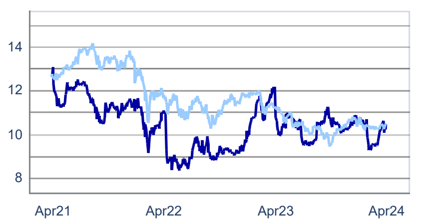
Atria

Consumer Goods
Finland

KEY DATA

Stock country	Finland
Bloomberg	ATRAV FH
Reuters	ATRAV.HE
Share price (close)	EUR 10.50
Free float	42%
Market cap. (bn)	EUR 0.30/EUR 0.30
Website	www.atria.fi
Next report date	18 Jul 2024

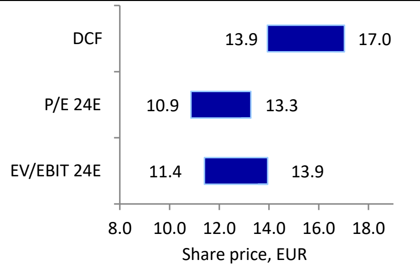
PERFORMANCE



Atria
Finland OMX Helsinki All-Share (Rebased)

Source: LSEG Data & Analytics

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	1%	1%	0%
EBIT (adj)	7%	3%	2%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Joni Sandvall
Analyst

Strong and promising start to the year

Atria's Q1 EBIT came in clearly above LSEG Data & Analytics consensus despite the ongoing ramp-up of the new poultry unit in Finland. Efficiency measures are starting to bear fruit in Sweden and Denmark; combined with the closure of the old poultry unit in Finland this week, we believe the measures could trigger a positive guidance revision as early as the Q2 report. Despite short-term market uncertainties, we believe Atria is well positioned to gain from a trend increase in poultry demand and ongoing efficiency measures. We derive a slightly higher DCF- and multiples-based fair value range of EUR 12.1-14.7 (11.5-14.0) per Atria share.

Q1 exceeded expectations on all fronts

Atria's Q1 EBIT of EUR 8m was well above consensus' expectation of EUR 3.7m. Net sales of EUR 417m were down 3% y/y but 1% above consensus. Lower feed sales prices and sluggish foodservice and export sales were the main reasons for the decline in sales. Finnish port strikes caused some sales to be shifted to Q2. The new poultry unit in Finland continues to optimise its production and the company aims to shut down the old facility in Sahalahti this week. In Sweden, the centralisation of production and changes to the organisational structure supported margins, and the company was able to gain market shares. Denmark reached breakeven profitability, while Estonia continued its solid performance in Q1. We continue to believe the company can improve its performance in H2 despite tough comps in Q3.

We forecast 2024 adjusted EBIT to be above the guidance

Atria maintained its guidance, which we consider conservative. We raise our 2024E-26E top line by 0-1%, increase 2024E EBIT by 7% and nudge up 2025E-26E EBIT by 2-3%. Due to slightly higher interest expenses, we only raise our EPS estimates by 0-3% for 2024-26. We now model EUR 52.5m adjusted EBIT for 2024 (EUR 49.6m in 2023), up 6%, which compares to the guidance for declining adjusted EBIT. Despite macro uncertainties, we believe Atria could raise its guidance in conjunction with the Q2 report.

Fair value range of EUR 12.1-14.7

Using our DCF- and multiples-based valuation methods, we derive a slightly higher fair value range of EUR 12.1-14.7 (11.5-14.0) per share. We believe Atria is well positioned for a clear profitability uplift in 2025 following the optimisation of its new poultry unit. After the intense investment period, cash flows are also likely to strengthen markedly.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	1,504	1,540	1,697	1,753	1,767	1,826	1,862
EBITDA (adj)	96	106	102	109	117	128	134
EBIT (adj)	40	49	49	50	52	61	66
EBIT (adj) margin	2.6%	3.2%	2.9%	2.8%	3.0%	3.4%	3.6%
EPS (adj, EUR)	0.91	0.97	1.54	1.04	0.97	1.25	1.44
EPS (adj) growth	51.8%	6.4%	58.7%	-32.5%	-7.2%	29.4%	15.0%
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	11.3	9.2	8.1
P/E (adj)	10.8	11.9	6.0	10.1	10.9	8.4	7.3
P/BV	0.7	0.7	0.6	0.8	0.7	0.7	0.7
Dividend yield (ord)	5.1%	5.5%	7.6%	5.7%	6.2%	6.9%	7.3%
FCF Yield bef A&D, lease	18.9%	7.2%	-31.1%	-8.4%	8.9%	18.0%	17.3%
Net debt	190	152	234	273	272	237	206
Net debt/EBITDA	2.0	2.4	2.2	2.7	2.3	1.8	1.5
ROIC after tax	4.8%	6.4%	6.3%	5.7%	5.9%	7.0%	7.6%

Source: Company data and Nordea estimates

Q1 deviation and estimate revisions

Q1 EBIT beat consensus clearly...

...which makes us believe the full-year guidance is conservative

Atria's Q1 was solid despite ramp-up of the new poultry unit

Atria reported Q1 adjusted EBIT of EUR 8.0m, 114% (EUR 4.3m) above LSEG Data & Analytics consensus. Q1 net sales of EUR 417m were down 3% y/y and came in 1% above consensus. The Q1 EBIT beat to our estimates came from all divisions. There were no items affecting comparability in the quarter.

