

## NoHo Partners

Consumer Goods  
Finland

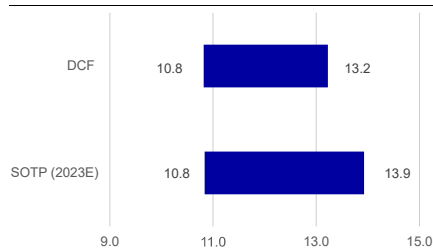
## KEY DATA

Stock country	Finland
Bloomberg	NOHO FH
Reuters	NOHOP.HE
Share price (close)	EUR 8.29
Free Float	49%
Market cap. (bn)	EUR 0.17/EUR 0.17
Website	http://www.noho.fi/
Next report date	09 May 2023

## PERFORMANCE



## VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

## ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	3%	3%	2%
EBIT (adj)	9%	2%	-2%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Joni Sandvall  
AnalystSanna Perälä  
Analyst

## Market has remained favourable

NoHo reported Q4 EBIT 2% above Refinitiv consensus. More importantly, the company guided for more than EUR 350m in sales with a ~9% EBIT margin for 2023, indicating at least 12% sales growth. January sales came in 23% above the pre-pandemic level, while H2 growth will be supported by the new main supplier agreement for Helsinki Expo and Convention Centre. Market demand seems to be holding up well. Leverage is now within the company's target, while debt repayments will ease in 2023, allowing for growth investments. We expect the company to reduce leverage below 2.5x this year. Its financial targets for 2024 appear achievable, although they will require M&A, most likely in Denmark and Norway. We derive a fair value range of EUR 10.8-13.6 (10.0-12.5) per NoHo share.

## Q4 was strong as expected – DPS above expectations

NoHo reported Q4 EBIT of EUR 8.5m, 2% above Refinitiv consensus, while sales of EUR 88m were in line. The Finnish operations performed well with an 11.8% EBIT margin, while EBIT of EUR 0.1m in the International operations was burdened by EUR 0.8m of writedowns. The company has been prudent with new openings that have not performed, while we note that profitability has improved throughout the portfolio, with EBITDA per unit up by 40% from the pre-pandemic level. The dividend proposal stands at EUR 0.40, well above consensus of EUR 0.20, highlighting the company's confidence in its cash and profit generation during 2023. Net debt/operational EBITDA fell below the 3x target level, but the company still aims for a slightly lower level during 2023.

## 2023 guidance could be too conservative

NoHo guides for sales above EUR 350m with a ~9% EBIT margin. Seasonally weak January sales were EUR 22.7m, 23% above the 2020 level. We note tailwinds from the new main supplier agreement with Helsinki Expo and Convention Centre from 1 July onwards, which we believe could lead to a guidance upgrade. The Hockey World Championships are again being held in Tampere, supporting Q2, similar to 2022. We model a 2023 increase in sales of 12%, to EUR 351m, with a 9.1% EBIT margin, i.e. a 1% EBIT improvement. We raise our 2023E-25E top line by 2-3%, nudge 2023E-24E EBIT up by 2-9% and trim 2025E EBIT by 2%. We view the 2024 financial targets of EUR 400m in sales with around a 10% EBIT margin as achievable, although we argue this will require M&A. We derive a fair value range of EUR 10.8-13.6 (10.0-12.5), equally weighting our DCF- and SOTP-based valuations.

## SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	273	157	186	313	351	378	389
EBITDA (adj)	76	21	34	73	80	88	90
EBIT (adj)	31	-31	-13	25	32	38	39
EBIT (adj) margin	11.4%	-19.6%	-6.7%	7.9%	9.1%	10.0%	10.1%
EPS (adj, EUR)	2.27	-1.66	-1.16	-0.18	0.59	0.80	0.82
EPS (adj) growth	318.9%	-173.3%	30.1%	84.4%	425.5%	35.9%	1.8%
DPS (ord, EUR)	0.00	0.00	0.00	0.40	0.42	0.46	0.50
EV/Sales	1.7	3.0	2.5	1.4	1.3	1.2	1.1
EV/EBIT (adj)	15.6	n.m.	n.m.	17.6	14.0	11.6	11.0
P/E (adj)	4.5	n.m.	n.m.	n.m.	14.1	10.3	10.2
P/BV	1.5	2.0	2.3	1.9	2.2	2.0	1.8
Dividend yield (ord)	0.0%	0.0%	0.0%	6.0%	5.1%	5.5%	6.0%
FCF Yield bef A&D, lease	9.9%	-18.3%	3.8%	23.3%	9.4%	13.5%	12.7%
Net debt	268	318	322	290	269	256	246
Net debt/EBITDA	3.6	11.3	7.0	3.7	3.3	2.9	2.7
ROIC after tax	7.9%	-6.3%	-2.8%	5.8%	7.5%	8.9%	9.3%

Source: Company data and Nordea estimates

## Q4 2022 results and deviation

NoHo Partners reported Q4 EBIT of EUR 8.5m, 2% above Refinitiv consensus. Q4 net sales were EUR 88.1m, in line with consensus. Operational EBITDA (operating cash flow) was EUR 11.5m in Q4 (EUR 9.8m in Q4 2021). The company recorded a fair value impairment of EUR 2.9m on its financing costs, due to its holdings in Eezy (not fully visible in consensus). The dividend proposal was EUR 0.40 (consensus: EUR 0.20). Leverage (net debt/operational EBITDA, excluding IFRS 16) was 2.9x, within the company's target of below 3x at the end of 2022. For 2023, the company guides for sales to exceed EUR 350m and for an EBIT margin of around 9% from the restaurant business. Prior to Q4, Refinitiv consensus was EUR 344m in sales and an 8.7% EBIT margin for 2023. According to the company, January sales were 23% above the pre-COVID-19 January 2020 level, indicating solid market demand going into 2023. Long-term targets were kept intact. The company aims for EUR 400m in sales and EUR 40m in EBIT for 2024.

