prices in China, which could support Atria's exports.

Minor estimate revisions for 2023-24

We make only minor revisions for 2023E-24E, while taking a slightly more cautious view of Q4 due to higher energy costs and possible downtrading. We are not overly worried about volume development, even though the mix could be affected. We therefore cut 2022E adjusted EBIT by 5% and expect a 13% drop in 2023. Atria expects adjusted EBIT to decline in 2022. We up our 2022 DPS forecast by 5% and model flat y/y dividend growth.

Fair value range of EUR 12.2-14.9

We derive a fair value of EUR 12.2-14.9 (12.0-14.7) per Atria share by applying equal weighting to our DCF and multiples valuations. We highlight that visibility into Q4 remains challenging due to uncertain consumer demand. In addition, we note the clearly improved performance of its associate company, Honkajoki, since the start of 2021.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	1,439	1,451	1,504	1,540	1,702	1,723	1,755
EBITDA (adj)	74	87	96	106	95	102	109
EBIT (adj)	28	33	40	49	43	49	55
EBIT (adj) margin	2.0%	2.3%	2.6%	3.2%	2.5%	2.9%	3.1%
EPS (adj, EUR)	0.59	0.60	0.91	0.97	1.34	1.30	1.43
EPS (adj) growth	-32.5%	2.6%	51.8%	6.4%	38.2%	-3.4%	10.4%
DPS (ord, EUR)	0.40	0.42	0.50	0.63	0.63	0.65	0.70
EV/Sales	0.3	0.4	0.3	0.3	0.3	0.3	0.3
EV/EBIT (adj)	14.9	15.7	12.3	10.0	11.7	10.7	9.8
P/E (adj)	11.2	16.7	10.8	11.9	7.0	7.2	6.5
P/BV	0.4	0.7	0.7	0.7	0.6	0.5	0.5
Dividend yield (ord)	6.1%	4.2%	5.1%	5.5%	6.8%	7.0%	7.5%
FCF Yield bef A&D, lease	1.5%	14.0%	18.9%	7.2%	-25.6%	-3.4%	5.0%
Net debt	222	223	190	152	223	250	255
Net debt/EBITDA	3.0	2.6	2.0	2.4	2.3	2.5	2.3
ROIC after tax	3.3%	3.8%	4.8%	6.4%	5.9%	6.0%	6.2%

Source: Company data and Nordea estimates

Q3 deviation and estimate revisions

A solid Q3 in tough cost environment

Q3 was in line with our expectations

Atria reported Q3 adjusted EBIT of EUR 16.2m, in line with our estimate (Refinitiv consensus: EUR 14.8m). Q3 net sales of EUR 439m were up 13% y/y and came in 1% above our estimate (+6% versus consensus). Adjusted EBIT increased in Sweden and declined in Finland, and Denmark & Estonia. Q3 reported EBIT included EUR +0.3m of items affecting comparability, related to a refund for pension contributions in Sweden.

The company has seen good development in its foodservice channel. Retail sales have levelled off, with some business lines and product groups showing a downward trend in volumes.

Producer prices paid by Atria increased some 30% y/y and the company has adapted well to the changing operating environment.

The Finnish poultry investment is progressing according to its planned schedule. Q3 operating cash flow was EUR 7.6m (EUR 22.6m a year ago) and continued to be burdened by an increase in working capital.

Atria kept its outlook intact and expects adjusted EBIT to decline in 2022 (after EUR 49.2m in 2021), while Refinitiv consensus was looking for EUR 44m adjusted EBIT in 2022 (-11% y/y) ahead of the Q3 report.

We note positive trajectory in Sweden despite the divestment of the profitable Russian fast food business

- Atria Finland's net sales were EUR 328m, up 19% y/y and 5% above our expectation. Adjusted EBIT was EUR 12.7m, 8% below our estimate of EUR 13.9m. Net sales increased in all channels. Meat producer prices paid by Atria were 30% higher y/y (+30% in Q2). Cost inflation is mainly driven by electricity and logistics. Atria's supplier share in retail was 24.9%, flat y/y. Its EUR 155m poultry investment is progressing according to plan and within budget.
- Atria Sweden's net sales were EUR 93m, up 2% in local currency (-2% on reported basis) and 9% below our estimate. Adjusted EBIT of EUR 3.4m came in above our estimate of EUR 2.6m and was supported by improving retail sales. Persistently high raw material costs burdened EBIT during Q3. We note a continued positive development in Sweden, despite the divestment of the profitable Russian fast food business, that was reported under Atria Sweden, earlier this year.
- Atria Denmark & Estonia's net sales were EUR 29m, up 7% y/y and 1% below our expectation. Sales increased roughly 15% y/y in Estonia driven by price increases, while Denmark was on a par with slightly increasing export sales and a decline in retail sales. Adjusted EBIT for Denmark & Estonia was EUR 0.7m, in line with our estimate.