In Finland, sales declined due to lower feed sales prices and sluggish export and foodservice sales, while the company notes an oversupply of red meat in the market. The ramp-up of the new poultry unit burdened profitability. Sweden profitability turned positive, driven by centralisation of production last year. Fierce price competition in Denmark has continued, while the company was able to improve EBIT owing to the efficiency improvement programme.

Operating cash flow was EUR -17m (EUR -13m a year ago).

Atria reiterated its guidance for a decline in adjusted EBIT in 2024 (after EUR 49.6m in 2023). Prior to the Q1 report, consensus adjusted EBIT was EUR 48.3m, implying a 3% decline. Atria expects the challenging operating environment to continue in 2024. We view the reiterated guidance as conservative, especially after the Q1 EBIT beat, as the company should benefit clearly from the ramp-up of the new poultry unit and closure of Sahalahti plant (due this week).

Finland EBIT came in clearly above our expectations...

Atria Finland profitability above our expectations

- Finland net sales of EUR 310m were down 4% y/y and came in 2% above our expectations. Net sales declined due to lower feed sales prices and sluggish export and foodservice sales. Retail sales increased slightly.
- Adjusted EBIT was EUR 7.2m, 112% above our estimate of EUR 3.4m. The cost of supplies, external services and payroll costs increased y/y. The market situation for red meat continues to be weak and there is oversupply in the market. The poultry unit ramp-up burdened margins, while the company did not disclose by how much.
- Atria’s supplier share in retail was 24% (flat y/y, 26% in Q4).

...while Sweden benefitted from centralisation of production

Atria Sweden improved market shares in growing retail trade

- Sweden net sales were EUR 82m, flat y/y and 3% above our estimate. Atria’s market shares in retail trade improved in a growing market.
- Adjusted EBIT of EUR 0.0m was well above our estimate of EUR -2.1m.
- Atria Sweden started to benefit from the centralisation of production at Sköllersta and the streamlining of the organisational structure, the effect of which should be fully visible in Q2.

Denmark EBIT recovered to the break-even level

Atria Denmark & Estonia EBIT up due to higher sales and efficiency

- Denmark & Estonia net sales were EUR 31m, up 9% y/y and 7% above our expectation. In Denmark, sales were supported by export sales, while in Estonia the company continued to improve its market share.
- Adjusted EBIT was EUR 1.4m, well above our estimate of EUR -0.2m. Atria benefitted from the efficiency programme in Denmark and higher sales and lower raw material prices in Estonia. Denmark EBIT recovered to a break-even level during Q1.
- After a recent acquisition in Estonia, Atria’s self-sufficiency in terms of pork is around 70% and it aims to ensure its supply of domestic pork in the future.

DEVIATION TABLE

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	Q1 2024	Q1 2024E	vs. actual		Q1 2024E	vs. actual		Q4 2023	q/q	Q1 2023	y/y
Sales	**417**	**404**	**13**	**3%**	**411**	**5**	**1%**	**438**	**-5%**	**428**	**-3%**
Adj. EBIT	**8.0**	**0.5**	**7.5**	**1407%**	**3.7**	**4.3**	**114%**	**9.3**	**-14%**	**10.9**	**-27%**
Adj. EBIT margin	1.9%	0.1%	1.8pp	1.8pp	0.9%	1.0pp		2.1%	-0.2pp	2.5%	-0.6pp
Adj. EPS, EUR	**0.10**	**(0.10)**	**0.20**	**-200%**	**(0.01)**	**0.11**	**-850%**	**(1.53)**	-107%	**0.23**	-56%
Divisional sales, EURm											
Finland	309.8	302.5	7	2%				334	-7%	324	-4%
Sweden	82.1	79.6	3	3%				80	2%	82	0%
Denmark & Estonia	30.7	28.7	2	7%				31	0%	28	9%
Unallocated	0.0	0.0	0	n.m.				0	n.m.	0	n.m.
Group eliminations	-5.8	-6.6	1	-12%				-7	-11%	-6	5%
Group	**416.8**	**404.2**	**12.6**	**3%**				**438**	**-5%**	**428**	**-3%**
Divisional adj. EBIT, EURm											
Finland	7.2	3.4	3.8	112%				9.4	-23%	14.9	-52%
Sweden	0.0	-2.1	2.1	-100%				-0.3	-100%	-3.3	-100%
Denmark & Estonia	1.4	-0.2	1.6	-950%				1.3	8%	-0.5	n.m.
Group eliminations	-0.6	-0.6	0.0	0%				-1.1	-45%	-0.2	200%
Group	**8.0**	**0.5**	**7.5**	**1407%**				**9.3**	**-14%**	**10.9**	**-27%**

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

2024 guidance appears conservative

Guidance for declining EBIT appears cautious to us, especially after the Q1 beat

Atria reiterated its guidance and expects adjusted EBIT to decline in 2024 after EUR 49.6m in 2023. Prior to the Q1 report, LSEG Data & Analytics consensus called for EUR 48.3m in adjusted EBIT for 2024, i.e. a 3% decline. Atria expects the operating environment to be challenging in 2024 due to consumer behaviour. Efficiency targets for the new poultry unit will have an impact on the year's result.