### Q4 EBIT margin held strong, but Eezy burdened EPS

- Q4 net sales were EUR 88m (in line with Refinitiv consensus). January 2023 sales were 23% above the January 2020 level.
- Q4 EBIT was EUR 8.5m (2% above consensus, at EUR 8.3m).
- The top line for the Finnish operations was EUR 71.4m in Q4, with EUR 8.4m in EBIT (11.8% margin). We expected EUR 67.2m in sales and EUR 6.7m in EBIT (10% margin) from Finland. The International business top line was EUR 16.7m, with EUR 0.1m in EBIT (0.7% margin), including a EUR 0.8m negative impact from the closure of three restaurants in Norway. Our estimates were: a top line of EUR 18m and EBIT of EUR 1m (5.8% margin) from the International business.
- Operational EBITDA (operating cash flow) was EUR 11.5m in Q4 (EUR 9.8m in Q4 2021).
- Q4 EPS was EUR -0.01, below consensus of EUR 0.17. The miss was attributable to an impairment worth EUR 2.9m recorded on the company's financing costs in Q4, due to its holdings in Eezy. Excluding fair value changes, Q4 EPS would have been EUR 0.14. Non-controlling interest was EUR 0.9m, while we anticipated EUR 1.0m.
- The dividend proposal of EUR 0.40 is far above the consensus expectation of EUR 0.20.
- Net debt, excluding IFRS 16 lease liabilities, was EUR 121m in Q4 (EUR 127m in Q3 and EUR 152m in Q4 2021). Net debt/operational EBITDA (excluding IFRS 16) was 2.9x in Q4 (3.2x in Q3).

### Guidance for 2023 calls for at least 12% sales growth

For 2023, NoHo guides for sales to exceed EUR 350m, with an EBIT margin of around 9% in the restaurant business. Prior to the Q4 report, Refinitiv consensus was EUR 344m in sales and an 8.7% EBIT margin for 2023.

Q4 DEVIATION TABLE (EURm; EPS IN EUR)

EURm	Actual Q4 2022	NDA est. Q4 2022E	Deviation vs. actual		Consensus Q4 2022E	Deviation vs. actual			Actual Q3 2022	q/q	Actual Q4 2021	y/y
Sales	88.1	85.2	2.9	3%	87.7	0.4	0%	86	2%	70	27%	
EBIT	8.5	7.8	0.7	9%	8.3	0.2	2%	8.4	1%	6.7	27%	
EBIT margin	9.6%	9.1%		0.5pp	9.5%		0.1pp	9.8%	-0.1pp	9.6%	0.0pp	
Adj. EBIT *	8.5	7.8	0.7	9%	8.3	0.2	2%	8.4	1%	4.3	100%	
Adj. EBIT margin	9.6%	9.1%		0.5pp	9.5%		0.1pp	9.8%	-0.1pp	6.1%	3.5pp	
EPS	(0.01)	0.18	-0.19	-105%	0.17	-0.18	-106%	(0.19)	-95%	0.08	-112%	
DPS	0.40	0.20	0.20	100%	0.20	0.20	103%			-		

\*Excludes government grants

Source: Company data, Refinitiv and Nordea estimates

### **Impressions from the analyst meeting**

We note the following after the analyst meeting:

Good material margin indicates successful inflation- mitigating actions

- The company has been able to increase its material margin, despite around 6% material inflation in 2022. The company has raised prices by around 5%. Management was confident as to NoHo's ability to maintain material margins intact throughout 2023.
- In Denmark and Norway, the company will focus on growing through M&A, as NoHo believes this is more prudent than new openings.
- Employee expenses are likely to increase, although the company aims to mitigate pressure through higher productivity.
- In Denmark, the first PPAs are set to fade away in 2023, which should support EBIT.
- We are under the impression that the company views its own 2023 guidance as conservative. We believe that there is room for an upgrade in the second half of the year, once the company has better visibility into, for example, its Helsinki Expo and Convention Centre sales (NoHo will become the main supplier on 1 July 2023).

# Revisions

## Estimate revisions

Following the Q4 report, we raise our 2023E-25E top line by 2-3%. We lift EBIT by 9% for 2023E and 2% for 2024E, while we lower 2025E by 2%, as it seems that with the current portfolio, the EBIT margin is not likely to go much higher than 10%. In addition, we make small adjustments to our minority assumptions, visible in slightly negative EPS revisions for 2024E-25E. We believe the company will continue to increase dividends and hence we raise 2023E-24E DPS by 2-5% and leave 2025E intact.

We assume a divestment of the stake in Eezy during 2023. However, we do not include any capital gain from the possible divestment, owing to the uncertainty over timing and valuation. We note that Eezy is currently trading (as of 15 February) clearly below NoHo's acquisition price for the shares (EUR 5.14).

### ESTIMATE REVISIONS (EPS/DPS IN EUR)

EURm	Q1 2023E	New estimates			Q1 2023E	Old estimates			Q1 2023E	Difference %		
		2023E	2024E	2025E		2023E	2024E	2025E		2023E	2024E	2025E
<b>Sales</b>	<b>67.9</b>	<b>351</b>	<b>378</b>	<b>389</b>	n.a.	<b>341</b>	<b>366</b>	<b>381</b>	n.a.	<b>3%</b>	<b>3%</b>	<b>2%</b>
Adj. EBIT	2.8	32.0	37.8	39.2	n.a.	29.3	37.0	39.8	n.a.	9%	2%	-2%
Adj. EBIT margin	4.1%	9.1%	10.0%	10.1%	n.a.	8.6%	10.1%	10.5%	n.a.	0.5pp	-0.1pp	-0.4pp
<b>EBIT</b>	<b>2.8</b>	<b>32.0</b>	<b>37.8</b>	<b>39.2</b>	n.a.	<b>29.3</b>	<b>37.0</b>	<b>39.8</b>	n.a.	<b>9%</b>	<b>2%</b>	<b>-2%</b>
EBIT margin	4.1%	9.1%	10.0%	10.1%	n.a.	8.6%	10.1%	10.5%	n.a.	0.5pp	-0.1pp	-0.4pp
<b>Adj. EPS</b>	<b>-0.04</b>	<b>0.59</b>	<b>0.80</b>	<b>0.82</b>	n.a.	<b>0.56</b>	<b>0.83</b>	<b>0.89</b>	n.a.	<b>5%</b>	<b>-4%</b>	<b>-8%</b>
EPS	-0.04	0.59	0.80	0.82	n.a.	0.56	0.83	0.89	n.a.	5%	-4%	-8%
<b>DPS</b>		<b>0.42</b>	<b>0.46</b>	<b>0.50</b>		<b>0.40</b>	<b>0.45</b>	<b>0.50</b>		<b>5%</b>	<b>2%</b>	<b>0%</b>

