

12 September 2023

Commissioned research: Atria – Adjusted EBIT is expected to improve in 2023

Marketing material commissioned by Atria

On 11 September, Atria issued a positive profit warning. The company now expects adjusted EBIT to improve in 2023, compared to earlier guidance of declining adjusted EBIT in 2023. To our understanding, Atria does not have any percentage point thresholds for its guidance. In 2022, Atria's adjusted EBIT was EUR 49m, while Refinitiv consensus was expecting EUR 50m adjusted EBIT prior to the positive profit warning. Atria's raised guidance is mainly due to better-than-anticipated commissioning of the new EUR 160m poultry factory in Finland which is expected to be fully operational by the end of 2024. In addition, Atria Finland's sales structure is better than in 2022. Given the timing of the positive profit warning, we believe the company has been successful in its pricing towards retail channel, while foodservice channel appears to be holding well despite lower disposable income among consumers. We note that meat producer prices have stabilized in Finland, and given lower grain prices, lower meat raw material prices are plausible going forward. In Europe (impacting Sweden meat raw material costs), have started to decline, although from elevated level. We note that tight competitive environment in Denmark, and negative FX impact in Sweden are likely to continue in H2. We expect consensus to make slightly positive adjusted EBIT revisions for 2023E-25E, while positive profit warning clearly lowers risk related to Atria's ability to maintain achieved price levels towards retail channel. We continue to believe that the company is able to maintain its volumes relatively stable. We have a fair value range of EUR 12.3-15.0 per Atria share.

ATRIA: OUR ESTIMATES VS. CONSENSUS

EURm	Nordea estimates					Consensus estimates				Difference %			
	2022	Q3 2023E	2023E	2024E	2025E	Q3 2023E	2023E	2024E	2025E	Q3 2023E	2023E	2024E	2025E
Sales	1,697	448	1,791	1,806	1,849	454	1811	1844	1862	-1%	-1%	-2%	-1%
Adj. EBIT	49.0	12.3	47.0	53.7	60.3	12.1	50.0	55.3	61.3	2%	-6%	-3%	-2%
Adj. EBIT margin	2.9%	2.8%	2.6%	3.0%	3.3%	2.7%	2.8%	3.0%	3.3%	0.1pp	-0.1pp	0.0pp	0.0pp
Adj. EPS	1.54	0.23	0.88	1.10	1.29	0.29	1.14	1.30	1.50	-20%	-23%	-16%	-14%
DPS	0.70		0.70	0.75	0.80		0.71	0.74	0.76		-1%	2%	5%

Source: Company data, Refinitiv and Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	1,504	1,540	1,697	1,791	1,806	1,849
EBITDA (adj)	96	106	153	101	111	131
EBIT (adj)	40	49	49	47	54	60
EBIT (adj) margin	2.6%	3.2%	2.9%	2.6%	3.0%	3.3%
EPS (adj, EUR)	0.91	0.97	1.54	0.88	1.10	1.29
EPS (adj) growth	51.8%	6.4%	58.7%	-42.9%	25.0%	17.2%
DPS (ord, EUR)	0.50	0.63	0.70	0.70	0.75	0.80
EV/Sales	0.3	0.3	0.3	0.3	0.3	0.3
EV/EBIT (adj)	12.3	10.0	10.4	12.0	10.6	9.1
P/E (adj)	10.8	11.9	6.0	11.2	8.9	7.6
P/BV	0.7	0.7	0.6	0.6	0.6	0.6
Dividend yield (ord)	5.1%	5.5%	7.6%	7.1%	7.6%	8.2%
FCF Yield bef A&D, lease adj	18.9%	7.2%	-33.8%	-4.8%	6.9%	17.3%
Net debt	190	152	234	267	268	241
Net debt/EBITDA	2.0	2.4	2.2	2.6	2.4	1.8
ROIC after tax	4.8%	6.5%	6.3%	5.3%	5.8%	6.4%

Source: Company data and Nordea estimates

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