10 May 2022

Commissioned research: NoHo Partners – Guides for EUR 300m top line in 2022 and accelerating market for Q2

Marketing material commissioned by NoHo Partners

NoHo Partners reported Q1 EBIT of EUR -1.3m, +51% (EUR 1.3m) versus Infront consensus and 33% (EUR 0.3m) below Nordea. Q1 net sales were EUR 48.5m and came 6% above consensus and 1% above Nordea. Operational EBITDA (operating cash flow) was EUR +1.1m in Q1, while cash position was EUR 2.1m at the end of Q1 (EUR 6.4m at the end of Q4). Government grants were EUR 2.1m in Q1. April sales of EUR 28.9m were up 608% y/y (+36% on 2019 level), while the operational EBITDA was EUR 4.5m. The company expects May sales in the range of EUR 29-32m and operational EBITDA between EUR 4.5-5.5m. June sales are expected to be in the range of EUR 27-30m with operational EBITDA of EUR 3.5-4.5m. NoHo issued a new guidance for 2022 and is expecting around EUR 300m top line and around 7% EBIT margin in restaurant business. Infront consensus has expected EUR 286m sales and 7.6% EBIT margin. We believe the guidance includes uncertainties related to general economic situation, cost increases and availability of staff and view the guidance as conservative, especially when thinking profitability. The company expects market to accelerate in Q2 and to be relatively resilient to weakening purchasing power of domestic consumption. We expect consensus to maintain EBIT estimates largely intact.

NOHO PARTNERS: DEVIATION TABLE

EURm	Actual Q1 2022	NDA est. Q1 2022E	Deviation vs. actual		Consensus Q1 2022E	Deviation vs. actual		Actual Q4 2021	q/q	Actual Q1 2021	y/y
Sales	**48.5**	**48.0**	**0.5**	**1%**	**45.9**	**2.6**	**6%**	**70**	**-30%**	**20**	**141%**
EBIT	**(1.3)**	**(1.0)**	**-0.3**	**33%**	**(2.6)**	**1.3**	**-51%**	**6.7**	**-119%**	**(9.7)**	**-87%**
EBIT margin	**-2.7%**	**-2.0%**		-0.6pp	**-5.7%**		3.1pp	**9.6%**	-12.3pp	**-48.3%**	45.6pp
Adj. EBIT *	(3.4)	**(3.0)**	-0.4	14%	(3.4)	0.0	-1%	4.3	-180%	(13.7)	-75%
Adj. EBIT margin	-7.0%	-6.2%		-0.8pp	-7.5%		0.5pp	6.1%	-13.1pp	-67.9%	60.9pp
EPS	**(0.18)**	**(0.15)**	**-0.03**	**17%**	**(0.26)**	**0.08**	-30%	**0.08**	-322%	**(0.49)**	-63%

*Source: Company data, Refinitiv and Nordea estimates; Nore: *) exluding government grants*

Q1 EBIT margin was strong in International business

- Q1 net sales were EUR 48.5m (Infront consensus EUR 45.9m).
- Q1 EBIT was EUR -1.3m (consensus at EUR -2.6m). Government grants were EUR 2.1m in Q1 (we had modelled EUR 2m).
- NoHo started to report key figures for Finnish operations and International business. Finnish operations top line was 37.3m in Q1 with EUR -2.4m EBIT (-6.3% margin). We had expected EUR 34.1m sales from Finland. International business top line was EUR 11.2m with EUR 1.1m EBIT (9.4% margin). We had expected EUR 13.9m top line from International business.
- Operational EBITDA (operating cash flow) was EUR 1.1m in Q1 (EUR -6.7m in Q1 2021). In April, operational EBITDA was EUR 4.5m, while May operational EBITDA is expected to be

EUR 4.5-5.5m and June operational EBITDA is expected to be EUR 3.5-4.5m. This indicates EUR 13.5m operational EBITDA for Q2 (we have modelled EUR 12m).

- April sales were EUR 28.9m, 36% above 2019 level and up 608% y/y. The company expects May sales of EUR 29-32m and June sales of EUR 27-30m. This indicates Q2 top line mid-point of EUR 87.9m (Refinitiv consensus EUR 79.3m, Nordea EUR 82.8m).

- Q1 EPS was EUR -0.18, above consensus at EUR -0.26.

- Over the next 12 months, the company will focus on normalisation of its debt level, while it aims to concentrate its cash flow more on the growth in 2023.

- Net debt, excluding IFRS 16 lease liabilities was EUR 149m in Q1 (EUR 152m at the end of 2021). The company aims to reach below 3x net debt/operational EBITDA.

New guidance for 2022 issued

NoHo introduced a new guidance for 2022 in conjunction with the Q1 report. The company expects EUR 300m sales and 7% EBIT margin in restaurant business in 2022. We believe the company is taking a conservative approach, especially with profitability margin for 2022 due to geopolitical tensions, cost increases and availability of staff. We expect consensus to make only minor EBIT revision based on Q1 report and 2022 guidance.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	273	157	186	296	331	356
EBITDA (adj)	76	21	34	68	78	83
EBIT (adj)	31	-31	-13	24	31	35
EBIT (adj) margin	11.4%	-19.6%	-6.7%	8.0%	9.4%	9.9%
EPS (adj, EUR)	2.27	-1.66	-1.16	0.45	0.80	0.95
EPS (adj) growth	318.9%	-173.3%	30.1%	138.6%	77.5%	19.0%
DPS (ord, EUR)	0.00	0.00	0.00	0.00	0.40	0.45
EV/Sales	1.7	3.0	2.5	1.5	1.3	1.2
EV/EBIT (adj)	15.6	n.m.	n.m.	18.5	13.6	11.7
P/E (adj)	4.5	n.m.	n.m.	17.8	10.0	8.4
P/BV	1.5	2.0	2.3	2.0	1.7	1.5
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	5.0%	5.6%
FCF Yield bef A&D, lease adj	9.9%	-18.3%	3.8%	8.8%	13.4%	13.7%
Net debt	268	318	322	280	262	250
Net debt/EBITDA	3.6	11.3	7.0	4.0	3.4	3.0
ROIC after tax	7.9%	-6.3%	-2.8%	5.5%	7.3%	8.2%

Source: Company data and Nordea estimates

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