DEVIATION TABLE

EURm	Actual Q3 2022	NDA est. Q3 2022E	Deviation vs. actual		Consensus Q3 2022E	Deviation vs. actual		Actual Q2 2022	q/q	Actual Q3 2021	y/y
Sales	**439**	**433**	**6**	**1%**	**413**	**26**	**6%**	**432**	**2%**	**388**	**13%**
Adj. EBIT	**16.2**	**16.2**	**0.0**	**0%**	**14.8**	**1.5**	**10%**	**13.8**	**17%**	**19.7**	**-18%**
Adj. EBIT margin	3.7%	3.7%	-0.1pp	-0.1pp	3.6%	0.1pp		3.2%	0.5pp	5.1%	-1.4pp
EPS, EUR	**0.58**	**0.43**	**0.15**	**35%**	**0.38**	**0.20**	**53%**	**0.48**	21%	**0.52**	12%
Divisional sales, EURm											
Finland	327.2	310.3	17	5%				320	2%	275	19%
Sweden	92.7	102.3	-10	-9%				95	-3%	94	-2%
Denmark & Estonia	29.1	29.5	0	-1%				28	2%	27	7%
Unallocated	0.0	0.0	0	n.m.				0	n.m.	0	
Group eliminations	-10.1	-9.0	-1	12%				-11	-9%	-8	22%
Group	**438.8**	**433.1**	**5.7**	**1%**				**432**	**2%**	**388**	**13%**
Divisional adj. EBIT, EURm											
Finland	12.7	13.9	-1.2	-8%				13.4	-5%	16.4	-23%
Sweden	3.4	2.6	0.8	30%				0.7	386%	3	13%
Denmark & Estonia	0.7	0.7	0.0	-3%				0.7	n.m.	1.2	-42%
Group eliminations	-0.6	-1.0	0.4	-40%				-1.0	-40%	-0.9	-33%
Group	**16.2**	**16.2**	**0.0**	**0%**				**13.8**	**17%**	**19.7**	**-18%**

Source: Company data, Refinitiv and Nordea estimates

Estimate revisions

Following the Q3 report, we increase our top-line estimates by 1% for 2022-24. Despite a strong Q3, we lower 2022E adjusted EBIT by 5%, mainly owing to high electricity prices and a more conservative stance on consumer disposable income, which could cause trade-down and hence mix impacts. We keep 2023-24 adjusted EBIT estimates largely intact, driven by the good profitability trajectory in Sweden. We foresee a slight burden on Finnish operations as we expect the new EUR 155m poultry investment to result in some ramp-up costs as early as in 2023 (fully operational in 2024). We now model EUR 43m adjusted EBIT in 2022, down 13% from 2021. In addition, we hike our dividend estimate for 2022 by 5% and forecast a flat DPS y/y.

ESTIMATE REVISIONS AFTER THE Q3 REPORT (DPS IN EUR)

	New estimates				Old estimates				Difference %			
EURm	**Q4 2022E**	**2022E**	**2023E**	**2024E**	**Q4 2022E**	**2022E**	**2023E**	**2024E**	**Q4 2022E**	**2022E**	**2023E**	**2024E**
Sales	**456**	**1,702**	**1,723**	**1,755**	**446**	**1,685**	**1,707**	**1,739**	**2%**	**1%**	**1%**	**1%**
Adj. EBIT	**10.7**	**43.0**	**49.5**	**55.1**	**12.9**	**45.2**	**49.6**	**54.6**	**-17%**	**-5%**	**0%**	**1%**
Adj. EBIT margin	2.3%	2.5%	2.9%	3.1%	2.9%	2.7%	2.9%	3.1%	-0.6pp	-0.2pp	0.0pp	0.0pp
Adj. EPS, EUR	**0.27**	**1.34**	**1.30**	**1.43**	**0.30**	**1.23**	**1.26**	**1.42**	**-9%**	**9%**	**3%**	**1%**
DPS		0.63	0.65	0.70		0.60	0.65	0.70		5%	0%	0%
Divisional sales EURm	**Q4 2022E**	**2022E**	**2023E**	**2024E**	**Q4 2022E**	**2022E**	**2023E**	**2024E**	**Q4 2022E**	**2022E**	**2023E**	**2024E**
Finland	345	1,266	1,278	1,297	328	1,232	1,245	1,263	5%	3%	3%	3%
Sweden	93	363	371	382	98	377	385	396	-4%	-4%	-4%	-4%
Denmark & Estonia	28	112	114	116	28	112	115	117	-1%	-1%	-1%	-1%
Unallocated	0	0	0	0	0	0	0	0	nm.	nm.	nm.	nm.
Group eliminations	-10	-39	-39	-40	-9	-37	-37	-38	11%	6%	6%	6%
Group	**456**	**1,702**	**1,723**	**1,755**	**446**	**1,685**	**1,707**	**1,739**	**2%**	**1%**	**1%**	**1%**
Divisional adj. EBIT	**Q4 2022E**	**2022E**	**2023E**	**2024E**	**Q4 2022E**	**2022E**	**2023E**	**2024E**	**Q4 2022E**	**2022E**	**2023E**	**2024E**
Finland	10.2	39.3	42.6	46.6	12.2	42.5	43.9	47.2	-16%	-7%	-3%	-1%
Sweden	1.0	4.2	5.9	7.1	0.8	3.2	5.0	6.2	19%	29%	18%	15%
Denmark & Estonia	0.4	2.6	4.3	4.7	0.9	3.1	4.5	4.9	-48%	-14%	-4%	-4%
Unallocated	-1.0	-3.2	-3.2	-3.3	-1.0	-3.6	-3.6	-3.7	0%	-11%	-11%	-11%
Group	**10.7**	**43.0**	**49.5**	**55.1**	**12.9**	**45.2**	**49.6**	**54.6**	**-17%**	**-5%**	**0%**	**1%**
Divisional sales growth	**Q4 2022E**	**2022E**	**2023E**	**2024E**	**Q4 2022E**	**2022E**	**2023E**	**2024E**	**Q4 2022E**	**2022E**	**2023E**	**2024E**
Finland	18%	14%	1%	1%	12%	11%	1%	1%	5.5pp	3.0pp	0.0pp	0.0pp
Sweden	1%	3%	2%	3%	5%	7%	2%	3%	-4.6pp	-3.9pp	0.0pp	0.0pp
Denmark & Estonia	7%	7%	2%	2%	8%	7%	2%	2%	-0.9pp	-0.6pp	0.0pp	0.0pp
Unallocated	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 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	**13%**	**10%**	**1%**	**2%**	**10%**	**9%**	**1%**	**2%**	**2.6pp**	**1.1pp**	**0.0pp**	**0.0pp**
EBIT margin	**Q4 2022E**	**2022E**	**2023E**	**2024E**	**Q4 2022E**	**2022E**	**2023E**	**2024E**	**Q4 2022E**	**2022E**	**2023E**	**2024E**
Finland	3.0%	3.1%	3.3%	3.6%	3.7%	3.4%	3.5%	3.7%	-0.7pp	-0.3pp	-0.2pp	-0.1pp
Sweden	1.0%	1.1%	1.6%	1.9%	0.8%	0.9%	1.3%	1.6%	0.2pp	0.3pp	0.3pp	0.3pp
Denmark & Estonia	1.6%	2.4%	3.8%	4.0%	3.1%	2.8%	3.9%	4.2%	-1.5pp	-0.4pp	-0.1pp	-0.1pp
Unallocated	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.
Group	**2.3%**	**2.5%**	**2.9%**	**3.1%**	**2.9%**	**2.7%**	**2.9%**	**3.1%**	**-0.6pp**	**-0.2pp**	**0.0pp**	**0.0pp**