We continue to believe Atria has taken a cautious view with its 2024 guidance. Given the commissioning of the new poultry unit, we believe the company is well positioned for a strong H2 2024 performance. Taking into consideration the Q1 EBIT beat, we believe the company could revise its guidance in conjunction with the Q2 report. However, given the reiterated guidance for now, we expect only minor revisions to consensus estimates.

Estimate revisions

We forecast a 6% adjusted EBIT increase in 2024 – above the guidance for declining adjusted EBIT

Following the Q1 report, we nudge up our top-line estimates by 0-1%, burdened slightly by FX. We hike 2024E adjusted EBIT by 7% following the Q1 beat. For 2025E-26E, we nudge up adjusted EBIT by 2-3%, and continued to expect a clear profitability recovery, especially in Finland after the ramp-up of the new poultry unit. EPS is up only 0-3% for 2024E-26E, due to slightly higher interest cost expectations.

Atria is guiding for declining adjusted EBIT for 2024 after EUR 49.6m in 2023. We expect 6% growth in adjusted EBIT and therefore see room for a guidance upgrade, possibly in conjunction with the Q2 report.

ESTIMATE REVISIONS AFTER THE Q1 REPORT (EURm; DPS IN EUR)

	New estimates				Old estimates				Difference %			
EURm	**Q2 2024E**	**2024E**	**2025E**	**2026E**	**Q2 2024E**	**2024E**	**2025E**	**2026E**	**Q2 2024E**	**2024E**	**2025E**	**2026E**
Sales	**452**	**1,767**	**1,826**	**1,862**	**449**	**1,755**	**1,815**	**1,858**	**1%**	**1%**	**1%**	**0%**
Adj. EBIT	**10.7**	**52.5**	**61.4**	**66.5**	**7.7**	**49.2**	**59.6**	**65.2**	**39%**	**7%**	**3%**	**2%**
Adj. EBIT margin	2.4%	3.0%	3.4%	3.6%	1.7%	2.8%	3.3%	3.5%	0.6pp	0.2pp	0.1pp	0.1pp
Adj. EPS, EUR	**0.15**	**0.97**	**1.25**	**1.44**	**0.10**	**0.93**	**1.24**	**1.43**	**58%**	**3%**	**1%**	**0%**
DPS		0.65	0.72	0.77		0.65	0.72	0.77		0%	0%	0%
Divisional sales EURm	**Q2 2024E**	**2024E**	**2025E**	**2026E**	**Q2 2024E**	**2024E**	**2025E**	**2026E**	**Q2 2024E**	**2024E**	**2025E**	**2026E**
Finland	338	1,319	1,365	1,392	335	1,311	1,357	1,391	1%	1%	1%	0%
Sweden	88	346	358	365	89	346	358	365	0%	0%	0%	0%
Denmark & Estonia	32	128	129	132	32	125	127	130	1%	3%	2%	2%
Unallocated	0	0	0	0	0	0	0	0	nm.	nm.	nm.	nm.
Group eliminations	-7	-26	-26	-27	-7	-26	-27	-28	0%	-3%	-3%	-3%
Group	**452**	**1,767**	**1,826**	**1,862**	**449**	**1,755**	**1,815**	**1,858**	**1%**	**1%**	**1%**	**0%**
Divisional adj. EBIT	**Q2 2024E**	**2024E**	**2025E**	**2026E**	**Q2 2024E**	**2024E**	**2025E**	**2026E**	**Q2 2024E**	**2024E**	**2025E**	**2026E**
Finland	9.3	46.7	54.4	58.2	8.2	46.6	54.3	58.2	13%	0%	0%	0%
Sweden	1.1	4.6	5.8	6.9	-0.3	1.8	4.3	6.0	-453%	149%	34%	16%
Denmark & Estonia	1.5	5.4	5.6	5.7	1.0	5.0	5.3	5.5	51%	9%	5%	5%
Unallocated	-1.2	-4.2	-4.3	-4.4	-1.2	-4.2	-4.3	-4.4	0%	0%	0%	0%
Group	**10.7**	**52.5**	**61.4**	**66.5**	**7.7**	**49.2**	**59.6**	**65.2**	**39%**	**7%**	**3%**	**2%**
Divisional sales growth	**Q2 2024E**	**2024E**	**2025E**	**2026E**	**Q2 2024E**	**2024E**	**2025E**	**2026E**	**Q2 2024E**	**2024E**	**2025E**	**2026E**
Finland	-2%	-1%	3%	2%	-3%	-1%	3%	2%	1.0pp	0.6pp	0.0pp	-0.5pp
Sweden	1%	5%	3%	2%	1%	5%	3%	2%	-0.3pp	0.0pp	0.0pp	0.0pp
Denmark & Estonia	3%	5%	1%	2%	2%	2%	2%	2%	1.0pp	2.8pp	-1.0pp	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	**-1%**	**1%**	**3%**	**2%**	**-2%**	**0%**	**3%**	**2%**	**0.8pp**	**0.7pp**	**-0.1pp**	**-0.4pp**
EBIT margin	**Q2 2024E**	**2024E**	**2025E**	**2026E**	**Q2 2024E**	**2024E**	**2025E**	**2026E**	**Q2 2024E**	**2024E**	**2025E**	**2026E**
Finland	2.7%	3.5%	4.0%	4.2%	2.5%	3.6%	4.0%	4.2%	0.3pp	0.0pp	0.0pp	0.0pp
Sweden	1.3%	1.3%	1.6%	1.9%	-0.4%	0.5%	1.2%	1.6%	1.6pp	0.8pp	0.4pp	0.3pp
Denmark & Estonia	4.6%	4.2%	4.3%	4.4%	3.1%	4.0%	4.2%	4.2%	1.5pp	0.2pp	0.1pp	0.1pp
Unallocated	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.	nm.
Group	**2.4%**	**3.0%**	**3.4%**	**3.6%**	**1.7%**	**2.8%**	**3.3%**	**3.5%**	**0.6pp**	**0.2pp**	**0.1pp**	**0.1pp**

