

NoHo Partners

Consumer Goods
Finland

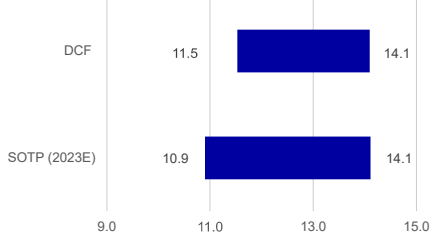
KEY DATA

Stock country	Finland
Bloomberg	NOHO FH
Reuters	NOHOP.HE
Share price (close)	EUR 7.89
Free Float	49%
Market cap. (bn)	EUR 0.16/EUR 0.16
Website	http://www.noho.fi/
Next report date	09 May 2023

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	3%	3%	3%
EBIT (adj)	4%	2%	3%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Joni Sandvall
AnalystSanna Perälä
Analyst

Market consolidation continues

NoHo Partners announced that it will acquire three well-known nightclubs in the Helsinki downtown area, making it the market leader in Finland's largest entertainment market, with around EUR 25m in annual sales. NoHo's ownership in subsidiary-owning restaurants is 60%. Overall, market demand has remained favourable in Q1. NoHo's January sales were EUR 22.7m, up 23% from January 2020. Based on Nordea card data, the Finnish restaurant market growth was ~16% in February compared to February 2020. Owing to the solid market demand and normalising debt levels, we expect further bolt-on acquisitions and find the company's 2024 targets reachable. We derive a DCF- and SOTP-based fair value range of EUR 11.2-14.1 (10.8-13.6).

Restaurant market has remained favourable

Nordea released Finnish card spending data as of the end of February on 16 March, showing continued strong demand in the restaurant market. Volumes have remained slightly above 2020 levels during January-February, while inflation is clearly supporting nominal sales growth. NoHo's sales were up 23% in January compared to pre-COVID January 2020. Based on Nordea card data, Finnish restaurant market nominal growth was ~21% in January and ~16% in February compared to 2020 levels. We note that January-February are traditionally the weakest months of the year, but comps are strong in Q2 due to pent-up demand seen in Spring 2022. The Ice Hockey World Championships in Tampere will support Q2 development, similar to 2022.

2024 targets appear reachable

Following the acquisition of three nightclubs, we view NoHo's 2024 targets as reachable. We incorporate the acquisition into our estimates and take more positive view on Q1 development. We raise our top-line estimate by 3% and EBIT by 2-4% for 2023E-25E. We forecast EUR 363m in sales with a 9.2% EBIT margin versus the company's above EUR 350m sales and around 9% EBIT margin guidance for 2023. For 2024, without unannounced M&A, we estimate EUR 390m in sales and a 9.9% EBIT margin. NoHo targets around EUR 400m sales with around a 10% EBIT margin for 2024.

Fair value range of EUR 11.2-14.1

We derive a fair value range of EUR 11.2-14.1 (10.8-13.6), 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	363	390	402
EBITDA (adj)	76	21	34	73	82	88	92
EBIT (adj)	31	-31	-13	25	33	39	40
EBIT (adj) margin	11.4%	-19.6%	-6.7%	7.9%	9.2%	9.9%	10.1%
EPS (adj, EUR)	2.27	-1.66	-1.16	-0.18	0.66	0.84	0.86
EPS (adj) growth	318.9%	-173.3%	30.1%	84.4%	465.0%	27.1%	2.8%
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	1.2	1.1	1.1
EV/EBIT (adj)	15.6	n.m.	n.m.	17.6	13.3	11.1	10.5
P/E (adj)	4.5	n.m.	n.m.	n.m.	11.9	9.4	9.1
P/BV	1.5	2.0	2.3	1.9	2.0	1.8	1.7
Dividend yield (ord)	0.0%	0.0%	0.0%	6.0%	5.3%	5.8%	6.3%
FCF Yield bef A&D, lease	9.9%	-18.3%	3.8%	23.3%	13.6%	13.9%	13.5%
Net debt	268	318	322	290	269	257	247
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%	7.7%	9.0%	9.5%

Source: Company data and Nordea estimates

Revisions

Estimate revisions

We incorporate the announced acquisition in our estimates and take a more positive view on Q1 performance owing to solid market data. We raise Q1 top line by 5% and EBIT by 45% (EUR 1.2m). For 2023E-25E, we raise top line by 3% and EBIT by 2-4%. We believe the acquired restaurants to command around EUR 10m annual net sales. We note that NoHo's ownership of new restaurants is 60%, affecting minority shareholding in the company.

