

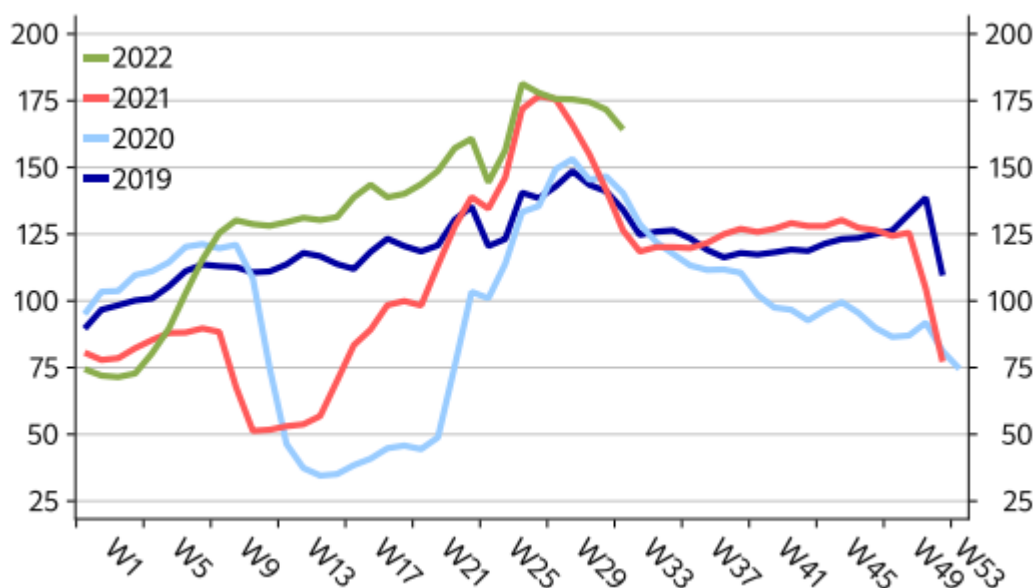
13 September 2022

Commissioned research: NoHo Partners – Restaurant market demand appears to be holding well after the summer

Marketing material commissioned by NoHo Partners

The Finnish restaurant market demand has remained solid after summer. Nordea has released card data until week 33 with sales trending clearly above 2019-21. In addition, we note that the company noted in its Q2 that demand has remained favourable early Q3 and bookings for Q4 suggest a solid end to the year. We have considered another guidance upgrade possible in late 2022 and the current market demand situation looks promising. In addition, Kesko disclosed today that its foodservice business (Kespro) sales growth was 28% y/y in August after 3% y/y growth in July. High inflation and low consumer confidence continues to create uncertainties for H2 and 2023, while we believe the restaurant market could be surprisingly resilient, especially after COVID-19 driven restrictions curbed demand during the past years. For Q3, we are in line with Refinitiv consensus on sales and 13% above on EBIT, most likely due to mix effect (higher share of sales from Entertainment venues). We and consensus expect Q3 sales to be up 9% from Q3 2019, which could be viewed conservative when looking the latest card data and taking into consideration acquisitions. For 2022E-23E, we are well in line with consensus.

Card spending in Finnish restaurants (indexed, 01/2019=100)



Source: Nordea and Macrobond

NOHO PARTNERS: OUR ESTIMATES VS. CONSENSUS

EURm	Nordea estimates				Consensus estimates				Difference %			
	Q3 2022E	2022E	2023E	2024E	Q3 2022E	2022E	2023E	2024E	Q3 2022E	2022E	2023E	2024E
Sales	83.5	306	339	365	83.7	308	339	364	0%	-1%	0%	0%
Adj. EBIT	7.9	22.1	30.8	37.2	7.0	29.0	31.0	35.7	13%	-24%	-1%	4%
Adj. EBIT margin	9.5%	7.2%	9.1%	10.2%	8.4%	9.4%	9.1%	9.8%	1.1pp	-2.2pp	-0.1pp	0.4pp
EBIT	7.9	29.0	30.8	37.2	7.0	29.0	31.0	35.7	13%	0%	-1%	4%
EBIT margin	9.5%	9.5%	9.1%	10.2%	8.4%	9.4%	9.1%	9.8%	1.1pp	0.1pp	-0.1pp	0.4pp
EPS	0.16	0.53	0.63	0.88	0.13	0.56	0.66	0.83	20%	-7%	-5%	6%
DPS		0.00	0.40	0.45		0.17	0.36	0.41	n.m.	n.m.	11%	10%

Source: Refinitiv and Nordea estimates

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	80	88
EBIT (adj)	31	-31	-13	22	31	37
EBIT (adj) margin	11.4%	-19.6%	-6.7%	7.2%	9.1%	10.2%
EPS (adj, EUR)	2.27	-1.66	-1.16	0.18	0.63	0.88
EPS (adj) growth	318.9%	-173.3%	30.1%	115.5%	249.3%	39.8%
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.	18.8	13.1	10.6
P/E (adj)	4.5	n.m.	n.m.	37.4	10.7	7.7
P/BV	1.5	2.0	2.3	1.6	1.4	1.3
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	5.9%	6.7%
FCF Yield bef A&D, lease adj	9.9%	-18.3%	3.8%	10.7%	13.2%	15.1%
Net debt	268	318	322	269	253	242
Net debt/EBITDA	3.6	11.3	7.0	3.6	3.2	2.7
ROIC after tax	7.9%	-6.3%	-2.8%	5.2%	7.2%	8.7%

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Nordea analyst: Joni Sandvall

Joni Sandvall

Analyst, Consumer Goods and Retail, Food and Beverages, Healthcare, Investment companies

Nordea | Investment Banking & Equities | Equity Research FI

Visit me: Aleksis Kiven katu 7, 00500 HELSINKI, Finland

Write to me: Fleminginkatu 27, 00020 Nordea, Finland

Tel: +358 9 5300 5484 | Mob: +358 445460855

E-mail: joni.sandvall@nordea.com

Web: nordeamarkets.com

Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Finland, domicile Helsinki, Business ID 2858394-9

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