

Apetit Oyj (APETIT)

Finland | Food Manufacturing | MCAP EURm 88.1

01 June 2025

Buy

Target price:	EUR 18.3
Current price:	EUR 13.9
Upside:	31.8%

Strategic Shift defrosts Apetit's True Value

Apetit Oyj (“Apetit” or “the Company”) is one of the leading players in the Finnish frozen food industry and operates across two segments: Food Solutions and Oilseed Products. The Oilseed Products segment is dependent on volatile market prices for animal-feed products, which has led to a 26.1% decline in the segment's revenue since 2022. This has led the market to overlook the growth potential of Apetit's smaller, yet more profitable Food Solutions segment, which delivered an EBIT margin of 10.7% in 2024, nearly double the group's overall margin of 5.7%. Through a shift in focus to the Food Solutions segment as well as geographical expansion, Apetit is estimated to grow top-line at a CAGR of 4.4%, reaching 186 EURm by 2027E, and profitability is set to follow with EBIT margin expanding from 5.7% in 2024 to 6.1% by 2027E. A target price of 18.3 EUR is derived from an equally weighted DCF and peer valuation, using a target EV/EBIT multiple of 10.1x 2027E, implying a potential upside of 31.8%.

Key takeaways

- Market Trends Favour Apetit's Value Proposition:** According to Statista, the Nordic market for frozen plant-based ready meals is projected to grow at a 7.3% CAGR through 2030E, driven by long-term health and sustainability trends. Apetit's focused offering and strong domestic position, with presence in over 2,000 Finish retail stores, enables the Food Solutions segment to capitalize on the rising demand for plant-based foods. Backed by this momentum, the Food Solutions segment is projected to grow top-line at a 7.1% CAGR through 2030E, translating to a 4.4% annual growth in group revenue, reaching 186 EURm by 2027E.
- Food Solutions Segment Drives Group Performance:** The Food Solutions segment, centred around frozen vegetables and plant-based meals, has become the key driver of growth for Apetit, recording a CAGR of 5.2% since 2021. The segment accounted for 44% (76 EURm) of revenue in 2024 but contributed with more than 80% (8 EURm) of EBIT, demonstrating the superior profitability of Food Solutions. The Company is now allocating resources accordingly, extending marketing efforts to further drive growth within the Food Solutions segment. This is estimated to drive EBIT margin from 5.7% in 2024 to 6.1% by 2027E, resulting in an EBIT of 11.3 EURm.
- Expansion in Sweden within the Food Solutions Segment:** Sweden represents the Company's most promising opportunity for geographic expansion. With a frozen food consumption per capita nearly 40% higher than in Finland and a population twice as large, the Swedish market provides a clear runway for the Company's expansion. Apetit entered the Swedish market in 2020, but a dedicated sales force was not deployed until late 2024. Notably, Apetit's main Nordic rival, Findus, is deprioritizing the region, thereby creating a vacuum in quality-driven frozen food. The analysts estimate sales to grow at a 17.1% CAGR in Sweden through 2030E, reaching 22.7 EURm.

Analysts

Gabriel Widsén	Equity Analyst
William Beer	Equity Analyst

Market Data, EUR

Exchange	Small Cap Helsinki
Shares (m)	6.24
MCAP (m)	88.1
EV (m)	92.1

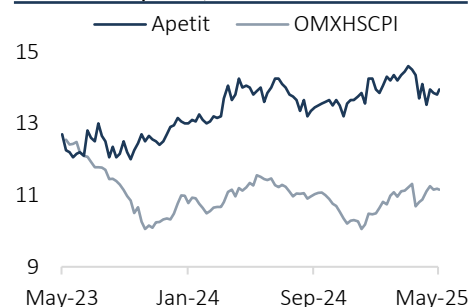
Metrics & Drivers	25E	26E	27E
EV/EBIT	12.0x	10.4x	8.1x
EV/EBITDA	6.6x	5.9x	5.0x
EV/S	0.54x	0.52x	0.50x
P/E	13.3x	11.6x	9.3x
ND/EBITDA	0.3x	0.3x	0.2x