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 24 March) 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
Sales	71.5	363	390	402	67.9	351	378	389	5%	3%	3%	3%
Adj. EBIT	4.0	33.2	38.7	40.4	2.8	32.0	37.8	39.2	45%	4%	2%	3%
Adj. EBIT margin	5.6%	9.2%	9.9%	10.1%	4.1%	9.1%	10.0%	10.1%	1.5pp	0.1pp	-0.1pp	0.0pp
EBIT	4.0	33.2	38.7	40.4	2.8	32.0	37.8	39.2	45%	4%	2%	3%
EBIT margin	5.6%	9.2%	9.9%	10.1%	4.1%	9.1%	10.0%	10.1%	1.5pp	0.1pp	-0.1pp	0.0pp
Adj. EPS	0.05	0.66	0.84	0.86	-0.04	0.59	0.80	0.82	-217%	12%	5%	6%
EPS	0.05	0.66	0.84	0.86	-0.04	0.59	0.80	0.82	-217%	12%	5%	6%
DPS		0.42	0.46	0.50		0.42	0.46	0.50		0%	0%	0%

Source: Nordea estimates

Valuation

We derive a fair value range of EUR 11.2-14.1 (10.8-13.6) by equally weighting our DCF- and SOTP valuations.

DCF valuation yields EUR 11.5-14.1 per share

The outcome of our DCF valuation is EUR 11.5-14.1 (10.8-13.2). 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	
WACC components	
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%
WACC	6.8-7.3%

Source: Nordea estimates

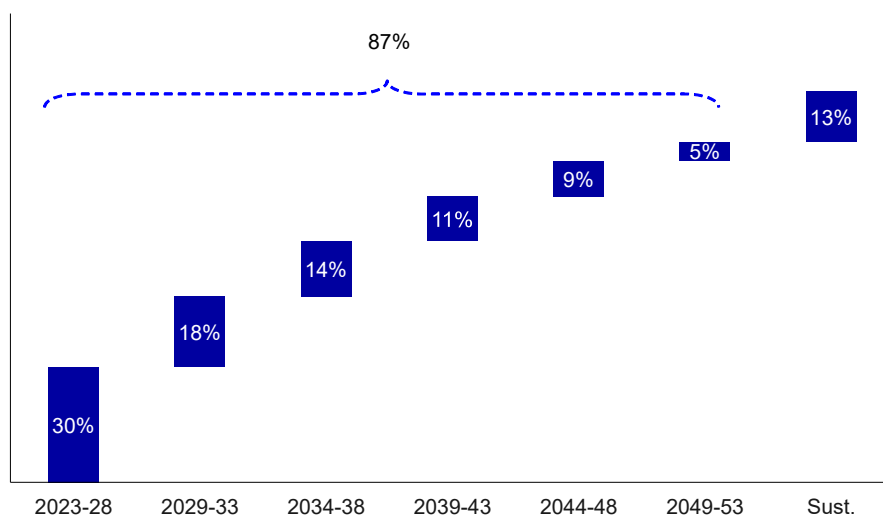
DCF VALUE (EURm AND EUR)		
DCF value	Value	Per share
NPV FCFF	507-560	24.5-27
(Net debt)	-290	-14.0
Market value of associates	24	1.2
(Market value of minorities)	-7	-0.3
Surplus values	0	0.0
(Market value preference shares)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	6	0.3
DCF Value	239-292	11.5-14.1

