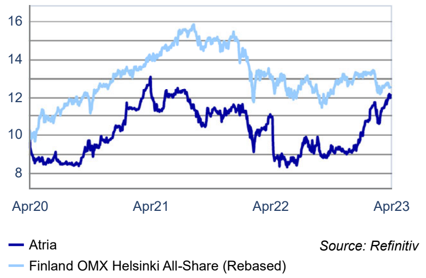
Atria

Consumer Goods
Finland

KEY DATA

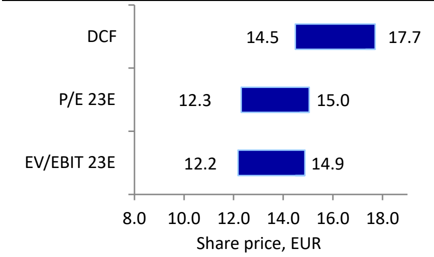
Stock country	Finland
Bloomberg	ATRAV FH
Reuters	ATRAV.HE
Share price (close)	EUR 12.20
Free Float	42%
Market cap. (bn)	EUR 0.35/EUR 0.35
Website	www.atria.fi
Next report date	20 Jul 2023

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	2%	2%	2%
EBIT (adj)	6%	1%	3%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Joni Sandvall
Analyst

Strength on home soil improving

Atria reported strong headline figures for Q1, clearly beating Refinitiv consensus expectations despite additional costs in Sweden and Denmark. Strength came from Finland, where the company continues to gain market shares ahead of the more important H2. Broad-based cost inflation has continued, while the company has been able to protect its margins with stable volumes and price increases. Atria is keeping its guidance for declining adjusted EBIT intact, while we now model 5% growth for 2023. In addition to the poultry unit ramp-up, we view Atria's ability to maintain price levels as one of the key factors in 2023. We derive a DCF- and multiples-based fair value range of EUR 13.0-15.9 (12.4-15.1) per share.

Q1 top line and EBIT above expectations

Atria's Q1 net sales of EUR 428m came in 7% above Refinitiv consensus, while EBIT of EUR 10.9m was clearly above the EUR 3.2m consensus. All segments beat our top-line estimates, but the EBIT beat was solely driven by Finland. The company has been successful in Finland and Estonia, while Sweden and Denmark continue to burden profitability. The transfer of production in Sweden incurred EUR 1.3m in additional costs in Q1, and the company still expects some related costs in Q2. However, we believe Atria will benefit from the transfer from Q4 onwards. A change in consumer behaviour towards campaign products and private labels has been more pronounced in Sweden and Denmark, with more muted reactions in Finland and Estonia. The guidance remains unchanged, whereas we model 5% adjusted EBIT growth for 2023. In addition to the ramp-up of investments and related pressure on profitability, we believe it is crucial for Atria to maintain current price levels despite likely increasing pressure from grocery chains, which have been struggling with volume developments.

2023 guidance appears conservative

After the strong Q1, we raise 2023E-25E top line by 2% and adjusted EBIT by 6% for 2023E and 1-3% for 2024E-25E. The guidance for a decline in adjusted EBIT in 2023 seems conservative to us, despite the ramp-up of the EUR 160m poultry unit and transfer of production in Sweden. We note the new CEO starts at the beginning of June and would not be surprised if Atria lifts its guidance alongside the Q2 report in July. At that point, price negotiations with grocery chains will likely have been completed and Atria should have better visibility into the important H2. Additional costs related to the new poultry unit could be partly mitigated by the completion of Swedish production transfer by Q4, we believe.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	1,451	1,504	1,540	1,697	1,739	1,771	1,813
EBITDA (adj)	87	96	106	153	104	112	130
EBIT (adj)	33	40	49	49	52	56	61
EBIT (adj) margin	2.3%	2.6%	3.2%	2.9%	3.0%	3.1%	3.4%
EPS (adj, EUR)	0.60	0.91	0.97	1.54	1.14	1.26	1.45
EPS (adj) growth	2.6%	51.8%	6.4%	58.7%	-26.0%	10.9%	14.5%
DPS (ord, EUR)	0.42	0.50	0.63	0.70	0.70	0.75	0.80
EV/Sales	0.4	0.3	0.3	0.3	0.4	0.4	0.3
EV/EBIT (adj)	15.7	12.3	10.0	10.4	12.1	11.3	9.8
P/E (adj)	16.7	10.8	11.9	6.0	10.7	9.7	8.4
P/BV	0.7	0.7	0.7	0.6	0.7	0.7	0.7
Dividend yield (ord)	4.2%	5.1%	5.5%	7.6%	5.7%	6.1%	6.6%
FCF Yield bef A&D, lease	14.0%	18.9%	7.2%	-33.8%	-2.5%	5.8%	14.0%
Net debt	223	190	152	234	263	262	235
Net debt/EBITDA	2.6	2.0	2.4	2.2	2.5	2.3	1.8
ROIC after tax	3.8%	4.8%	6.5%	6.3%	5.9%	6.0%	6.6%

Source: Company data and Nordea estimates

Q1 deviation and estimate revisions

Strong Q1 driven by Finland

Q1 profitability remained strong...

Atria reported Q1 EBIT of EUR 10.9m, 244% (EUR 7.7m) above Refinitiv consensus and 142% above our estimate. Q1 net sales of EUR 428m were up 14% y/y and were 7% above consensus and 6% above our estimate. The Q1 EBIT beat was fully driven by Finland, while other segments came in below our estimates. Q1 EBIT included EUR 1.3m in additional costs related to the transfer of production in Sweden.

Atria's market position has advanced in Finland and Estonia. Producer prices have remained above last year's level.

Q1 operating cash flow was EUR -13m (EUR -35m a year ago), supported by lower working capital.

Despite the strong Q1, Atria is keeping its outlook intact and expects adjusted EBIT to decline in 2023 (2022: EUR 49m); pre-Q1 Refinitiv consensus was for EUR 47m, i.e. a 4% decline y/y. We note that Atria issued similar guidance for 2022 and ended up EUR 0.2m below the 2021 level in 2022. During 2023, the company will commission a major expansion at its Sköllersta plant in Sweden, and the phased startup and testing of the new poultry plant in Nurmo will begin. These measures will result in additional costs in 2023. Mathematically, the Q1 beat translates into 13-16% upward pressure on consensus EBIT estimates, but we believe revisions will be more muted due to the unchanged guidance (Q1 EBIT EUR 8.6m above Q1 2022).