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 12.2-14.9 per share for Atria.

DCF valuation yields EUR 13.3-16.3 per share

The outcome of our DCF valuation is EUR 13.3-16.3 (12.8-15.7) per share. We use a WACC of 7.3-7.9%, assuming a terminal growth rate of 1.5% and an EBIT margin that will gradually rise to 2.9%.

WACC COMPONENTS

WACC components	
Risk-free interest rate	3.0%
Market risk premium	4.0%
Equity beta	1.5-1.7
Cost of equity	8.8-9.6%
Cost of debt	3.5%
Tax-rate used in WACC	20%
Equity weight	75%
WACC	**7.3-7.9%**

Source: Nordea estimates

DCF VALUE (EURm AND EUR)

DCF value	Value	Per share
NPV FCFF	511-595	18.1-21.1
(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	30	1.1
DCF Value	**377-460**	**13.3-16.3**

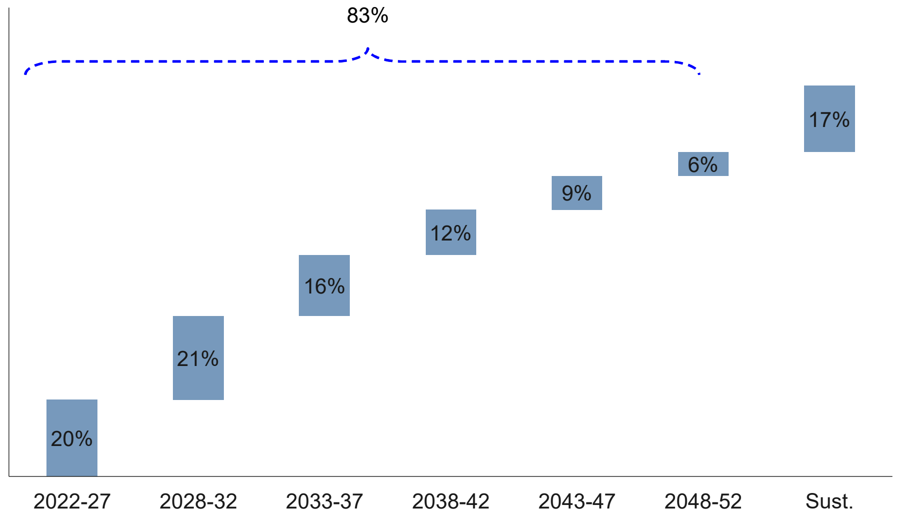
Source: Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	2022-27	2028-32	2033-37	2038-42	2043-47	2048-52	Sust.
Sales growth, CAGR	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%	
EBIT-margin, excluding associates	3.1%	2.9%	2.9%	2.9%	2.9%	2.6%	
Capex/depreciation, x	1.2	1.0	1.0	1.0	1.0	1.0	
Capex/sales	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	
NWC/sales	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	
FCFF, CAGR	-210.9%	1.8%	1.5%	1.5%	1.5%	-0.9%	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 the EBIT margin, our DCF model gives us a value range of EUR 10.8-18.2 per share.

SENSITIVITY OF OUR DCF MODEL (EUR)

Sensitivity analysis: WACC vs EBIT margin

		WACC				
		7.1%	7.4%	7.6%	7.9%	8.1%
EBIT marg. change	1.0pp	23.4	21.9	20.6	19.4	18.2
	0.5pp	20.1	18.8	17.7	16.6	15.6
	0.0pp	16.8	15.8	14.8	13.9	13.1
	-0.5pp	13.6	12.7	11.9	11.2	10.5
	-1.0pp	10.3	9.6	9.0	8.4	7.9

Sensitivity analysis: WACC vs Sales growth

		WACC				
		7.1%	7.4%	7.6%	7.9%	8.1%
Sales gr. change	1.0pp	19.2	18.0	16.8	15.8	14.8
	0.5pp	18.0	16.8	15.8	14.8	13.9
	0.0pp	16.8	15.8	14.8	13.9	13.1
	-0.5pp	15.8	14.8	13.9	13.1	12.3
	-1.0pp	14.8	13.9	13.1	12.3	11.6

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	18.2	19.3	20.6	21.9	23.4
	0.5pp	15.6	16.6	17.7	18.9	20.1
	0.0pp	13.1	13.9	14.8	15.8	16.8
	-0.5pp	10.5	11.2	11.9	12.7	13.5
	-1.0pp	8.0	8.5	9.0	9.6	10.2

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 11.0-13.5 by taking 2023E adjusted EBIT of EUR 49.5m, multiplying it by the accepted multiple range of 10.8-12.2x and deducting our 2022 net debt assumption of EUR 223m (including IFRS 16 lease liabilities). Similarly, we derive a P/E valuation range of EUR 12.2-15.0 by taking 2023E adjusted EPS of EUR 1.30 and multiplying it by an accepted multiple range of 9.5-11.6x.

