

9 May 2023

Commissioned research: NoHo Partners – Strong start both in Finland and International – moving into next phase with its growth strategy

Marketing material commissioned by NoHo Partners

NoHo Partners reported Q1 EBIT of EUR 5.9m, +36% versus Refinitiv consensus and +47% versus our estimate. Q1 net sales were EUR 75.9m, 6% above consensus and our estimates. Operational EBITDA (operating cash flow) was EUR 8.1m in Q1 (EUR 1.1m a year ago), 42% above our estimate. Both Finland and International profitability came above our expectations. Positive development is due to structural changes in NoHo's portfolio, flexible business model and scale benefits from central purchases. The company recorder EUR 0.6m positive fair value change due to Eezy shareholding to its financing costs (likely not fully visible in consensus). Leverage (net debt/operational EBITDA ex-IFRS 16) was 2.4x, within the company target of below 3x. NoHo notes that it is moving into next phase of fully implementing growth driven by acquisitions. The guidance was kept intact for 2023 with cautiously optimistic outlook; NoHo expects above EUR 350m sales and around 9% EBIT margin from restaurant business. Refinitiv consensus has expected EUR 365m sales and an 9.1% EBIT margin in 2023. Long-term targets are kept intact and the company targets EUR 400m sales and EUR 40m EBIT in 2024. The company is getting ready to define targets for the next strategy period. We expect consensus to make positive revisions in the range of 3-5% on the back of Q1 results and view guidance raise possible later this year.

NOHO PARTNERS: DEVIATION TABLE

EURm	Actual	NDA est.	Deviation		Consensus	Deviation			Actual	Actual	
	Q1 2023	Q1 2023E	vs. actual		Q1 2023E	vs. actual		Q4 2022	q/q	Q1 2022	y/y
Sales	75.9	71.5	4.4	6%	71.3	4.6	6%	88	-14%	49	56%
Operational EBITDA	8.1	5.7	2.4	42%				11.5	-30%	1.1	636%
EBIT	5.9	4.0	1.9	47%	4.3	1.6	36%	8.5	-31%	(1.3)	-554%
EBIT margin	7.8%	5.6%		2.2pp	6.1%		1.7pp	9.6%	-1.9pp	-2.7%	10.5pp
Adj. EBIT	5.9	4.0	1.9	47%	4.3	1.6	36%	8.5	-31%	(3.4)	-274%
Adj. EBIT margin	7.8%	5.6%		2.2pp	6.1%		1.7pp	9.6%	-1.9pp	-7.0%	14.8pp
PTP	2.9	1.3	1.6	120%	4.3	-1.4	-33%	2.1	38%	(4.3)	-167%
EPS	0.09	0.05	0.04	89%	0.03	0.06	170%	(0.02)	-677%	(0.18)	-149%

Geographical estimates

Sales by geography

Finland	62	57	5	8%				71	-14%	37	65%
International	14	15	0	-2%				17	-14%	11	29%

EBIT by geography

Finland	5.1	3.6	1.5	44%				8.4	-39%	-2.4	-313%
International	0.8	0.5	0.3	73%				0.1	700%	1.1	-27%

EBIT margin by geography

Finland	8.3%	6.3%		2.0pp				11.8%	-3.5pp	-6.5%	15pp
International	5.6%	3.2%		2.4pp				0.6%	5.0pp	9.8%	-4pp

Source: Company data, Refinitiv and Nordea estimates

EBIT margin continued at a strong level in seasonally small Q1

- Q1 net sales were EUR 75.9m (+6% versus Refinitiv consensus)
- Q1 EBIT was EUR 5.9m (36% above consensus at EUR 4.3m)
- Finnish operations top line was 61.5m in Q1 with EUR 5.1m EBIT (8.3% margin). We had expected EUR 56.8m sales and EUR 3.6m EBIT (6.3% margin) from Finland. International business top line was EUR 14.4m with EUR 0.8m EBIT (5.6% margin). We had expected EUR 14.7m top line and EUR 0.5m EBIT (3.2% margin) from International business.
- Operational EBITDA (operating cash flow) was EUR 8.1m in Q1 (EUR 1.1m in Q1 2022) and came 42% above our estimate (no consensus available).
- Q1 EPS was EUR 0.09, above consensus at EUR 0.03. NoHo recorder EUR 0.6m positive fair value changes from its Eezy shareholding (we believe consensus is not fully reflecting positive fair value change). Excluding fair value changes, Q1 EPS would have been EUR 0.06. Non-controlling interest was EUR 0.5m, while we had anticipated EUR 0.2m.
- Net debt, excluding IFRS 16 lease liabilities was EUR 118m in Q1 (EUR 121m in 2022 and EUR 149m a year ago). Net debt/operational EBITDA (excluding IFRS 16) was 2.4x in Q1 (2.9x in 2022).

Guidance for 2023 intact – order book at a good level

NoHo's unchanged guidance for 2023 expects above EUR 350m sales with around 9% EBIT margin in restaurant business. Refinitiv consensus has been expecting EUR 365m sales and an 9.1% EBIT margin in 2023 (we have modelled EUR 364m sales with 9.2% EBIT margin). The company notes that the order book for corporate events looks good for the autumn and that outlook for the remaining part of 2023 looks cautiously optimistic.

Given strong start for the year, we view guidance somewhat conservative. We expect consensus to make positive EBIT revision in the range of 3-5% on the back of Q1 results and note increased profitability for guidance raise later this year.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	157	186	313	364	393	405
EBITDA (adj)	21	34	73	82	89	92
EBIT (adj)	-31	-13	25	33	39	41
EBIT (adj) margin	-19.6%	-6.7%	7.9%	9.2%	9.9%	10.1%
EPS (adj, EUR)	-1.66	-1.16	-0.18	0.66	0.84	0.87
EPS (adj) growth	-173.3%	30.1%	84.4%	463.6%	27.7%	2.9%
DPS (ord, EUR)	0.00	0.00	0.40	0.42	0.46	0.50
EV/Sales	3.0	2.5	1.4	1.2	1.1	1.1
EV/EBIT (adj)	n.m.	n.m.	17.6	13.4	11.2	10.5
P/E (adj)	n.m.	n.m.	n.m.	12.4	9.7	9.4
P/BV	2.0	2.3	1.9	2.1	1.9	1.7
Dividend yield (ord)	0.0%	0.0%	6.0%	5.2%	5.7%	6.1%
FCF Yield bef A&D, lease adj	-18.3%	3.8%	23.3%	13.2%	13.6%	13.1%
Net debt	318	322	290	271	259	249
Net debt/EBITDA	11.3	7.0	3.7	3.3	2.9	2.7
ROIC after tax	-6.3%	-2.8%	5.8%	7.8%	9.1%	9.5%

Source: Company data and Nordea estimates

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