Nordea

Commissioned Equity Research

Flash comment

24 November 2023

Commissioned research: Atria – Takeaways from capital markets day

Marketing material commissioned by Atria

Atria hosted its CMD event yesterday. The event did not offer any large surprises as strategy and financial targets were maintained intact. We make following remarks. **1) Current investment phase** is nearing its end, which should turn net debt level to decline during 2024E. More than 90% of debt is long-term with larger bank loans due on 2027-28 with average interest rate of 4.5%. In the next investment phase, we believe the company need to further update its Nurmo facility where oldest parts are closing end of their lifespan. We believe the focus on the next investment phase will be in convenience food which continues to grow in all markets. **2) Poultry investment in Nurmo** has reached its last phase as the company has started commissioning of the slaughterhouse. We have anticipated full operational readiness during H1 2024, which we believe is achievable by the company. **3) In Atria Sweden**, volume losses have mainly been due to change in offering and transfer of production lines to Sköllersta. Following the transfer and investment into Sköllersta (EUR 3.5-4m annual cost savings), and EUR 2.5m cost savings programme, we believe the company will focus its efforts on growing volumes in Sweden. **4) In Denmark,** Atria has been struggling with tight competitive environment, while the company appeared confident on turnaround with improved efficiency supply chain and aimed to increase its export volumes in both existing markets (mainly UK) and new markets**. 5) In Estonia,** the company has been able to outgrow the market recently, while consolidation of the market could result in tighter competitive environment, we believe**. 6) Sustainability** was clearly seen as a competitive advantage for the company and we note new regulations which could offer some advantage for Atria during coming years as its products have low carbon footprint relative to the competition. **As a conclusion**, we do not expect any material consensus revision following the event. The company appears to be slightly ahead of its announced timetable with the new poultry facility, which could offer some upside to 2024 estimates, depending of the final ramp-up of the facility. However, we note uncertainty related to price levels for 2024E. Negotiations with retail channel are likely fierce given groceries' soft volume development in 2023. We believe the company has additional investment needs during coming years in order to support its growth, while we expect next larger investment phase to begin in 2026-27.

ATRIA: OUR ESTIMATES VS. CONSENSUS

		Nordea estimates				Consensus estimates				Difference %			
EURm	**2022**	**Q4 2023E**	**2023E**	**2024E**	**2025E**	**Q4 2023E**	**2023E**	**2024E**	**2025E**	**Q4 2023E**	**2023E**	**2024E**	**2025E**
Sales	**1,697**	**441**	**1,755**	**1,764**	**1,819**	**448**	**1763**	**1802**	**1842**	**-2%**	**0%**	**-2%**	**-1%**
Adj. EBIT	**49.0**	**16.4**	**56.6**	**59.5**	**64.2**	**16.4**	**56.7**	**58.3**	**63.0**	**0%**	**0%**	**2%**	**2%**
Adj. EBIT margin	2.9%	3.7%	3.2%	3.4%	3.5%	3.7%	3.2%	3.2%	3.4%	0.1pp	0.0pp	0.1pp	0.1pp
Adj. EPS	**1.54**	**0.31**	**1.14**	**1.23**	**1.37**	**0.36**	**1.17**	**1.25**	**1.41**	**-15%**	**-3%**	**-2%**	**-3%**
DPS	**0.70**		**0.70**	**0.75**	**0.82**		**0.71**	**0.74**	**0.78**		**-1%**	**2%**	**6%**

Source: Company data, LSEG and Nordea estimates

SUMMARY TABLE - KEY FIGURES						
EURm	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
Total revenue	1,504	1,540	1,697	1,755	1,764	1,819
EBITDA (adj)	96	106	153	114	127	131
EBIT (adj)	40	49	49	57	60	64
EBIT (adj) margin	2.6%	3.2%	2.9%	3.2%	3.4%	3.5%
EPS (adj, EUR)	0.91	0.97	1.54	1.14	1.23	1.37
EPS (adj) growth	51.8%	6.4%	58.7%	-26.3%	8.0%	11.5%
DPS (ord, EUR)	0.50	0.63	0.70	0.70	0.75	0.82
EV/Sales	0.3	0.3	0.3	0.3	0.3	0.3
EV/EBIT (adj)	12.3	10.0	10.4	10.1	9.5	8.5
P/E (adj)	10.8	11.9	6.0	9.2	8.5	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%	6.7%	7.2%	7.9%
FCF Yield bef A&D, lease adj	18.9%	7.2%	-33.8%	-1.0%	10.7%	15.5%
Net debt	190	152	234	257	245	220
Net debt/EBITDA	2.0	2.4	2.2	2.3	1.9	1.7
ROIC after tax	4.8%	6.5%	6.3%	6.4%	6.4%	6.8%

Source: Company data and Nordea estimates

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Nordea analyst: Joni Sandvall

Joni Sandvall
Analyst, Consumer Goods and Retail, Food and Beverages, Investment companies

Nordea | Investment Banking & Equities | Equity Research FI
Visit me: Aleksis Kiven katu 7, 00500 HELSINKI
Write to me: Fleminginkatu 27, 00020 Nordea
Tel: +358 9 5300 5484 | Mob: +358 445460855
E-mail: joni.sandvall@nordea.com
Web: nordeamarkets.com

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