Forecast, EURm	25E	26E	27E
Total revenue	170.4	178.0	185.9
Rev. growth y/y	3.8%	4.4%	4.5%
Gross Profit	60.2	63.8	68.8
Gross Margin	35.4%	35.8%	37.0%
EBITDA	14.0	15.5	18.3
EBITDA Margin	8.2%	8.7%	9.9%
EBIT	7.7	8.9	11.3
EBIT Margin	4.5%	5.0%	6.1%

Major Shareholders

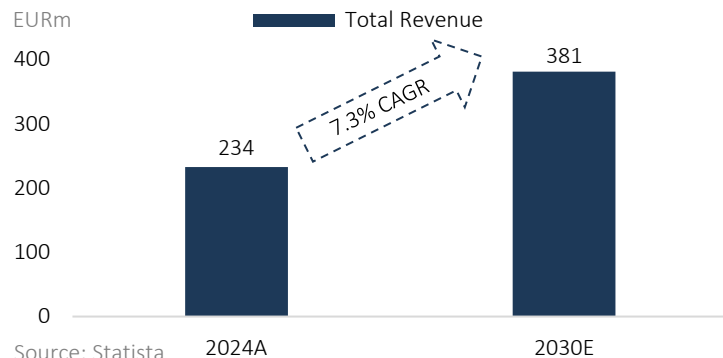
Valion Pension Fund	9.2%
Berner Oy	7.9%
Eela Esko Matti	6.2%

Price Development, EUR

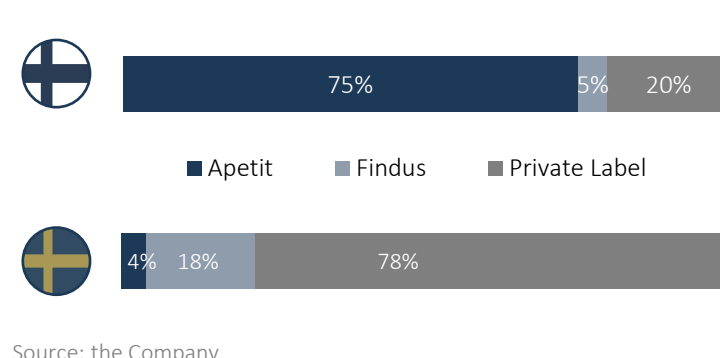


Investment thesis in charts

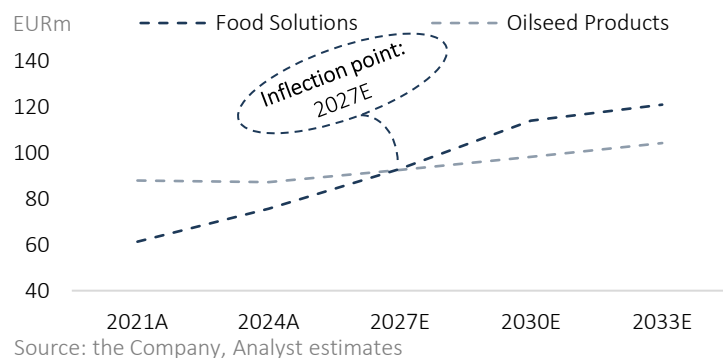
Market for Plant-Based Ready Meals in the Nordics