Source: Nordea estimates

DCF ASSUMPTIONS							
Averages and assumptions	2023-28	2029-33	2034-38	2039-43	2044-48	2049-53	Sust.
Sales growth, CAGR	3.6%	2.5%	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	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
NWC/sales	-10.6%	-10.1%	-9.6%	-9.1%	-8.6%	-8.1%	-8.1%
FCFF, CAGR	6.9%	2.4%	4.3%	4.3%	4.3%	-13.2%	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 ± 0.5 pp for WACC, ± 0.5 pp for sales growth, and ± 0.5 pp for the EBIT margin, our DCF model yields a value range of EUR 9.8-16.5 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	16.5	15.2	14.0	12.9	12.0
	0.3pp	15.8	14.5	13.4	12.4	11.4
	0.0pp	15.1	13.9	12.8	11.8	10.9
	-0.3pp	14.4	13.2	12.2	11.3	10.4
	-0.5pp	13.7	12.6	11.6	10.7	9.8

- +/-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	16.4	15.1	13.9	12.9	11.9
	0.3pp	15.7	14.5	13.4	12.3	11.4
	0.0pp	15.1	13.9	12.8	11.8	10.9
	-0.3pp	14.5	13.3	12.3	11.3	10.4
	-0.5pp	13.9	12.8	11.8	10.9	10.0

- +/-0.5 pp EBIT margin change translates into a change of +/-9% 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	12.9	13.4	14.0	14.6	15.2
	0.3pp	12.3	12.9	13.4	14.0	14.6
	0.0pp	11.8	12.3	12.8	13.4	13.9
	-0.3pp	11.2	11.7	12.2	12.7	13.3
	-0.5pp	10.6	11.1	11.6	12.1	12.6

Source: Nordea estimates

SOTP valuation yields EUR 10.9-14.1 per share

Applying 2023E EV/EBIT multiples of 10-12x for the restaurant segment, and the market valuation of the Eezy stake (20.5% of the company) as of 24 March, and then deducting 2023E net debt and current minority holdings, we derive a SOTP fair value range of EUR 10.9-14.1 (10.9-13.9) per NoHo share.

SOTP VALUATION

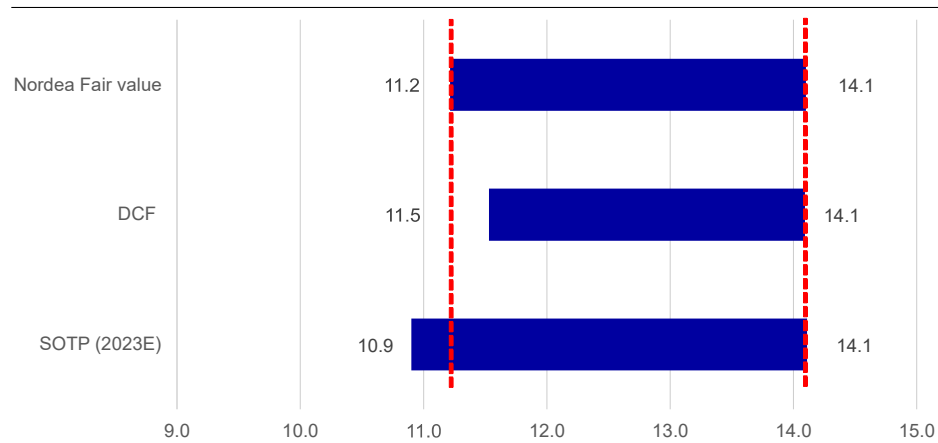
Business	EV/EBIT 10x	Per share, 10x	EV/EBIT 12x	Per share, 12x	% of EV	EBIT '23E
Restaurant	332	16.0	399	19.3	95-96%	33.2
EV from own operations	332	16.0	399	19.3	95-96%	
EEZY stake (20.5%) as of 24.3.2023	17	0.8	17	0.8	5-4%	
Other sellable securities (Q4 2022)	0.3	0.0	0.3	0.0	0-0%	
EV from holdings	17	0.8	17	0.8	5-4%	
Total EV with market prices	349	16.9	416	20.1		
Net debt 2023E (excl IFRS 16 and Eezy stake)	115	5.5	115	5.5		
Equity value	234	11.3	301	14.5		
Minorities	-9	-0.4	-9	-0.4		
Number of shares, million	20.7		20.7			
Equity per share, EUR	10.9		14.1			

