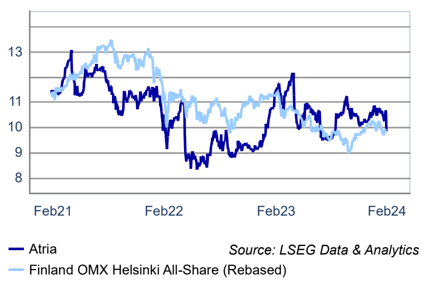
Atria

Consumer Goods
Finland

KEY DATA

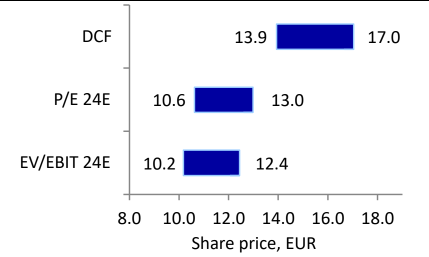
Stock country	Finland
Bloomberg	ATRAV FH
Reuters	ATRAV.HE
Share price (close)	EUR 9.89
Free float	42%
Market cap. (bn)	EUR 0.28/EUR 0.28
Website	www.atria.fi
Next report date	23 Apr 2024

PERFORMANCE



Source: LSEG Data & Analytics

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	0%	1%	1%
EBIT (adj)	-17%	-6%	-2%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Joni Sandvall
Analyst

Soft guidance is likely based on a weak H1

Atria's Q4 adjusted EBIT of EUR 9.4m fell clearly short of LSEG Data & Analytics consensus expectations. Atria Finland sales declined in all channels, while the ramp-up of the new poultry unit burdened profitability. The new facility in Nurmo is now fully operational and the company is optimising production. Atria expects adjusted EBIT to decline in 2024, which we view as cautious and likely based on expectations of a weak H1 performance. We expect the company to return to an improving EBIT trend in H2 2024 and we model flat y/y adjusted EBIT for 2024. Atria is expanding its offering through M&A in Sweden and we do not rule out further acquisitions. We derive a lower DCF- and multiples-based fair value range of EUR 11.6-14.2 (13.1-16.0) per Atria share.

Q4 adjusted EBIT was a clear miss

Atria's Q4 adjusted EBIT of EUR 9.4m fell 43% short of LSEG Data & Analytics consensus of EUR 16.5m. Sales declined 3% y/y, driven by Finland and Sweden. Finland missed our adjusted EBIT estimate clearly, due to lower sales in all channels and ramp-up costs for the new poultry facility. Commissioning of the facility has been completed, but we believe margins will remain under pressure in H1 due to ongoing optimisation and the fact that the Sahalahti facility is still operating, although we expect it to be closed during H1. On 22 February, Atria announced a small acquisition in Sweden, expanding its offering within the ready-to-eat category. Following the recent M&A activity in the market, the competitive environment might tighten in Atria's main markets, we believe.

2024 guidance is cautious – H1 likely to be weak

Atria expects its adjusted EBIT to decline in 2024, from EUR 49.6m in 2023. We view the guidance as somewhat cautious and believe it is based on a weak H1. We cut adjusted EBIT by 17% for 2024E and 2-6% for 2025E-26E. We forecast y/y flat adjusted EBIT for 2024 and see room for a guidance upgrade, albeit not before Q3 2024. Following lower-than-anticipated DPS for 2023 and our EPS revisions, we cut 2024E-26E DPS by 11-13%.

Fair value range of EUR 11.6-14.2 – investment phase is over

Using our DCF- and multiples-based valuation methods, we derive a lower fair value range of EUR 11.6-14.2 (13.1-16.0) per share. We believe Atria is well positioned for a clear profitability uplift in 2025 following the optimisation of its new poultry unit. In addition, following the intense investment period, cash flows are likely to strengthen clearly.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	1,504	1,540	1,697	1,753	1,769	1,829	1,872
EBITDA (adj)	96	106	102	109	117	127	134
EBIT (adj)	40	49	49	50	50	60	66
EBIT (adj) margin	2.6%	3.2%	2.9%	2.8%	2.8%	3.3%	3.5%
EPS (adj, EUR)	0.91	0.97	1.54	1.04	0.94	1.25	1.44
EPS (adj) growth	51.8%	6.4%	58.7%	-32.5%	-9.2%	32.8%	15.2%
DPS (ord, EUR)	0.50	0.63	0.70	0.60	0.65	0.72	0.77
EV/Sales	0.3	0.3	0.3	0.3	0.3	0.3	0.3
EV/EBIT (adj)	12.3	10.0	10.4	12.0	11.7	9.2	8.0
P/E (adj)	10.8	11.9	6.0	10.1	10.5	7.9	6.8
P/BV	0.7	0.7	0.6	0.8	0.7	0.7	0.6
Dividend yield (ord)	5.1%	5.5%	7.6%	5.7%	6.6%	7.3%	7.8%
FCF Yield bef A&D, lease	18.9%	7.2%	-31.1%	-8.4%	7.9%	19.1%	18.5%
Net debt	190	152	234	273	276	241	210
Net debt/EBITDA	2.0	2.4	2.2	2.7	2.4	1.9	1.6
ROIC after tax	4.8%	6.4%	6.3%	5.7%	5.7%	6.8%	7.5%

Source: Company data and Nordea estimates

Q4 deviation and estimate revisions

Atria's Q4 was weak – guidance for 2024 is soft

Q4 EBIT missed consensus clearly...

Atria reported Q4 2023 EBIT of EUR 9.4m, 43% (EUR 7.1m) below LSEG Data & Analytics consensus. Q4 net sales of EUR 438m were down 3% y/y and came in 2% below consensus.

The Q4 EBIT miss was driven by Finland, where sales declined in all channels owing to reduced consumer demand. The new poultry unit in Nurmo is now fully operational, clearly ahead of our initial expectations. Denmark & Estonia beat our estimate slightly, while Sweden EBIT remained in negative territory and missed our estimate. There were EUR 49.2m of items affecting comparability in Q4, of which EUR 40m was related to impairments in Sweden and Denmark & Estonia.

Operating cash flow was EUR 52m (EUR 74m a year ago).

The dividend proposal of EUR 0.60 came in below consensus of EUR 0.71.

Atria issued new guidance, and now expects a decline in adjusted EBIT for 2024 (after EUR 49.6m in 2023), while consensus has modelled EUR 58.3m, or an 18% increase. Atria expects the challenging operating environment to persist for 2024. We note the importance of the new poultry unit and believe the company has taken a somewhat cautious view due to uncertainties related to the optimisation phase of the new facility that will likely burden H1 performance.