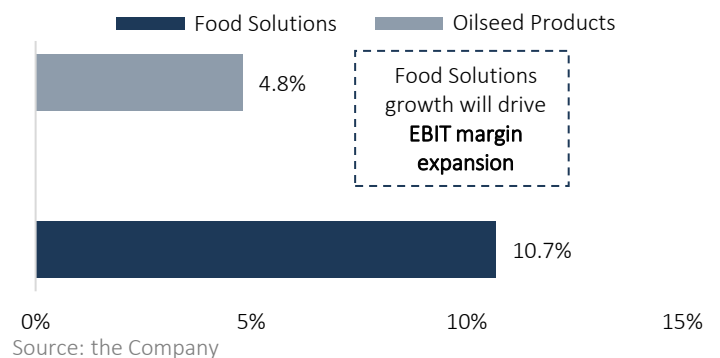
Market Share (Plant-Based Ready Meals) Finland - Sweden



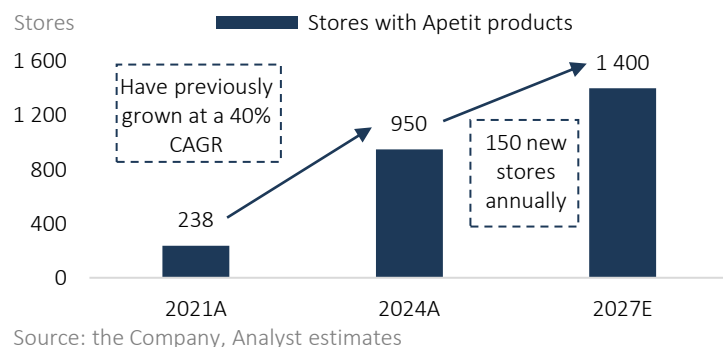
Shift in Focus segment: Revenue-Development



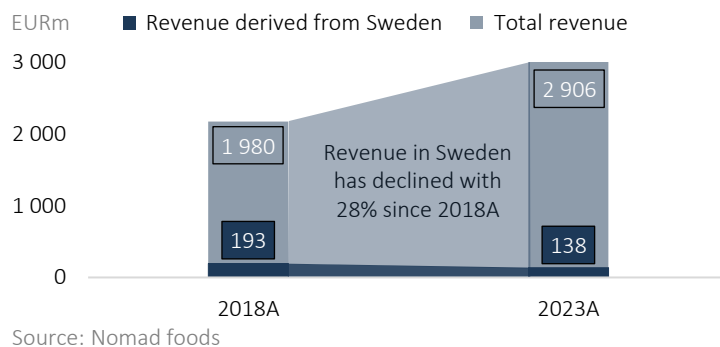
Shift in Focus Segment: EBIT margin per Segment 2024A