We believe that the unchanged guidance creates some uncertainty about the development during the rest of the year. Q1 EBIT was EUR 8.6m above last year and hence indicates that the company expects either a weaker development during the rest of the year, or is leaving room for unexpected costs related to the ramp-up of its poultry investment. In addition, we note that the company is changing CEO from the beginning of June. We view the current guidance as conservative and would not be surprised to see raised guidance after the new CEO takes the helm.

...driven by Finland

- **Atria Finland** reported net sales of EUR 324m for Q1, up 18% y/y and 6% above our expectation. EBIT came in at EUR 14.9m, 147% above our estimate of EUR 6.0m. Net sales increased in all channels except exports. Meat producer prices paid by Atria were significantly higher y/y. Raw materials, supplies, commodities and external services were all significantly higher y/y. Atria's supplier share in retail was 25.7%, up 1.4 pp y/y (25.1% in Q4). Poultry investments are progressing according to plan and the first process equipment installations began during Q1. We note that the total investment has increased to EUR 160m (EUR 155m previously).
- **Atria Sweden** reported net sales of EUR 82m, up 16% in local currency and excluding the Russia divestment (flat on a reported basis) and 3% above our estimate. EBIT of EUR -3.3m came in below our estimate of EUR -0.9m and was burdened by very high raw material costs. EU pork prices started to increase towards the end of the period, which combined with a weakening SEK had a negative impact on profitability. In addition, the transfer of production meant EUR 1.3m in additional costs. There will be some further costs in Q2, but we believe the company will benefit from the transfer from Q4 onwards.
- **Atria Denmark & Estonia's** net sales were EUR 28m, up 8% y/y and 3% above our expectation. Sales increased roughly 20% y/y in Estonia, driven by price increases, while Danish sales were burdened by lower volumes despite price increases. Adjusted EBIT was EUR -0.5m, below our estimate of EUR 0.3m. Atria Denmark has started an efficiency programme including centralisation of production to two plants and lower personnel expenses. Q1 EBIT included EUR 0.3m in additional costs related to the efficiency programme.

DEVIATION TABLE

EURm	Actual Q1 2023	NDA est. Q1 2023E	Deviation vs. actual		Consensus Q1 2023E	Deviation vs. actual		Actual Q4 2022	q/q	Actual Q1 2022	y/y
Sales	**428**	**403**	**25**	**6%**	**398**	**30**	**7%**	**451**	**-5%**	**375**	**14%**
Adj. EBIT	**10.9**	**4.5**	**6.4**	**142%**	**3.2**	**7.7**	**244%**	**16.7**	**-35%**	**2.3**	**374%**
Adj. EBIT margin	2.5%	1.1%	1.4pp	1.4pp	0.8%	1.8pp		3.7%	-1.2pp	0.6%	1.9pp
EPS, EUR	**0.23**	**0.08**	**0.15**	**196%**	**0.05**	**0.18**	**360%**	**(1.34)**	-117%	**0.09**	164%
Divisional sales, EURm											
Finland	323.5	304.5	19	6%				344	-6%	274	18%
Sweden	81.8	79.2	3	3%				86	-5%	82	0%
Denmark & Estonia	28.2	27.3	1	3%				29	-4%	26	8%
Unallocated	0.0	0.0	0	n.m.				0	n.m.	0	n.m.
Group eliminations	-5.5	-8.2	3	-33%				-9	-38%	-8	-28%
Group	**428.0**	**402.8**	**25.2**	**6%**				**451**	**-5%**	**375**	**14%**
Divisional adj. EBIT, EURm											
Finland	14.9	6.0	8.9	147%				20.3	-27%	3	397%
Sweden	-3.3	-0.9	-2.4	280%				-0.9	267%	-0.9	267%
Denmark & Estonia	-0.5	0.3	-0.8	-249%				-0.9	-44%	0.8	n.m.
Group eliminations	-0.2	-1.0	0.8	-80%				-1.8	-89%	-0.6	-67%
Group	**10.9**	**4.5**	**6.4**	**142%**				**16.7**	**-35%**	**2.3**	**374%**

Source: Company data, Refinitiv and Nordea estimates

Estimate revisions

Following the Q1 report, we raise 2023E-25E sales by 2%. We hike 2023E adjusted EBIT by 6%, while we nudge up 2024E by 1% and 2025E by 3%. We note uncertainties related to costs for ramping up the Swedish expansion investment and even more related to the Finnish poultry investment, which should hamper profitability in H2 2023. In addition, we raise our expectations for financial expenses, leading us to cut 2023E-25E EPS by 1-4%.

ESTIMATE REVISIONS AFTER THE Q1 REPORT (DPS IN EUR)