Atria Finland profitability was weak in Q4

...driven by Finland

- Net sales of EUR 334m were down 3% y/y and came in 2% below our expectations. Net sales declined in all sales channels. Sales structures weakened due to declining consumer purchasing power.
- Adjusted EBIT was EUR 9.4m, 41% below our estimate of EUR 15.9m. Raw materials, external services and payroll costs increased y/y. The market situation for meat was weak, leading to unprofitable sales of the most valuable cuts.
- Atria’s supplier share in retail was 26% (26% in Q3). The poultry investment was completed, although the company did not disclose the impact of the ramp-up during Q4.
- Atria recorded a EUR 3.1m writedown related to the Sahalahti poultry unit's closure as well as a EUR 2.5m writedown of a brand that is to be discontinued.

Atria Sweden improved market shares in retail trade

Atria Sweden achieved close to breakeven EBIT in Q4...

- Net sales were EUR 80m, down 3% in local currency (-7% on reported basis) and 7% above our estimate. Atria’s market shares in retail trade improved.
- Adjusted EBIT of EUR -0.3m came in below our estimate of EUR 0.6m.
- Atria Sweden booked a EUR 20m impairment and EUR 2.6m in business reorganisation costs in Q4.

Atria Denmark & Estonia supported by Estonia

...while Estonia continued its strong performance

- Net sales were EUR 31m, up 4% y/y and 3% below our expectations. Sales increased in Estonia by nearly 15%, while they declined in Denmark due to lower foodservice and retail volumes.
- Adjusted EBIT was EUR 1.3m, 19% above our estimate of EUR 1.1m. In Estonia, market volumes (+4%) and value (+9%) increased, while lower feed prices started to reduce the costs of pork from Atria’s own farms. In Denmark, EBIT decreased due to the sales decline.

DEVIATION TABLE

EURm	Actual Q4 2023	NDA est. Q4 2023E	Deviation vs. actual		Consensus Q4 2023E	Deviation vs. actual		Actual Q3 2023	q/q	Actual Q4 2022	y/y
Sales	**438**	**441**	**-2**	**-1%**	**446**	**(8)**	**-2%**	**430**	**2%**	**451**	**-3%**
Adj. EBIT	**9.4**	**16.4**	**-7.0**	**-43%**	**16.5**	**(7.1)**	**-43%**	**19.4**	**-52%**	**16.7**	**-44%**
Adj. EBIT margin	2.1%	3.7%	-1.6pp	-1.6pp	3.7%	-1.5pp		4.5%	-2.4pp	3.7%	-1.6pp
Adj. EPS, EUR	**0.15**	**0.31**	**-0.16**	**-51%**	**0.36**	**(0.21)**	**-58%**	**0.47**	-68%	**(1.34)**	-111%
DPS, EUR	**0.60**	**0.70**	**-0.10**	**-14%**	**0.71**	**(0.11)**	**-15%**			**0.70**	-14%
Divisional sales, EURm											
Finland	333.5	340.8	-7	-2%				324	3%	344	-3%
Sweden	80.4	75.1	5	7%				81	0%	86	-7%
Denmark & Estonia	30.6	31.7	-1	-3%				32	-4%	29	4%
Unallocated	0.0	0.0	0	n.m.				0	n.m.	0	n.m.
Group eliminations	-6.5	-7.0	1	-7%				-7	-2%	-9	-27%
Group	**438.1**	**440.6**	**-2.5**	**-1%**				**430**	**2%**	**451**	**-3%**
Divisional adj. EBIT, EURm											
Finland	9.4	15.9	-6.5	-41%				19	-51%	20.3	-54%
Sweden	-0.3	0.6	-0.9	-149%				0	n.m.	-0.9	-67%
Denmark & Estonia	1.3	1.1	0.2	19%				1.5	-13%	-0.9	n.m.
Group eliminations	-1.1	-1.2	0.1	-8%				-1.1	0%	-1.8	-39%
Group	**9.4**	**16.4**	**-7.0**	**-43%**				**19.4**	**-52%**	**16.7**	**-44%**

Source: Company data, LSEG Data & Analytics and Nordea estimates

2024 guidance for a decline in adjusted EBIT, which we view as cautious

Guidance for declining EBIT appears to be somewhat cautious to us

Atria issued new guidance and expects adjusted EBIT to decline for 2024 after EUR 49.6m in 2023. Prior to the Q4 report, LSEG Data & Analytics consensus expected EUR 58.3m adjusted EBIT for 2024, i.e. an 18% adjusted EBIT increase for 2024. Atria expects a challenging operating environment for 2024 due to subdued consumer behaviour. Efficiency targets for the new poultry unit will also likely have an impact on the year's result.

We believe the company has taken a cautious stance in its 2024 guidance after a weak Q4. We note that the company raised its guidance for 2023 in September and expected improving adjusted EBIT (from previously "declining adjusted EBIT"), indicating clearly weaker-than-expected Q4 profitability. However, given the earlier commissioning of the new poultry unit, we believe the company is well positioned for a strong H2 2024 performance. Optimisation of the new unit could burden H1 2024 profitability, we believe.

Estimate revisions

Guidance is built on soft H1 expectations, we believe

Following the Q4 report, we nudge up our top-line estimates by 0-1%, supported by FX and the acquisition of Gooh! in Sweden. We slash 2024E adjusted EBIT by 17% following the soft guidance, which we believe builds on weak H1 expectations. For 2025E-26E, we trim adjusted EBIT by 2-6%, as we expect a clear profitability recovery, especially in Finland after the ramp-up of the new poultry unit. Owing to EPS cuts and lower-than-anticipated DPS for 2023, we reset our DPS expectations, trimming 2024E-26E by 11-13%.

We note Atria is guiding for declining adjusted EBIT for 2024 after EUR 49.6m in 2023. We expect flat adjusted EBIT and, hence, see room for a guidance upgrade, although not before Q3 2024.

ESTIMATE REVISIONS AFTER THE Q4 REPORT (EPS IN EUR)