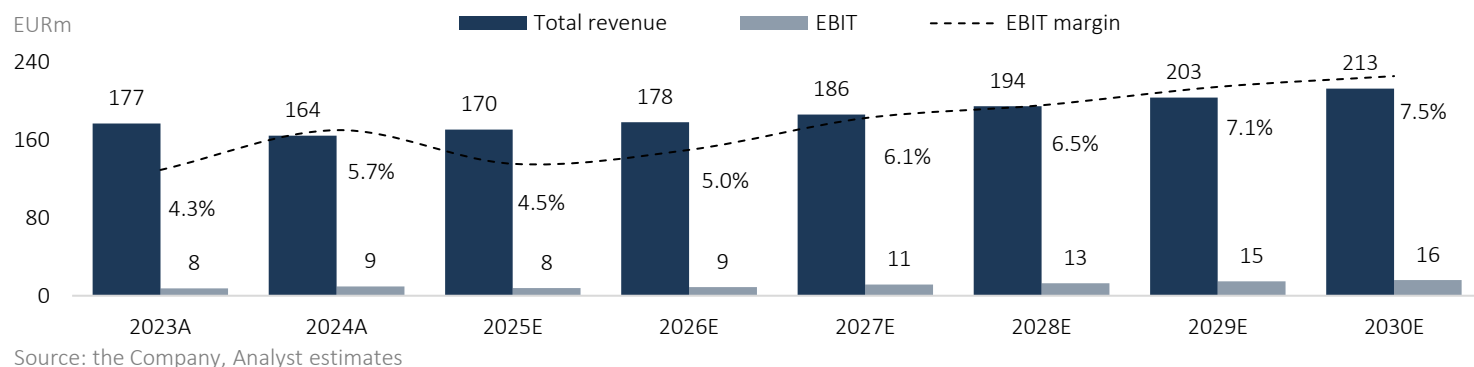
Apetit Entering New Stores in Sweden



Findus Shifting Focus Away from Sweden



Revenue and EBIT margin Expansion



Investment Thesis

Structural Tailwinds in Health, Sustainability and Convenience

The shift toward plant-based, sustainable, and convenient food has become a mainstream trend in the Nordics, driven by health, climate, and lifestyle factors. As a result, Statista projects the plant-based ready meals market to generate 381 EURm in revenue by 2030E, implying a CAGR 7.3%.

Apetit is poised to benefit from this development, supported by the Company's strong position in Finland and the repositioning of Apetit's main competitor in Sweden, Findus. Findus is shifting focus away from the Swedish market, hiking prices to increase profitability. This creates a strategic opportunity for the Company to gain 20 EURm in market shares by 2027E, through a well-balanced offering of price and quality. When measured against key factors that consumers prioritise when buying frozen plant-based food, affordability, local sourcing and sustainability, Apetit consistently delivers. Hence, the analysts estimate top-line to grow 4.4% annually through 2030E, reaching 186 EURm by 2027E, compared to 164 EURm in 2024.

Margin Expansion Driven by Shift Towards Food Solutions

Apetit's Food Solutions segment has emerged as the Company's growth engine, achieving a CAGR of 5.2% since 2021. In 2024, the segment generated 44% (76 EURm) of total revenue but contributed over 80% (8 EURm) of EBIT, underscoring the segment's strong profitability. As a result, Apetit is now investing accordingly, as seen with the increased marketing efforts and the recent deployment of a dedicated sales team in Sweden to further accelerate growth within the Food Solutions segment. By shifting focus away from low-margin, volatile, oilseed operations and reallocating capital to the higher margin segment, Apetit is reshaping the Company's earnings potential. The analysts project the Food Solutions segment to grow revenue at a 7.1% CAGR until 2030E, reaching 54% of total sales, transforming Apetit's margin profile in the process, with EBIT margin estimated to improve from 5.7% in 2024 to 7.5% in 2030E. Highlighting the strength of the Food Solutions segment compared to the Oilseed Products segment, a standalone DCF valuation of Food Solutions implies a 26.0% upside from current EV.

Strategic Expansion to Swedish Markets

Sweden serves as a key market for Apetit's geographic expansion. With per capita frozen food consumption nearly 40% higher than in Finland, a population twice the size, Sweden offers significant untapped potential. Apetit entered the Swedish market in 2020, but only recently, in late 2024, did the Company appoint a sales force in Sweden. Initial results indicate positive momentum: Apetit has expanded its presence in major retailers such as ICA, Coop, and Axfood from approximately 200 stores in 2020 to over 900 in 2024. Notably, Apetit's main Nordic rival, Findus, owned by the UK-based private equity firm Nomad Foods, views the wider European market as more lucrative and is therefore deprioritizing the Nordic region, hiking prices to improve profitability and switching from domestic farmers to cheaper farmers in central Europe. The shift has led to a decline in Nomad Foods revenue derived from Sweden, from 159 EURm in 2020 (6.3% of total sales) to 138 EURm (4.5% of total sales) in 2023. This strategic pullback has created a gap in the quality-focused frozen food segment, which Apetit is well-positioned to fill. The analysts project sales to grow at a 17.1% CAGR in Sweden through 2030E, reaching 22.7 EURm.