PEER GROUP VALUATION MULTIPLES

		Price	Mcap	EV	EV/EBIT				P/E				Div yield %	
European peers	**Country**	**Local**	**EURm**	**EURm**	**2021**	**2022E**	**2023E**	**2024E**	**2021**	**2022E**	**2023E**	**2024E**	**2022E**	**2023E**
Apetit Oyj	Finland	10.2	64	59	21.1	19.7	11.8	6.6	26.0	23.6	16.4	14.3	3.4%	3.9%
Bell Food Group Ag	Switzerland	234.5	1,479	2,218	14.0	13.7	13.2	12.9	10.0	11.5	10.6	10.5	3.1%	3.3%
Cranswick Plc	UK	2,854.0	1,729	1,856	11.6	11.3	10.9	10.3	13.9	13.4	13.6	13.2	2.8%	2.9%
Hkscan Oyj	Finland	1.0	90	458	31.4	45.8	22.9	18.3			24.2	13.8	4.1%	4.1%
Raisio Oyj	Finland	1.9	310	276	11.5	14.9	12.6	11.1	13.9	25.7	16.7	14.8	5.2%	6.8%
Scandi Standard Ab (Publ)	Sweden	49.8	296	479	22.8	17.8	12.9	12.5	32.3	23.5	14.0	13.5	1.0%	3.4%
Societe Ldc Sa	France	91.8	1,604	1,429	6.9	6.5	6.0	5.5	10.0	9.1	8.1	8.0	2.1%	2.3%
Ter Beke Nv	Belgium	89.0	161	237	10.4		11.3	8.2	15.3		12.3		4.5%	5.1%
Average			717	877	16.2	18.5	12.7	10.7	17.3	17.8	14.5	12.6	3.3%	4.0%
Median			303	468	12.8	14.9	12.2	10.7	13.9	18.4	13.8	13.5	3.3%	3.6%
Atria (NDA)		**9.3**	**263**	**415**	**8.4**	**11.3**	**10.4**	**9.4**	**11.9**	**6.9**	**7.2**	**6.5**	**6.8%**	**7.0%**
International peers														
Brf Sa	Brazil	12.2	2,501	5,788	11.7	18.5	9.6	8.5	19.9		8.6	6.8	0.0%	0.0%
Gruppa Cherkizovo Pao	Russia	2,582.0	1,794	3,517	14.9				8.7					
Sanderson Farms Inc	US	204.0	4,460	3,673	5.6				8.9					
Tyson Foods Inc	US	67.0	24,193	31,295	7.7	7.1	7.9	7.6	8.5	7.9	8.6	8.1	2.7%	3.0%
Average			8,237	11,068	10.0	12.8	8.8	8.1	11.5	7.9	8.6	7.4	1.4%	1.5%
Median			3,480	4,730	9.7	12.8	8.8	8.1	8.8	7.9	8.6	7.4	1.4%	1.5%
Atria (NDA)		**9.3**	**263**	**415**	**8.4**	**11.3**	**10.4**	**9.4**	**11.9**	**6.9**	**7.2**	**6.5**	**6.8%**	**7.0%**

Source: Refinitiv and Nordea estimates (as of market close on 25 October)

PEER GROUP KEY FIGURES

	Sales growth				EBIT margin				ROE			
European peers	**2021**	**2022E**	**2023E**	**2024E**	**2021**	**2022E**	**2023E**	**2024E**	**2021**	**2022E**	**2023E**	**2024E**
Apetit Oyj	-3.1%	-36.3%	-2.8%	2.3%	1.0%	1.7%	2.8%	5.0%	2.5%	2.0%	4.0%	4.6%
Bell Food Group Ag	4.4%	14.8%	2.5%	1.7%	4.1%	3.6%	3.7%	3.7%	9.2%	7.8%	8.0%	7.5%
Cranswick Plc	10.9%	5.6%	4.1%	4.6%	6.9%	6.7%	6.7%	6.7%	14.2%	14.1%	12.7%	12.0%
Hkscan Oyj	1.9%	2.9%	1.3%		0.8%	0.5%	1.1%	1.3%	-1.4%	-1.4%	1.2%	2.3%
Raisio Oyj	5.5%	-7.7%	2.6%	4.1%	9.8%	8.1%	9.4%	10.3%	7.6%	4.8%	6.9%	7.8%
Scandi Standard Ab (Pul	2.5%	9.1%	2.8%	2.4%	2.1%	2.5%	3.4%	3.4%	5.4%	7.2%	10.6%	10.5%
Societe Ldc Sa	12.1%	14.5%	5.2%	2.1%	4.2%	3.9%	4.0%	4.2%	10.1%	9.5%	9.3%	9.3%
Ter Beke Nv	-2.9%	22.7%	20.1%		3.3%	0.0%	2.0%	2.7%	6.3%	-2.1%	10.6%	0.0%
Average	3.9%	3.2%	4.5%	2.9%	4.0%	3.4%	4.1%	4.7%	6.7%	5.2%	7.9%	6.7%
Median	3.5%	7.4%	2.7%	2.3%	3.7%	3.1%	3.5%	4.0%	6.9%	6.0%	8.7%	7.7%
Atria (NDA)	**2.4%**	**10.5%**	**1.3%**	**1.8%**	**3.2%**	**2.5%**	**2.9%**	**3.1%**	**-1.6%**	**8.8%**	**7.7%**	**8.2%**
International peers												
Brf Sa	36.1%	27.8%	5.5%	6.6%	6.3%	3.1%	5.6%	6.0%	5.9%	-9.6%	10.6%	13.6%
Gruppa Cherkizovo Pao	30.4%				12.6%				22.4%			
Sanderson Farms Inc	41.5%	-100.0%			15.1%				14.3%	0.0%	0.0%	0.0%
Tyson Foods Inc	15.6%	28.8%	1.1%		9.5%	8.1%	7.1%	7.4%	19.9%	15.9%	12.7%	13.0%
Average	30.9%	-14.5%	3.3%	6.6%	10.9%	5.6%	6.4%	6.7%	15.6%	2.1%	7.8%	8.9%
Median	33.2%	27.8%	3.3%	6.6%	11.1%	5.6%	6.4%	6.7%	17.1%	0.0%	10.6%	13.0%
Atria (NDA)	**2.4%**	**10.5%**	**1.3%**	**1.8%**	**3.2%**	**2.5%**	**2.9%**	**3.1%**	**-1.6%**	**8.8%**	**7.7%**	**8.2%**

