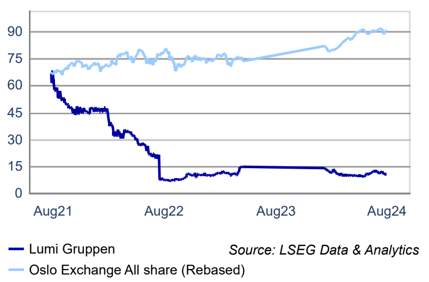
Lumi Gruppen

Consumer Goods
Norway

KEY DATA

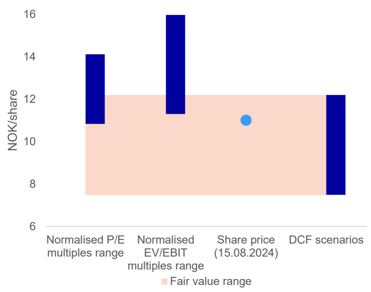
Stock country	Norway
Bloomberg	LUMI NO
Reuters	LUMI.OL
Share price (close)	NOK 11.00
Free float	
Market cap. (bn)	EUR 0.05/NOK 0.61
Website	www.lumigruppen.no
Next report date	

PERFORMANCE



Source: LSEG Data & Analytics

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	3%	0%	0%
EBIT (adj)	-1%	2%	2%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Sigurd Flaa
Analyst

Jørgen Bruaset
Managing Director

On track for school year 2024/25

Lumi Gruppen continues to see high demand for its ONH courses, reporting a 20% y/y increase in autumn 2024/25 intake. The private candidate market is still challenging for Sonans, where the cost base has adjusted to market conditions. We see no material changes to the overall case versus previous communication and thus reiterate our fair value range of NOK 7-12, which is based on different DCF scenarios, triangulated with peer multiples.

H1 results in line with expectations

H1 revenue was stronger than expected at NOK 211m (our estimate: NOK 199m). Growth stemmed from new online programmes and a higher share of recurring revenue from student volume in ONH. Costs were higher than expected, with ONH showing higher costs related to personnel expenses, marketing expenses, investments in the vocational offering (ONF) and the adjustment of allocation of overhead expenses for each segment. We argue the higher costs are necessary for continued growth. H1 EBIT and EPS were in line with our estimates of NOK 24m and NOK 0.05, respectively.

New revenue guidance for school year 2024/25

Lumi Gruppen announced revenue guidance for the school year 2024/25 in its H1 report, indicating revenue of NOK 255-265m for ONH and NOK 180-185m for Sonans. This is in line with our expectations, hence we make no material changes to our estimates. ONH plans to relocate to new and larger facilities during H2, which sets the stage for continued growth beyond the 2024/25 school year.

We estimate a fair value range of NOK 7-12

We estimate a fair value range of NOK 7-12 based on DCF scenarios, triangulated with peer multiples. Our different DCF scenarios demonstrate its sensitivity to a recovery in the private candidate market, while our earnings estimates reflect no material improvements in the short term. Even so, only a modest recovery of pre-pandemic volumes would offer ample upside to our base-case assumptions. Lumi Gruppen has no direct peer, but we look at Nordic/European educational institutions and course providers, as well as Nordic consulting and business services companies that lean towards B2B and B2C, to triangulate our DCF values.

SUMMARY TABLE - KEY FIGURES

NOKm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	518	532	515	423	438	456	483
EBITDA (adj)	199	188	172	104	95	110	119
EBIT (adj)	153	133	117	49	49	60	69
EBIT (adj) margin	29.5%	25.0%	22.7%	11.7%	11.3%	13.2%	14.2%
EPS (adj, NOK)	2.05	2.32	1.89	0.19	0.11	0.29	0.45
EPS (adj) growth	n.a.	13.0%	-18.4%	-90.1%	-39.2%	154.3%	56.6%
DPS (ord, NOK)	0.00	1.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	n.a.	4.2	1.9	3.0	2.4	2.2	2.1
EV/EBIT (adj)	n.a.	17.0	8.5	25.6	21.0	17.0	14.6
P/E (adj)	n.a.	20.7	6.3	81.0	96.5	37.9	24.2
P/BV	n.a.	3.2	0.8	1.9	1.3	1.3	1.2
Dividend yield (ord)	n.a.	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	n.a.	5.4%	12.9%	2.8%	5.5%	7.7%	9.2%
Net debt	762	519	566	427	397	385	363
Net debt/EBITDA	4.5	3.1	4.0	4.8	4.3	3.5	3.1
ROIC after tax	12.2%	9.6%	8.0%	3.7%	4.2%	5.1%	5.8%

Source: Company data and Nordea estimates

Estimates

ANNUAL ESTIMATES FOR LUMI GRUPPEN

P&L - Group	2020	2021	2022	2023	2024E	2025E	2026E
Total operating income	**518**	**532**	**515**	**423**	**438**	**456**	**483**
Growth y/y (%)	11.6 %	2.6 %	-3.3 %	-17.8 %	3.5 %	4.2 %	5.8 %
Total costs	**-350**	**-365**	**-374**	**-333**	**-343**	**-339**	**-357**
Adj. EBITDA	**199**	**188**	**172**	**104**	**95**	**110**	**119**
EBITDA	**169**	**167**	**141**	**90**	**95**	**110**	**119**
Depreciation and amortization	-46	-55	-55	-55	-46	-50	-50
Adj. EBIT	**153**	**134**	**113**	**50**	**49**	**60**	**69**
Margin (%)	29.4 %	25.1 %	22.0 %	11.7 %	11.3 %	13.2 %	14.2 %
EBIT	**123**	**112**	**82**	**-235**	**46**	**60**	**69**
Net interest expense	**0**	**-37**	**-30**	**-39**	**-41**	**-40**	**-36**
Pre-tax profit	**73**	**75**	**52**	**-274**	**5**	**22**	**34**
Tax	**-20**	**-16**	**-11**	**-2**	**-1**	**-5**	**-7**
Net income	**52**	**59**	**41**	**-276**	**4**	**17**	**26**
Adj. Net income	**82**	**85**	**66**	**8**	**7**	**17**	**26**
EPS	**1.45**	**1.63**	**1.13**	**-5.00**	**0.07**	**0.29**	**0.45**
Adj. EPS	**2.04**	**2.35**	**1.81**	**0.15**	**0.13**	**0.29**	**0.45**