Source: Nordea estimates

# Valuation

We derive a fair value range of EUR 10.8-13.6 (10.0-12.5) by equally weighting our DCF- and SOTP valuations.

## DCF valuation yields EUR 10.8-13.2 per share

The outcome of our DCF valuation is EUR 10.8-13.2 (10.2-12.5). We use a WACC of 6.8-7.3%, assuming a terminal growth rate of 2.5% with an EBIT margin of 9.5%.

WACC COMPONENTS	
<b>WACC components</b>	
Risk-free interest rate	3.0%
Market risk premium	4.0%
Equity beta	1.7-1.9
Cost of equity	9.7-10.6%
Cost of debt	4.0%
Tax-rate used in WACC	21%
Equity weight	55%
<b>WACC</b>	<b>6.8-7.3%</b>

Source: Nordea estimates

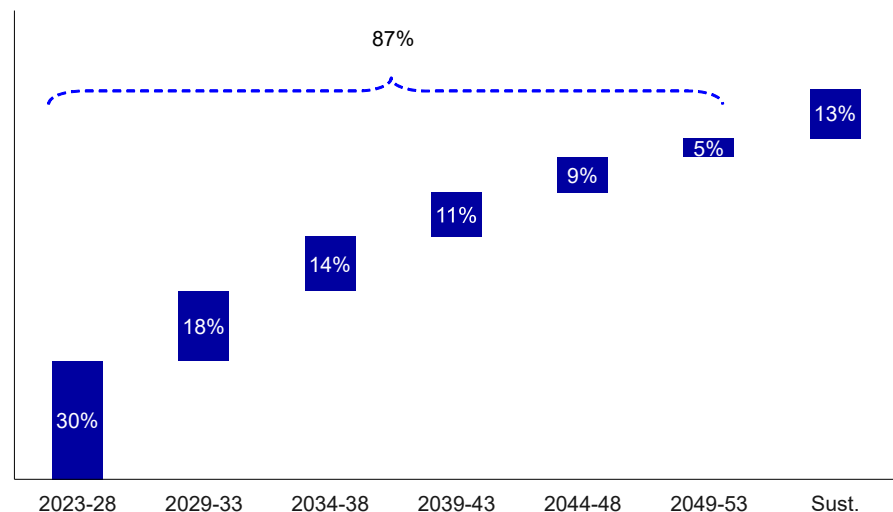
DCF VALUE (EURm AND EUR)		
<b>DCF value</b>	<b>Value</b>	<b>Per share</b>
NPV FCFF	494-544	23.9-26.3
(Net debt)	-290	-14.0
Market value of associates	25	1.2
(Market value of minorities)	-7	-0.3
Surplus values	0	0.0
(Market value preference shares)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	3	0.1
<b>DCF Value</b>	<b>224-274</b>	<b>10.8-13.2</b>

Source: Nordea estimates

DCF ASSUMPTIONS							
<b>Averages and assumptions</b>	<b>2023-28</b>	<b>2029-33</b>	<b>2034-38</b>	<b>2039-43</b>	<b>2044-48</b>	<b>2049-53</b>	<b>Sust.</b>
Sales growth, CAGR	3.6%	2.5%	2.5%	2.5%	2.5%	2.5%	
EBIT-margin, excluding associates	9.9%	9.5%	9.5%	9.5%	9.5%	9.5%	4.2%
Capex/depreciation, x	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Capex/sales	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	
NWC/sales	-10.2%	-9.7%	-9.2%	-8.7%	-8.2%	-7.7%	
FCFF, CAGR	5.1%	2.9%	4.3%	4.3%	4.3%	-13.3%	2.5%

Source: Nordea estimates

## DCF VALUATION COMPOSITION



Source: Nordea estimates

## DCF valuation sensitivity

To highlight the sensitivity of our DCF valuation, we provide sensitivity matrices that model variations in revenue growth, margin assumptions and cost of capital. The sensitivities in our WACC are outlined in the following table. Using changes of  $\pm 0.5$  pp for WACC,  $\pm 0.5$  pp for sales growth, and  $\pm 0.5$  pp for the EBIT margin, our DCF model yields a value range of EUR 9.7-13.1 per share.

**SENSITIVITY OF OUR DCF MODEL (EUR)****Sensitivity analysis: WACC vs EBIT margin**

		WACC				
		6.5%	6.8%	7.0%	7.3%	7.5%
EBIT marg. change	0.5pp	15.5	14.3	13.2	12.2	11.2
	0.3pp	14.9	13.7	12.6	11.6	10.7
	0.0pp	14.2	13.1	12.0	11.1	10.2
	-0.3pp	13.5	12.4	11.4	10.5	9.7
	-0.5pp	12.8	11.8	10.9	10.0	9.2

- +/-0.5 pp sales growth change translates to a change of +9/-8 in the fair value

**Sensitivity analysis: WACC vs Sales growth**

		WACC				
		6.5%	6.8%	7.0%	7.3%	7.5%
Sales growth change	0.5pp	15.4	14.2	13.1	12.1	11.1
	0.3pp	14.8	13.6	12.5	11.6	10.6
	0.0pp	14.2	13.1	12.0	11.1	10.2
	-0.3pp	13.6	12.5	11.5	10.6	9.8
	-0.5pp	13.0	12.0	11.0	10.2	9.3