	New estimates				Old estimates				Difference %			
EURm	**Q1 2024E**	**2024E**	**2025E**	**2026E**	**Q1 2024E**	**2024E**	**2025E**	**2026E**	**Q1 2024E**	**2024E**	**2025E**	**2026E**
Sales	**409**	**1,769**	**1,829**	**1,872**	**n.a.**	**1,764**	**1,819**	**1,862**	**n.a.**	**0%**	**1%**	**1%**
Adj. EBIT	**0.8**	**49.6**	**60.1**	**65.8**	**n.a.**	**59.5**	**64.2**	**67.0**	**n.a.**	**-17%**	**-6%**	**-2%**
Adj. EBIT margin	0.2%	2.8%	3.3%	3.5%	n.a.	3.4%	3.5%	3.6%	n.a.	-0.6pp	-0.2pp	-0.1pp
Adj. EPS, EUR	**-0.09**	**0.94**	**1.25**	**1.44**	**n.a.**	**1.23**	**1.37**	**1.48**	**n.a.**	**-23%**	**-8%**	**-2%**
DPS		0.65	0.72	0.77		0.75	0.82	0.87	n.a.	-13%	-12%	-11%
Divisional sales EURm	**Q1 2024E**	**2024E**	**2025E**	**2026E**	**Q1 2024E**	**2024E**	**2025E**	**2026E**	**Q1 2024E**	**2024E**	**2025E**	**2026E**
Finland	307	1,318	1,364	1,398	n.a.	1,333	1,380	n.a.	n.a.	-1%	-1%	n.a.
Sweden	79	353	365	372	n.a.	332	338	n.a.	n.a.	6%	8%	n.a.
Denmark & Estonia	29	125	127	130	n.a.	126	128	n.a.	n.a.	-1%	-1%	n.a.
Unallocated	0	0	0	0	n.a.	0	0	n.a.	n.a.	nm.	nm.	n.a.
Group eliminations	-7	-26	-27	-28	n.a.	-27	-27	n.a.	n.a.	-1%	-1%	n.a.
Group	**409**	**1,769**	**1,829**	**1,872**	**n.a.**	**1,764**	**1,819**	**n.a.**	**n.a.**	**0%**	**1%**	**n.a.**
Divisional adj. EBIT	**Q1 2024E**	**2024E**	**2025E**	**2026E**	**Q1 2024E**	**2024E**	**2025E**	**2026E**	**Q1 2024E**	**2024E**	**2025E**	**2026E**
Finland	3.7	47.0	54.8	58.7	n.a.	54.9	57.8	n.a.	n.a.	-14%	-5%	n.a.
Sweden	-2.1	1.8	4.3	6.0	n.a.	3.7	5.4	n.a.	n.a.	-51%	-20%	n.a.
Denmark & Estonia	-0.2	5.0	5.3	5.5	n.a.	4.8	4.9	n.a.	n.a.	4%	8%	n.a.
Unallocated	-0.6	-4.2	-4.3	-4.4	n.a.	-3.8	-3.9	n.a.	n.a.	10%	10%	n.a.
Group	**0.8**	**49.6**	**60.1**	**65.8**	**n.a.**	**59.5**	**64.2**	**n.a.**	**n.a.**	**-17%**	**-6%**	**n.a.**
Divisional sales growth	**Q1 2024E**	**2024E**	**2025E**	**2026E**	**Q1 2024E**	**2024E**	**2025E**	**2026E**	**Q1 2024E**	**2024E**	**2025E**	**2026E**
Finland	-5%	-1%	3%	2%	n.a.	0%	3%	n.a.	n.a.	-0.6pp	0.0pp	n.a.
Sweden	-3%	7%	3%	2%	n.a.	2%	2%	n.a.	n.a.	4.7pp	1.4pp	n.a.
Denmark & Estonia	2%	2%	2%	2%	n.a.	2%	2%	n.a.	n.a.	0.0pp	0.0pp	n.a.
Unallocated	n.m.	n.m.	n.m.	n.m.	n.a.	n.m.	n.m.	n.a.	n.a.	n.m.	n.m.	n.a.
Group eliminations	n.m.	n.m.	n.m.	n.m.	n.a.	n.m.	n.m.	n.a.	n.a.	n.m.	n.m.	n.a.
Group	**-4%**	**1%**	**3%**	**2%**	**n.a.**	**1%**	**3%**	**n.a.**	**n.a.**	**0.4pp**	**0.3pp**	**n.a.**
EBIT margin	**Q1 2024E**	**2024E**	**2025E**	**2026E**	**Q1 2024E**	**2024E**	**2025E**	**2026E**	**Q1 2024E**	**2024E**	**2025E**	**2026E**
Finland	1.2%	3.6%	4.0%	4.2%	n.a.	4.1%	4.2%	n.a.	n.a.	-0.5pp	-0.2pp	n.a.
Sweden	-2.6%	0.5%	1.2%	1.6%	n.a.	1.1%	1.6%	n.a.	n.a.	-0.6pp	-0.4pp	n.a.
Denmark & Estonia	-0.6%	4.0%	4.2%	4.2%	n.a.	3.8%	3.8%	n.a.	n.a.	0.2pp	0.3pp	n.a.
Unallocated	nm.	nm.	nm.	nm.	n.a.	nm.	nm.	n.a.	n.a.	nm.	nm.	n.a.
Group	**0.2%**	**2.8%**	**3.3%**	**3.5%**	**n.a.**	**3.4%**	**3.5%**	**n.a.**	**n.a.**	**-0.6pp**	**-0.2pp**	**n.a.**

Source: Nordea estimates

Valuation

We derive a fair value range based on the combination of a DCF model and relative multiples. 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 11.6-14.2 (13.1-16.0) per share for Atria.

DCF valuation yields EUR 13.9-17.0 per share

The outcome of our DCF valuation is EUR 13.9-17.0 (14.5-17.8) per share. We use a WACC of 7.4-8.3%, assuming a terminal growth rate of 1.5% and an EBIT margin of 3%.

WACC COMPONENTS

WACC components	
Risk-free interest rate	3.5%
Market risk premium	4.0%
Equity beta	1.3-1.6
Cost of equity	8.8-10.0%
Cost of debt	4.0%
Tax-rate used in WACC	20%
Equity weight	75%
WACC	**7.4-8.3%**

Source: Nordea estimates

DCF VALUE (EURm AND EUR)

DCF value	**Value**	**Per share**
NPV FCFF	684-771	24.2-27.3
(Net debt)	-273	-9.7
Market value of associates	0	0.0
(Market value of minorities)	-22	-0.8
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	6	0.2
DCF Value	**394-481**	**13.9-17**

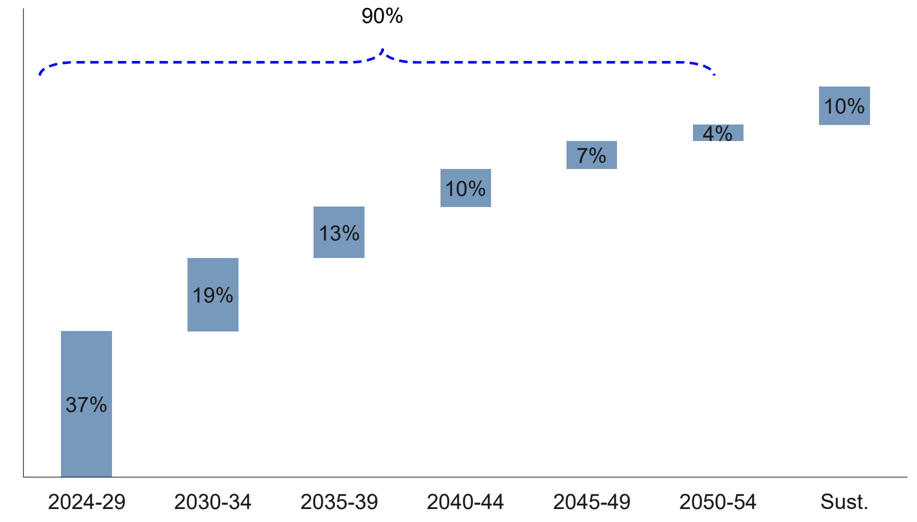
Source: Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	**2024-29**	**2030-34**	**2035-39**	**2040-44**	**2045-49**	**2050-54**	**Sust.**
Sales growth, CAGR	2.6%	1.5%	1.5%	1.5%	1.5%	1.5%	
EBIT-margin, excluding associate:	3.4%	3.0%	3.0%	3.0%	3.0%	2.0%	
Capex/depreciation, x	0.9	1.0	1.0	1.0	1.0	1.0	
Capex/sales	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	
NWC/sales	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	
FCFF, CAGR	22.3%	0.2%	1.5%	1.5%	1.5%	-7.3%	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 the 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 12.0-19.3 per share.