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 12.1-14.7 (11.5-14.0) 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 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	677-765	24-27
(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	13	0.4
DCF Value	**394-481**	**13.9-17**

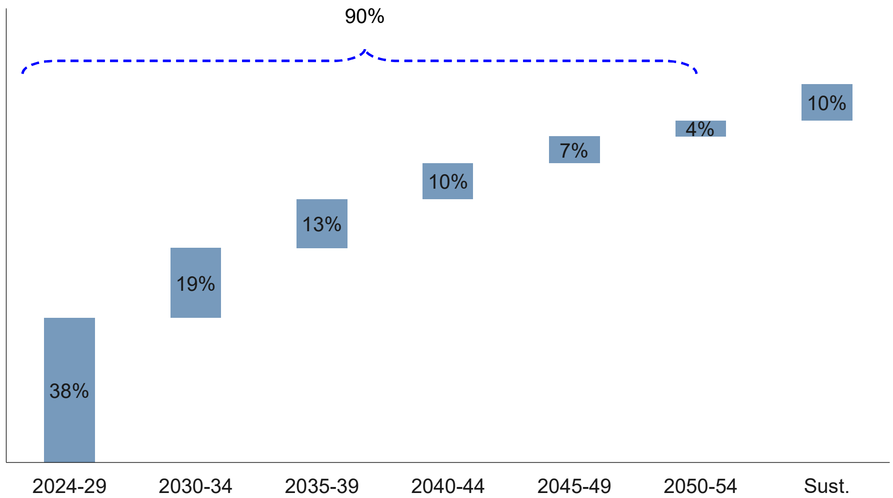
Source: Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	**2024-29**	**2030-34**	**2035-39**	**2040-44**	**2045-49**	**2050-54**	**Sust.**
Sales growth, CAGR	2.3%	1.5%	1.5%	1.5%	1.5%	1.5%	
EBIT-margin, excluding associate:	3.5%	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	16.9%	0.3%	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 12.1-19.3 per share.

- A +/-0.5 pp sales growth change translates to a change of +/-5% 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	23.5	22.2	21.0	19.9	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	14.2	13.4	12.7	12.1	11.5
	-1.0pp	11.0	10.5	9.9	9.4	9.0

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	15.4
	0.5pp	18.2	17.2	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	14.0	13.3
	-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	21.0	22.2	23.5
	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	9.1	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 11.4-13.9 by taking 2024E adjusted EBIT of EUR 52.5m, multiplying it by the accepted multiple range of 11.3-12.6x and deducting our 2024 net debt assumption of EUR 272m (including IFRS 16 lease liabilities). We also derive a P/E valuation range of EUR 10.9-13.3, taking 2024E adjusted EPS of EUR 0.97 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	2023	2024E	2025E	2026E	2023	2024E	2025E	2026E	2024E	2025E
Apetit Oyj	Finland	13.5	85	79	10.4	13.2	11.3	11.3	8.6	13.2	13.9	13.6	5.6%	5.6%
Bell Food Group Ag	Switzerland	277.0	1,796	2,660	15.3	14.8	14.7	13.8	10.8	12.0	12.2	11.4	2.6%	2.6%
Cranswick Plc	UK	4,185.0	2,619	2,782	13.9	12.7	12.1	11.3	18.4	17.2	16.2	14.8	2.2%	2.3%
Hkscan Oyj	Finland	0.7	65	371	13.2	16.8	16.1	14.8			10.0		0.0%	0.0%
Raisio Oyj	Finland	1.9	308	252	11.1	11.0	9.5	8.4	14.4	14.6	13.6	12.7	7.4%	7.4%
Scandi Standard Ab (Publ)	Sweden	75.9	431	574	14.5	12.9	11.5	9.7	18.4	14.9	13.4	10.7	3.9%	4.3%
Societe Ldc Sa	France	141.5	2,495	2,121	6.0	5.9	5.4	5.0	9.2	8.9	8.5	7.9	2.1%	2.4%
What'S Cooking Group Nv	Belgium	76.4	142	203	9.7		6.2	5.9	13.2	9.1	6.7	6.1	6.1%	6.2%
Average			993	1,130	11.8	12.5	10.8	10.0	13.3	12.8	11.8	11.0	3.7%	3.8%
Median			370	472	12.1	12.9	11.4	10.5	13.2	13.2	12.8	11.4	3.2%	3.4%
Atria (NDA)		**10.3**	**290**	**563**	**11.4**	**10.7**	**8.6**	**7.5**	**10.1**	**10.6**	**8.2**	**7.1**	**6.3%**	**7.0%**