- +/-0.5 pp EBIT margin change translates into a change of +/-10% change in the fair value

**Sensitivity analysis: Sales growth vs EBIT margin**

		Sales growth change				
		-0.5pp	-0.3pp	0.0pp	0.3pp	0.5pp
EBIT margin change	0.5pp	12.1	12.6	13.2	13.7	14.3
	0.3pp	11.6	12.1	12.6	13.1	13.7
	0.0pp	11.0	11.5	12.0	12.5	13.1
	-0.3pp	10.5	11.0	11.4	11.9	12.5
	-0.5pp	10.0	10.4	10.9	11.3	11.8

Source: Nordea estimates

**SOTP valuation yields EUR 10.8-13.9 per share**

Applying 2023E EV/EBIT multiples of 10.5-12.5x for the restaurant segment, and the market valuation of the Eezy stake (20.5% of the company) as of 15 February, and then deducting 2022 net debt and current minority holdings, we derive a SOTP fair value range of EUR 10.9-13.9 (9.7-12.6) per NoHo share.

**SOTP VALUATION**

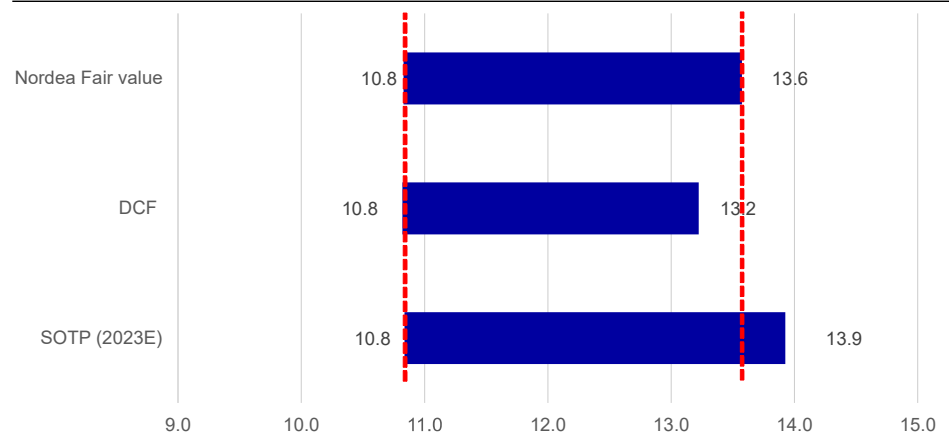
Business	EV/EBIT 10.5x	Per share, 10.5x	EV/EBIT 12.5x	Per share, 12.5x	% of EV	EBIT '23E
Restaurant	336	16.2	400	19.3	95-96%	32.0
<b>EV from own operations</b>	<b>336</b>	<b>16.2</b>	<b>400</b>	<b>19.3</b>	<b>95-96%</b>	
EEZY stake (20.5%) as of 15.2.2023	17	0.8	17	0.8	5-4%	
Other sellable securitites (Q4 2022)	0.3	0.0	0.3	0.0	0-0%	
<b>EV from holdings</b>	<b>18</b>	<b>0.9</b>	<b>18</b>	<b>0.9</b>	<b>5-4%</b>	
<b>Total EV with market prices</b>	<b>353</b>	<b>17.1</b>	<b>417</b>	<b>20.2</b>		
Net debt 2022 (excl IFRS 16)	122	5.9	122	5.9		
<b>Equity value</b>	<b>232</b>	<b>11.2</b>	<b>295</b>	<b>14.3</b>		
Minorities	-7	-0.3	-7	-0.3		
Number of shares, million	20.7		20.7			
<b>Equity per share, EUR</b>	<b>10.8</b>		<b>13.9</b>			

Source: Company data and Nordea estimates

**Fair value range EUR 10.8-13.6**

Our fair value range for NoHo is EUR 10.8-13.6 (10.0-12.5) per share, as indicated by the red lines in the chart below.

**FAIR VALUE RANGE (EUR/SHARE)**



Source: Nordea estimates

# Detailed estimates

## ANNUAL ESTIMATES (EURm)

	2019	2020	2021	2022	2023E	2024E	2025E
<b>Turnover</b>	<b>273</b>	<b>157</b>	<b>186</b>	<b>313</b>	<b>351</b>	<b>378</b>	<b>389</b>
growth %	-16%	-43%	19%	68%	12%	8%	3%
Other operating income	6	17	17	13	7	7	7
Materials and services	-85	-58	-64	-106	-120	-129	-133
Staff expenses	-63	-48	-53	-78	-85	-92	-95
Other operating expenses	-56	-41	-41	-63	-72	-76	-78
<b>EBITDA</b>	<b>74.3</b>	<b>27.6</b>	<b>45.9</b>	<b>79.5</b>	<b>80.3</b>	<b>87.6</b>	<b>90.5</b>
EBITDA margin %	27.2%	17.6%	24.7%	25.4%	22.9%	23.2%	23.3%
<b>D&amp;A</b>	<b>-45</b>	<b>-52</b>	<b>-47</b>	<b>-48</b>	<b>-48</b>	<b>-50</b>	<b>-51</b>
IFRS 16 depreciation	-22	-31	-30	-33	-33	-34	-35
<b>EBIT adjusted</b>	<b>31.1</b>	<b>-30.7</b>	<b>-12.6</b>	<b>24.8</b>	<b>32.0</b>	<b>37.8</b>	<b>39.2</b>
EBIT adj. margin %	11.4 %	-19.6 %	-6.7 %	7.9 %	9.1 %	10.0 %	10.1 %
<b>NRI</b>	<b>-0.5</b>	<b>6.8</b>	<b>11.7</b>	<b>6.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>EBIT</b>	<b>30.6</b>	<b>-23.9</b>	<b>-0.9</b>	<b>31.7</b>	<b>32.0</b>	<b>37.8</b>	<b>39.2</b>
EBIT margin %	11.2 %	-15.2 %	-0.5 %	10.1 %	9.1 %	10.0 %	10.1 %
Associate income	0.8	0.5	0.3	0.0	0.0	0.0	0.0
Net financial expenses	-5.2	-11.0	-11.9	-22.1	-13.9	-13.8	-13.8
of which IFRS 16	-5.0	-5.0	-5.9	-7.1	-7.6	-7.7	-7.9
of which NRI	2.1	-1.7	0.0	0.0	0.0	0.0	0.0
<b>Profit before taxes</b>	<b>25.3</b>	<b>-34.8</b>	<b>-12.8</b>	<b>9.6</b>	<b>18.1</b>	<b>24.0</b>	<b>25.3</b>
Reported taxes	-1.5	5.4	2.4	-3.0	-2.9	-4.3	-5.3
<b>Net profit</b>	<b>23.8</b>	<b>-29.5</b>	<b>-10.3</b>	<b>6.7</b>	<b>15.2</b>	<b>19.7</b>	<b>20.0</b>
Minorities	1.5	-2.6	0.3	3.4	3.0	3.1	3.1
<b>Profit to equity holders</b>	<b>22.3</b>	<b>-26.8</b>	<b>-10.6</b>	<b>3.3</b>	<b>12.2</b>	<b>16.6</b>	<b>16.9</b>
Hybrid interest incl tax shield	-1.4	0.0	0.0	0.0	0.0	0.0	0.0
<b>EPS, EUR (continued op)</b>	<b>1.10</b>	<b>-1.40</b>	<b>-0.55</b>	<b>0.16</b>	<b>0.59</b>	<b>0.80</b>	<b>0.82</b>