- A +/-0.5 pp sales growth change translates to a change of +/-6% in the fair value
- A +/-0.5 pp EBIT margin change translates into a change of +/-18% in the fair value

SENSITIVITY OF OUR DCF MODEL (EUR)

Sensitivity analysis: WACC vs EBIT margin

		WACC				
		7.3%	7.5%	7.8%	8.0%	8.3%
EBIT marg. change	1.0pp	23.6	22.3	21.1	20.0	18.9
	0.5pp	20.4	19.3	18.3	17.3	16.4
	0.0pp	17.3	16.3	15.5	14.7	13.9
	-0.5pp	14.1	13.4	12.7	12.0	11.4
	-1.0pp	11.0	10.4	9.9	9.4	8.9

Sensitivity analysis: WACC vs Sales growth

		WACC				
		7.3%	7.5%	7.8%	8.0%	8.3%
Sales gr. change	1.0pp	19.3	18.2	17.2	16.3	15.5
	0.5pp	18.3	17.3	16.3	15.5	14.7
	0.0pp	17.3	16.3	15.5	14.7	13.9
	-0.5pp	16.4	15.5	14.7	13.9	13.2
	-1.0pp	15.5	14.7	14.0	13.3	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	18.9	19.9	21.1	22.3	23.6
	0.5pp	16.4	17.3	18.3	19.3	20.4
	0.0pp	14.0	14.7	15.5	16.3	17.2
	-0.5pp	11.5	12.1	12.7	13.4	14.1
	-1.0pp	9.0	9.5	9.9	10.4	10.9

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 10.2-12.4 by taking 2024E adjusted EBIT of EUR 49.6m, multiplying it by the accepted multiple range of 11.3-12.6x and deducting our 2024 net debt assumption of EUR 276m (including IFRS 16 lease liabilities). We also derive a P/E valuation range of EUR 10.6-13.0, taking 2024E adjusted EPS of EUR 0.94 and multiplying it by an accepted multiple range of 11.3-13.8x.

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	12.9	81	75	20.4	9.9	10.8	12.6	24.8	8.2	12.6	13.9	5.8%	5.8%
Bell Food Group Ag	Switzerland	256.5	1,690	2,554	15.5	14.7	14.2	14.1	11.0	10.2	11.4	11.5	2.7%	2.7%
Cranswick Plc	UK	3,948.0	2,482	2,645	16.4	13.3	12.2	11.6	19.9	17.6	16.5	15.6	2.1%	2.3%
Hkscan Oyj	Finland	0.7	67	373		13.3	16.9	16.2			36.1	9.0	0.0%	0.0%
Raisio Oyj	Finland	1.9	309	251	15.0	11.0	10.9	9.3	30.3	14.5	15.9	13.6	7.3%	7.3%
Scandi Standard Ab (Publ)	Sweden	67.6	398	541	20.2	13.7	11.8	10.5	32.2	17.0	13.8	11.2	3.4%	4.2%
Societe Ldc Sa	France	133.0	2,342	1,969	6.4	5.7	5.5	5.1	10.1	8.6	8.3	8.0	2.2%	2.3%
What'S Cooking Group Nv	Belgium	59.0	109	184	19.4				19.1	10.2	7.9	5.3	6.8%	7.2%
Average			935	1,074	16.2	11.7	11.8	11.4	21.0	12.3	15.3	11.0	3.8%	4.0%
Median			354	457	16.4	13.3	11.8	11.6	19.9	10.2	13.2	11.3	3.1%	3.4%
Atria (NDA)		**10.6**	**299**	**532**	**10.9**	**11.5**	**11.7**	**9.1**	**6.0**	**10.1**	**11.4**	**8.5**	**5.7%**	**6.1%**

Source: LSEG Data & Analytics and Nordea estimates (as of market close on 21 February)

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%	-3.5%	-4.8%	3.6%	2.0%	4.3%	4.2%	3.5%	3.3%	9.8%	6.2%	5.5%
Bell Food Group Ag	13.2%	7.5%	2.9%	2.4%	3.7%	3.7%	3.7%	3.6%	8.9%	8.7%	8.5%	7.9%
Cranswick Plc	10.3%	13.6%	6.4%	4.3%	6.3%	6.8%	7.0%	7.0%	13.9%	13.7%	13.4%	13.4%
Hkscan Oyj	8.9%	-4.6%	-36.4%		0.0%	1.5%	1.8%	1.9%	-6.9%	-8.3%	0.8%	3.0%
Raisio Oyj	-9.7%	-1.4%	3.0%	6.4%	7.5%	10.4%	10.2%	11.2%	4.6%	6.7%	7.7%	8.7%
Scandi Standard Ab (Pul	14.3%	-0.3%	4.1%	4.4%	2.4%	3.5%	3.9%	4.2%	6.2%	11.4%	12.8%	14.6%
Societe Ldc Sa	14.6%	8.3%	4.4%	3.0%	5.4%	5.6%	5.6%	5.8%	12.1%	13.4%	13.0%	11.9%
What'S Cooking Group N	12.1%	7.9%	3.8%		1.2%	0.0%	0.0%	0.0%	3.5%	0.0%	0.0%	0.0%
Average	3.5%	3.4%	-2.1%	4.0%	3.6%	4.5%	4.5%	4.6%	5.7%	6.9%	7.8%	8.1%
Median	11.2%	3.6%	3.4%	3.9%	3.1%	4.0%	4.1%	3.9%	5.4%	9.3%	8.1%	8.3%
Atria (NDA)	**10.2%**	**3.3%**	**0.9%**	**3.4%**	**2.9%**	**2.8%**	**2.8%**	**3.3%**	**-1.2%**	**-4.7%**	**6.8%**	**8.7%**

