

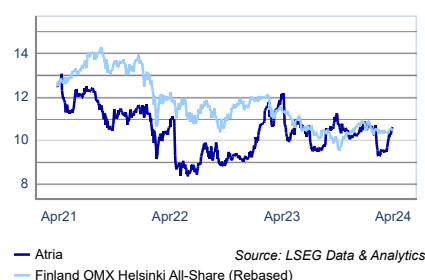
Atria

Consumer Goods
Finland

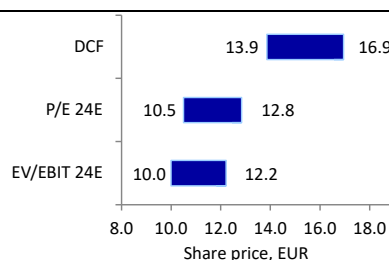
KEY DATA

Stock country	Finland
Bloomberg	ATRAV.FH
Reuters	ATRAV.HE
Share price (close)	EUR 10.65
Free float	42%
Market cap. (bn)	EUR 0.30/EUR 0.30
Website	www.atria.fi
Next report date	23 Apr 2024

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	-1%	-1%	-1%
EBIT (adj)	-1%	-1%	-1%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
Analyst

2024 likely to be back-end loaded

Atria is currently ramping up its EUR 160m poultry investment in Finland. We believe the ramp-up will weigh on Finland's performance in H1, but efficiency gains could become visible in H2. Owing to slowing inflation, grocery market volumes have shown the first signs of improvement, but we expect Foodservice volumes to be burdened, at least in H1. Ahead of the Q1 report, we make minor estimate revisions and derive a slightly lower DCF- and multiples-based fair value range of EUR 11.5-14.0 (11.6-14.2).

Grocery volumes likely stable – Foodservice on the soft side

Finland is by far the most important market for Atria, with 76% of sales and 113% of group adjusted EBIT in 2023. Recently, the grocery market has shown the first signs of volume improvement, and we note deflation in foodstuff prices since February 2024. We expect solid grocery volumes for Atria, but believe Foodservice volumes will be down y/y for Q1. Political strikes in Finland have likely had some impact on export sales, but we do not expect this to have material impact on EBIT for Q1. The ramp-up of the new poultry unit has likely burdened profitability in Q1; we expect Atria's Finland operative EBIT to be EUR 3.4m, down from EUR 14.9m a year ago. In Sweden, we believe the profitability improvement programme will start to support earnings from Q2. At the group level, we model Q1 sales to be down 6% y/y and adjusted EBIT to be EUR 0.5m (EUR 10.9m a year ago).

We make only minor estimate revisions

Ahead of the Q1 report, we trim our top line and adjusted EBIT estimates for 2024-26 by 1%. Atria's guidance for 2024 includes a decline in adjusted EBIT, although we believe the company guidance is on the conservative side. We model 2024 adjusted EBIT of EUR 49.2m, after EUR 49.6m in 2023.

Fair value range of EUR 11.5-14.0

Using our DCF- and multiples-based valuation methods, we derive a slightly lower fair value range of EUR 11.5-14.0 (11.6-14.2) 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 markedly. Under the new CEO, we believe the company could continue with selected bolt-on acquisitions, especially in Sweden.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	1,504	1,540	1,697	1,753	1,755	1,815	1,858
EBITDA (adj)	96	106	102	109	116	126	133
EBIT (adj)	40	49	49	50	49	60	65
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	0.93	1.24	1.43
EPS (adj) growth	51.8%	6.4%	58.7%	-32.5%	-10.2%	33.0%	15.3%
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	12.3	9.6	8.4
P/E (adj)	10.8	11.9	6.0	10.1	11.4	8.6	7.4
P/BV	0.7	0.7	0.6	0.8	0.8	0.7	0.7
Dividend yield (ord)	5.1%	5.5%	7.6%	5.7%	6.1%	6.8%	7.2%
FCF Yield bef A&D, lease	18.9%	7.2%	-31.1%	-8.4%	7.1%	17.4%	16.9%
Net debt	190	152	234	273	277	243	212
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%	5.6%	6.8%	7.5%