Source: Company data and Nordea estimates

**QUARTERLY ESTIMATES (EURm)**

	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23E	Q2/23E	Q3/23E	Q4/23E
<b>Turnover</b>	<b>20</b>	<b>34</b>	<b>62</b>	<b>70</b>	<b>49</b>	<b>90</b>	<b>86</b>	<b>88</b>	<b>68</b>	<b>93</b>	<b>94</b>	<b>97</b>
growth %	-60%	81%	10%	120%	141%	162%	39%	27%	40%	3%	9%	10%
Other operating income	5	5	2	5	4	6	2	2	2	1	2	2
Materials and services	-7	-12	-22	-23	-16	-31	-30	-29	-24	-32	-32	-31
Staff expenses	-9	-10	-15	-19	-15	-21	-20	-22	-18	-21	-22	-24
Other operating expenses	-7	-8	-12	-14	-10	-17	-17	-19	-12	-19	-19	-22
<b>EBITDA</b>	<b>1.8</b>	<b>9.3</b>	<b>16.2</b>	<b>18.6</b>	<b>10.4</b>	<b>27.7</b>	<b>20.2</b>	<b>21.2</b>	<b>14.7</b>	<b>21.4</b>	<b>21.8</b>	<b>22.5</b>
EBITDA margin %	8.9%	27.0%	26.2%	26.7%	21.4%	30.7%	23.5%	24.1%	21.6%	23.0%	23.2%	23.2%
<b>D&amp;A</b>	<b>-11</b>	<b>-11</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-13</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>
IFRS 16 depreciation	-8	-8	-8	-8	-8	-8	-8	-9	-8	-8	-8	-8
<b>EBIT adjusted</b>	<b>-13.7</b>	<b>-6.3</b>	<b>3.2</b>	<b>4.3</b>	<b>-3.4</b>	<b>11.3</b>	<b>8.4</b>	<b>8.5</b>	<b>2.8</b>	<b>9.4</b>	<b>9.6</b>	<b>10.1</b>
EBIT adj. margin %	-68%	-18.4 %	5.2 %	6.1 %	-7.0 %	12.5 %	9.8 %	9.6 %	4.1 %	10.1 %	10.3 %	10.5 %
<b>NRI</b>	<b>4.0</b>	<b>4.5</b>	<b>0.7</b>	<b>2.5</b>	<b>2.1</b>	<b>4.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>EBIT</b>	<b>-9.7</b>	<b>-1.8</b>	<b>3.9</b>	<b>6.7</b>	<b>-1.3</b>	<b>16.1</b>	<b>8.4</b>	<b>8.5</b>	<b>2.8</b>	<b>9.4</b>	<b>9.6</b>	<b>10.1</b>
EBIT margin %	-48%	-5.2 %	6.4 %	9.6 %	-2.7 %	17.8 %	9.8 %	9.6 %	4.1 %	10.1 %	10.3 %	10.5 %
Associate income	-0.1	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial expenses	-2.3	-3.7	-3.1	-2.8	-3.0	-3.4	-9.7	-6.4	-3.5	-3.7	-3.6	-3.2
of which IFRS 16	-1.5	-1.5	-1.5	-1.5	-1.8	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9	-1.9
of which NRI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Profit before taxes</b>	<b>-12.1</b>	<b>-5.5</b>	<b>0.9</b>	<b>3.9</b>	<b>-4.3</b>	<b>12.7</b>	<b>-1.3</b>	<b>2.1</b>	<b>-0.7</b>	<b>5.8</b>	<b>6.1</b>	<b>6.9</b>
Reported taxes	1.3	1.3	0.5	-0.6	0.7	-2.1	-1.4	-1.5	0.1	-0.9	-0.9	-1.2
<b>Net profit</b>	<b>-10.8</b>	<b>-4.3</b>	<b>1.3</b>	<b>3.3</b>	<b>-3.6</b>	<b>10.6</b>	<b>-2.7</b>	<b>0.6</b>	<b>-0.6</b>	<b>4.9</b>	<b>5.2</b>	<b>5.7</b>
Minorities	-1.3	-0.7	0.6	1.8	-0.1	1.6	1.0	0.9	0.2	0.9	0.9	1.0
<b>Profit to equity holders</b>	<b>-9.4</b>	<b>-3.5</b>	<b>0.7</b>	<b>1.6</b>	<b>-3.5</b>	<b>9.0</b>	<b>-3.7</b>	<b>-0.3</b>	<b>-0.8</b>	<b>4.0</b>	<b>4.3</b>	<b>4.7</b>
Hybrid interest incl tax shield	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EPS, EUR (continued op)</b>	<b>-0.49</b>	<b>-0.18</b>	<b>0.04</b>	<b>0.08</b>	<b>-0.18</b>	<b>0.45</b>	<b>-0.18</b>	<b>-0.01</b>	<b>-0.04</b>	<b>0.20</b>	<b>0.21</b>	<b>0.23</b>