Source: LSEG Data & Analytics and Nordea estimates (as of market close on 22 April)

PEER GROUP KEY FIGURES

	Sales growth				EBIT margin				ROE			
European peers	**2023**	**2024E**	**2025E**	**2026E**	**2023**	**2024E**	**2025E**	**2026E**	**2023**	**2024E**	**2025E**	**2026E**
Apetit Oyj	-3.5%	-4.8%	3.6%	3.5%	4.3%	3.6%	4.0%	3.9%	9.8%	6.2%	5.8%	5.8%
Bell Food Group Ag	7.5%	2.9%	2.4%	2.3%	3.7%	3.7%	3.6%	3.8%	8.7%	8.5%	7.9%	8.6%
Cranswick Plc	13.6%	6.7%	4.7%	4.8%	6.8%	7.0%	7.0%	7.2%	13.7%	13.4%	13.4%	0.0%
Hkscan Oyj	-4.6%	-37.2%	1.9%		1.5%	1.9%	1.9%	2.0%	-8.4%	-0.1%	2.7%	0.0%
Raisio Oyj	-1.4%	3.0%	5.8%	4.2%	10.4%	10.2%	11.1%	12.0%	6.7%	7.7%	8.7%	9.4%
Scandi Standard Ab (Pul	-0.3%	3.1%	4.4%	8.9%	3.5%	3.8%	4.1%	4.5%	11.4%	12.9%	13.4%	0.0%
Societe Ldc Sa	8.0%	4.8%	4.1%	4.2%	5.8%	5.6%	5.9%	6.0%	13.3%	12.9%	11.9%	11.2%
What'S Cooking Group N	6.5%	3.9%	2.7%		2.5%	3.2%	3.7%	3.8%	6.3%	0.0%	0.0%	0.0%
Average	3.2%	-2.2%	3.7%	4.7%	4.8%	4.9%	5.2%	5.4%	7.7%	7.7%	8.0%	4.4%
Median	3.1%	3.0%	3.8%	4.2%	4.0%	3.8%	4.1%	4.2%	9.3%	8.1%	8.3%	2.9%
Atria (NDA)	**3.3%**	**0.8%**	**3.3%**	**2.0%**	**2.8%**	**3.0%**	**3.4%**	**3.6%**	**-4.7%**	**6.9%**	**8.7%**	**9.5%**

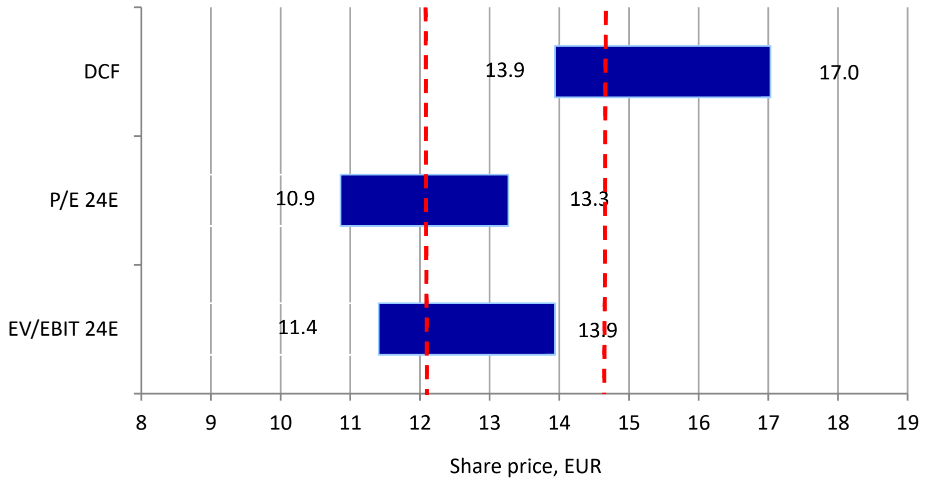
Source: LSEG Data & Analytics and Nordea estimates (as of market close on 22 April)

Valuation conclusion

From our DCF-based valuation and a relative multiples-based valuation, we derive a fair value range of EUR 12.1-14.7 (11.5-14.0) per Atria share, as shown by the red dotted lines in the chart below.