Company Overview

Domestic Market Leader within Frozen Foods

Apetit is a Finnish food producer founded in 1950 and is the domestic market leader within frozen vegetables and frozen ready meals, possessing more than 70% of the Finnish frozen foods market. The Company also produces seed-based food oils and animal feed. Apetit's production is based in Säkylä, Pudasjärvi and Kirkkonummi and raw materials are sourced mainly through contract farming with over 130 Finnish farmers. The Company's markets are mainly grocery retail, however, Apetit also operates in foodservice as well as animal-feed markets. The Oilseed Product segment is the Company's largest, with revenues accounting for 54% of total sales (87 EURm 2024), while the Food Solutions segment accounts for 46% (76 EURm 2024). Apetit's core market is Finland, where more than 80% of total sales are derived from, however, the Company also operates in Norway and Sweden, where Apetit is expanding current operations.

Business Model

Food Solutions

Apetit's business consists of two segments: Food Solutions and Oilseed Products. The Food Solutions segment comprises frozen vegetables, ready meals, and pizzas, all produced at the Company's facilities in Finland. Around 80% of the vegetables are supplied through 130 contracted Finnish farmers, based on pre-agreed volumes and prices. This reduces reliance on imports and seasonal price fluctuations, as evidenced by the Food Solutions segment's stable gross margins at 51%, in the past 5 years. This segment's main customers are retail chains and food service operators in Finland and Sweden.

Oilseed Products

The Oilseed Products segment processes Finnish-grown rapeseed at facilities in Kirkkonummi. The segment produces vegetable oil for food use and rapeseed expeller, which is sold to animal feed producers. The food oils are sold to both retail grocery chains and foodservice operators. This segment is the largest, accounting for 54% of group revenue in 2024, however, Oilseed Products is also a source of concern within the Company due to the segment's exposure to market price volatility for animal feed products, which has contributed to declining revenue each year since 2022. Nevertheless, continued expansion within the Food Solutions segment helps to offset this risk.

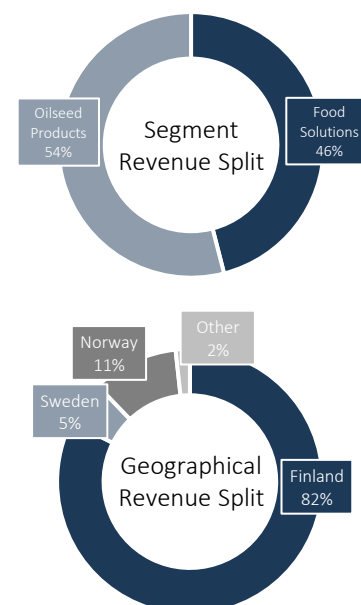
Market Overview

Finnish Market

In Finland, the grocery retail industry can be described as an oligopoly with S group possessing 48% of the market and Kesko holding 34%. Apetit competes mainly in frozen food, where the Company holds a leading position. The demand for frozen plant-based foods is stable, supported by ageing demographics and interest in domestic production. Consumer price sensitivity is high, but private label competition is lower than in any other Nordic market, which offers room for branded producers.

Swedish Market

In Sweden, Apetit sells through local partners and direct listings. Compared to Finland, the Swedish frozen food market is larger, with Private labels accounting for almost 80%, leaving the remaining portion fragmented. The main competitor, however, is not the Private Labels, but rather Findus. Historically a dominant player with roughly 18% of the market, Findus is now reducing presence in the Nordics and has moved production from Sweden to Germany. This has weakened the local supply and opened opportunities for new suppliers.



Valuation

Discounted Cash Flow Valuation Implies an Upside of 41%

EBIT margin is projected to increase from 5.7% to 7.5% by 2030E, while Capex is estimated at 3.8% of revenue, in accordance with historical averages. A discounted cash flow analysis, extending through 2034E, based on a 10.0% WACC, indicates a potential upside of 36.5%. Terminal value is derived using a perpetuity growth approach with a terminal growth rate (TGR) of 2.0%, in line with long-term EU inflation and GDP forecasts.