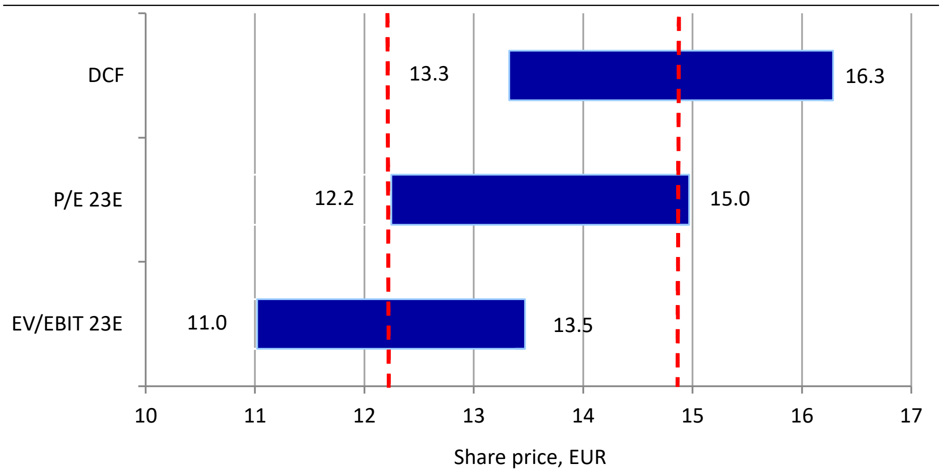
Source: Refinitiv and Nordea estimates (as of market close 25 October)

Valuation conclusion

From our DCF-based valuation and a relative multiples-based valuation, we derive a fair value range of EUR 12.2-14.9 (12.0-14.7) per Atria share, as shown by the red dotted lines in the chart below.

Fair value range of EUR 12.2-14.9

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	1,702	1,723	1,755
- sales growth	1.1%	-6.0%	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	10.5%	1.3%	1.8%
Gross profit	**177**	**163**	**164**	**173**	**153**	**163**	**166**	**177**	**165**	**177**	**189**
- margin	12.4%	12.2%	12.2%	12.1%	10.6%	11.2%	11.1%	11.5%	9.7%	10.3%	10.8%
EBITDA	**89**	**76**	**79**	**87**	**74**	**85**	**96**	**64**	**98**	**102**	**109**
- margin	6.2%	5.6%	5.8%	6.1%	5.1%	5.9%	6.4%	4.1%	5.7%	5.9%	6.2%
D&A	-48	-47	-47	-46	-45	-54	-57	-57	-52	-52	-54
EBIT reported	40.6	28.9	31.8	40.9	28.2	31.1	39.5	6.4	45.4	49.5	55.1
Adj. EBIT	**39.6**	**36.1**	**31.2**	**39.6**	**28.2**	**33.0**	**40.3**	**49.2**	**43.0**	**49.5**	**55.1**
- margin	2.8%	2.7%	2.3%	2.8%	2.0%	2.3%	2.7%	3.2%	2.5%	2.9%	3.1%
Net finance	-13	-9	-6	-7	-6	-6	-5	-5	-3	-6	-7
Associated companies	6	0	1	2	0	1	1	3	7	6	6
Adj. PTP	**33.0**	**27.3**	**25.7**	**34.1**	**22.3**	**28.2**	**36.1**	**47.6**	**46.6**	**49.2**	**54.3**
Taxes	-7.2	-5.5	-6.6	-7.1	-4.5	-9.2	-12.6	-10.2	-7.8	-9.8	-10.9
Profit before minorities	**26.8**	**14.6**	**19.6**	**28.4**	**17.8**	**17.0**	**23.5**	**-5.4**	**41.1**	**39.4**	**43.5**
Minorities	-0.6	-0.8	-1.4	-2.5	-1.4	-1.9	-1.8	-1.5	-0.8	-2.8	-3.0
Adj. Net Profit	**21.5**	**21.0**	**17.8**	**24.5**	**16.5**	**17.0**	**25.8**	**27.4**	**37.9**	**36.6**	**40.4**
EPS, excluding NRI (EUR)	**0.76**	**0.74**	**0.63**	**0.87**	**0.59**	**0.60**	**0.91**	**0.97**	**1.34**	**1.30**	**1.43**
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	1,266	1,278	1,297
Sweden				307	288	289	332	352	363	371	382
Denmark & Estonia				99	98	97	107	105	112	114	116
Unallocated	99	75	72	86	75	74	52	15	0	0	0
Group eliminations	-25	-27	-30	-42	-41	-42	-53	-37	-39	-39	-40
Group	**1,426**	**1,340**	**1,352**	**1,436**	**1,439**	**1,451**	**1,504**	**1,540**	**1,702**	**1,723**	**1,755**
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	39.3	42.6	46.6
Sweden				1.0	-7.1	-4.6	0.8	2.7	4.2	5.9	7.1
Denmark & Estonia				5.2	5.3	4.3	5.2	5.1	2.6	4.3	4.7
Unallocated	-2.2	-4.5	-0.9	-3.8	-2.7	-3.1	-8.8	-6.9	-3.2	-3.2	-3.3
Group	**39.6**	**36.1**	**31.4**	**39.5**	**28.2**	**33.1**	**39.5**	**49.2**	**43.0**	**49.5**	**55.1**
Divisional sales growth	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Finland	7%	-2%	0%	6%	3%	1%	3%	4%	14%	1%	1%
Sweden				n.a.	-6%	0%	15%	6%	3%	2%	3%
Denmark & Estonia				n.a.	-1%	-1%	11%	-2%	7%	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%**	**10%**	**1%**	**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%	3.1%	3.3%	3.6%
Sweden				0.3%	-2.5%	-1.6%	0.2%	0.8%	1.1%	1.6%	1.9%
Denmark & Estonia				5.3%	5.4%	4.5%	4.9%	4.9%	2.4%	3.8%	4.0%
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%**	**2.5%**	**2.9%**	**3.1%**

