

8 August 2023

Commissioned research: NoHo Partners – A solid Q2 with strong profitability in Finland

Marketing material commissioned by NoHo Partners

NoHo Partners reported Q2 EBIT of EUR 10.7m, +13% versus Vara consensus and +9% versus our estimate. Q2 net sales were EUR 93.3m, 4% below consensus and our estimates. Operational EBITDA (operating cash flow) was EUR 12.6m in Q2 (EUR 18.3m a year ago, including EUR 4.8m government grants), 9% above our estimate. Finland profitability came above our expectations, while International fell short of our expectation. The company recorder EUR 1.7m negative fair value change due to Eezy shareholding to its financing costs (in line with our expectation). Leverage (net debt/operational EBITDA ex-IFRS 16) was 2.9x and should increase in Q3 following the acquisition of Holy Cow! during Q3, we believe. July sales were up 4% y/y to EUR 30.4m. In CEO comments, the company notes that ASP has increased in food restaurants due to inflation, while there has been slight decline in consumer spending in entertainment venues and night clubs. The guidance was kept intact (upgraded on 6 July after Holy Cow! acquisition) for 2023; NoHo expects around EUR 380m sales and around 9% EBIT margin from restaurant business. Pre-Q2 Vara consensus has expected EUR 383m sales and an 9.2% EBIT margin in 2023. Long-term financial targets will be updated on H1 2024 and the company notes it will reach earlier targets ahead of time. We expect consensus to make slightly positive revisions on the back of Q2 results despite slightly more conservative comments for H2 and continue to view guidance raise possible later this year.

NOHO PARTNERS: DEVIATION TABLE

	Actual Q2 2023	NDA est. Q2 2023E	Deviation vs. actual	Consensus Q2 2023E	Deviation vs. actual	Actual Q1 2023	q/q	Actual Q2 2022	y/y
EURm									
Sales	93.3	97.1	-3.8	97.5	-4.2	76	23%	90	3%
Operational EBITDA	12.6	11.6	1.0	14.9	-2.3	8.1	56%	18.3	-31%
EBIT	10.7	9.8	0.9	9.4	1.3	5.9	81%	16.1	-34%
EBIT margin	11.5%	10.1%	1.3pp	9.7%	1.8pp	7.8%	3.7pp	17.8%	-6.4pp
Adj. EBIT	10.7	9.8	0.9	9.4	1.3	5.9	81%	11.3	-5%
Adj. EBIT margin	11.5%	10.1%	1.3pp	9.7%	1.8pp	7.8%	3.7pp	12.5%	-1.1pp
PTP	5.3	4.6	0.7	4.8	0.5	2.9	83%	12.7	-58%
EPS	0.17	0.15	0.02	0.15	0.02	0.10	72%	0.47	-64%

Geographical estimates

Sales by geography

Finland	77.4	78.0	-1	-1%	61.5	26%	72.9	6%
International	15.9	19.0	-3	-16%	14.4	10%	17.3	-8%

EBIT by geography

Finland	9.5	8.0	1.5	18%	5.1	86%	14.6	-35%
International	1.2	1.8	-0.6	-33%	0.8	50%	1.5	-20%

EBIT margin by geography

Finland	12.3%	10.3%	2.0pp		8.3%	4.0pp	20.0%	-8pp
International	7.5%	9.4%	-1.9pp		5.6%	2.0pp	8.7%	-1pp

Source: Company data, Vara and Nordea estimates

Main takeaways from Q2

- Q2 net sales were EUR 93.3m (-4% versus Vara consensus).
- Q2 EBIT was EUR 10.7m (13% above consensus at EUR 9.4m).
- Finnish operations top line was 77.4m in Q2 with EUR 9.5m EBIT (12.3% margin). We had expected EUR 78.0m sales and EUR 8.0m EBIT (10.3% margin) from Finland. International business top line was EUR 15.9m with EUR 1.2m EBIT (7.8% margin). We had expected EUR 19.0m top line and EUR 1.8m EBIT (9.4% margin) from International business.
- Operational EBITDA (operating cash flow) was EUR 12.6m in Q2 (EUR 18.3m in Q2 2022, including EUR 4.8m of government grants) and came 9% above our estimate.
- Material margin was up 30 bp y/y to 75.4% while personnel expenses were up 80 bp y/y to 32.7%.
- Q2 EPS was EUR 0.17, 15% above consensus at EUR 0.15. NoHo recorder EUR 1.7m negative fair value changes from its Eezy shareholding (we had expected EUR -1.75m). Excluding fair value changes, Q2 EPS would have been EUR 0.25 (we expected EUR 0.24). Non-controlling interest was EUR 0.7m, while we had anticipated EUR 1.0m.
- Net debt, excluding IFRS 16 lease liabilities was EUR 123m in Q2 (EUR 121m in 2022 and EUR 127m a year ago). Net debt/operational EBITDA (excluding IFRS 16) was 2.9x in Q2 (2.9x in 2022).

Guidance for 2023 intact – July sales up 4% y/y

NoHo's unchanged guidance (since 6 July) for 2023 expects around EUR 380m sales with around 9% EBIT margin in restaurant business. Refinitiv consensus has been expecting EUR 383m sales and an 9.2% EBIT margin in 2023 (we have modelled EUR 386m sales with 9.0% EBIT margin). The company notes that ASP has increased in restaurants due to inflation with stable number of customers while in entertainment and night clubs consumer spending has declined slightly.

July sales were up 4% y/y to EUR 30.4m.

We expect consensus to make slightly positive EBIT revision on the back of Q2 results and continue to see possibility for guidance raise later this year.

SUMMARY TABLE - KEY FIGURES

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	157	186	313	386	444	457
EBITDA (adj)	21	34	73	87	101	105
EBIT (adj)	-31	-13	25	37	45	47
EBIT (adj) margin	-19.6%	-6.7%	7.9%	9.5%	10.1%	10.2%
EPS (adj, EUR)	-1.66	-1.16	-0.18	0.68	0.91	0.93
EPS (adj) growth	-173.3%	30.1%	84.5%	476.7%	34.1%	1.9%
DPS (ord, EUR)	0.00	0.00	0.40	0.42	0.46	0.50
EV/Sales	3.0	2.5	1.4	1.3	1.0	1.0
EV/EBIT (adj)	n.m.	n.m.	17.6	13.4	10.2	9.6
P/E (adj)	n.m.	n.m.	n.m.	13.6	10.1	10.0
P/BV	2.0	2.3	1.9	2.4	1.9	1.8
Dividend yield (ord)	0.0%	0.0%	6.0%	4.5%	5.0%	5.4%
FCF Yield bef A&D, lease adj	-18.3%	3.8%	23.2%	15.8%	19.4%	10.9%
Net debt	318	322	290	278	238	228
Net debt/EBITDA	11.3	7.0	3.7	3.3	2.3	2.2
ROIC after tax	-6.3%	-2.8%	5.8%	8.5%	10.2%	10.8%

Source: Company data and Nordea estimates

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