Source: Company data and Nordea estimates

# Risk factors

Below, we list the main risk factors that we find relevant for NoHo. The purpose of this is not to provide a comprehensive picture of every risk that the company may be facing, but instead to highlight those that we find most relevant. In normal circumstances, the main risks relate to the Finnish economy, the restaurant business, NoHo's international expansion efforts, regulations and alcohol licences.

## General Finnish economy

The restaurant industry depends on the general health of the Finnish economy. In times of strong economic activity, people are more inclined to eat out and they have more money to spend.

## Weather

Unfavourable weather conditions hurt restaurant sales

Restaurant revenue increases during the summer months. NoHo has several summer or terraced restaurants, and these are especially vulnerable to summer weather. In the event of a cold or rainy summer, sales in the restaurant business would likely decrease. Mild winters can also negatively affect the restaurant business at ski resorts.

## Alcohol licences and regulations

The restaurant business has to operate under local regulations; restaurants/clubs depend on alcohol licences

When operating in the restaurant business, NoHo has to adhere to local alcohol legislation, food legislation, labour agreements and value-added taxation. A significant share of its business operations are also subject to licences and are closely controlled. Amendments to current regulations and legislation would affect NoHo, and unexpected changes to them could negatively impact operations.

## Changes in tourism

Tourists are an important customer group in the restaurant business

Tourists are an important customer group for the restaurant segment. Over the past 20 years, the number of tourists, especially foreign tourists, has increased in Finland. If tourism were to abate, it would have a negative effect on NoHo's business. COVID-19 has caused a severe drop in the number of tourists visiting Finland; although we expect a gradual recovery, revenues from foreign tourists might remain at a lower level than seen before the pandemic. In addition, geopolitical tensions could have an adverse impact on tourism, we note.

## Financial position

The company was able to negotiate a new funding package in February 2021, and its recent renegotiation should secure growth investment in the coming years. While the financial situation of the company has clearly improved during the past year, we still believe it is aiming to reduce its leverage closer to 2x from the current 2.9x net debt/operational EBITDA (excluding IFRS 16) level. The company has EUR 20m of maturing debt during the next 12 months, of which EUR 4m relates to the commercial paper programme.

## Risks related to international expansion

Entering new markets has its own set of risks

NoHo's ambitions to grow internationally do not come without costs, investment needs and risks. New markets, new regulatory environments, local competition (at various levels of consolidation) and risks related to the execution of strategy can all affect the company and the success of its ambitions.

# Reported numbers and forecasts

## INCOME STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Total revenue</b>	<b>114</b>	<b>130</b>	<b>186</b>	<b>323</b>	<b>273</b>	<b>157</b>	<b>186</b>	<b>313</b>	<b>351</b>	<b>378</b>	<b>389</b>
Revenue growth	31.1%	14.5%	42.9%	73.9%	-15.6%	-42.5%	18.7%	68.1%	12.4%	7.5%	3.0%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	17	19	22	28	75	28	46	80	80	88	90
Depreciation and impairments PPE	-7	-8	-8	-11	-36	-42	-38	-38	-40	-42	-44
of which leased assets	0	0	0	0	-22	-31	-30	-33	-33	-34	-35
EBITA	10	12	15	17	39	-13	9	41	41	45	47
Amortisation and impairments	-2	-3	-4	-10	-9	-10	-9	-10	-9	-7	-8
EBIT	7	9	11	7	31	-24	-1	32	32	38	39
of which associates	0	0	0	0	1	1	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	-1	-1	-3	-2	-5	-11	-12	-22	-14	-14	-14
of which lease interest	0	0	0	0	-5	-5	-6	-7	-8	-8	-8
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>6</b>	<b>8</b>	<b>8</b>	<b>6</b>	<b>25</b>	<b>-35</b>	<b>-13</b>	<b>10</b>	<b>18</b>	<b>24</b>	<b>25</b>
Reported taxes	-1	-2	-3	-1	-1	5	2	-3	-3	-4	-5
Net profit from continued operations	5	6	5	4	24	-29	-10	7	15	20	20
Discontinued operations	0	0	0	0	24	0	0	0	0	0	0
Minority interests	0	0	0	-1	-2	3	0	-3	-3	-3	-3
Net profit to equity	5	6	5	3	45	-27	-11	3	12	17	17
<b>EPS, EUR</b>	<b>0.31</b>	<b>0.35</b>	<b>0.30</b>	<b>0.19</b>	<b>2.36</b>	<b>-1.40</b>	<b>-0.55</b>	<b>0.16</b>	<b>0.59</b>	<b>0.80</b>	<b>0.82</b>
DPS, EUR	0.27	0.30	0.33	0.34	0.00	0.00	0.00	0.40	0.42	0.46	0.50
of which ordinary	0.27	0.30	0.33	0.34	0.00	0.00	0.00	0.40	0.42	0.46	0.50
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Profit margin in percent

EBITDA	14.6%	14.9%	12.1%	8.8%	27.5%	17.9%	24.8%	25.4%	22.9%	23.2%	23.3%
EBITA	8.5%	9.1%	7.9%	5.2%	14.5%	-8.6%	4.6%	13.2%	11.6%	12.0%	12.0%
EBIT	6.4%	6.9%	5.8%	2.2%	11.2%	-15.2%	-0.5%	10.1%	9.1%	10.0%	10.1%

