

7 May 2024

Commissioned research: NoHo Partners – Solid Q1 results in a fluctuating operating environment

Marketing material commissioned by NoHo Partners

NoHo Partners reported Q1 EBIT of EUR 6.9m, 2% above Vara consensus and our estimate. Q1 net sales were up 23% y/y at EUR 93.5m, fairly in line with consensus and our estimate. Finland profitability came 16% below our expectations, while International was clearly above. The strong profitability development (EBIT +17% y/y) was mainly thanks to the Holy Cow! business and the stable profitability of Norway and Denmark. In the CEO comments, the company notes that the market is expected to remain fluctuating also in Q2, while a possible interest rate cut should boost demand in H2. We believe this is true especially in Finland. Guidance for 2024 was reiterated: NoHo expects around EUR 430m sales and around 9.5% EBIT margin from restaurant business, implying a 15% sales growth y/y and slight pressure on EBIT. Pre-Q1 Vara consensus has expected EUR 433m sales and an 9.5% EBIT margin in 2024. Following the solid Q1 results, we expect to see limited consensus estimate revisions.

Main takeaways from Q1

- Q1 net sales were EUR 93.5m (in line versus Vara consensus). EBIT was EUR 6.9m (2% above consensus at EUR 6.8m).
- Finnish operations top line was 65.7m in Q1 with EUR 4.5m EBIT (6.8% margin). We had expected EUR 66.8m sales and EUR 5.3m EBIT (8.0% margin) from Finland. International business top line was EUR 27.8m with EUR 2.3m EBIT (8.3% margin). We had expected EUR 25.3m top line and EUR 1.4m EBIT (5.5% margin) from International business, driven by the business of Holy Cow!.
- Operational EBITDA (operating cash flow) was EUR 9.1m in Q1 (EUR 8.1m in Q1 2023). We had expected EUR 8.5m.
- Material margin of 74.3% was slightly lower y/y, while personnel expenses were fairly in line with the comparison period at 33.0%.
- Q1 EPS was EUR -0.03, below LSEG consensus at EUR 0.03. NoHo recorded EUR 1.2m negative fair value changes from its Eezy shareholding (we had expected EUR -1.2m). Excluding fair value changes, Q1 EPS would have been EUR 0.03. Non-controlling interest was EUR 0.5m, while we had anticipated EUR 0.5m.

- Net debt, excluding IFRS 16 lease liabilities was EUR 126m in Q1 (EUR 135m at the end of 2023). Net debt/operational EBITDA (excluding IFRS 16) was 2.8x in Q1 (3.0x at the end of 2023) and was affected by the divestment of Eezy.

Guidance for 2024 reiterated – suggest growth of 15%

- NoHo's new guidance for 2024 expects around EUR 430m sales with around 9.5% EBIT margin in restaurant business. Vara consensus has been expecting EUR 433m sales and a 9.5% EBIT margin in 2024 (we have modelled EUR 432m sales with a 9.7% EBIT margin).
- We expect consensus to make limited estimate revisions based on the Q1 results. We expect 2024 development to be back-end loaded on the back of weak consumer purchasing power in H1 and the IIHF ice hockey championship games boosting the comparison period in Q2.

NOHO PARTNERS: DEVIATION TABLE

EURm	Actual Q1 2024	NDA est. Q1 2024E	Deviation vs. actual		Consensus Q1 2024E	Deviation vs. actual		Actual Q4 2023	q/q	Actual Q1 2023	y/y
Sales	93.5	92.1	1.4	1%	92.7	0.8	1%	107.1	-13%	75.9	23%
Adj. operational EBITDA	9.1	8.5	0.6	8%				13.5	-33%	8.1	12%
EBIT	6.9	6.7	0.2	2%	6.8	0.1	2%	10.6	-35%	5.9	17%
EBIT margin	7.4%	7.3%		0.1pp	7.3%		0.1pp	9.9%	-2.5pp	7.8%	-0.4pp
PTP	0.3	1.0	-0.7	-71%	1.0	-0.7	-70%	4.30	-93%	2.9	-90%
EPS	-0.03	0.05	-0.08	-160%	0.03	-0.06	-200%	0.15	-120%	0.09	-132%

Geographical estimates

Sales by geography

Finland	65.7	66.8	-1.1	-2%				78.2	-16%	61.5	7%
International	27.8	25.3	2.5	10%				28.9	-4%	14.4	93%

EBIT by geography

Finland	4.5	5.3	-0.8	-16%				8.3	-46%	5.1	-12%
International	2.3	1.4	0.9	65%				2.3	0%	0.8	188%

EBIT margin by geography

Finland	6.8%	8.0%	-1.2pp					10.6%	-3.8pp	8.3%	-1.4pp
International	8.3%	5.5%	2.8pp					8.0%	0.3pp	5.6%	2.7pp

Source: Company data, Vara Research, LSEG Data & Analytics and Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	186	313	372	432	449	467
EBITDA (adj)	34	73	85	83	86	90
EBIT (adj)	-13	25	37	42	44	46
EBIT (adj) margin	-6.7%	7.9%	10.0%	9.7%	9.8%	9.9%
EPS (adj, EUR)	-1.16	-0.27	0.44	0.75	0.83	0.89
EPS (adj) growth	30.1%	76.8%	261.4%	72.1%	10.3%	8.2%
DPS (ord, EUR)	0.00	0.40	0.43	0.47	0.51	0.55
EV/Sales	2.5	1.4	1.5	1.2	1.2	1.1
EV/EBIT (adj)	n.m.	17.6	15.1	12.7	11.9	11.2
P/E (adj)	n.m.	n.m.	20.3	10.8	9.8	9.1
P/BV	2.3	1.9	2.4	2.0	1.8	1.7
Dividend yield (ord)	0.0%	6.0%	4.9%	5.8%	6.3%	6.8%
FCF Yield bef A&D, lease adj	2.4%	21.8%	2.9%	12.5%	9.3%	10.8%
Net debt	322	290	349	329	323	316
Net debt/EBITDA	7.0	3.7	4.2	4.0	3.7	3.5
ROIC after tax	-2.8%	5.8%	7.5%	7.4%	7.9%	8.3%

Source: Company data and Nordea estimates

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