	New estimates				Old estimates				Difference %			
EURm	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**
Sales	**442**	**1,739**	**1,771**	**1,813**	**436**	**1,702**	**1,734**	**1,775**	**1%**	**2%**	**2%**	**2%**
Adj. EBIT	**14.5**	**51.6**	**55.5**	**61.4**	**12.4**	**48.5**	**55.1**	**59.7**	**17%**	**6%**	**1%**	**3%**
Adj. EBIT margin	3.3%	3.0%	3.1%	3.4%	2.8%	2.8%	3.2%	3.4%	0.4pp	0.1pp	0.0pp	0.0pp
Adj. EPS, EUR	**0.32**	**1.14**	**1.26**	**1.45**	**0.30**	**1.15**	**1.32**	**1.45**	**7%**	**-1%**	**-4%**	**-1%**
DPS		0.70	0.75	0.80		0.70	0.75	0.80		0%	0%	0%
Divisional sales EURm	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**
Finland	333	1,313	1,332	1,366	327	1,280	1,299	1,332	2%	3%	3%	3%
Sweden	90	343	354	361	91	344	355	362	-1%	0%	0%	0%
Denmark & Estonia	30	118	121	123	29	116	118	120	3%	2%	2%	2%
Unallocated	0	0	0	0	0	0	0	0	nm.	nm.	nm.	nm.
Group eliminations	-11	-35	-36	-37	-11	-38	-39	-39	1%	-6%	-6%	-6%
Group	**442**	**1,739**	**1,771**	**1,813**	**436**	**1,702**	**1,734**	**1,775**	**1%**	**2%**	**2%**	**2%**
Divisional adj. EBIT	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**
Finland	14.7	52.0	49.2	54.3	12.1	45.2	48.6	52.3	22%	15%	1%	4%
Sweden	0.3	0.9	5.4	6.2	0.7	3.8	6.3	7.0	-57%	-75%	-14%	-12%
Denmark & Estonia	0.5	2.1	4.4	4.5	0.6	3.7	4.5	4.7	-27%	-44%	-3%	-3%
Unallocated	-1.0	-3.4	-3.5	-3.5	-1.0	-4.2	-4.3	-4.4	0%	-19%	-19%	-19%
Group	**14.5**	**51.6**	**55.5**	**61.4**	**12.4**	**48.5**	**55.1**	**59.7**	**17%**	**6%**	**1%**	**3%**
Divisional sales growth	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**
Finland	4%	4%	1%	2%	2%	1%	1%	2%	1.8pp	2.6pp	0.0pp	0.0pp
Sweden	-5%	-4%	3%	2%	-4%	-3%	3%	2%	-0.8pp	-0.3pp	0.0pp	0.0pp
Denmark & Estonia	5%	5%	2%	2%	2%	3%	2%	2%	3.0pp	2.3pp	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	**2%**	**2%**	**2%**	**2%**	**1%**	**0%**	**2%**	**2%**	**1.3pp**	**2.2pp**	**0.0pp**	**0.0pp**
EBIT margin	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**	**Q2 2023E**	**2023E**	**2024E**	**2025E**
Finland	4.4%	4.0%	3.7%	4.0%	3.7%	3.5%	3.7%	3.9%	0.7pp	0.4pp	0.0pp	0.0pp
Sweden	0.3%	0.3%	1.5%	1.7%	0.7%	1.1%	1.8%	1.9%	-0.4pp	-0.8pp	-0.2pp	-0.2pp
Denmark & Estonia	1.5%	1.7%	3.6%	3.7%	2.2%	3.2%	3.8%	3.9%	-0.6pp	-1.4pp	-0.2pp	-0.2pp
Unallocated	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.
Group	**3.3%**	**3.0%**	**3.1%**	**3.4%**	**2.8%**	**2.8%**	**3.2%**	**3.4%**	**0.4pp**	**0.1pp**	**0.0pp**	**0.0pp**

Source: Nordea estimates

Valuation

We derive a fair value range based on a 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 (12.4-15.1) per share for Atria.

DCF valuation yields EUR 14.5-17.7 per share

The outcome of our DCF valuation is EUR 14.5-17.7 (14.6-17.9) per share. We use a WACC of 7.3-7.9%, assuming a terminal growth rate of 1.5% and an EBIT margin of 3%.

WACC COMPONENTS

WACC components	
Risk-free interest rate	3.0%
Market risk premium	4.0%
Equity beta	1.3-1.6
Cost of equity	8.3-9.5%
Cost of debt	4.0%
Tax-rate used in WACC	20%
Equity weight	75%
WACC	**7.0-7.9%**

Source: Nordea estimates

DCF VALUE (EURm AND EUR)

DCF value	Value	Per share
NPV FCFF	646-737	22.8-26.1
(Net debt)	-234	-8.3
Market value of associates	0	0.0
(Market value of minorities)	-15	-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	12	0.4
DCF Value	**409-500**	**14.5-17.7**

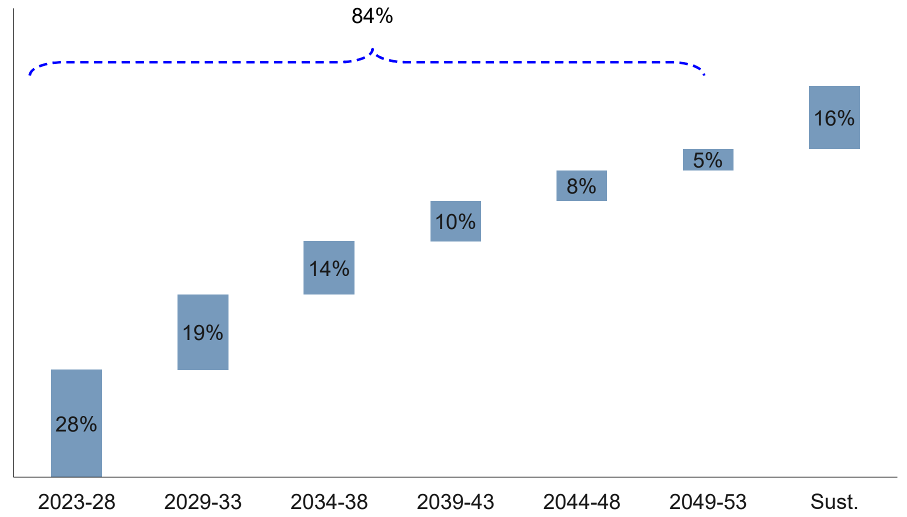
Source: Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	2023-28	2029-33	2034-38	2039-43	2044-48	2049-53	Sust.
Sales growth, CAGR	2.3%	1.5%	1.5%	1.5%	1.5%	1.5%	
EBIT-margin, excluding associate:	3.3%	3.0%	3.0%	3.0%	3.0%	2.7%	
Capex/depreciation, x	1.2	1.0	1.0	1.0	1.0	1.0	
Capex/sales	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	
NWC/sales	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	
FCFF, CAGR	147.5%	-0.2%	1.5%	1.5%	1.5%	-0.8%	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 12.3-20.3 per share.

