

Weak Finland balanced by Scandinavia

As the profit warning indicated, Atria's profitability in Q1'08 was weak. Even though the top-line grew to EUR 303m exceeding the consensus expectations, the increase was not sufficient to cover the higher cost base. Q1'08 EBIT amounted to EUR 6.8m undershooting clearly the consensus expectations of EUR 8.9m. The main reason for lower-than-expected profitability was the Finnish operations suffering from the current imbalance in the European pork markets. Despite weak profitability and the challenging market situation we expect to keep our positive view on the share.

- The main reason for the low profitability in Q1'08 was low profitability of the Finnish operations. The drop in profitability was expected but the lower-than-expected level of the margins was still a negative surprise. The current low profitability is due to non profitable export, wholesale and industrial sales but according to management also the sales mix has been unfavorable.
- Other segments were fairly in line with our expectations and as we expected the good profitability development in Scandinavia somewhat balanced the weak profitability of the Finnish operations. The current unsustainable market situation is negatively affecting also the operational profitability in the Baltics and in Russia but due to relatively small size of the operations the impact on group level is rather immaterial.
- The company held their guidance intact indicating that the market situation is expected to improve during the second half of the year. We share the view concerning the development of European meat markets but note that even though the recovery may be sudden the low profitability will burden Atria at least in Q2'08.

Rating

++ BUY

	Q1 Actual	Q1 Evli	Q1 Consensus	Q1 Year ago
Net sales	303.4	292.8	301.8	276.0
EBIT	6.8	10.5	8.9	11.5
PTP	3.5	7.2	5.7	7.6
EPS	0.07	0.18	0.15	0.19
Deviation	Evli	Consensus	Year ago	
Net sales	3.5%	0.5%		9.0%
EBIT	-54.0%	-31.5%		-69.1%
PTP	-104.9%	-64.0%		-117.1%
EPS	-154.5%	-114.3%		-167.8%

Source: Consensus SME Direct

Share price, EUR **14.18**
Target price, EUR 20.0

Latest change in recommendation	14-Jun-07
No. of shares outstanding, '000's	28,268
No. of shares fully diluted, '000's	28,268
Market cap, EURm	401
Free float, %	43.0
Reuters code	ATRAV.HE
Bloomberg code	ATRAV FH
GICS Industry code	30202030
Next interim report	06-May-08
Web site	www.atria.fi

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++ BUY **+** ACCUMULATE **-** REDUCE **-- SELL**

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2006	1,103	42	3.8%	35	0.74	19.6	0.5	5.0	13.3	0.60
2007	1,272	60	4.7%	46	1.19	14.6	0.6	4.8	12.9	0.70
2008E	1,345	58	4.3%	44	1.10	12.9	0.6	6.0	12.8	0.61
2009E	1,436	74	5.2%	59	1.50	9.4	0.5	4.0	10.2	0.83
2010E	1,527	84	5.5%	68	1.72	8.2	0.5	3.6	9.3	0.95

Market cap, EURm	401	BV per share 2008E, EUR	17.2	CAGR EPS 2007-10, %	13.1
Net debt 2008E, EURm	347	Price/book 2008E	0.8	CAGR sales 2007-10, %	6.3
Enterprise value, EURm	741	Dividend yield 2008E, %	4.3	ROE 2008E, %	6.5
Total assets 2008E, EURm	1,090	Tax rate 2008E, %	27.1	ROCE 2008E, %	7.0
Goodwill 2008E, EURm	152	Equity ratio 2008E, %	44.7	PEG, P/E 08/CAGR	0.7

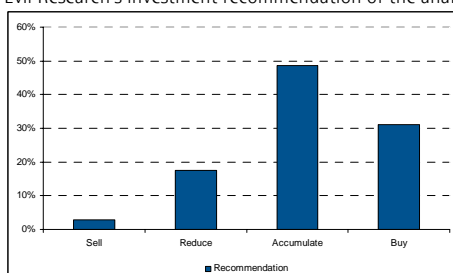
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Target price compared to share price	Recommendation
< -5 %	SELL
-5 - (+5) %	REDUCE
5 - 15 %	ACCUMULATE
> 15 %	BUY

Evli Research's investment recommendation of the analyzed company is in general updated 2 - 4 per year.



The graph above shows the distribution of Evli Research's recommendations of companies under coverage in 3rd of December 2007. If recommendation is not given, it is not mentioned here.

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