## Adjusted earnings

EBITDA (adj)	17	20	23	34	76	21	34	73	80	88	90
EBITA (adj)	10	12	15	22	40	-20	-3	34	41	45	47
EBIT (adj)	8	9	11	12	31	-31	-13	25	32	38	39
EPS (adj, EUR)	0.35	0.37	0.43	0.54	2.27	-1.66	-1.16	-0.18	0.59	0.80	0.82

## Adjusted profit margins in percent

EBITDA (adj)	15.2%	15.2%	12.2%	10.4%	27.7%	13.6%	18.5%	23.2%	22.9%	23.2%	23.3%
EBITA (adj)	9.1%	9.3%	8.0%	6.9%	14.7%	-12.9%	-1.7%	11.0%	11.6%	12.0%	12.0%
EBIT (adj)	7.0%	7.2%	6.0%	3.9%	11.4%	-19.6%	-6.7%	7.9%	9.1%	10.0%	10.1%

## Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	25.1%	37.8%	25.8%	6.7%	7.4%	11.0%	1.7%	6.7%	19.9%
EBITDA	n.m.	n.m.	17.7%	25.4%	44.3%	11.2%	18.9%	28.8%	23.1%	3.1%	26.4%
EBIT	n.a.	n.a.	13.5%	12.2%	42.1%	n.m.	n.m.	24.1%	34.8%	4.4%	n.m.
EPS	n.a.	n.a.	n.a.	-4.1%	61.4%	n.m.	n.m.	-11.6%	24.8%	-19.4%	n.m.
DPS	n.m.	n.m.	18.7%	30.5%	n.m.	n.m.	n.m.	3.9%	4.3%	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	6.9%	6.3%	4.7%	6.3%	3.1%	2.1%	3.6%	5.4%	5.5%	8.6%
Average EBITDA margin	n.a.	14.7%	13.7%	11.8%	15.8%	16.2%	17.8%	20.6%	24.2%	23.2%	23.7%

## VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	14.2	16.4	20.1	16.0	4.5	n.m.	n.m.	n.m.	14.1	10.3	10.2
EV/EBITDA (adj)	6.5	6.6	8.3	9.2	6.2	22.4	13.7	6.0	5.6	5.0	4.7
EV/EBITA (adj)	10.8	10.8	12.6	14.0	11.8	n.m.	n.m.	12.7	11.0	9.7	9.2
EV/EBIT (adj)	14.1	14.1	17.0	24.9	15.6	n.m.	n.m.	17.6	14.0	11.6	11.0

## VALUATION RATIOS - REPORTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	16.1	17.4	28.2	44.4	4.4	n.m.	n.m.	40.8	14.1	10.3	10.2
EV/Sales	0.98	1.01	1.01	0.96	1.73	3.05	2.54	1.40	1.28	1.16	1.10
EV/EBITDA	6.8	6.8	8.4	10.9	6.3	17.3	10.3	5.5	5.6	5.0	4.7
EV/EBITA	11.6	11.1	12.8	18.4	12.2	n.m.	57.4	10.6	11.0	9.7	9.2
EV/EBIT	15.4	14.6	17.5	43.2	15.8	n.m.	n.m.	13.8	14.0	11.6	11.0
Dividend yield (ord.)	5.4%	5.0%	3.9%	3.9%	0.0%	0.0%	0.0%	6.0%	5.1%	5.5%	6.0%
FCF yield	-4.1%	3.6%	-3.6%	-35.7%	12.2%	1.7%	24.6%	40.4%	28.8%	33.6%	33.4%
FCF Yield bef A&D, lease adj	2.3%	6.3%	4.7%	5.2%	9.9%	-18.3%	3.8%	23.3%	9.4%	13.5%	12.7%
Payout ratio	76.4%	81.9%	77.6%	62.7%	0.0%	0.0%	0.0%	n.m.	71.2%	57.4%	61.3%