- A +/-0.5 pp sales growth change translates to a change of +7%/-6% in the fair value

- A +/-0.5 pp EBIT margin change translates into a change of +/-19% in the fair value

SENSITIVITY OF OUR DCF MODEL (EUR)

Sensitivity analysis: WACC vs EBIT margin

		WACC				
		6.9%	**7.1%**	**7.4%**	**7.6%**	**7.9%**
EBIT marg. change	**1.0pp**	25.1	23.5	22.1	20.8	19.5
	0.5pp	21.7	20.3	19.1	17.9	16.9
	0.0pp	18.3	17.2	16.1	15.1	14.2
	-0.5pp	14.9	14.0	13.1	12.3	11.5
	-1.0pp	11.5	10.8	10.1	9.5	8.9

Sensitivity analysis: WACC vs Sales growth

		WACC				
		6.9%	**7.1%**	**7.4%**	**7.6%**	**7.9%**
Sales gr. change	**1.0pp**	20.9	19.6	18.3	17.2	16.1
	0.5pp	19.6	18.3	17.2	16.1	15.1
	0.0pp	18.3	17.2	16.1	15.1	14.2
	-0.5pp	17.2	16.1	15.1	14.2	13.4
	-1.0pp	16.1	15.1	14.2	13.4	12.6

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**	19.5	20.7	22.1	23.5	25.1
	0.5pp	16.8	17.9	19.1	20.3	21.7
	0.0pp	14.2	15.1	16.1	17.2	18.3
	-0.5pp	11.6	12.3	13.1	14.0	14.9
	-1.0pp	8.9	9.5	10.1	10.8	11.5

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 12.3-15.0 by taking 2023E adjusted EBIT of EUR 51.6m, multiplying it by the accepted multiple range of 11.3-12.7x and deducting our 2023 net debt assumption of EUR 263m (including IFRS 16 lease liabilities). Similarly, we derive a P/E valuation range of EUR 12.3-15.0 by taking 2023E adjusted EPS of EUR 1.14 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**	**2022**	**2023E**	**2024E**	**2025E**	**2022**	**2023E**	**2024E**	**2025E**	**2023E**	**2024E**
Apetit Oyj	Finland	11.8	74	61	16.6	12.3	10.2	10.2	22.7	15.3	15.5	15.5	4.7%	5.1%
Bell Food Group Ag	Switzerland	283.0	1,805	2,557	15.5	15.1	14.8	14.6	11.8	12.5	12.4	12.4	2.5%	2.5%
Cranswick Plc	UK	3,152.0	1,914	2,070	12.8	12.3	11.6	10.5	15.0	15.2	14.5	13.2	2.6%	2.7%
Hkscan Oyj	Finland	0.8	73	445		26.1	17.8				26.0		0.0%	0.0%
Raisio Oyj	Finland	2.3	366	320	19.2	13.4	11.4	10.3	36.7	20.1	16.5	14.4	6.1%	6.1%
Scandi Standard Ab (Publ)	Sweden	53.0	308	488	18.2	12.2	11.9	10.0	25.0	13.3	12.8	10.4	3.3%	4.6%
Societe Ldc Sa	France	114.5	2,019	2,019	7.7	7.3	7.1	6.5	9.8	9.3	8.7		2.1%	2.1%
Ter Beke Nv	Belgium	93.0	169	238	31.2		14.9	10.4	39.8	23.5	9.2	6.7	4.3%	4.6%
Average			841	1,025	17.3	14.1	12.5	10.4	23.0	15.6	14.5	12.1	3.2%	3.5%
Median			337	466	16.6	12.3	11.8	10.3	22.7	15.2	13.6	12.8	2.9%	3.6%
Atria (NDA)		**12.0**	**339**	**573**	**11.7**	**11.7**	**10.8**	**9.4**	**6.0**	**10.5**	**9.5**	**8.3**	**5.8%**	**6.3%**

Source: Refinitiv and Nordea estimates (as of market close on 24 April)

PEER GROUP KEY FIGURES

	Sales growth				EBIT margin				ROE			
European peers	**2022**	**2023E**	**2024E**	**2025E**	**2022**	**2023E**	**2024E**	**2025E**	**2022**	**2023E**	**2024E**	**2025E**
Apetit Oyj	-36.0%	4.5%	2.1%	2.6%	2.0%	2.6%	3.1%	3.0%	3.3%	5.0%	4.9%	4.8%
Bell Food Group Ag	13.2%	1.8%	2.3%	1.8%	3.7%	3.8%	3.8%	3.7%	8.9%	8.9%	8.4%	7.6%
Cranswick Plc	7.7%	5.0%	3.7%	7.6%	6.5%	6.4%	6.5%	6.7%	13.5%	12.5%	11.8%	0.0%
Hkscan Oyj	8.9%	-5.0%	1.5%		0.0%	0.9%	1.3%		-3.1%	-0.9%	0.9%	0.0%
Raisio Oyj	-9.7%	5.1%	5.6%	5.7%	7.5%	10.3%	11.3%	11.9%	4.6%	7.0%	8.6%	9.7%
Scandi Standard Ab (Pul	14.3%	3.7%	2.8%	5.0%	2.4%	3.4%	3.4%	3.9%	6.2%	10.3%	10.3%	0.0%
Societe Ldc Sa	15.2%	6.1%	3.2%	3.9%	4.6%	4.6%	4.6%	4.8%	11.2%	11.0%	10.8%	0.0%
Ter Beke Nv	12.1%	23.6%	16.8%		1.0%	0.7%	1.4%	2.0%	3.5%	3.9%	8.8%	10.5%
Average	3.2%	5.6%	4.7%	4.4%	3.5%	4.1%	4.4%	5.1%	6.0%	7.2%	8.0%	4.1%
Median	10.5%	4.7%	3.0%	4.4%	3.1%	3.6%	3.6%	3.9%	5.4%	7.9%	8.7%	2.4%
Atria (NDA)	**10.2%**	**2.5%**	**1.8%**	**2.4%**	**2.9%**	**3.0%**	**3.1%**	**3.4%**	**-1.2%**	**7.1%**	**7.6%**	**8.4%**

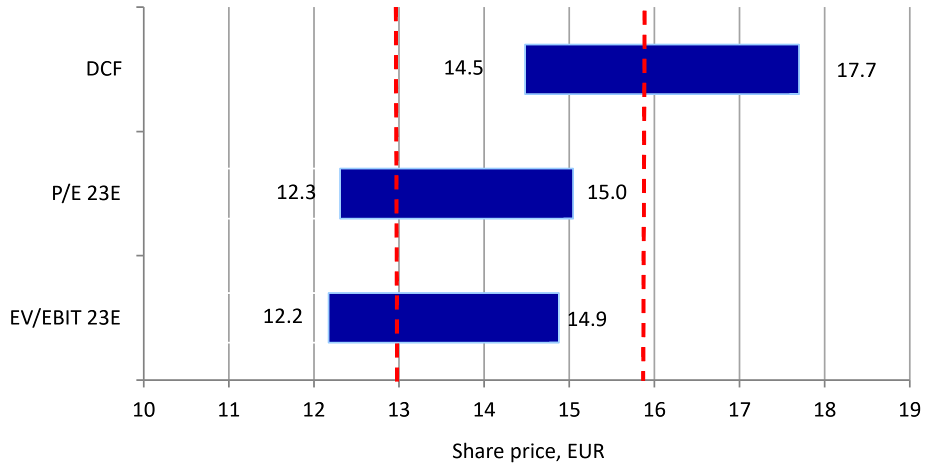
Source: Refinitiv and Nordea estimates (as of market close 24 April)

