

09 August 2022

Commissioned research: NoHo Partners – Strong Q2 and confident outlook for H2

Marketing material commissioned by NoHo Partners

NoHo Partners reported Q2 EBIT of EUR 16.1m, +18% versus Refinitiv consensus and +2% versus Nordea. Q2 net sales were EUR 90.2m and came in line with consensus and Nordea. Operational EBITDA (operating cash flow) was EUR +18.3m in Q2, while cash position was EUR 3.5m at the end of Q2 (EUR 2.1m at the end of Q1). Government grants were EUR 4.8m in Q2 while we had anticipated EUR 4.3m. The company does not anymore disclose monthly sales figures, while the guidance for 2022 (upgraded on 22 June) was kept intact. The company is expecting around EUR 300m top line and above 8% EBIT margin in restaurant business. Refinitiv consensus has expected EUR 305m sales and 8.9% EBIT margin in 2022. According to the company, the booking situation for Q4 looks good, especially as weekends are concerned. The company has been able to mitigate inflation impact through purchasing agreements, price increases, and recruitment and resource allocation. Overall, the company expects good restaurant demand to continue in H2. Long-term targets are kept intact and the company targets EUR 400m sales and EUR 40m EBIT in 2024. We expect consensus to make slightly positive EBIT revisions.

NOHO PARTNERS: DEVIATION TABLE

EURm	Actual Q2 2022	NDA est. Q2 2022E	Deviation vs. actual		Consensus Q2 2022E	Deviation vs. actual			Actual Q1 2022	q/q	Actual Q2 2021	y/y
Sales	90.2	90.0	0.2	0%	90.3	-0.1	0%	49	86%	34	162%	
EBIT	16.1	15.8	0.3	2%	13.7	2.4	18%	(1.3)	-1338%	(1.8)	-990%	
EBIT margin	17.8%	17.6%		0.3pp	15.1%		2.7pp	-2.7%	20.5pp	-5.2%	23.1pp	
Adj. EBIT *	11.3	11.5	-0.2	-2%	13.7	-2.4	-17%	(3.4)	-432%	(6.3)	-278%	
Adj. EBIT margin	12.5%	12.8%		-0.3pp	15.1%		-2.6pp	-7.0%	19.5pp	-18.4%	30.9pp	
EPS	0.45	0.54	-0.09	-17%	0.34	0.11	31%	(0.18)	-347%	(0.18)	-346%	

Source: Company data, Refinitiv and Nordea estimates; Note: *) Nordea estimate excludes government grants

Q2 EBIT margin was strong

- Q2 net sales were EUR 90.2m (Refinitiv consensus EUR 90.3m).
- Q2 EBIT was EUR 16.1m (consensus at EUR 13.7m). Government grants were EUR 4.8m in Q2, of which EUR 4.3m related to Q1 in Finland was disclosed earlier (we had modelled EUR 4.3m government grants for Q2).
- Finnish operations top line was 72.9m in Q2 with EUR 14.6m EBIT (20.0% margin). We had expected EUR 73.5m sales from Finland. International business top line was EUR 17.3m with EUR 1.5m EBIT (8.9% margin). We had expected EUR 16.6m top line from International business. We note that the company has been able to turn Denmark profitability on positive territory.
- Operational EBITDA (operating cash flow) was EUR 18.3m in Q2 (EUR 0.7m in Q2 2021).

- Q2 EPS was EUR 0.45, above consensus at EUR 0.34. We note relatively high non-controlling interest of EUR 1.6m, while we had modelled EUR 0.6m. In addition, the company recorded EUR 0.8m negative impact from change in the market price of Eezy shares in Q2.
- Net debt, excluding IFRS 16 lease liabilities was EUR 127m in Q2 (EUR 149m in Q1). The company aims to reach below 3x net debt/operational EBITDA. The company has continued to amortise its loans ahead of schedule and strengthened equity by the conversion of Tesi EUR 10m loan taken out during the COVID-19 pandemic. Net debt/operational EBITDA dropped below 3.5x in Q2.
- The company is launching extensive recruitment campaign that is aimed at finding new personnel to meet labour shortages affecting the entire industry.

Guidance intact after positive profit warning on June

NoHo upgraded its guidance for 2022 on 22 June. The company expects EUR 300m sales and above 8% EBIT margin in restaurant business in 2022. Refinitiv consensus has been expecting EUR 305m sales and 8.9% EBIT margin in 2022. We note the importance of government grants for 2022, while Q2 performance underlines improved operational performance. When excluding EUR 4.3m Finnish government grants that were given retrospectively, NoHo's EBIT margin would have been 13.1% in Q2. Despite strong Q2, we expect consensus to make only slightly positive EBIT revision based on Q2 report as deteriorating consumer confidence leaves uncertainties for H2 despite company's expectation of solid restaurant demand.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	273	157	186	306	339	365
EBITDA (adj)	76	21	34	69	79	86
EBIT (adj)	31	-31	-13	22	30	36
EBIT (adj) margin	11.4%	-19.6%	-6.7%	7.2%	8.8%	9.8%
EPS (adj, EUR)	2.27	-1.66	-1.16	0.31	0.65	0.86
EPS (adj) growth	318.9%	-173.3%	30.1%	126.6%	108.2%	33.0%
DPS (ord, EUR)	0.00	0.00	0.00	0.00	0.40	0.45
EV/Sales	1.7	3.0	2.5	1.4	1.2	1.1
EV/EBIT (adj)	15.6	n.m.	n.m.	19.8	14.1	11.6
P/E (adj)	4.5	n.m.	n.m.	25.2	12.1	9.1
P/BV	1.5	2.0	2.3	1.8	1.6	1.5
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	5.1%	5.8%
FCF Yield bef A&D, lease adj	9.9%	-18.3%	3.8%	9.3%	11.3%	12.7%
Net debt	268	318	322	269	253	242
Net debt/EBITDA	3.6	11.3	7.0	3.6	3.2	2.8
ROIC after tax	7.9%	-6.3%	-2.8%	5.2%	7.0%	8.4%

Source: Company data and Nordea estimates

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