Source: Company data and Nordea estimates

**BALANCE SHEET**

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	44	47	66	204	177	180	178	179	174	171	167
of which R&D	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
of which other intangibles	10	10	14	57	48	45	40	38	33	30	26
of which goodwill	34	38	53	147	129	135	137	141	141	141	141
Tangible assets	29	29	32	46	186	166	176	176	184	186	188
of which leased assets	0	0	0	0	128	118	129	126	127	128	129
Shares associates	1	1	3	0	39	39	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	1	0	0	0	0
Deferred tax assets	1	0	1	0	1	9	10	13	13	13	13
Other non-IB non-current assets	1	1	1	4	3	3	3	2	2	2	2
Other non-current assets	1	1	1	0	0	0	0	0	0	0	0
Total non-current assets	77	79	104	255	406	397	368	371	373	372	370
Inventory	2	2	3	5	6	4	5	6	6	7	7
Accounts receivable	10	14	24	40	24	14	17	23	25	27	28
Short-term leased assets	0	0	0	0	31	30	33	33	34	35	36
Other current assets	0	0	0	0	0	0	0	0	0	0	0
Cash and bank	2	2	3	5	4	3	6	5	14	14	16
Total current assets	14	18	29	50	64	51	61	67	80	83	87
Assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30	16	n.a.	n.a.	n.a.
<b>Total assets</b>	<b>91</b>	<b>98</b>	<b>133</b>	<b>305</b>	<b>471</b>	<b>448</b>	<b>459</b>	<b>453</b>	<b>453</b>	<b>455</b>	<b>458</b>
Shareholders equity	40	43	45	67	129	76	64	75	79	87	94
Of which preferred stocks	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Of which equity part of hybrid debt	n.a.	n.a.	n.a.	n.a.	25	0	0	0	0	0	0
Minority interest	0	1	2	9	8	5	5	7	9	10	12
Total Equity	40	44	47	76	137	81	69	82	87	97	106
Deferred tax	1	1	2	10	6	8	5	9	9	9	9
Long term interest bearing debt	22	24	35	90	73	94	113	98	83	68	58
Pension provisions	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	1	1	4	6	8	4	4	6	6	6	6
Non-current lease debt	0	0	0	0	134	126	140	138	136	137	138
Convertible debt	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Shareholder debt	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Hybrid debt	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Total non-current liabilities	24	26	40	107	221	232	262	251	235	221	212
Short-term provisions	0	0	0	1	0	0	0	0	0	0	0
Accounts payable	18	19	34	68	48	35	52	58	65	70	72
Current lease debt	0	0	0	0	27	27	29	31	34	35	36
Other current liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	2	3	3	3
Short term interest bearing debt	9	8	12	53	38	74	46	29	29	29	29
Total current liabilities	27	28	46	122	113	135	128	120	131	137	140
Liabilities for assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total liabilities and equity</b>	<b>91</b>	<b>98</b>	<b>133</b>	<b>305</b>	<b>471</b>	<b>448</b>	<b>459</b>	<b>453</b>	<b>453</b>	<b>455</b>	<b>458</b>
<b>Balance sheet and debt metrics</b>											
Net debt	29	31	44	138	268	318	322	290	269	256	246
of which lease debt	0	0	0	0	161	153	169	169	171	173	175
Working capital	-6	-3	-7	-23	-18	-17	-30	-32	-36	-39	-40
Invested capital	71	76	96	231	388	380	337	339	337	333	331
Capital employed	71	77	93	219	409	402	398	378	370	367	368
ROE	12.8%	13.5%	11.5%	6.2%	45.6%	-26.1%	-15.1%	4.7%	15.9%	20.1%	18.7%
ROIC	9.5%	9.8%	10.2%	6.0%	7.9%	-6.3%	-2.8%	5.8%	7.5%	8.9%	9.3%
ROCE	11.8%	12.7%	13.2%	9.3%	10.6%	-7.5%	-2.8%	6.9%	9.0%	10.8%	11.2%
Net debt/EBITDA	1.8	1.6	2.0	4.9	3.6	11.3	7.0	3.7	3.3	2.9	2.7
Interest coverage	5.9	8.1	3.8	2.6	13.4	-3.7	0.1	2.0	4.2	5.0	5.3
Equity ratio	43.7%	44.3%	33.8%	22.0%	27.5%	17.0%	14.0%	16.5%	17.4%	19.1%	20.5%
Net gearing	73.1%	69.8%	93.3%	182.0%	195.3%	392.2%	463.5%	354.1%	307.2%	264.4%	232.3%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>EBITDA (adj) for associates</b>	<b>17</b>	<b>19</b>	<b>22</b>	<b>28</b>	<b>74</b>	<b>28</b>	<b>46</b>	<b>80</b>	<b>80</b>	<b>88</b>	<b>90</b>
Paid taxes	0	-3	-3	-4	-3	-3	-1	-2	-3	-4	-5
Net financials	-1	-1	-3	-2	-7	-11	-12	-23	-14	-14	-14
Change in provisions	0	0	0	1	-1	0	0	0	0	0	0
Change in other LT non-IB	-1	0	3	1	2	-12	-1	1	0	0	0
Cash flow to/from associates	0	0	0	0	0	1	1	1	0	0	0
Dividends paid to minorities	n.a.	n.a.	n.a.	n.a.	0	0	0	0	-2	-2	-2
Other adj to reconcile to cash flow	1	-1	-1	-4	0	14	0	10	0	0	0
<b>Funds from operations (FFO)</b>	<b>16</b>	<b>15</b>	<b>18</b>	<b>21</b>	<b>62</b>	<b>16</b>	<b>33</b>	<b>66</b>	<b>62</b>	<b>68</b>	<b>70</b>
Change in NWC	-4	-2	0	-2	-5	-8	12	4	4	3	1
<b>Cash flow from operations (CFO)</b>	<b>12</b>	<b>14</b>	<b>18</b>	<b>19</b>	<b>57</b>	<b>8</b>	<b>45</b>	<b>71</b>	<b>66</b>	<b>71</b>	<b>71</b>
Capital expenditure	-10	-7	-11	-10	-16	-6	-9	-5	-17	-13	-14
<b>Free cash flow before A&amp;D</b>	<b>2</b>	<b>6</b>	<b>7</b>	<b>9</b>	<b>41</b>	<b>2</b>	<b>36</b>	<b>66</b>	<b>49</b>	<b>58</b>	<b>57</b>
Proceeds from sale of assets	0	0	0	0	2	0	0	0	0	0	0
Acquisitions	-5	-3	-12	-67	-19	0	0	-10	0	0	0
Free cash flow	-3	4	-5	-58	24	3	36	56	49	58	57
Free cash flow bef A&D, lease adj	2	6	7	9	19	-28	6	32	16	23	22
Dividends paid	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Equity issues / buybacks	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Net change in debt	6	1	6	75	-13	55	-10	-23	-15	-15	-10
Other financing adjustments	0	0	0	0	-28	-25	-27	-32	-17	-34	-35
Other non-cash adjustments	-1	0	5	7	0	-7	4	-2	0	0	0
Change in cash	-3	0	1	2	-1	0	3	-1	9	0	2
<b>Cash flow metrics</b>											
Capex/D&A	n.m.	69.2%	95.8%	48.1%	36.3%	11.7%	19.6%	10.9%	34.2%	26.1%	26.6%
Capex/Sales	9.2%	5.5%	6.0%	3.2%	5.9%	3.9%	5.0%	1.7%	4.7%	3.4%	3.5%
<b>Key information</b>											
Share price year end (/current)	5	6	9	9	10	8	8	7	8	8	8
Market cap.	82	100	142	164	196	155	146	139	172	172	172
Enterprise value	112	131	188	310	471	477	473	436	449	438	429
Diluted no. of shares, year-end (m)	16.4	16.6	16.6	18.9	19.0	19.2	19.2	20.7	20.7	20.7	20.7

Source: Company data and Nordea estimates

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**Completion Date**

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