Fair value range of EUR 13.0-15.9

Valuation conclusion

From our DCF-based valuation and a relative multiples-based valuation, we derive a fair value range of EUR 13.0-15.9 (12.4-15.1) 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)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
Sales	1,340	1,352	1,436	1,439	1,451	1,504	1,540	1,697	1,739	1,771	1,813
- sales growth	-6.0%	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	10.2%	2.5%	1.8%	2.4%
Gross profit	**163**	**164**	**173**	**153**	**163**	**166**	**177**	**169**	**177**	**189**	**196**
- margin	12.2%	12.2%	12.1%	10.6%	11.2%	11.1%	11.5%	9.9%	10.2%	10.7%	10.8%
EBITDA	**76**	**79**	**87**	**74**	**85**	**96**	**64**	**104**	**104**	**112**	**130**
- margin	5.6%	5.8%	6.1%	5.1%	5.9%	6.4%	4.1%	6.1%	6.0%	6.3%	7.2%
D&A	-47	-47	-46	-45	-54	-57	-57	-104	-53	-56	-69
EBIT reported	28.9	31.8	40.9	28.2	31.1	39.5	6.4	0.2	51.6	55.5	61.4
Adj. EBIT	**36.1**	**31.2**	**39.6**	**28.2**	**33.0**	**40.3**	**49.2**	**49.0**	**51.6**	**55.5**	**61.4**
- margin	2.7%	2.3%	2.8%	2.0%	2.3%	2.7%	3.2%	2.9%	3.0%	3.1%	3.4%
Net finance	-9	-6	-7	-6	-6	-5	-5	-3	-12	-11	-10
Associated companies	0	1	2	0	1	1	3	5	3	3	4
Adj. PTP	**27.3**	**25.7**	**34.1**	**22.3**	**28.2**	**36.1**	**47.6**	**50.6**	**43.3**	**48.0**	**55.0**
Taxes	-5.5	-6.6	-7.1	-4.5	-9.2	-12.6	-10.2	-5.5	-8.7	-9.6	-11.0
Profit before minorities	**14.6**	**19.6**	**28.4**	**17.8**	**17.0**	**23.5**	**-5.4**	**-3.7**	**34.6**	**38.4**	**44.0**
Minorities	-0.8	-1.4	-2.5	-1.4	-1.9	-1.8	-1.5	-1.5	-2.4	-2.7	-3.1
Adj. Net Profit	**21.0**	**17.8**	**24.5**	**16.5**	**17.0**	**25.8**	**27.4**	**43.6**	**32.2**	**35.7**	**40.9**
EPS, excluding NRI (EUR)	**0.74**	**0.63**	**0.87**	**0.59**	**0.60**	**0.91**	**0.97**	**1.54**	**1.14**	**1.26**	**1.45**
Divisional sales EURm	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
Finland	929	932	986	1,019	1,034	1,066	1,106	1,265	1,313	1,332	1,366
Sweden			307	288	289	332	352	356	343	354	361
Denmark & Estonia			99	98	97	107	105	113	118	121	123
Unallocated	75	72	86	75	74	52	15	0	0	0	0
Group eliminations	-27	-30	-42	-41	-42	-53	-37	-38	-35	-36	-37
Group	**1,340**	**1,352**	**1,436**	**1,439**	**1,451**	**1,504**	**1,540**	**1,697**	**1,739**	**1,771**	**1,813**
Divisional operative EBIT	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
Finland	29.8	24.2	36.3	36.7	40.0	43.1	48.1	49.4	52.0	49.2	54.3
Sweden			1.0	-7.1	-4.6	0.8	2.7	2.3	0.9	5.4	6.2
Denmark & Estonia			5.2	5.3	4.3	5.2	5.1	1.3	2.1	4.4	4.5
Unallocated	-4.5	-0.9	-3.8	-2.7	-3.1	-8.8	-6.9	-4.0	-3.4	-3.5	-3.5
Group	**36.1**	**31.4**	**39.5**	**28.2**	**33.1**	**39.5**	**49.2**	**49.0**	**51.6**	**55.5**	**61.4**
Divisional sales growth	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
Finland	-2%	0%	6%	3%	1%	3%	4%	14%	4%	1%	2%
Sweden			n.a.	-6%	0%	15%	6%	1%	-4%	3%	2%
Denmark & Estonia			n.a.	-1%	-1%	11%	-2%	8%	5%	2%	2%
Unallocated	-24%	-4%	19%	-12%	-2%	-30%	-72%	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.
Group	**-6%**	**1%**	**6%**	**0%**	**1%**	**4%**	**2%**	**10%**	**2%**	**2%**	**2%**
EBIT margin	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
Finland	3.2%	2.6%	3.7%	3.6%	3.9%	4.0%	4.4%	3.9%	4.0%	3.7%	4.0%
Sweden			0.3%	-2.5%	-1.6%	0.2%	0.8%	0.6%	0.3%	1.5%	1.7%
Denmark & Estonia			5.3%	5.4%	4.5%	4.9%	4.9%	1.2%	1.7%	3.6%	3.7%
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	**2.7%**	**2.3%**	**2.8%**	**2.0%**	**2.3%**	**2.6%**	**3.2%**	**2.9%**	**3.0%**	**3.1%**	**3.4%**

Source: Company data and Nordea estimates

QUARTERLY ESTIMATES (EURm)