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**	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22E**
Sales	357	366	382	399	361	387	388	403	375	432	439	456
- sales growth	6.0%	-0.7%	4.5%	4.9%	1.3%	5.7%	1.4%	1.2%	3.7%	11.5%	13.1%	13.1%
Gross profit	**33.9**	**36.0**	**47.2**	**49.3**	**38.1**	**45.4**	**48.7**	**43.9**	**31.6**	**46.5**	**41.9**	**45.1**
- margin	9.5%	9.8%	12.3%	12.4%	10.5%	11.7%	12.6%	10.9%	8.4%	10.8%	9.5%	9.9%
EBITDA	**16.1**	**17.9**	**32.7**	**30.2**	**21.9**	**-18.7**	**33.5**	**26.6**	**15.8**	**28.9**	**29.4**	**23.5**
- margin	4.5%	4.9%	8.6%	7.6%	6.1%	-4.8%	8.6%	6.6%	4.2%	6.7%	6.7%	5.2%
D&A	-14	-14	-14	-15	-15	-14	-14	-14	-14	-13	-13	-13
EBIT reported	2.1	4.1	19.0	15.1	6.5	-32.6	19.7	12.6	2.3	15.9	16.5	10.7
Adj. EBIT	**2.1**	**4.1**	**19.0**	**15.1**	**6.5**	**12.5**	**19.7**	**10.3**	**2.3**	**13.8**	**16.2**	**10.7**
- margin	0.6%	1.1%	5.0%	3.8%	1.8%	3.2%	5.1%	2.6%	0.6%	3.2%	3.7%	2.3%
Net finance	-1.4	-0.8	-1.4	-0.8	-2.3	-0.4	-1.4	-0.9	-0.9	-0.7	-0.3	-1.5
Associated companies	0.3	0.2	0.3	0.3	0.8	1.1	1.0	0.6	1.4	2.1	2.2	1.3
Adj. PTP	1.0	3.6	17.9	14.6	5.0	13.2	19.3	10.0	2.9	15.2	18.1	10.4
Taxes	-0.4	-1.3	-3.0	-7.9	-0.9	-2.9	-4.2	-2.2	-0.2	-3.1	-2.4	-2.1
Profit before minorities	**0.6**	**2.3**	**14.9**	**5.7**	**4.1**	**-34.8**	**15.1**	**10.2**	**2.7**	**14.2**	**16.0**	**8.3**
Minorities	-0.4	-0.2	-0.5	-0.6	-0.4	-0.3	-0.4	-0.5	-0.2	-0.6	0.5	-0.5
Adj. Net Profit	**0.2**	**2.0**	**14.4**	**6.1**	**3.7**	**10.0**	**14.7**	**7.3**	**2.5**	**11.5**	**16.2**	**7.8**
EPS, excluding NRI (EUR)	**0.01**	**0.07**	**0.51**	**0.22**	**0.13**	**0.35**	**0.52**	**0.26**	**0.09**	**0.41**	**0.57**	**0.27**
Divisional sales EURm	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22E**
Finland	253	263	266	285	260	278	275	293	274	320	327	345
Sweden	78	78	91	85	77	88	94	93	82	95	93	93
Denmark & Estonia	27	27	27	27	25	27	27	26	26	28	29	28
Unallocated	14	10	14	14	10	5	0	0	0	0	0	0
Group eliminations	-14	-12	-15	-12	-10	-10	-8	-9	-8	-11	-10	-10
Group	**357**	**366**	**382**	**399**	**361**	**387**	**388**	**403**	**375**	**432**	**439**	**456**
Divisional operative EBIT	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22E**
Finland	6.2	7.3	15.2	14.4	9.8	11.3	16.4	10.6	3.0	13.4	12.7	10.2
Sweden	-1.8	-1.6	3.0	1.2	-1.2	0.3	3.0	0.6	-0.9	0.7	3.4	1.0
Denmark & Estonia	0.3	1.1	2.1	1.7	1.9	2.0	1.2	0.0	0.8	0.7	0.7	0.4
Unallocated	-2.6	-2.7	-1.3	-2.2	-4.0	-1.1	-0.9	-0.9	-0.6	-1.0	-0.6	-1.0
Group	**2.1**	**4.1**	**19.0**	**15.1**	**6.5**	**12.5**	**19.7**	**10.3**	**2.3**	**13.8**	**16.2**	**10.7**
Divisional sales growth	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22E**
Finland	5%	0%	3%	5%	3%	6%	3%	3%	5%	15%	19%	18%
Sweden	17%	5%	23%	14%	-2%	12%	4%	9%	7%	8%	-2%	1%
Denmark & Estonia	22%	14%	9%	0%	-8%	-1%	1%	-1%	6%	6%	7%	7%
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%**	**4%**	**12%**	**13%**	**13%**
EBIT margin	**Q1/20**	**Q2/20**	**Q3/20**	**Q4/20**	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22E**
Finland	2.5%	2.8%	5.7%	5.1%	3.8%	4.1%	6.0%	3.6%	1.1%	4.2%	3.9%	3.0%
Sweden	-2.3%	-2.0%	3.3%	1.4%	-1.6%	0.3%	3.2%	0.6%	-1.1%	0.7%	3.7%	1.0%
Denmark & Estonia	1.1%	4.1%	7.8%	6.4%	7.8%	7.5%	4.4%	0.0%	3.1%	2.5%	2.4%	1.6%
Group eliminations	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Group	**0.6%**	**1.1%**	**5.0%**	**3.8%**	**1.8%**	**3.2%**	**5.1%**	**2.6%**	**0.6%**	**3.2%**	**3.7%**	**2.3%**