Source: Company data and Nordea estimates

Fair value range EUR 11.2-14.1

Our fair value range for NoHo is EUR 11.2-14.1 (10.8-13.6) 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
Turnover	273	157	186	313	363	390	402
growth %	-16%	-43%	19%	68%	16%	8%	3%
Other operating income	6	17	17	13	7	7	7
Materials and services	-85	-58	-64	-106	-123	-132	-136
Staff expenses	-63	-48	-53	-78	-88	-95	-98
Other operating expenses	-56	-41	-41	-63	-77	-81	-83
EBITDA	74.3	27.6	45.9	79.5	81.6	88.5	91.7
EBITDA margin %	27.2%	17.6%	24.7%	25.4%	22.5%	22.7%	22.8%
D&A	-45	-52	-47	-48	-48	-50	-51
IFRS 16 depreciation	-22	-31	-30	-33	-33	-34	-35
EBIT adjusted	31.1	-30.7	-12.6	24.8	33.2	38.7	40.4
EBIT adj. margin %	11.4 %	-19.6 %	-6.7 %	7.9 %	9.2 %	9.9 %	10.1 %
NRI	-0.5	6.8	11.7	6.9	0.0	0.0	0.0
EBIT	30.6	-23.9	-0.9	31.7	33.2	38.7	40.4
EBIT margin %	11.2 %	-15.2 %	-0.5 %	10.1 %	9.2 %	9.9 %	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	-13.1	-13.1	-13.1
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
Profit before taxes	25.3	-34.8	-12.8	9.6	20.1	25.6	27.3
Reported taxes	-1.5	5.4	2.4	-3.0	-3.2	-4.6	-5.7
Net profit	23.8	-29.5	-10.3	6.7	16.9	21.0	21.6
Minorities	1.5	-2.6	0.3	3.4	3.2	3.6	3.7
Profit to equity holders	22.3	-26.8	-10.6	3.3	13.7	17.4	17.9
Hybrid interest incl tax shield	-1.4	0.0	0.0	0.0	0.0	0.0	0.0
EPS, EUR (continued op)	1.10	-1.40	-0.55	0.16	0.66	0.84	0.86

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
Turnover	20	34	62	70	49	90	86	88	72	95	96	99
growth %	-60%	81%	10%	120%	141%	162%	39%	27%	48%	6%	12%	13%
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	-25	-33	-33	-32
Staff expenses	-9	-10	-15	-19	-15	-21	-20	-22	-19	-22	-23	-24
Other operating expenses	-7	-8	-12	-14	-10	-17	-17	-19	-13	-21	-20	-23
EBITDA	1.8	9.3	16.2	18.6	10.4	27.7	20.2	21.2	15.9	21.3	22.0	22.3
EBITDA margin %	8.9%	27.0%	26.2%	26.7%	21.4%	30.7%	23.5%	24.1%	22.2%	22.4%	22.9%	22.4%
D&A	-11	-11	-12	-12	-12	-12	-12	-13	-12	-12	-12	-12
IFRS 16 depreciation	-8	-8	-8	-8	-8	-8	-8	-9	-8	-8	-8	-8
EBIT adjusted	-13.7	-6.3	3.2	4.3	-3.4	11.3	8.4	8.5	4.0	9.3	9.9	10.0
EBIT adj. margin %	-68%	-18.4 %	5.2 %	6.1 %	-7.0 %	12.5 %	9.8 %	9.6 %	5.6 %	9.8 %	10.3 %	10.0 %
NRI	4.0	4.5	0.7	2.5	2.1	4.8	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-9.7	-1.8	3.9	6.7	-1.3	16.1	8.4	8.5	4.0	9.3	9.9	10.0
EBIT margin %	-48%	-5.2 %	6.4 %	9.6 %	-2.7 %	17.8 %	9.8 %	9.6 %	5.6 %	9.8 %	10.3 %	10.0 %
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	-2.7	-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
Profit before taxes	-12.1	-5.5	0.9	3.9	-4.3	12.7	-1.3	2.1	1.3	5.7	6.3	6.8
Reported taxes	1.3	1.3	0.5	-0.6	0.7	-2.1	-1.4	-1.5	-0.2	-0.9	-0.9	-1.2
Net profit	-10.8	-4.3	1.3	3.3	-3.6	10.6	-2.7	0.6	1.1	4.8	5.4	5.6
Minorities	-1.3	-0.7	0.6	1.8	-0.1	1.6	1.0	0.9	0.2	1.0	1.0	1.0
Profit to equity holders	-9.4	-3.5	0.7	1.6	-3.5	9.0	-3.7	-0.3	0.9	3.8	4.4	4.6
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
EPS, EUR (continued op)	-0.49	-0.18	0.04	0.08	-0.18	0.45	-0.18	-0.01	0.04	0.19	0.21	0.22