Fair value range of EUR 12.1-14.7

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	1,767	1,826	1,862
- sales growth	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	10.2%	3.3%	0.8%	3.3%	2.0%
Gross profit	**164**	**173**	**153**	**163**	**166**	**177**	**169**	**167**	**178**	**188**	**194**
- margin	12.2%	12.1%	10.6%	11.2%	11.1%	11.5%	9.9%	9.6%	10.1%	10.3%	10.4%
EBITDA	**79**	**87**	**74**	**85**	**96**	**64**	**104**	**100**	**117**	**128**	**134**
- margin	5.8%	6.1%	5.1%	5.9%	6.4%	4.1%	6.1%	5.7%	6.6%	7.0%	7.2%
D&A	-47	-46	-45	-54	-57	-57	-104	-100	-64	-67	-68
EBIT reported	31.8	40.9	28.2	31.1	39.5	6.4	0.2	0.3	52.5	61.4	66.5
Adj. EBIT	**31.2**	**39.6**	**28.2**	**33.0**	**40.3**	**49.2**	**49.0**	**49.5**	**52.5**	**61.4**	**66.5**
- margin	2.3%	2.8%	2.0%	2.3%	2.7%	3.2%	2.9%	2.8%	3.0%	3.4%	3.6%
Net finance	-6	-7	-6	-6	-5	-5	-3	-14	-15	-13	-11
Associated companies	1	2	0	1	1	3	5	2	1	2	2
Adj. PTP	**25.7**	**34.1**	**22.3**	**28.2**	**36.1**	**47.6**	**50.6**	**38.1**	**38.5**	**50.4**	**58.0**
Taxes	-6.6	-7.1	-4.5	-9.2	-12.6	-10.2	-5.5	-4.2	-7.3	-10.1	-11.6
Profit before minorities	**19.6**	**28.4**	**17.8**	**17.0**	**23.5**	**-5.4**	**-3.7**	**-15.3**	**31.2**	**40.4**	**46.4**
Minorities	-1.4	-2.5	-1.4	-1.9	-1.8	-1.5	-1.5	-4.5	-3.9	-5.0	-5.8
Adj. Net Profit	**17.8**	**24.5**	**16.5**	**17.0**	**25.8**	**27.4**	**43.6**	**29.4**	**27.3**	**35.3**	**40.6**
EPS, excluding NRI (EUR)	**0.63**	**0.87**	**0.59**	**0.60**	**0.91**	**0.97**	**1.54**	**1.04**	**0.97**	**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	1,319	1,365	1,392
Sweden		307	288	289	332	352	356	331	346	358	365
Denmark & Estonia		99	98	97	107	105	113	122	128	129	132
Unallocated	72	86	75	74	52	15	0	0	0	0	0
Group eliminations	-30	-42	-41	-42	-53	-37	-38	-26	-26	-26	-27
Group	**1,352**	**1,436**	**1,439**	**1,451**	**1,504**	**1,540**	**1,697**	**1,753**	**1,767**	**1,826**	**1,862**
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	46.7	54.4	58.2
Sweden		1.0	-7.1	-4.6	0.8	2.7	2.3	-5.7	4.6	5.8	6.9
Denmark & Estonia		5.2	5.3	4.3	5.2	5.1	1.3	2.9	5.4	5.6	5.7
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**	**52.5**	**61.4**	**66.5**
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%	5%	3%	2%
Denmark & Estonia		n.a.	-1%	-1%	11%	-2%	8%	8%	5%	1%	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%	3.5%	4.0%	4.2%
Sweden		0.3%	-2.5%	-1.6%	0.2%	0.8%	0.6%	-1.7%	1.3%	1.6%	1.9%
Denmark & Estonia		5.3%	5.4%	4.5%	4.9%	4.9%	1.2%	2.4%	4.2%	4.3%	4.4%
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%**	**3.0%**	**3.4%**	**3.6%**