Income statement (EURm)	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23E	Q3/23E	Q4/23E
Sales	361	387	388	403	375	432	439	451	428	442	429	440
- sales growth	1.3%	5.7%	1.4%	1.2%	3.7%	11.5%	13.1%	11.8%	14.2%	2.3%	-2.2%	-2.6%
Gross profit	**38.1**	**45.4**	**48.7**	**43.9**	**31.6**	**46.5**	**41.9**	**48.7**	**42.0**	**45.1**	**44.2**	**46.1**
- margin	10.5%	11.7%	12.6%	10.9%	8.4%	10.8%	9.5%	10.8%	9.8%	10.2%	10.3%	10.5%
EBITDA	**21.9**	**-18.7**	**33.5**	**26.6**	**15.8**	**28.9**	**29.4**	**30.0**	**23.8**	**27.4**	**26.0**	**27.2**
- margin	6.1%	-4.8%	8.6%	6.6%	4.2%	6.7%	6.7%	6.6%	5.6%	6.2%	6.1%	6.2%
D&A	-15	-14	-14	-14	-14	-13	-13	-65	-13	-13	-13	-14
EBIT reported	6.5	-32.6	19.7	12.6	2.3	15.9	16.5	-34.5	10.9	14.5	13.1	13.1
Adj. EBIT	**6.5**	**12.5**	**19.7**	**10.3**	**2.3**	**13.8**	**16.2**	**16.7**	**10.9**	**14.5**	**13.1**	**13.1**
- margin	1.8%	3.2%	5.1%	2.6%	0.6%	3.2%	3.7%	3.7%	2.5%	3.3%	3.1%	3.0%
Net finance	-2.3	-0.4	-1.4	-0.9	-0.9	-0.7	-0.3	-1.5	-3.2	-3.2	-2.9	-2.4
Associated companies	0.8	1.1	1.0	0.6	1.4	2.1	2.2	-0.8	1.1	0.8	0.8	0.8
Adj. PTP	5.0	13.2	19.3	10.0	2.9	15.2	18.1	14.4	8.9	12.0	11.0	11.4
Taxes	-0.9	-2.9	-4.2	-2.2	-0.2	-3.1	-2.4	0.2	-2.0	-2.4	-2.2	-2.1
Profit before minorities	**4.1**	**-34.8**	**15.1**	**10.2**	**2.7**	**14.2**	**16.0**	**-36.6**	**6.9**	**9.6**	**8.8**	**9.3**
Minorities	-0.4	-0.3	-0.4	-0.5	-0.2	-0.6	0.5	-1.2	-0.5	-0.6	-0.6	-0.7
Adj. Net Profit	**3.7**	**10.0**	**14.7**	**7.3**	**2.5**	**11.5**	**16.2**	**13.4**	**6.4**	**9.0**	**8.2**	**8.6**
EPS, excluding NRI (EUR)	**0.13**	**0.35**	**0.52**	**0.26**	**0.09**	**0.41**	**0.57**	**0.47**	**0.23**	**0.32**	**0.29**	**0.30**
Divisional sales EURm	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23E**	**Q3/23E**	**Q4/23E**
Finland	260	278	275	293	274	320	327	344	324	333	321	335
Sweden	77	88	94	93	82	95	93	86	82	90	88	83
Denmark & Estonia	25	27	27	26	26	28	29	29	28	30	30	30
Unallocated	10	5	0	0	0	0	0	0	0	0	0	0
Group eliminations	-10	-10	-8	-9	-8	-11	-10	-9	-6	-11	-10	-9
Group	**361**	**387**	**388**	**403**	**375**	**432**	**439**	**451**	**428**	**442**	**429**	**440**
Divisional operative EBIT	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23E**	**Q3/23E**	**Q4/23E**
Finland	9.8	11.3	16.4	10.6	3.0	13.4	12.7	20.3	14.9	14.7	10.2	12.2
Sweden	-1.2	0.3	3.0	0.6	-0.9	0.7	3.4	-0.9	-3.3	0.3	2.9	1.1
Denmark & Estonia	1.9	2.0	1.2	0.0	0.8	0.7	0.7	-0.9	-0.5	0.5	1.1	1.0
Unallocated	-4.0	-1.1	-0.9	-0.9	-0.6	-1.0	-0.6	-1.8	-0.2	-1.0	-1.0	-1.2
Group	**6.5**	**12.5**	**19.7**	**10.3**	**2.3**	**13.8**	**16.2**	**16.7**	**10.9**	**14.5**	**13.1**	**13.1**
Divisional sales growth	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23E**	**Q3/23E**	**Q4/23E**
Finland	3%	6%	3%	3%	5%	15%	19%	17%	18%	4%	-2%	-3%
Sweden	-2%	12%	4%	9%	7%	8%	-2%	-7%	0%	-5%	-5%	-3%
Denmark & Estonia	-8%	-1%	1%	-1%	6%	6%	7%	11%	8%	5%	4%	3%
Unallocated	-27%	-55%	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	**1%**	**6%**	**1%**	**1%**	**4%**	**12%**	**13%**	**12%**	**14%**	**2%**	**-2%**	**-3%**
EBIT margin	**Q1/21**	**Q2/21**	**Q3/21**	**Q4/21**	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23E**	**Q3/23E**	**Q4/23E**
Finland	3.8%	4.1%	6.0%	3.6%	1.1%	4.2%	3.9%	5.9%	4.6%	4.4%	3.2%	3.6%
Sweden	-1.6%	0.3%	3.2%	0.6%	-1.1%	0.7%	3.7%	-1.0%	-4.0%	0.3%	3.3%	1.3%
Denmark & Estonia	7.8%	7.5%	4.4%	0.0%	3.1%	2.5%	2.4%	-3.1%	-1.8%	1.5%	3.7%	3.3%
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	**1.8%**	**3.2%**	**5.1%**	**2.6%**	**0.6%**	**3.2%**	**3.7%**	**3.7%**	**2.5%**	**3.3%**	**3.1%**	**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 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.