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
Total revenue	114	130	186	323	273	157	186	313	363	390	402
Revenue growth	31.1%	14.5%	42.9%	73.9%	-15.6%	-42.5%	18.7%	68.1%	15.9%	7.7%	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	82	88	92
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	42	46	48
Amortisation and impairments	-2	-3	-4	-10	-9	-10	-9	-10	-9	-7	-8
EBIT	7	9	11	7	31	-24	-1	32	33	39	40
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	-13	-13	-13
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
Pre-tax profit	6	8	8	6	25	-35	-13	10	20	26	27
Reported taxes	-1	-2	-3	-1	-1	5	2	-3	-3	-5	-6
Net profit from continued operations	5	6	5	4	24	-29	-10	7	17	21	22
Discontinued operations	0	0	0	0	24	0	0	0	0	0	0
Minority interests	0	0	0	-1	-2	3	0	-3	-3	-4	-4
Net profit to equity	5	6	5	3	45	-27	-11	3	14	17	18
EPS, EUR	0.31	0.35	0.30	0.19	2.36	-1.40	-0.55	0.16	0.66	0.84	0.86
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%	22.5%	22.7%	22.8%
EBITA	8.5%	9.1%	7.9%	5.2%	14.5%	-8.6%	4.6%	13.2%	11.6%	11.8%	12.0%
EBIT	6.4%	6.9%	5.8%	2.2%	11.2%	-15.2%	-0.5%	10.1%	9.2%	9.9%	10.1%

Adjusted earnings

EBITDA (adj)	17	20	23	34	76	21	34	73	82	88	92
EBITA (adj)	10	12	15	22	40	-20	-3	34	42	46	48
EBIT (adj)	8	9	11	12	31	-31	-13	25	33	39	40
EPS (adj, EUR)	0.35	0.37	0.43	0.54	2.27	-1.66	-1.16	-0.18	0.66	0.84	0.86

Adjusted profit margins in percent

EBITDA (adj)	15.2%	15.2%	12.2%	10.4%	27.7%	13.6%	18.5%	23.2%	22.5%	22.7%	22.8%
EBITA (adj)	9.1%	9.3%	8.0%	6.9%	14.7%	-12.9%	-1.7%	11.0%	11.6%	11.8%	12.0%
EBIT (adj)	7.0%	7.2%	6.0%	3.9%	11.4%	-19.6%	-6.7%	7.9%	9.2%	9.9%	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%	2.3%	7.4%	20.7%
EBITDA	n.m.	n.m.	17.7%	25.4%	44.3%	11.2%	18.9%	28.8%	23.5%	3.3%	26.7%
EBIT	n.a.	n.a.	13.5%	12.2%	42.1%	n.m.	n.m.	24.1%	35.8%	4.8%	n.m.
EPS	n.a.	n.a.	n.a.	-4.1%	61.4%	n.m.	n.m.	-11.6%	27.7%	-18.6%	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%	5.5%	5.6%	8.7%
Average EBITDA margin	n.a.	14.7%	13.7%	11.8%	15.8%	16.2%	17.8%	20.6%	24.0%	23.0%	23.4%

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.	11.9	9.4	9.1
EV/EBITDA (adj)	6.5	6.6	8.3	9.2	6.2	22.4	13.7	6.0	5.4	4.9	4.6
EV/EBITA (adj)	10.8	10.8	12.6	14.0	11.8	n.m.	n.m.	12.7	10.5	9.3	8.8
EV/EBIT (adj)	14.1	14.1	17.0	24.9	15.6	n.m.	n.m.	17.6	13.3	11.1	10.5