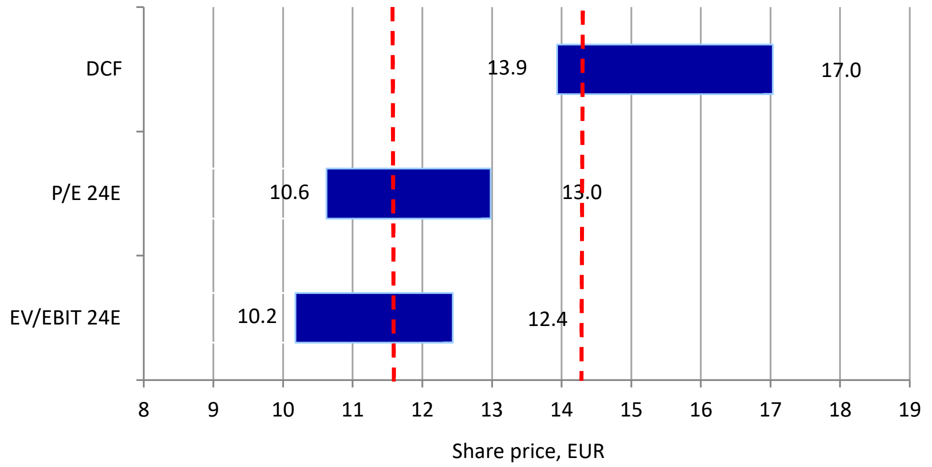
Source: LSEG Data & Analytics and Nordea estimates (as of market close on 21 February)

Valuation conclusion

From our DCF-based valuation and a relative multiples-based valuation, we derive a fair value range of EUR 11.6-14.2 (13.1-16.0) per Atria share, as shown by the red dotted lines in the chart below.

Fair value range of EUR 11.6-14.2

VALUATION (EUR)



Source: Nordea estimates

Detailed estimates

ANNUAL ESTIMATES (EURm)

Income statement (EURm)	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	1,352	1,436	1,439	1,451	1,504	1,540	1,697	1,753	1,769	1,829	1,872
- sales growth	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	10.2%	3.3%	0.9%	3.4%	2.4%
Gross profit	**164**	**173**	**153**	**163**	**166**	**177**	**169**	**167**	**177**	**187**	**193**
- margin	12.2%	12.1%	10.6%	11.2%	11.1%	11.5%	9.9%	9.6%	10.0%	10.2%	10.3%
EBITDA	**79**	**87**	**74**	**85**	**96**	**64**	**104**	**100**	**117**	**127**	**134**
- margin	5.8%	6.1%	5.1%	5.9%	6.4%	4.1%	6.1%	5.7%	6.6%	6.9%	7.1%
D&A	-47	-46	-45	-54	-57	-57	-104	-100	-67	-67	-68
EBIT reported	31.8	40.9	28.2	31.1	39.5	6.4	0.2	0.3	49.6	60.1	65.8
Adj. EBIT	**31.2**	**39.6**	**28.2**	**33.0**	**40.3**	**49.2**	**49.0**	**49.5**	**49.6**	**60.1**	**65.8**
- margin	2.3%	2.8%	2.0%	2.3%	2.7%	3.2%	2.9%	2.8%	2.8%	3.3%	3.5%
Net finance	-6	-7	-6	-6	-5	-5	-3	-14	-14	-12	-10
Associated companies	1	2	0	1	1	3	5	2	2	2	2
Adj. PTP	**25.7**	**34.1**	**22.3**	**28.2**	**36.1**	**47.6**	**50.6**	**38.1**	**38.1**	**50.6**	**58.3**
Taxes	-6.6	-7.1	-4.5	-9.2	-12.6	-10.2	-5.5	-4.2	-7.6	-10.1	-11.7
Profit before minorities	**19.6**	**28.4**	**17.8**	**17.0**	**23.5**	**-5.4**	**-3.7**	**-15.3**	**30.5**	**40.5**	**46.7**
Minorities	-1.4	-2.5	-1.4	-1.9	-1.8	-1.5	-1.5	-4.5	-3.8	-5.1	-5.8
Adj. Net Profit	**17.8**	**24.5**	**16.5**	**17.0**	**25.8**	**27.4**	**43.6**	**29.4**	**26.7**	**35.4**	**40.8**
EPS, excluding NRI (EUR)	**0.63**	**0.87**	**0.59**	**0.60**	**0.91**	**0.97**	**1.54**	**1.04**	**0.94**	**1.25**	**1.44**
Divisional sales EURm	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Finland	932	986	1,019	1,034	1,066	1,106	1,265	1,326	1,318	1,364	1,398
Sweden		307	288	289	332	352	356	331	353	365	372
Denmark & Estonia		99	98	97	107	105	113	122	125	127	130
Unallocated	72	86	75	74	52	15	0	0	0	0	0
Group eliminations	-30	-42	-41	-42	-53	-37	-38	-26	-26	-27	-28
Group	**1,352**	**1,436**	**1,439**	**1,451**	**1,504**	**1,540**	**1,697**	**1,753**	**1,769**	**1,829**	**1,872**
Divisional operative EBIT	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Finland	24.2	36.3	36.7	40.0	43.1	48.1	49.4	56.0	47.0	54.8	58.7
Sweden		1.0	-7.1	-4.6	0.8	2.7	2.3	-5.7	1.8	4.3	6.0
Denmark & Estonia		5.2	5.3	4.3	5.2	5.1	1.3	2.9	5.0	5.3	5.5
Unallocated	-0.9	-3.8	-2.7	-3.1	-8.8	-6.9	-4.0	-3.7	-4.2	-4.3	-4.4
Group	**31.4**	**39.5**	**28.2**	**33.1**	**39.5**	**49.2**	**49.0**	**49.5**	**49.6**	**60.1**	**65.8**
Divisional sales growth	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Finland	0%	6%	3%	1%	3%	4%	14%	5%	-1%	3%	2%
Sweden		n.a.	-6%	0%	15%	6%	1%	-7%	7%	3%	2%
Denmark & Estonia		n.a.	-1%	-1%	11%	-2%	8%	8%	2%	2%	2%
Unallocated	-4%	19%	-12%	-2%	-30%	-72%	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.
Group	**1%**	**6%**	**0%**	**1%**	**4%**	**2%**	**10%**	**3%**	**1%**	**3%**	**2%**
EBIT margin	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Finland	2.6%	3.7%	3.6%	3.9%	4.0%	4.4%	3.9%	4.2%	3.6%	4.0%	4.2%
Sweden		0.3%	-2.5%	-1.6%	0.2%	0.8%	0.6%	-1.7%	0.5%	1.2%	1.6%
Denmark & Estonia		5.3%	5.4%	4.5%	4.9%	4.9%	1.2%	2.4%	4.0%	4.2%	4.2%
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	**2.3%**	**2.8%**	**2.0%**	**2.3%**	**2.6%**	**3.2%**	**2.9%**	**2.8%**	**2.8%**	**3.3%**	**3.5%**