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	Q1/24	Q2/24E	Q3/24E	Q4/24E
Sales	375	432	439	451	428	457	430	438	417	452	441	457
- sales growth	3.7%	11.5%	13.1%	11.8%	14.2%	5.9%	-2.1%	-2.9%	-2.6%	-1.0%	2.6%	4.4%
Gross profit	**31.6**	**46.5**	**41.9**	**48.7**	**42.0**	**41.6**	**45.0**	**38.8**	**38.4**	**43.0**	**47.6**	**49.5**
- margin	8.4%	10.8%	9.5%	10.8%	9.8%	9.1%	10.5%	8.9%	9.2%	9.5%	10.8%	10.8%
EBITDA	**15.8**	**28.9**	**29.4**	**30.0**	**23.8**	**23.1**	**34.4**	**18.9**	**23.0**	**27.2**	**33.7**	**33.8**
- margin	4.2%	6.7%	6.7%	6.6%	5.6%	5.1%	8.0%	4.3%	5.5%	6.0%	7.6%	7.4%
D&A	-14	-13	-13	-65	-13	-13	-15	-59	-15	-17	-17	-16
EBIT reported	2.3	15.9	16.5	-34.5	10.9	9.9	19.4	-39.9	8.0	10.7	17.2	17.3
Adj. EBIT	**2.3**	**13.8**	**16.2**	**16.7**	**10.9**	**9.9**	**19.4**	**9.3**	**8.0**	**10.7**	**17.2**	**17.3**
- margin	0.6%	3.2%	3.7%	3.7%	2.5%	2.2%	4.5%	2.1%	1.9%	2.4%	3.9%	3.8%
Net finance	-0.9	-0.7	-0.3	-1.5	-3.2	-3.7	-3.2	-3.5	-4.2	-4.2	-3.5	-3.1
Associated companies	1.4	2.1	2.2	-0.8	1.1	0.5	0.8	-0.3	0.1	0.2	0.2	0.5
Adj. PTP	2.9	15.2	18.1	14.4	8.9	6.7	17.0	5.5	3.9	6.7	13.9	14.7
Taxes	-0.2	-3.1	-2.4	0.2	-2.0	-1.6	-2.4	1.8	-0.1	-1.3	-2.8	-3.1
Profit before minorities	**2.7**	**14.2**	**16.0**	**-36.6**	**6.9**	**5.1**	**14.6**	**-41.9**	**3.8**	**5.3**	**11.1**	**11.6**
Minorities	-0.2	-0.6	0.5	-1.2	-0.5	-1.3	-1.4	-1.3	-1.0	-1.0	-1.3	-0.6
Adj. Net Profit	**2.5**	**11.5**	**16.2**	**13.4**	**6.4**	**3.8**	**13.2**	**6.0**	**2.8**	**4.3**	**9.8**	**10.9**
EPS, excluding NRI (EUR)	**0.09**	**0.41**	**0.57**	**0.47**	**0.23**	**0.13**	**0.47**	**0.21**	**0.10**	**0.15**	**0.35**	**0.39**
Divisional sales EURm	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23**	**Q3/23**	**Q4/23**	**Q1/24**	**Q2/24E**	**Q3/24E**	**Q4/24E**
Finland	274	320	327	344	324	345	324	334	310	338	327	344
Sweden	82	95	93	86	82	88	81	80	82	88	87	88
Denmark & Estonia	26	28	29	29	28	31	32	31	31	32	33	32
Unallocated	0	0	0	0	0	0	0	0	0	0	0	0
Group eliminations	-8	-11	-10	-9	-6	-7	-7	-7	-6	-7	-7	-7
Group	**375**	**432**	**439**	**451**	**428**	**457**	**430**	**438**	**417**	**452**	**441**	**457**
Divisional operative EBIT	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23**	**Q3/23**	**Q4/23**	**Q1/24**	**Q2/24E**	**Q3/24E**	**Q4/24E**
Finland	3.0	13.4	12.7	20.3	14.9	12.7	19.0	9.4	7.2	9.3	14.9	15.4
Sweden	-0.9	0.7	3.4	-0.9	-3.3	-2.1	0.0	-0.3	0.0	1.1	1.9	1.6
Denmark & Estonia	0.8	0.7	0.7	-0.9	-0.5	0.6	1.5	1.3	1.4	1.5	1.6	1.5
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**	**8.0**	**10.7**	**17.2**	**17.3**
Divisional sales growth	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23**	**Q3/23**	**Q4/23**	**Q1/24**	**Q2/24E**	**Q3/24E**	**Q4/24E**
Finland	5%	15%	19%	17%	18%	8%	-1%	-3%	-4%	-2%	1%	3%
Sweden	7%	8%	-2%	-7%	0%	-8%	-13%	-7%	0%	1%	9%	10%
Denmark & Estonia	6%	6%	7%	11%	8%	11%	10%	4%	9%	3%	3%	5%
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%**	**-3%**	**-1%**	**3%**	**4%**
EBIT margin	**Q1/22**	**Q2/22**	**Q3/22**	**Q4/22**	**Q1/23**	**Q2/23**	**Q3/23**	**Q4/23**	**Q1/24**	**Q2/24E**	**Q3/24E**	**Q4/24E**
Finland	1.1%	4.2%	3.9%	5.9%	4.6%	3.7%	5.9%	2.8%	2.3%	2.7%	4.5%	4.5%
Sweden	-1.1%	0.7%	3.7%	-1.0%	-4.0%	-2.4%	0.0%	-0.4%	0.0%	1.3%	2.1%	1.8%
Denmark & Estonia	3.1%	2.5%	2.4%	-3.1%	-1.8%	1.9%	4.7%	4.2%	4.6%	4.6%	5.0%	4.7%
Group eliminations	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Group	**0.6%**	**3.2%**	**3.7%**	**3.7%**	**2.5%**	**2.2%**	**4.5%**	**2.1%**	**1.9%**	**2.4%**	**3.9%**	**3.8%**