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 event of elevated meat raw material prices. The annual harvest might have indirect impacts on meat raw material prices. In addition, the current geopolitical tensions could have a negative impact on the availability of e.g. fertilisers, which could increase grain prices and hence meat raw material prices even further.

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. 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. 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. In addition, given the sharp increase in interest rates, we note risks related to possible writedowns of accounts receivable if e.g. foodservice customers were to face liquidity issues

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**	**1,702**	**1,723**	**1,755**
Revenue growth	1.1%	-6.0%	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	10.5%	1.3%	1.8%
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	102	109
Depreciation and impairments PPE	-48	-47	-47	-46	-45	-54	-57	-57	-52	-52	-54
of which leased assets	0	0	0	0	0	-9	-9	-9	-8	-8	-8
EBITA	42	22	32	41	28	31	40	6	45	49	55
Amortisation and impairments	-1	7	0	0	0	0	0	0	0	0	0
EBIT	41	29	32	41	28	31	40	6	45	49	55
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	7	6	6
Net financials	-13	-9	-6	-7	-6	-6	-5	-5	-3	-6	-7
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**	**49**	**49**	**54**
Reported taxes	-7	-5	-7	-7	-5	-9	-13	-10	-8	-10	-11
Net profit from continued operations	27	15	20	28	18	17	24	-5	41	39	43
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	-1	-1	-1	-3	-1	-2	-2	-2	-1	-3	-3
Net profit to equity	26	14	18	26	17	15	22	-7	40	37	40
EPS, EUR	**0.93**	**0.49**	**0.65**	**0.92**	**0.59**	**0.53**	**0.77**	**-0.24**	**1.43**	**1.30**	**1.43**
DPS, EUR	0.40	0.40	0.46	0.50	0.40	0.42	0.50	0.63	0.63	0.65	0.70
of which ordinary	0.40	0.40	0.46	0.50	0.40	0.42	0.50	0.63	0.63	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%	5.7%	5.9%	6.2%
EBITA	2.9%	1.6%	2.3%	2.8%	2.0%	2.1%	2.6%	0.4%	2.7%	2.9%	3.1%
EBIT	2.8%	2.2%	2.3%	2.8%	2.0%	2.1%	2.6%	0.4%	2.7%	2.9%	3.1%
Adjusted earnings											
EBITDA (adj)	89	76	78	86	74	87	96	106	95	102	109
EBITA (adj)	41	29	31	40	28	33	40	49	43	49	55
EBIT (adj)	40	36	31	40	28	33	40	49	43	49	55
EPS (adj, EUR)	0.76	0.74	0.63	0.87	0.59	0.60	0.91	0.97	1.34	1.30	1.43
Adjusted profit margins in percent											
EBITDA (adj)	6.2%	5.6%	5.8%	6.0%	5.1%	6.0%	6.4%	6.9%	5.6%	5.9%	6.2%
EBITA (adj)	2.8%	2.2%	2.3%	2.8%	2.0%	2.3%	2.6%	3.2%	2.5%	2.9%	3.1%
EBIT (adj)	2.8%	2.7%	2.3%	2.8%	2.0%	2.3%	2.6%	3.2%	2.5%	2.9%	3.1%
Performance metrics											
CAGR last 5 years											
Net revenue	1.6%	0.6%	0.8%	1.3%	0.4%	0.4%	2.3%	2.6%	3.5%	3.7%	3.9%
EBITDA	1.2%	2.5%	7.2%	1.8%	-6.2%	-1.0%	7.1%	-4.2%	2.3%	6.7%	5.1%
EBIT	8.1%	24.3%	31.9%	6.2%	7.4%	-5.2%	6.4%	-27.4%	2.1%	11.9%	12.1%
EPS	30.2%	n.m.	n.m.	21.3%	n.m.	-10.6%	9.4%	n.m.	9.2%	17.2%	21.9%
DPS	9.9%	9.9%	18.1%	17.8%	12.7%	1.0%	4.6%	6.5%	4.7%	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%	2.4%
Average EBITDA margin	5.7%	5.8%	6.1%	6.1%	5.7%	5.6%	5.9%	5.5%	5.5%	5.6%	5.7%

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	7.0	7.2	6.5
EV/EBITDA (adj)	4.8	5.8	7.0	6.6	5.7	6.0	5.0	4.6	5.3	5.2	4.9
EV/EBITA (adj)	10.5	15.2	17.5	14.3	14.9	15.7	12.3	10.0	11.7	10.7	9.8
EV/EBIT (adj)	10.8	12.2	17.5	14.3	14.9	15.7	12.3	10.0	11.7	10.7	9.8