Source: Company data and Nordea estimates

QUARTERLY ESTIMATES (EURm)

Income statement (EURm)	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23**	**Q3/23**	**Q4/23**	**Q1/24E**	**Q2/24E**	**Q3/24E**	**Q4/24E**
Sales	375	432	439	451	428	457	430	438	409	452	443	465
- sales growth	3.7%	11.5%	13.1%	11.8%	14.2%	5.9%	-2.1%	-2.9%	-4.5%	-1.1%	3.1%	6.2%
Gross profit	**31.6**	**46.5**	**41.9**	**48.7**	**42.0**	**41.6**	**45.0**	**38.8**	**33.7**	**41.8**	**47.8**	**53.5**
- margin	8.4%	10.8%	9.5%	10.8%	9.8%	9.1%	10.5%	8.9%	8.3%	9.3%	10.8%	11.5%
EBITDA	**15.8**	**28.9**	**29.4**	**30.0**	**23.8**	**23.1**	**34.4**	**18.9**	**17.6**	**24.6**	**37.7**	**36.9**
- margin	4.2%	6.7%	6.7%	6.6%	5.6%	5.1%	8.0%	4.3%	4.3%	5.5%	8.5%	7.9%
D&A	-14	-13	-13	-65	-13	-13	-15	-59	-17	-17	-17	-17
EBIT reported	2.3	15.9	16.5	-34.5	10.9	9.9	19.4	-39.9	0.8	7.8	20.9	20.1
Adj. EBIT	**2.3**	**13.8**	**16.2**	**16.7**	**10.9**	**9.9**	**19.4**	**9.3**	**0.8**	**7.8**	**20.9**	**20.1**
- margin	0.6%	3.2%	3.7%	3.7%	2.5%	2.2%	4.5%	2.1%	0.2%	1.7%	4.7%	4.3%
Net finance	-0.9	-0.7	-0.3	-1.5	-3.2	-3.7	-3.2	-3.5	-3.7	-3.5	-3.3	-3.1
Associated companies	1.4	2.1	2.2	-0.8	1.1	0.5	0.8	-0.3	0.5	0.5	0.5	0.5
Adj. PTP	2.9	15.2	18.1	14.4	8.9	6.7	17.0	5.5	-2.4	4.8	18.1	17.5
Taxes	-0.2	-3.1	-2.4	0.2	-2.0	-1.6	-2.4	1.8	0.5	-1.0	-3.6	-3.5
Profit before minorities	**2.7**	**14.2**	**16.0**	**-36.6**	**6.9**	**5.1**	**14.6**	**-41.9**	**-1.9**	**3.9**	**14.5**	**14.0**
Minorities	-0.2	-0.6	0.5	-1.2	-0.5	-1.3	-1.4	-1.3	-0.7	-1.0	-1.3	-0.9
Adj. Net Profit	**2.5**	**11.5**	**16.2**	**13.4**	**6.4**	**3.8**	**13.2**	**6.0**	**-2.6**	**2.9**	**13.2**	**13.2**
EPS, excluding NRI (EUR)	**0.09**	**0.41**	**0.57**	**0.47**	**0.23**	**0.13**	**0.47**	**0.21**	**-0.09**	**0.10**	**0.47**	**0.47**
Divisional sales EURm	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23**	**Q3/23**	**Q4/23**	**Q1/24E**	**Q2/24E**	**Q3/24E**	**Q4/24E**
Finland	274	320	327	344	324	345	324	334	307	337	327	347
Sweden	82	95	93	86	82	88	81	80	79	90	90	94
Denmark & Estonia	26	28	29	29	28	31	32	31	29	32	33	31
Unallocated	0	0	0	0	0	0	0	0	0	0	0	0
Group eliminations	-8	-11	-10	-9	-6	-7	-7	-7	-7	-7	-7	-7
Group	**375**	**432**	**439**	**451**	**428**	**457**	**430**	**438**	**409**	**452**	**443**	**465**
Divisional operative EBIT	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23**	**Q3/23**	**Q4/23**	**Q1/24E**	**Q2/24E**	**Q3/24E**	**Q4/24E**
Finland	3.0	13.4	12.7	20.3	14.9	12.7	19.0	9.4	3.7	8.4	17.6	17.3
Sweden	-0.9	0.7	3.4	-0.9	-3.3	-2.1	0.0	-0.3	-2.1	-0.4	2.3	2.0
Denmark & Estonia	0.8	0.7	0.7	-0.9	-0.5	0.6	1.5	1.3	-0.2	1.0	2.2	2.0
Unallocated	-0.6	-1.0	-0.6	-1.8	-0.2	-1.3	-1.1	-1.1	-0.6	-1.2	-1.2	-1.2
Group	**2.3**	**13.8**	**16.2**	**16.7**	**10.9**	**9.9**	**19.4**	**9.3**	**0.8**	**7.8**	**20.9**	**20.1**
Divisional sales growth	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23**	**Q3/23**	**Q4/23**	**Q1/24E**	**Q2/24E**	**Q3/24E**	**Q4/24E**
Finland	5%	15%	19%	17%	18%	8%	-1%	-3%	-5%	-3%	1%	4%
Sweden	7%	8%	-2%	-7%	0%	-8%	-13%	-7%	-3%	2%	12%	16%
Denmark & Estonia	6%	6%	7%	11%	8%	11%	10%	4%	2%	2%	2%	2%
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	**4%**	**12%**	**13%**	**12%**	**14%**	**6%**	**-2%**	**-3%**	**-4%**	**-1%**	**3%**	**6%**
EBIT margin	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23**	**Q3/23**	**Q4/23**	**Q1/24E**	**Q2/24E**	**Q3/24E**	**Q4/24E**
Finland	1.1%	4.2%	3.9%	5.9%	4.6%	3.7%	5.9%	2.8%	1.2%	2.5%	5.4%	5.0%
Sweden	-1.1%	0.7%	3.7%	-1.0%	-4.0%	-2.4%	0.0%	-0.4%	-2.6%	-0.4%	2.5%	2.1%
Denmark & Estonia	3.1%	2.5%	2.4%	-3.1%	-1.8%	1.9%	4.7%	4.2%	-0.6%	3.1%	6.7%	6.3%
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	**0.6%**	**3.2%**	**3.7%**	**3.7%**	**2.5%**	**2.2%**	**4.5%**	**2.1%**	**0.2%**	**1.7%**	**4.7%**	**4.3%**

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 on a lag. Because 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. Current geopolitical tensions could also have a negative impact on availability of materials such as 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) could 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 Sweden causes additional uncertainty, although it does not have a direct impact on Atria as the company does not have significant export business in the country. An outbreak of animal diseases in Atria's operating countries, especially in Finland, could have a substantial effect on its short-term sales and profits.