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	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
Total revenue	**1,340**	**1,352**	**1,436**	**1,439**	**1,451**	**1,504**	**1,540**	**1,697**	**1,739**	**1,771**	**1,813**
Revenue growth	-6.0%	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	10.2%	2.5%	1.8%	2.4%
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	68	79	87	74	85	96	64	104	104	112	130
Depreciation and impairments PPE	-47	-47	-46	-45	-54	-57	-57	-104	-53	-56	-69
of which leased assets	0	0	0	0	-9	-9	-9	-16	-8	-9	-9
EBITA	22	32	41	28	31	40	6	0	52	56	61
Amortisation and impairments	7	0	0	0	0	0	0	0	0	0	0
EBIT	29	32	41	28	31	40	6	0	52	56	61
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	1	2	0	1	1	3	5	3	3	4
Net financials	-9	-6	-7	-6	-6	-5	-5	-3	-12	-11	-10
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	**20**	**26**	**36**	**22**	**26**	**36**	**5**	**2**	**43**	**48**	**55**
Reported taxes	-5	-7	-7	-5	-9	-13	-10	-6	-9	-10	-11
Net profit from continued operations	15	20	28	18	17	24	-5	-4	35	38	44
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	-1	-1	-3	-1	-2	-2	-2	-2	-2	-3	-3
Net profit to equity	14	18	26	17	15	22	-7	-5	32	36	41
EPS, EUR	**0.49**	**0.65**	**0.92**	**0.59**	**0.53**	**0.77**	**-0.24**	**-0.19**	**1.14**	**1.26**	**1.45**
DPS, EUR	0.40	0.46	0.50	0.40	0.42	0.50	0.63	0.70	0.70	0.75	0.80
of which ordinary	0.40	0.46	0.50	0.40	0.42	0.50	0.63	0.70	0.70	0.75	0.80
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	5.1%	5.8%	6.1%	5.1%	5.9%	6.4%	4.1%	6.1%	6.0%	6.3%	7.2%
EBITA	1.6%	2.3%	2.8%	2.0%	2.1%	2.6%	0.4%	0.0%	3.0%	3.1%	3.4%
EBIT	2.2%	2.3%	2.8%	2.0%	2.1%	2.6%	0.4%	0.0%	3.0%	3.1%	3.4%
Adjusted earnings											
EBITDA (adj)	76	78	86	74	87	96	106	153	104	112	130
EBITA (adj)	29	31	40	28	33	40	49	49	52	56	61
EBIT (adj)	36	31	40	28	33	40	49	49	52	56	61
EPS (adj, EUR)	0.74	0.63	0.87	0.59	0.60	0.91	0.97	1.54	1.14	1.26	1.45
Adjusted profit margins in percent											
EBITDA (adj)	5.6%	5.8%	6.0%	5.1%	6.0%	6.4%	6.9%	9.0%	6.0%	6.3%	7.2%
EBITA (adj)	2.2%	2.3%	2.8%	2.0%	2.3%	2.6%	3.2%	2.9%	3.0%	3.1%	3.4%
EBIT (adj)	2.7%	2.3%	2.8%	2.0%	2.3%	2.6%	3.2%	2.9%	3.0%	3.1%	3.4%
Performance metrics											
CAGR last 5 years											
Net revenue	0.6%	0.8%	1.3%	0.4%	0.4%	2.3%	2.6%	3.4%	3.9%	4.1%	3.8%
EBITDA	2.5%	7.2%	1.8%	-6.2%	-1.0%	7.1%	-4.2%	3.7%	7.3%	5.6%	6.3%
EBIT	24.3%	31.9%	6.2%	7.4%	-5.2%	6.4%	-27.4%	-65.5%	12.8%	12.3%	9.2%
EPS	n.m.	n.m.	21.3%	n.m.	-10.6%	9.4%	n.m.	n.m.	14.2%	18.9%	13.5%
DPS	9.9%	18.1%	17.8%	12.7%	1.0%	4.6%	6.5%	7.0%	11.8%	12.3%	9.9%
Average last 5 years											
Average EBIT margin	1.9%	2.2%	2.3%	2.4%	2.3%	2.4%	2.0%	1.4%	1.6%	1.9%	2.0%
Average EBITDA margin	5.8%	6.1%	6.1%	5.7%	5.6%	5.9%	5.5%	5.5%	5.7%	5.8%	6.0%

VALUATION RATIOS - ADJUSTED EARNINGS											
EURm	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
P/E (adj)	12.2	18.2	13.9	11.2	16.7	10.8	11.9	6.0	10.7	9.7	8.4
EV/EBITDA (adj)	5.8	7.0	6.6	5.7	6.0	5.0	4.6	3.3	6.0	5.6	4.6
EV/EBITA (adj)	15.2	17.5	14.3	14.9	15.7	12.3	10.0	10.4	12.1	11.3	9.8
EV/EBIT (adj)	12.2	17.5	14.3	14.9	15.7	12.3	10.0	10.4	12.1	11.3	9.8