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	11.9	9.4	9.1
EV/Sales	0.98	1.01	1.01	0.96	1.73	3.05	2.54	1.40	1.22	1.10	1.05
EV/EBITDA	6.8	6.8	8.4	10.9	6.3	17.3	10.3	5.5	5.4	4.9	4.6
EV/EBITA	11.6	11.1	12.8	18.4	12.2	n.m.	57.4	10.6	10.5	9.3	8.8
EV/EBIT	15.4	14.6	17.5	43.2	15.8	n.m.	n.m.	13.8	13.3	11.1	10.5
Dividend yield (ord.)	5.4%	5.0%	3.9%	3.9%	0.0%	0.0%	0.0%	6.0%	5.3%	5.8%	6.3%
FCF yield	-4.1%	3.6%	-3.6%	-35.7%	12.2%	1.7%	24.6%	40.4%	29.7%	35.0%	35.2%
FCF Yield bef A&D, lease adj	2.3%	6.3%	4.7%	5.2%	9.9%	-18.3%	3.8%	23.3%	13.6%	13.9%	13.5%
Payout ratio	76.4%	81.9%	77.6%	62.7%	0.0%	0.0%	0.0%	n.m.	63.5%	54.7%	57.8%

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	181	178	174
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	148	148	148
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	380	379	378
Inventory	2	2	3	5	6	4	5	6	6	7	7
Accounts receivable	10	14	24	40	24	14	17	23	26	28	29
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	13	12	15
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.
Total assets	91	98	133	305	471	448	459	453	461	462	465
Shareholders equity	40	43	45	67	129	76	64	75	80	89	97
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	11	12
Total Equity	40	44	47	76	137	81	69	82	89	100	110
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	71	74	75
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	137	142	144
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.
Total liabilities and equity	91	98	133	305	471	448	459	453	461	462	465
Balance sheet and debt metrics											
Net debt	29	31	44	138	268	318	322	290	269	257	247
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	-41	-42	-42
Invested capital	71	76	96	231	388	380	337	339	340	337	336
Capital employed	71	77	93	219	409	402	398	378	372	369	372
ROE	12.8%	13.5%	11.5%	6.2%	45.6%	-26.1%	-15.1%	4.7%	17.7%	20.6%	19.2%
ROIC	9.5%	9.8%	10.2%	6.0%	7.9%	-6.3%	-2.8%	5.8%	7.7%	9.0%	9.5%
ROCE	11.8%	12.7%	13.2%	9.3%	10.6%	-7.5%	-2.8%	6.9%	9.3%	10.9%	11.4%
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	4.8	5.6	6.0
Equity ratio	43.7%	44.3%	33.8%	22.0%	27.5%	17.0%	14.0%	16.5%	17.4%	19.3%	20.9%
Net gearing	73.1%	69.8%	93.3%	182.0%	195.3%	392.2%	463.5%	354.1%	302.8%	258.7%	225.0%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA (adj) for associates	17	19	22	28	74	28	46	80	82	88	92
Paid taxes	0	-3	-3	-4	-3	-3	-1	-2	-3	-5	-6
Net financials	-1	-1	-3	-2	-7	-11	-12	-23	-13	-13	-13
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
Funds from operations (FFO)	16	15	18	21	62	16	33	66	64	69	71
Change in NWC	-4	-2	0	-2	-5	-8	12	4	9	1	0
Cash flow from operations (CFO)	12	14	18	19	57	8	45	71	72	70	71
Capital expenditure	-10	-7	-11	-10	-16	-6	-9	-5	-17	-13	-14
Free cash flow before A&D	2	6	7	9	41	2	36	66	56	57	57
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	-7	0	0
Free cash flow	-3	4	-5	-58	24	3	36	56	49	57	57
Free cash flow bef A&D, lease adj	2	6	7	9	19	-28	6	32	22	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	8	-1	3
Cash flow metrics											
Capex/D&A	n.m.	69.2%	95.8%	48.1%	36.3%	11.7%	19.6%	10.9%	34.7%	26.1%	26.6%
Capex/Sales	9.2%	5.5%	6.0%	3.2%	5.9%	3.9%	5.0%	1.7%	4.6%	3.3%	3.4%
Key information											
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	163	163	163
Enterprise value	112	131	188	310	471	477	473	436	442	431	423
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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