Source: Company data and 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	1,755	1,815	1,858
- sales growth	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	10.2%	3.3%	0.2%	3.4%	2.4%
Gross profit	164	173	153	163	166	177	169	167	176	185	191
- 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	116	126	133
- 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	-66	-67
EBIT reported	31.8	40.9	28.2	31.1	39.5	6.4	0.2	0.3	49.2	59.6	65.2
Adj. EBIT	31.2	39.6	28.2	33.0	40.3	49.2	49.0	49.5	49.2	59.6	65.2
- 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	37.7	50.1	57.8
Taxes	-6.6	-7.1	-4.5	-9.2	-12.6	-10.2	-5.5	-4.2	-7.5	-10.0	-11.6
Profit before minorities	19.6	28.4	17.8	17.0	23.5	-5.4	-3.7	-15.3	30.2	40.1	46.2
Minorities	-1.4	-2.5	-1.4	-1.9	-1.8	-1.5	-1.5	-4.5	-3.8	-5.0	-5.8
Adj. Net Profit	17.8	24.5	16.5	17.0	25.8	27.4	43.6	29.4	26.4	35.1	40.5
EPS, excluding NRI (EUR)	0.63	0.87	0.59	0.60	0.91	0.97	1.54	1.04	0.93	1.24	1.43
Divisional sales EURm											
Finland	932	986	1,019	1,034	1,066	1,106	1,265	1,326	1,311	1,357	1,391
Sweden		307	288	289	332	352	356	331	346	358	365
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	1,755	1,815	1,858
Divisional operative EBIT											
Finland	24.2	36.3	36.7	40.0	43.1	48.1	49.4	56.0	46.6	54.3	58.2
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	49.2	59.6	65.2
Divisional sales growth											
Finland	0%	6%	3%	1%	3%	4%	14%	5%	-1%	3%	2%
Sweden		n.a.	-6%	0%	15%	6%	1%	-7%	5%	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%	0%	3%	2%
EBIT margin											
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	404	449	441	461
- sales growth	3.7%	11.5%	13.1%	11.8%	14.2%	5.9%	-2.1%	-2.9%	-5.6%	-1.8%	2.8%	5.2%
Gross profit	31.6	46.5	41.9	48.7	42.0	41.6	45.0	38.8	33.3	41.5	47.7	53.0
- 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	17.3	24.5	37.4	36.7
- margin	4.2%	6.7%	6.7%	6.6%	5.6%	5.1%	8.0%	4.3%	4.3%	5.5%	8.5%	8.0%
D&A	-14	-13	-13	-65	-13	-13	-15	-59	-17	-17	-17	-16
EBIT reported	2.3	15.9	16.5	-34.5	10.9	9.9	19.4	-39.9	0.5	7.7	20.6	20.4
Adj. EBIT	2.3	13.8	16.2	16.7	10.9	9.9	19.4	9.3	0.5	7.7	20.6	20.4
- margin	0.6%	3.2%	3.7%	3.7%	2.5%	2.2%	4.5%	2.1%	0.1%	1.7%	4.7%	4.4%
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	-2.7	4.7	17.8	17.9
Taxes	-0.2	-3.1	-2.4	0.2	-2.0	-1.6	-2.4	1.8	0.5	-0.9	-3.6	-3.6
Profit before minorities	2.7	14.2	16.0	-36.6	6.9	5.1	14.6	-41.9	-2.1	3.7	14.2	14.3
Minorities	-0.2	-0.6	0.5	-1.2	-0.5	-1.3	-1.4	-1.3	-0.7	-1.0	-1.3	-0.8
Adj. Net Profit	2.5	11.5	16.2	13.4	6.4	3.8	13.2	6.0	-2.8	2.7	13.0	13.5
EPS, excluding NRI (EUR)	0.09	0.41	0.57	0.47	0.23	0.13	0.47	0.21	-0.10	0.10	0.46	0.48
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	302	335	327	347
Sweden	82	95	93	86	82	88	81	80	80	89	89	89
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	404	449	441	461
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	3.4	8.2	17.3	17.7
Sweden	-0.9	0.7	3.4	-0.9	-3.3	-2.1	0.0	-0.3	-2.1	-0.3	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	0.5	7.7	20.6	20.4
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%	-6%	-3%	1%	4%
Sweden	7%	8%	-2%	-7%	0%	-8%	-13%	-7%	-3%	1%	10%	11%
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%	-6%	-2%	3%	5%
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%	1.1%	2.5%	5.3%	5.1%
Sweden	-1.1%	0.7%	3.7%	-1.0%	-4.0%	-2.4%	0.0%	-0.4%	-2.6%	-0.4%	2.5%	2.2%
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%	0.1%	1.7%	4.7%	4.4%

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	1,755	1,815	1,858
Revenue growth	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	10.2%	3.3%	0.2%	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	116	126	133
Depreciation and impairments PPE	-47	-46	-45	-54	-57	-57	-104	-100	-67	-66	-67
of which leased assets	0	0	0	-9	-9	-9	-9	-9	-6	-6	-6
EBITA	32	41	28	31	40	6	0	0	49	60	65
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	32	41	28	31	40	6	0	0	49	60	65
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	50	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	30	40	46
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	26	35	40
EPS, EUR	0.65	0.92	0.59	0.53	0.77	-0.24	-0.19	-0.70	0.93	1.24	1.43
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	116	126	133
EBITA (adj)	31	40	28	33	40	49	49	50	49	60	65
EBIT (adj)	31	40	28	33	40	49	49	50	49	60	65
EPS (adj, EUR)	0.63	0.87	0.59	0.60	0.91	0.97	1.54	1.04	0.93	1.24	1.43