VALUATION RATIOS - REPORTED EARNINGS											
EURm	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
P/E	18.5	17.8	13.2	11.2	18.9	12.8	n.m.	n.m.	10.7	9.7	8.4
EV/Sales	0.33	0.41	0.39	0.29	0.36	0.32	0.32	0.30	0.36	0.35	0.33
EV/EBITDA	6.4	7.0	6.5	5.7	6.1	5.0	7.7	4.9	6.0	5.6	4.6
EV/EBITA	20.3	17.3	13.8	14.9	16.8	12.3	76.6	2,554.2	12.1	11.3	9.8
EV/EBIT	15.2	17.3	13.8	14.9	16.8	12.3	76.6	2,554.2	12.1	11.3	9.8
Dividend yield (ord.)	4.4%	4.0%	4.1%	6.1%	4.2%	5.1%	5.5%	7.6%	5.7%	6.1%	6.6%
FCF yield	26.8%	-0.8%	5.6%	1.0%	17.1%	20.8%	19.2%	-18.6%	-0.2%	8.3%	16.5%
FCF Yield bef A&D, lease adj	15.9%	6.9%	3.3%	1.5%	14.0%	18.9%	7.2%	-33.8%	-2.5%	5.8%	14.0%
Payout ratio	53.7%	72.8%	57.6%	68.3%	69.8%	54.8%	64.9%	45.4%	61.4%	59.4%	55.3%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	237	263	256	249	246	249	240	179	179	179	179
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	79	94	89	87	85	84	78	54	54	54	54
of which goodwill	158	170	167	163	161	165	163	125	125	125	125
Tangible assets	395	405	409	401	423	421	400	489	545	569	570
of which leased assets	0	0	0	0	30	25	14	22	21	21	21
Shares associates	13	14	15	15	15	15	17	20	23	27	30
Interest bearing assets	1	1	1	1	1	1	1	1	1	1	1
Deferred tax assets	7	7	6	5	4	2	2	1	1	1	1
Other non-IB non-current assets	11	11	9	10	5	5	6	18	18	18	18
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	665	701	696	681	694	692	667	708	768	795	800
Inventory	81	90	93	106	110	103	110	153	139	133	127
Accounts receivable	101	109	114	105	107	106	108	135	139	141	145
Short-term leased assets	0	0	0	0	9	9	16	8	9	9	9
Other current assets	4	5	4	3	4	4	4	4	4	4	5
Cash and bank	4	5	3	4	4	27	57	31	32	42	39
Total current assets	190	208	214	219	235	248	295	332	323	330	324
Assets held for sale	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**855**	**909**	**910**	**900**	**929**	**940**	**961**	**1,040**	**1,091**	**1,125**	**1,124**
Shareholders equity	400	410	419	415	420	423	455	449	462	478	497
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	5	12	12	13	14	16	13	15	17	20	23
Total Equity	405	422	431	428	434	439	468	464	479	498	521
Deferred tax	45	49	47	43	41	39	37	36	36	36	36
Long term interest bearing debt	156	178	122	153	141	139	176	232	262	272	242
Pension provisions	7	7	6	6	7	7	7	5	5	5	5
Other long-term provisions	0	0	0	0	1	0	0	1	1	1	1
Other long-term liabilities	6	11	8	7	7	2	3	7	7	7	7
Non-current lease debt	0	0	0	0	25	25	21	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	214	245	184	209	221	212	245	302	333	343	313
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	192	200	202	188	211	234	237	261	268	272	279
Current lease debt	0	0	0	0	9	10	10	10	9	9	9
Other current liabilities	0	3	1	0	0	0	0	0	0	0	0
Short term interest bearing debt	44	40	92	75	54	45	3	3	3	3	3
Total current liabilities	236	242	295	262	274	289	249	274	279	284	290
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**855**	**909**	**910**	**900**	**929**	**940**	**961**	**1,040**	**1,091**	**1,125**	**1,124**
Balance sheet and debt metrics											
Net debt	194	212	210	222	223	190	152	234	263	262	235
of which lease debt	0	0	0	0	34	34	31	31	31	31	31
Working capital	-6	1	7	27	10	-21	-15	31	15	6	-3
Invested capital	659	703	703	708	705	670	651	740	783	801	797
Capital employed	604	640	645	656	663	657	678	730	775	804	796
ROE	3.4%	4.5%	6.2%	4.0%	3.6%	5.2%	-1.6%	-1.2%	7.1%	7.6%	8.4%
ROIC	4.4%	3.8%	4.8%	3.3%	3.8%	4.8%	6.5%	6.3%	5.9%	6.0%	6.6%
ROCE	5.8%	5.1%	6.4%	4.4%	5.1%	6.2%	7.9%	7.7%	7.3%	7.5%	8.1%
Net debt/EBITDA	2.8	2.7	2.4	3.0	2.6	2.0	2.4	2.2	2.5	2.3	1.8
Interest coverage	3.1	5.0	5.6	4.5	5.6	8.8	1.3	0.1	4.4	5.0	6.1
Equity ratio	46.8%	45.1%	46.0%	46.2%	45.2%	45.0%	47.3%	43.2%	42.3%	42.5%	44.3%
Net gearing	48.0%	50.3%	48.7%	51.9%	51.3%	43.4%	32.5%	50.3%	54.8%	52.7%	45.2%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
EURm	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
EBITDA (adj) for associates	**68**	**79**	**87**	**74**	**85**	**96**	**64**	**104**	**104**	**112**	**130**
Paid taxes	-4	-6	-10	-1	-9	-9	-15	-7	-9	-10	-11
Net financials	-9	-4	-8	-6	-6	-5	-2	-3	-12	-11	-10
Change in provisions	-1	0	-1	0	1	0	-1	-1	0	0	0
Change in other LT non-IB	-1	5	1	0	5	-2	-1	-7	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	61	-16	-10	-6	-6	-10	50	15	0	0	0
Funds from operations (FFO)	**115**	**58**	**59**	**60**	**71**	**71**	**94**	**100**	**84**	**91**	**109**
Change in NWC	-24	7	6	-13	17	31	-6	-46	17	9	9
Cash flow from operations (CFO)	**91**	**65**	**65**	**47**	**89**	**102**	**88**	**54**	**101**	**100**	**118**
Capital expenditure	-50	-43	-53	-45	-40	-41	-56	-126	-101	-71	-61
Free cash flow before A&D	**40**	**22**	**11**	**3**	**48**	**61**	**32**	**-73**	**-1**	**29**	**57**
Proceeds from sale of assets	33	6	8	-1	0	0	30	28	0	0	0
Acquisitions	-5	-30	0	0	0	-3	0	-4	0	0	0
Free cash flow	68	-2	19	2	48	58	63	-49	-1	29	57
Free cash flow bef A&D, lease adj	40	22	11	3	40	53	24	-89	-9	20	48
Dividends paid	-11	-11	-13	-15	-12	-12	-15	-19	-20	-20	-21
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	-55	15	-3	13	-40	-13	-5	48	30	10	-30
Other financing adjustments	0	0	0	0	0	-9	-10	-9	-8	-9	-9
Other non-cash adjustments	-2	-1	-4	1	4	-2	-3	2	0	0	0
Change in cash	1	0	-1	1	0	22	31	-26	1	10	-3
Cash flow metrics											
Capex/D&A	n.m.	90.9%	n.m.	98.0%	73.8%	72.0%	97.7%	n.m.	n.m.	n.m.	n.m.
Capex/Sales	3.7%	3.2%	3.7%	3.1%	2.8%	2.7%	3.6%	7.4%	5.8%	4.0%	3.4%
Key information											
Share price year end (/current)	9	11	12	7	10	10	12	9	12	12	12
Market cap.	255	324	341	185	284	278	326	262	345	345	345
Enterprise value	441	548	563	420	521	485	490	511	625	627	604
Diluted no. of shares, year-end (m)	28.2	28.2	28.2	28.2	28.3	28.3	28.3	28.3	28.3	28.3	28.3

Source: Company data and Nordea estimates

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