

6 August 2024

Commissioned research: NoHo Partners - Q2 fell behind high expectations due to Finnish operations

Marketing material commissioned by NoHo Partners

NoHo Partners reported Q2 EBIT of EUR 9.7m (-9% y/y), 17% below Vara Research consensus and 20% below our estimate. Q2 net sales were up 15% y/y at EUR 107m, but fell 5% below consensus and 6% below our estimate. We believe the miss was mainly attributable to Finnish operations, which fell 28% below our expectations on EBIT, while International was 8% above. The domestic market remained challenging, and we note the exceptionally strong comparison period thanks to the Ice Hockey World Championships organized at Nokia Arena. However, the company expects demand to recover during H2 and notes a good number of event reservations for H2. Guidance for 2024 was reiterated: NoHo expects around EUR 430m sales and around 9.5% EBIT margin, implying a 15% sales growth y/y and slight pressure on EBIT. Mathematically, the Q2 results would imply a 5% cut on 2024E consensus EBIT, but given the back-end loaded revenue and profit recognition in 2024 and as the pre-Q2 Vara consensus is forecasting revenue and margin in line with the reiterated guidance, we expect consensus estimate revisions to be muted.

Main takeaways from Q2

- Q2 net sales were EUR 107.0m (5% below Vara consensus). EBIT was EUR 9.7m (17% below consensus at EUR 11.7m).
- Sales from Finnish operations was EUR 73.5m in Q2 with EUR 6.7m EBIT (9.1% margin). We had expected EUR 80.7m sales and EUR 9.3m EBIT (11.5% margin) from Finland.
- The International business top line was EUR 33.1m with EUR 3.0m EBIT (9.0% margin). We had expected EUR 33.1m top line and EUR 2.8m EBIT (8.4% margin) from International business, driven by the expansion into Switzerland in September 2023.
- Operational EBITDA (operating cash flow) was EUR 12.2m in Q2 (EUR 12.6m in Q2 2023). We had expected EUR 14.0m.
- Material margin of 74.2% was slightly lower y/y (75.4% in Q2 2023), while personnel expenses were fairly in line with the comparison period at 32.8% (32.7% in Q2 2023).
- Q2 EPS was EUR 0.11, below LSEG consensus at EUR 0.24. Non-controlling interest was EUR 1.2m, while we had anticipated EUR 0.7m.

- Net debt, excluding IFRS 16 lease liabilities was EUR 125.4m at the end of Q2 (EUR 126m at the end of Q1). Net debt/operational EBITDA (excluding IFRS 16) was 2.8x at the end of Q2 (2.8x at the end of Q1).

Guidance for 2024 reiterated – suggests growth of 15%

- NoHo's 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 435m sales with a 9.7% EBIT margin).
- We expect consensus to make limited estimate revisions based on the Q2 results. We expect 2024 development to be back-end loaded and consumer purchasing power to improve towards the end of the year.

NOHO PARTNERS: DEVIATION TABLE

EURm	Actual Q2 2024	NDA est. Q2 2024E	Deviation vs. actual		Consensus Q2 2024E	Deviation vs. actual		Actual Q1 2024	q/q	Actual Q2 2023	y/y
Sales	107.0	113.8	-6.8	-6%	112.5	-5.5	-5%	93.5	14%	93.3	15%
Operational EBITDA	12.2	14.0	-1.8	-13%				9.1	34%	12.6	-3%
EBIT	9.7	12.1	-2.4	-20%	11.7	-2.0	-17%	6.9	41%	10.7	-9%
EBIT margin	9.1%	10.6%	-1.5pp		10.4%	-1.3pp		7.4%	1.7pp	11.5%	-2.4pp
PTP	4.3	9.3	-5.0	-54%	7.7	-3.4	-44%	0.34	1165%	5.2	-17%
EPS	0.11	0.36	-0.25	-70%	0.24	-0.13	-55%	-0.03	-503%	0.16	-31%

Geographical estimates

Sales by geography

Finland	73.5	80.7	-7.2	-9%				65.6	12%	77.4	-5%
International	33.5	33.1	0.4	1%				27.8	21%	15.9	111%

EBIT by geography

Finland	6.7	9.3	-2.6	-28%				4.5	48%	9.5	-29%
International	3.0	2.8	0.2	8%				2.3	28%	1.2	150%

EBIT margin by geography

Finland	9.1%	11.5%	-2.4pp					6.9%	2.2pp	12.3%	-3.2pp
International	9.0%	8.4%	0.6pp					8.4%	0.5pp	7.5%	1.4pp

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	435	461	484
EBITDA (adj)	34	73	85	101	106	111
EBIT (adj)	-13	25	37	42	46	48
EBIT (adj) margin	-6.7%	7.9%	10.0%	9.7%	9.9%	10.0%
EPS (adj, EUR)	-1.16	-0.27	0.44	0.77	0.89	0.98
EPS (adj) growth	30.1%	76.8%	261.4%	76.1%	16.1%	9.7%
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	1.1	1.0
EV/EBIT (adj)	n.m.	17.6	15.1	12.5	11.3	10.5
P/E (adj)	n.m.	n.m.	20.3	10.6	9.1	8.3
P/BV	2.3	1.9	2.4	2.0	1.8	1.6
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%	13.3%	12.3%	13.9%
Net debt	322	290	349	328	317	305
Net debt/EBITDA	7.0	3.7	4.2	3.2	3.0	2.7
ROIC after tax	-2.8%	5.8%	7.7%	7.8%	8.6%	9.2%

Source: Company data and Nordea estimates

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