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.	6.5	7.2	6.5
EV/Sales	0.30	0.33	0.41	0.39	0.29	0.36	0.32	0.32	0.29	0.31	0.31
EV/EBITDA	4.7	6.4	7.0	6.5	5.7	6.1	5.0	7.7	5.1	5.2	4.9
EV/EBITA	10.3	20.3	17.3	13.8	14.9	16.8	12.3	76.6	11.0	10.7	9.8
EV/EBIT	10.5	15.2	17.3	13.8	14.9	16.8	12.3	76.6	11.0	10.7	9.8
Dividend yield (ord.)	6.0%	4.4%	4.0%	4.1%	6.1%	4.2%	5.1%	5.5%	6.8%	7.0%	7.5%
FCF yield	23.8%	26.8%	-0.8%	5.6%	1.0%	17.1%	20.8%	19.2%	-17.2%	-0.3%	8.2%
FCF Yield bef A&D, lease adj	31.3%	15.9%	6.9%	3.3%	1.5%	14.0%	18.9%	7.2%	-25.6%	-3.4%	5.0%
Payout ratio	52.3%	53.7%	72.8%	57.6%	68.3%	69.8%	54.8%	64.9%	47.0%	50.2%	48.9%

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	247	247	247
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	170	170	170
Tangible assets	391	395	405	409	401	423	421	408	458	509	533
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	24	30	37
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	675	738	795	825
Inventory	93	81	90	93	106	110	103	110	128	121	123
Accounts receivable	117	101	109	114	105	107	106	108	120	121	123
Short-term leased assets	0	0	0	0	0	9	9	8	8	8	8
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	16	19	24
Total current assets	220	190	208	214	219	235	248	287	275	274	283
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**	**1,014**	**1,068**	**1,108**
Shareholders equity	402	400	410	419	415	420	423	455	466	485	507
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	14	17	20
Total Equity	406	405	422	431	428	434	439	468	480	502	527
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	236	246
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	23	23	23
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	306	316
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	199	192	200	202	188	211	234	237	247	250	255
Current lease debt	0	0	0	0	0	9	10	10	8	8	8
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	258	261	266
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**	**1,014**	**1,068**	**1,108**
Balance sheet and debt metrics											
Net debt	249	194	212	210	222	223	190	152	223	250	255
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	5	-4	-4
Invested capital	681	659	703	703	708	705	670	659	743	791	821
Capital employed	660	604	640	645	656	663	657	678	720	771	807
ROE	6.5%	3.4%	4.5%	6.2%	4.0%	3.6%	5.2%	-1.6%	8.8%	7.7%	8.2%
ROIC	5.2%	4.4%	3.8%	4.8%	3.3%	3.8%	4.8%	6.4%	5.9%	6.0%	6.2%
ROCE	6.5%	5.8%	5.1%	6.4%	4.4%	5.1%	6.2%	7.9%	7.2%	7.5%	7.8%
Net debt/EBITDA	2.8	2.8	2.7	2.4	3.0	2.6	2.0	2.4	2.3	2.5	2.3
Interest coverage	3.2	3.1	5.0	5.6	4.5	5.6	8.8	1.3	13.4	7.8	7.9
Equity ratio	43.5%	46.8%	45.1%	46.0%	46.2%	45.2%	45.0%	47.3%	46.0%	45.4%	45.8%
Net gearing	61.5%	48.0%	50.3%	48.7%	51.9%	51.3%	43.4%	32.5%	46.5%	49.8%	48.4%

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**	**102**	**109**
Paid taxes	-8	-4	-6	-10	-1	-9	-9	-11	-8	-10	-11
Net financials	-7	-9	-4	-8	-6	-6	-5	-2	-3	-6	-7
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	-11	0	0
Funds from operations (FFO)	**136**	**115**	**58**	**59**	**60**	**59**	**87**	**77**	**75**	**86**	**91**
Change in NWC	-44	-24	7	6	-13	29	15	12	-20	9	0
Cash flow from operations (CFO)	**92**	**91**	**65**	**65**	**47**	**89**	**102**	**88**	**56**	**94**	**92**
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**	**-59**	**-1**	**22**
Proceeds from sale of assets	19	33	6	8	-1	0	0	30	21	0	0
Acquisitions	-33	-5	-30	0	0	0	-3	0	-7	0	0
Free cash flow	44	68	-2	19	2	48	58	63	-45	-1	22
Free cash flow bef A&D, lease adj	58	40	22	11	3	40	53	24	-67	-9	13
Dividends paid	-6	-11	-11	-13	-15	-12	-12	-15	-18	-18	-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	30	10
Other financing adjustments	18	0	0	0	0	0	-9	-10	-8	-8	-8
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	-41	3	5
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%	6.8%	5.5%	4.0%
Key information											
Share price year end (/current)	7	9	11	12	7	10	10	12	9	9	9
Market cap.	186	255	324	341	185	284	278	326	264	264	264
Enterprise value	426	441	548	563	420	521	485	490	501	530	538
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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Nordea Bank Abp

Nordea IB & Equity Division, Equity Research
Visiting address:
Aleksis Kiven katu 7, Helsinki
FI-00020 Nordea
Finland

Tel: +358 9 1651
Fax: +358 9 165 59710

Reg.no. 2858394-9
Satamaradankatu 5
Helsinki

Nordea Bank Abp, filial i Sverige

Nordea IB & Equity Division, Equity Research
Visiting address:
Smålandsgatan 17
SE-105 71 Stockholm
Sweden

Tel: +46 8 614 7000
Fax: +46 8 534 911 60

Nordea Danmark, Filial af Nordea Bank Abp, Finland

Nordea IB & Equity Division, EquityResearch
Visiting address:
Grønjordsvej 10
DK-2300 Copenhagen S
Denmark

Tel: +45 3333 3333
Fax: +45 3333 1520

Nordea Bank Abp, filial i Norge

Nordea IB & Equity Division, Equity Research
Visiting address:
Essendropsgate 7
N-0107 Oslo
Norway

Tel: +47 2248 5000
Fax: +47 2256 8650