DCF breakdown		WACC						
Terminal value	170	TGR	EUR	8.0%	9.0%	10.0%	11.0%	12.0%
PV of terminal value	66		1.0%	24.4	20.9	18.2	16.0	14.3
EV	122		1.5%	25.6	21.7	18.8	16.5	14.6
Net debt	4		2.0%	27.0	22.7	19.0	17.0	15.0
Equity value	118		2.5%	28.7	23.8	20.3	17.6	15.4
Number of shares outstanding (millions)	6.2		3.0%	30.7	25.1	21.2	18.2	15.9
Implied share price	19.0							
Potential upside	36.5%							

Source: the Company, Bloomberg, Analyst estimates

Oilseed Uncertainty Suppress Appetit's Valuation

The Company currently trades at an EV/EBIT multiple of 8.1x 2027E based on an estimated EBIT of 11.3 EURm for 2027E. The peer group consists of Nordic companies in the food industry with similar margins and projected growth. Appetit trades at a 19.3% discount relative to the peer group median, due to concerns surrounding declining revenue within the Oilseed Products segment. Thus, the current valuation fails to reflect the Company's ongoing shift in business mix. Applying the peer median EV/EBIT multiple of 10.1x results in a target price of 17.7 EUR, corresponding to a potential upside of 26.6%.

EURm	Market Data		Financial Data				Valuation
	MCAP	EV	Gross Margin 2024A	Gross Margin 2027E	EBIT margin 2024A	EBIT margin 2027E	EV/EBIT 2027E
Midsona	120	161	28.7%	28.9%	3.4%	5.0%	10.2
Cloetta	746	893	33.3%	35.2%	10.6%	11.1%	10.0
Premium Snacks	32	36	41.1%	41.9%	3.5%	5.7%	10.9
Average	246	295	34.8%	35.7%	5.8%	7.0%	9.8
Median	104	127	34.7%	36.1%	4.6%	5.9%	10.1
Appetit	88	92	36.1%	37.0%	5.7%	6.1%	8.1

Source: the Company, Bloomberg, Factset, Analyst estimates

Appendix: Income Statement

Income statement, EURm	2021A	2022A	2023A	2024A	2025E	2026E	2027E
Total revenue	285	183	177	164	170	178	186
<i>y-y change %</i>	2.3%	(35.8%)	(3.4%)	(7.1%)	3.8%	4.4%	4.5%
COGS	(234)	(137)	(121)	(105)	(110)	(114)	(117)
Gross profit	50	46	55	59	60	64	69
<i>Gross margin</i>	17.7%	24.9%	31.3%	36.1%	35.4%	35.8%	37.0%
Personnel costs	(19)	(18)	(21)	(21)	(22)	(23)	(24)
Other operating expenses	(22)	(19)	(21)	(22)	(24)	(25)	(26)
EBITDA	9	9	13	16	14	16	18
<i>EBITDA margin</i>	3.2%	5.0%	7.5%	9.7%	8.2%	8.7%	9.9%
D&A	(6)	(6)	(6)	(7)	(6)	(7)	(7)
EBIT	3	3	8	9	8	9	11
<i>EBIT margin</i>	1.0%	1.9%	4.3%	5.7%	4.5%	5.0%	6.1%
Net financial items	1	0	4	1	1	1	1
EBT	3	4	11	10	8	9	12
Tax	(1)	(1)	(2)	(2)	(2)	(2)	(2)
Net income	2	3	10	9	7	8	10
<i>Net income margin</i>	0.8%	1.7%	5.5%	5.2%	3.9%	4.3%	5.1%