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 higher interest rates, we note risks related to possible writedowns of accounts receivable, e.g. if foodservice customers were to face liquidity issues.

Goodwill

Atria has EUR 81m of goodwill on its balance sheet. If there were operational challenges, it could have to make an impairment to its assets. Following writedowns in Denmark and Sweden, the risk of writedowns has decreased, in our view. In the event of possible writedowns, there should only be a limited impact on Atria's balance sheet, however, and an impairment would not have any cash flow impact.

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. In addition, we note an increasing share of private-label products, which could be imported and put pressure on the pricing of branded products and domestically produced private-label products.

Reported numbers and forecasts

INCOME STATEMENT

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	**1,352**	**1,436**	**1,439**	**1,451**	**1,504**	**1,540**	**1,697**	**1,753**	**1,769**	**1,829**	**1,872**
Revenue growth	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	10.2%	3.3%	0.9%	3.4%	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	79	87	74	85	96	64	104	100	117	127	134
Depreciation and impairments PPE	-47	-46	-45	-54	-57	-57	-104	-100	-67	-67	-68
of which leased assets	0	0	0	-9	-9	-9	-9	-9	-6	-6	-6
EBITA	32	41	28	31	40	6	0	0	50	60	66
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	32	41	28	31	40	6	0	0	50	60	66
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	1	2	0	1	1	3	5	2	2	2	2
Net financials	-6	-7	-6	-6	-5	-5	-3	-14	-14	-12	-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	**26**	**36**	**22**	**26**	**36**	**5**	**2**	**-11**	**38**	**51**	**58**
Reported taxes	-7	-7	-5	-9	-13	-10	-6	-4	-8	-10	-12
Net profit from continued operations	20	28	18	17	24	-5	-4	-15	31	41	47
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	-1	-3	-1	-2	-2	-2	-2	-5	-4	-5	-6
Net profit to equity	18	26	17	15	22	-7	-5	-20	27	35	41
EPS, EUR	**0.65**	**0.92**	**0.59**	**0.53**	**0.77**	**-0.24**	**-0.19**	**-0.70**	**0.94**	**1.25**	**1.44**
DPS, EUR	0.46	0.50	0.40	0.42	0.50	0.63	0.70	0.60	0.65	0.72	0.77
of which ordinary	0.46	0.50	0.40	0.42	0.50	0.63	0.70	0.60	0.65	0.72	0.77
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	5.8%	6.1%	5.1%	5.9%	6.4%	4.1%	6.1%	5.7%	6.6%	6.9%	7.1%
EBITA	2.3%	2.8%	2.0%	2.1%	2.6%	0.4%	0.0%	0.0%	2.8%	3.3%	3.5%
EBIT	2.3%	2.8%	2.0%	2.1%	2.6%	0.4%	0.0%	0.0%	2.8%	3.3%	3.5%
Adjusted earnings											
EBITDA (adj)	78	86	74	87	96	106	102	109	117	127	134
EBITA (adj)	31	40	28	33	40	49	49	50	50	60	66
EBIT (adj)	31	40	28	33	40	49	49	50	50	60	66
EPS (adj, EUR)	0.63	0.87	0.59	0.60	0.91	0.97	1.54	1.04	0.94	1.25	1.44
Adjusted profit margins in percent											
EBITDA (adj)	5.8%	6.0%	5.1%	6.0%	6.4%	6.9%	6.0%	6.2%	6.6%	6.9%	7.1%
EBITA (adj)	2.3%	2.8%	2.0%	2.3%	2.6%	3.2%	2.9%	2.8%	2.8%	3.3%	3.5%
EBIT (adj)	2.3%	2.8%	2.0%	2.3%	2.6%	3.2%	2.9%	2.8%	2.8%	3.3%	3.5%
Performance metrics											
CAGR last 5 years											
Net revenue	0.8%	1.3%	0.4%	0.4%	2.3%	2.6%	3.4%	4.0%	4.0%	4.0%	4.0%
EBITDA	7.2%	1.8%	-6.2%	-1.0%	7.1%	-4.2%	3.7%	6.4%	6.5%	5.7%	16.1%
EBIT	31.9%	6.2%	7.4%	-5.2%	6.4%	-27.4%	-65.5%	-59.7%	9.8%	8.8%	59.3%
EPS	n.m.	21.3%	n.m.	-10.6%	9.4%	n.m.	n.m.	n.m.	12.2%	10.3%	n.m.
DPS	18.1%	17.8%	12.7%	1.0%	4.6%	6.5%	7.0%	8.4%	9.1%	7.6%	4.1%
Average last 5 years											
Average EBIT margin	2.2%	2.3%	2.4%	2.3%	2.4%	2.0%	1.4%	1.0%	1.2%	1.4%	2.0%
Average EBITDA margin	6.1%	6.1%	5.7%	5.6%	5.9%	5.5%	5.5%	5.7%	5.8%	6.0%	6.5%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	18.2	13.9	11.2	16.7	10.8	11.9	6.0	10.1	10.5	7.9	6.8
EV/EBITDA (adj)	7.0	6.6	5.7	6.0	5.0	4.6	5.0	5.4	5.0	4.4	3.9
EV/EBITA (adj)	17.5	14.3	14.9	15.7	12.3	10.0	10.4	12.0	11.7	9.2	8.0
EV/EBIT (adj)	17.5	14.3	14.9	15.7	12.3	10.0	10.4	12.0	11.7	9.2	8.0