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%	3.9%	3.8%	3.8%
EBITDA	7.2%	1.8%	-6.2%	-1.0%	7.1%	-4.2%	3.7%	6.4%	6.3%	5.5%	15.9%
EBIT	31.9%	6.2%	7.4%	-5.2%	6.4%	-27.4%	-65.5%	-59.7%	9.6%	8.6%	59.1%
EPS	n.m.	21.3%	n.m.	-10.6%	9.4%	n.m.	n.m.	n.m.	12.0%	10.1%	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	11.4	8.6	7.4
EV/EBITDA (adj)	7.0	6.6	5.7	6.0	5.0	4.6	5.0	5.4	5.2	4.6	4.1
EV/EBITA (adj)	17.5	14.3	14.9	15.7	12.3	10.0	10.4	12.0	12.3	9.6	8.4
EV/EBIT (adj)	17.5	14.3	14.9	15.7	12.3	10.0	10.4	12.0	12.3	9.6	8.4

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.	11.4	8.6	7.4
EV/Sales	0.41	0.39	0.29	0.36	0.32	0.32	0.30	0.34	0.34	0.32	0.30
EV/EBITDA	7.0	6.5	5.7	6.1	5.0	7.7	4.9	5.9	5.2	4.6	4.1
EV/EBITA	17.3	13.8	14.9	16.8	12.3	76.6	2,554.2	1,976.9	12.3	9.6	8.4
EV/EBIT	17.3	13.8	14.9	16.8	12.3	76.6	2,554.2	1,976.9	12.3	9.6	8.4
Dividend yield (ord.)	4.0%	4.1%	6.1%	4.2%	5.1%	5.5%	7.6%	5.7%	6.1%	6.8%	7.2%
FCF yield	-0.8%	5.6%	1.0%	17.1%	20.8%	19.2%	-18.6%	-5.4%	6.6%	19.4%	18.8%
FCF Yield bef A&D, lease adj	6.9%	3.3%	1.5%	14.0%	18.9%	7.2%	-31.1%	-8.4%	7.1%	17.4%	16.9%
Payout ratio	72.8%	57.6%	68.3%	69.8%	54.8%	64.9%	45.4%	57.7%	69.6%	58.0%	53.8%

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	559	552
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	734	729
Inventory	90	93	106	110	103	110	153	129	132	127	130
Accounts receivable	109	114	105	107	106	108	135	116	116	120	123
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	17	21	21
Total current assets	208	214	219	235	248	288	332	265	275	279	285
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	1,013	1,013	1,015
Shareholders equity	410	419	415	420	423	455	449	389	398	415	435
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	446	472
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	249	257	264
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	258	266	272
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	1,013	1,013	1,015
Balance sheet and debt metrics											
Net debt	212	210	222	223	190	152	234	273	277	243	212
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	725	741	729	724
Capital employed	640	645	656	663	657	678	730	696	719	711	707
ROE	4.5%	6.2%	4.0%	3.6%	5.2%	-1.6%	-1.2%	-4.7%	6.7%	8.6%	9.5%
ROIC	3.8%	4.8%	3.3%	3.8%	4.8%	6.4%	6.3%	5.7%	5.6%	6.8%	7.5%
ROCE	5.1%	6.4%	4.4%	5.1%	6.2%	7.9%	7.7%	7.2%	7.2%	8.6%	9.5%
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	3.6	5.2	6.9
Equity ratio	45.1%	46.0%	46.2%	45.2%	45.0%	47.3%	43.2%	39.3%	39.4%	41.0%	42.9%
Net gearing	50.3%	48.7%	51.9%	51.3%	43.4%	32.5%	50.3%	66.4%	65.1%	54.4%	44.9%

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	116	126	133
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	95	104	112
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	92	113	112
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	27	58	57
Proceeds from sale of assets	6	8	-1	0	0	30	28	1	2	0	0
Acquisitions	-30	0	0	0	-3	0	-4	0	-10	0	0
Free cash flow	-2	19	2	48	58	63	-49	-16	20	58	57
Free cash flow bef A&D, lease adj	22	11	3	40	53	24	-81	-25	21	52	51
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	4	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%	3.0%
Key information											
Share price year end (/current)	11	12	7	10	10	12	9	11	11	11	11
Market cap.	324	341	185	284	278	326	262	297	301	301	301
Enterprise value	548	563	420	521	485	490	511	593	604	575	550
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

16 Apr 2024, 01:18 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea IB & Equity Division, Equity Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	Nordea IB & Equity Division, Equity Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	Nordea IB & Equity Division, Equity Research Visiting address: Grønlandsvej 10 DK-2300 Copenhagen S Denmark	Nordea IB & Equity Division, Equity Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway
Tel: +358 9 1651 Fax: +358 9 165 59710	Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Tel: +45 3333 3333 Fax: +45 3333 1520	Tel: +47 2248 5000 Fax: +47 2256 8650
Reg.no. 2858394-9 Satamaradankatu 5 Helsinki			