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 the 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**	**1,767**	**1,826**	**1,862**
Revenue growth	0.9%	6.2%	0.2%	0.9%	3.6%	2.4%	10.2%	3.3%	0.8%	3.3%	2.0%
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	128	134
Depreciation and impairments PPE	-47	-46	-45	-54	-57	-57	-104	-100	-64	-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	52	61	66
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	32	41	28	31	40	6	0	0	52	61	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	1	2	2
Net financials	-6	-7	-6	-6	-5	-5	-3	-14	-15	-13	-11
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	-7	-10	-12
Net profit from continued operations	20	28	18	17	24	-5	-4	-15	31	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	27	35	41
EPS, EUR	**0.65**	**0.92**	**0.59**	**0.53**	**0.77**	**-0.24**	**-0.19**	**-0.70**	**0.97**	**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%	7.0%	7.2%
EBITA	2.3%	2.8%	2.0%	2.1%	2.6%	0.4%	0.0%	0.0%	3.0%	3.4%	3.6%
EBIT	2.3%	2.8%	2.0%	2.1%	2.6%	0.4%	0.0%	0.0%	3.0%	3.4%	3.6%
Adjusted earnings											
EBITDA (adj)	78	86	74	87	96	106	102	109	117	128	134
EBITA (adj)	31	40	28	33	40	49	49	50	52	61	66
EBIT (adj)	31	40	28	33	40	49	49	50	52	61	66
EPS (adj, EUR)	0.63	0.87	0.59	0.60	0.91	0.97	1.54	1.04	0.97	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%	7.0%	7.2%
EBITA (adj)	2.3%	2.8%	2.0%	2.3%	2.6%	3.2%	2.9%	2.8%	3.0%	3.4%	3.6%
EBIT (adj)	2.3%	2.8%	2.0%	2.3%	2.6%	3.2%	2.9%	2.8%	3.0%	3.4%	3.6%
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%	3.9%	3.9%
EBITDA	7.2%	1.8%	-6.2%	-1.0%	7.1%	-4.2%	3.7%	6.4%	6.5%	5.9%	16.1%
EBIT	31.9%	6.2%	7.4%	-5.2%	6.4%	-27.4%	-65.5%	-59.7%	11.0%	9.2%	59.7%
EPS	n.m.	21.3%	n.m.	-10.6%	9.4%	n.m.	n.m.	n.m.	12.7%	10.2%	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%	6.6%

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	10.9	8.4	7.3
EV/EBITDA (adj)	7.0	6.6	5.7	6.0	5.0	4.6	5.0	5.4	5.1	4.4	4.0
EV/EBITA (adj)	17.5	14.3	14.9	15.7	12.3	10.0	10.4	12.0	11.3	9.2	8.1
EV/EBIT (adj)	17.5	14.3	14.9	15.7	12.3	10.0	10.4	12.0	11.3	9.2	8.1

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.	10.9	8.4	7.3
EV/Sales	0.41	0.39	0.29	0.36	0.32	0.32	0.30	0.34	0.34	0.31	0.29
EV/EBITDA	7.0	6.5	5.7	6.1	5.0	7.7	4.9	5.9	5.1	4.4	4.0
EV/EBITA	17.3	13.8	14.9	16.8	12.3	76.6	2,554.2	1,976.9	11.3	9.2	8.1
EV/EBIT	17.3	13.8	14.9	16.8	12.3	76.6	2,554.2	1,976.9	11.3	9.2	8.1
Dividend yield (ord.)	4.0%	4.1%	6.1%	4.2%	5.1%	5.5%	7.6%	5.7%	6.2%	6.9%	7.3%
FCF yield	-0.8%	5.6%	1.0%	17.1%	20.8%	19.2%	-18.6%	-5.4%	8.3%	19.9%	19.2%
FCF Yield bef A&D, lease adj	6.9%	3.3%	1.5%	14.0%	18.9%	7.2%	-31.1%	-8.4%	8.9%	18.0%	17.3%
Payout ratio	72.8%	57.6%	68.3%	69.8%	54.8%	64.9%	45.4%	57.7%	67.4%	57.6%	53.6%

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	562	556	549
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	21	23	25
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	734	730	725
Inventory	90	93	106	110	103	110	153	129	133	128	130
Accounts receivable	109	114	105	107	106	108	135	116	117	121	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	22	27	28
Total current assets	208	214	219	235	248	288	332	265	282	286	292
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**	**1,017**
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	426	448	474
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	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	259	267	273
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**	**1,017**
Balance sheet and debt metrics											
Net debt	212	210	222	223	190	152	234	273	272	237	206
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	737	724	719
Capital employed	640	645	656	663	657	678	730	696	720	712	708
ROE	4.5%	6.2%	4.0%	3.6%	5.2%	-1.6%	-1.2%	-4.7%	6.9%	8.7%	9.5%
ROIC	3.8%	4.8%	3.3%	3.8%	4.8%	6.4%	6.3%	5.7%	5.9%	7.0%	7.6%
ROCE	5.1%	6.4%	4.4%	5.1%	6.2%	7.9%	7.7%	7.2%	7.6%	8.9%	9.6%
Net debt/EBITDA	2.7	2.4	3.0	2.6	2.0	2.4	2.2	2.7	2.3	1.8	1.5
Interest coverage	5.0	5.6	4.5	5.6	8.8	1.3	0.1	0.0	3.5	4.7	6.3
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%	63.8%	52.9%	43.4%

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**	**128**	**134**
Paid taxes	-6	-10	-1	-9	-9	-15	-7	-11	-7	-10	-12
Net financials	-4	-8	-6	-6	-5	-2	-3	-14	-15	-13	-11
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**	**105**	**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**	**114**	**112**
Capital expenditure	-43	-53	-45	-40	-41	-56	-126	-110	-60	-55	-55
Free cash flow before A&D	**22**	**11**	**3**	**48**	**61**	**32**	**-73**	**-16**	**32**	**59**	**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	24	59	57
Free cash flow bef A&D, lease adj	22	11	3	40	53	24	-81	-25	26	53	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	12	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%	3.4%	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	297	297	297
Enterprise value	548	563	420	521	485	490	511	593	595	565	540
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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