VALUATION RATIOS - REPORTED EARNINGS

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	17.8	13.2	11.2	18.9	12.8	n.m.	n.m.	n.m.	10.5	7.9	6.8
EV/Sales	0.41	0.39	0.29	0.36	0.32	0.32	0.30	0.34	0.33	0.30	0.28
EV/EBITDA	7.0	6.5	5.7	6.1	5.0	7.7	4.9	5.9	5.0	4.4	3.9
EV/EBITA	17.3	13.8	14.9	16.8	12.3	76.6	2,554.2	1,976.9	11.7	9.2	8.0
EV/EBIT	17.3	13.8	14.9	16.8	12.3	76.6	2,554.2	1,976.9	11.7	9.2	8.0
Dividend yield (ord.)	4.0%	4.1%	6.1%	4.2%	5.1%	5.5%	7.6%	5.7%	6.6%	7.3%	7.8%
FCF yield	-0.8%	5.6%	1.0%	17.1%	20.8%	19.2%	-18.6%	-5.4%	7.3%	21.2%	20.6%
FCF Yield bef A&D, lease adj	6.9%	3.3%	1.5%	14.0%	18.9%	7.2%	-31.1%	-8.4%	7.9%	19.1%	18.5%
Payout ratio	72.8%	57.6%	68.3%	69.8%	54.8%	64.9%	45.4%	57.7%	68.8%	57.4%	53.3%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	263	256	249	246	249	240	179	135	137	137	137
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	94	89	87	85	84	78	54	54	54	54	54
of which goodwill	170	167	163	161	165	163	125	81	84	84	84
Tangible assets	405	409	401	423	421	408	489	555	564	558	551
of which leased assets	0	0	0	30	25	22	21	19	19	19	19
Shares associates	14	15	15	15	15	17	20	20	22	24	27
Interest bearing assets	1	1	1	1	1	1	1	1	1	1	1
Deferred tax assets	7	6	5	4	2	2	1	2	2	2	2
Other non-IB non-current assets	11	9	10	5	5	6	18	10	10	10	10
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	701	696	681	694	692	674	708	724	737	733	728
Inventory	90	93	106	110	103	110	153	129	133	128	131
Accounts receivable	109	114	105	107	106	108	135	116	117	121	124
Short-term leased assets	0	0	0	9	9	9	9	6	6	6	6
Other current assets	5	4	3	4	4	4	4	5	5	5	5
Cash and bank	5	3	4	4	27	57	31	10	18	22	24
Total current assets	208	214	219	235	248	288	332	266	278	282	290
Assets held for sale	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**909**	**910**	**900**	**929**	**940**	**961**	**1,040**	**989**	**1,015**	**1,015**	**1,018**
Shareholders equity	410	419	415	420	423	455	449	389	399	416	436
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	12	12	13	14	16	13	15	22	26	31	37
Total Equity	422	431	428	434	439	468	464	411	425	447	473
Deferred tax	49	47	43	41	39	37	36	33	33	33	33
Long term interest bearing debt	178	122	153	141	139	176	232	256	266	236	206
Pension provisions	7	6	6	7	7	7	5	5	5	5	5
Other long-term provisions	0	0	0	1	0	0	1	1	1	1	1
Other long-term liabilities	11	8	7	7	2	3	7	6	6	6	6
Non-current lease debt	0	0	0	25	25	21	21	15	19	19	19
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	245	184	209	221	212	245	302	316	330	300	270
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	200	202	188	211	234	237	261	249	251	259	265
Current lease debt	0	0	0	9	10	10	10	10	6	6	6
Other current liabilities	3	1	0	0	0	0	0	0	0	0	0
Short term interest bearing debt	40	92	75	54	45	3	3	3	3	3	3
Total current liabilities	242	295	262	274	289	249	274	261	260	268	274
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**909**	**910**	**900**	**929**	**940**	**961**	**1,040**	**989**	**1,015**	**1,015**	**1,018**
Balance sheet and debt metrics											
Net debt	212	210	222	223	190	152	234	273	276	241	210
of which lease debt	0	0	0	34	34	31	31	25	25	25	25
Working capital	1	7	27	10	-21	-15	31	1	4	-5	-6
Invested capital	703	703	708	705	670	659	739	724	740	728	722
Capital employed	640	645	656	663	657	678	730	696	719	711	708
ROE	4.5%	6.2%	4.0%	3.6%	5.2%	-1.6%	-1.2%	-4.7%	6.8%	8.7%	9.6%
ROIC	3.8%	4.8%	3.3%	3.8%	4.8%	6.4%	6.3%	5.7%	5.7%	6.8%	7.5%
ROCE	5.1%	6.4%	4.4%	5.1%	6.2%	7.9%	7.7%	7.2%	7.3%	8.7%	9.6%
Net debt/EBITDA	2.7	2.4	3.0	2.6	2.0	2.4	2.2	2.7	2.4	1.9	1.6
Interest coverage	5.0	5.6	4.5	5.6	8.8	1.3	0.1	0.0	3.7	5.2	6.9
Equity ratio	45.1%	46.0%	46.2%	45.2%	45.0%	47.3%	43.2%	39.3%	39.3%	41.0%	42.9%
Net gearing	50.3%	48.7%	51.9%	51.3%	43.4%	32.5%	50.3%	66.4%	64.9%	53.9%	44.3%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
EURm	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
EBITDA (adj) for associates	**79**	**87**	**74**	**85**	**96**	**64**	**104**	**100**	**117**	**127**	**134**
Paid taxes	-6	-10	-1	-9	-9	-15	-7	-11	-8	-10	-12
Net financials	-4	-8	-6	-6	-5	-2	-3	-14	-14	-12	-10
Change in provisions	0	-1	0	1	0	-1	-1	0	0	0	0
Change in other LT non-IB	5	1	0	5	-2	-1	-7	6	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	-16	-10	-6	-6	-10	50	15	-20	0	0	0
Funds from operations (FFO)	**58**	**59**	**60**	**71**	**71**	**94**	**100**	**62**	**96**	**105**	**113**
Change in NWC	7	6	-13	17	31	-6	-46	31	-3	9	0
Cash flow from operations (CFO)	**65**	**65**	**47**	**89**	**102**	**88**	**54**	**93**	**93**	**114**	**113**
Capital expenditure	-43	-53	-45	-40	-41	-56	-126	-110	-65	-55	-55
Free cash flow before A&D	**22**	**11**	**3**	**48**	**61**	**32**	**-73**	**-16**	**28**	**59**	**58**
Proceeds from sale of assets	6	8	-1	0	0	30	28	1	0	0	0
Acquisitions	-30	0	0	0	-3	0	-4	0	-8	0	0
Free cash flow	-2	19	2	48	58	63	-49	-16	21	59	58
Free cash flow bef A&D, lease adj	22	11	3	40	53	24	-81	-25	22	53	52
Dividends paid	-11	-13	-15	-12	-12	-15	-19	-21	-17	-18	-20
Equity issues / buybacks	0	0	0	0	0	0	0	0	0	0	0
Net change in debt	15	-3	13	-40	-13	-5	48	24	10	-30	-30
Other financing adjustments	0	0	0	0	-9	-10	-9	-11	-6	-6	-6
Other non-cash adjustments	-1	-4	1	4	-2	-3	2	2	0	0	0
Change in cash	0	-1	1	0	22	31	-26	-21	7	5	1
Cash flow metrics											
Capex/D&A	90.9%	n.m.	98.0%	73.8%	72.0%	97.7%	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	3.2%	3.7%	3.1%	2.8%	2.7%	3.6%	7.4%	6.2%	3.7%	3.0%	2.9%
Key information											
Share price year end (/current)	11	12	7	10	10	12	9	11	10	10	10
Market cap.	324	341	185	284	278	326	262	297	280	280	280
Enterprise value	548	563	420	521	485	490	511	593	582	552	526
Diluted no. of shares, year-end (m)	28.2	28.2	28.2	28.3	28.3	28.3	28.3	28.3	28.3	28.3	28.3

Source: Company data and Nordea estimates

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Completion Date

22 Feb 2024, 21:21 CET

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