Source: the Company, Analyst estimates

Appendix: Income Statement – Food Solutions

Income statement, EURm	2021A	2022A	2023A	2024A	2025E	2026E	2027E
Total revenue	62	64	74	76	81	87	93
<i>y-y change %</i>	2.3%	4.4%	14.8%	2.8%	7.2%	7.1%	7.1%
COGS	(30)	(31)	(37)	(37)	(41)	(43)	(46)
Gross profit	31	33	37	39	41	44	48
<i>Gross margin</i>	51.1%	51.1%	50.3%	51.5%	50.0%	50.5%	51.0%
Personnel costs	(13)	(15)	(16)	(17)	(18)	(19)	(20)
Other opex	(9)	(11)	(11)	(10)	(11)	(12)	(13)
EBITDA	9	8	9	12	11	13	15
<i>EBITDA margin</i>	15.0%	11.8%	12.9%	16.4%	13.8%	15.1%	16.4%
D&A	(3)	(3)	(4)	(4)	(4)	(5)	(5)
EBIT	6	4	6	8	7	8	10
<i>EBIT margin</i>	9.6%	6.5%	7.8%	10.7%	8.4%	9.7%	11.1%

Source: the Company, Analyst estimates

Appendix: DCF analysis – Food Solutions

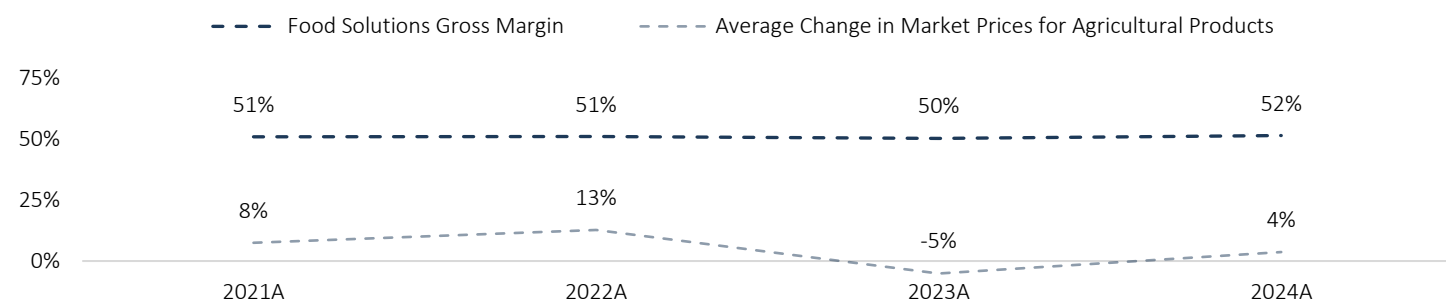
FCFF, EURm	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
NOPAT	5	3	5	7	5	7	8	10	11	12	12	12	13	13
D&A (+)	3	3	4	4	4	5	5	5	5	6	6	7	7	7
Capex (-)	2	4	4	4	5	5	5	5	5	6	6	7	7	7
Change in NWC (-)	(4)	1	2	0	1	1	1	1	1	2	0	0	0	0
FCFF	10	1	3	6	4	5	7	8	10	10	12	12	12	12
<i>FCFF Margin</i>	<i>15.8%</i>	<i>2.1%</i>	<i>3.9%</i>	<i>8.0%</i>	<i>5.1%</i>	<i>6.3%</i>	<i>7.3%</i>	<i>8.4%</i>	<i>9.0%</i>	<i>9.1%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>

DCF Breakdown (EURm)	
Terminal Value	158
PV of Terminal Value	61
EV	113
Net Debt	4
Equity Value	109
NOSH (Millions)	6.2
Implied Share Price	17.5
Upside	26.0%

TGR	WACC					
	EUR	8.0%	9.0%	10.0%	11.0%	12.0%
	1.0%	21.1	18.4	16.4	14.8	13.6
	1.5%	22.2	19.1	16.9	15.2	13.9
	2.0%	23.4	20.0	17.5	15.7	14.3
	2.5%	25.0	21.0	18.2	16.2	14.7
	3.0%	26.8	22.2	19.0	16.8	15.1

Source: the Company, Bloomberg, Analyst estimates

Appendix: Food Solutions Resilience against Cyclicalty



Source: the Company, Statistics Finland

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