Source: Company data and Nordea estimates

ANNUAL ESTIMATES BY SEGMENT

Sonans	2020	2021	2022	2023	2024E	2025E	2026E
Total operating income	**376**	**363**	**320**	**200**	**180**	**181**	**187**
Growth y/y (%)	8.8 %	-3.6 %	-11.7 %	-37.6 %	-9.7 %	0.6 %	3.2 %
Adj. EBITDA	**149**	**131**	**116**	**42**	**31**	**36**	**40**
Margin (%)	39.7 %	36.0 %	36.2 %	21.2 %	17.4 %	20.1 %	21.1 %
Adj. EBIT	**111**	**88**	**70**	**3**	**1**	**6**	**9**
EBIT Margin (%)	29.5 %	24.1 %	21.9 %	1.7 %	0.6 %	3.3 %	4.6 %

Oslo Nye Høyskole	2020	2021	2022	2023	2024E	2025E	2026E
Total operating income	**141**	**168**	**194**	**224**	**258**	**275**	**295**
Growth y/y (%)	24.4 %	18.8 %	15.5 %	15.2 %	15.2 %	6.7 %	7.5 %
Adj. EBITDA	**54**	**53**	**58**	**74**	**81**	**85**	**91**
Margin (%)	37.9 %	31.6 %	30.0 %	33.0 %	31.6 %	30.9 %	31.0 %
Adj. EBIT	**47**	**45**	**48**	**61**	**67**	**70**	**76**
EBIT Margin (%)	33.2 %	26.9 %	24.8 %	27.3 %	25.9 %	25.3 %	25.7 %

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

NOKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	**n.a.**	**n.a.**	**429**	**465**	**518**	**532**	**515**	**423**	**438**	**456**	**483**
Revenue growth	n.a.	n.a.	n.a.	8.2%	11.6%	2.6%	-3.3%	-17.8%	3.5%	4.2%	5.8%
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	0	0	157	154	169	167	141	90	91	110	119
Depreciation and impairments PPE	0	0	-39	-39	-39	-41	-55	-49	-39	-43	-43
of which leased assets	0	0	-39	-39	-39	-41	-55	-44	-33	-37	-37
EBITA	0	0	118	115	130	126	86	41	53	67	76
Amortisation and impairments	0	0	-9	-9	-7	-14	-4	-276	-7	-7	-7
EBIT	n.a.	n.a.	110	106	123	112	82	-235	46	60	69
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	-39	-41	-50	-36	-29	-39	-41	-39	-35
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	**0**	**0**	**71**	**65**	**73**	**75**	**52**	**-274**	**5**	**22**	**34**
Reported taxes	0	0	-18	-14	-20	-16	-11	-2	-1	-5	-7
Net profit from continued operations	0	0	53	50	52	59	41	-276	4	17	26
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	0	0	53	50	52	59	41	-276	4	17	26
EPS, NOK	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**1.45**	**1.63**	**1.13**	**-5.00**	**0.07**	**0.29**	**0.45**
DPS, NOK	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00
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	n.a.	n.a.	36.6%	33.0%	32.5%	31.4%	27.4%	21.2%	20.9%	24.1%	24.7%
EBITA	n.a.	n.a.	27.6%	24.7%	25.0%	23.7%	16.6%	9.6%	12.1%	14.7%	15.7%
EBIT	n.a.	n.a.	25.6%	22.8%	23.7%	21.0%	15.9%	-55.6%	10.5%	13.2%	14.2%
Adjusted earnings											
EBITDA (adj)	0	0	163	161	199	188	172	104	95	110	119
EBITA (adj)	0	0	124	122	160	147	117	55	56	67	76
EBIT (adj)	0	0	116	113	153	133	117	49	49	60	69
EPS (adj, NOK)	n.a.	n.a.	n.a.	n.a.	2.05	2.32	1.89	0.19	0.11	0.29	0.45
Adjusted profit margins in percent											
EBITDA (adj)	n.a.	n.a.	38.0%	34.6%	38.3%	35.4%	33.4%	24.6%	21.7%	24.1%	24.7%
EBITA (adj)	n.a.	n.a.	28.9%	26.2%	30.8%	27.7%	22.7%	13.0%	12.9%	14.7%	15.7%
EBIT (adj)	n.a.	n.a.	26.9%	24.4%	29.5%	25.0%	22.7%	11.7%	11.3%	13.2%	14.2%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-0.3%	-1.2%	-2.5%	-1.9%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-10.6%	-9.8%	-8.2%	-6.6%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	-15.4%	-13.3%	-9.3%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-27.5%	-22.6%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	21.6%	7.6%	5.2%	2.7%	0.9%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	32.0%	29.4%	27.1%	25.3%	23.8%

VALUATION RATIOS - ADJUSTED EARNINGS

NOKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	20.7	6.3	81.0	96.5	37.9	24.2
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	12.0	5.8	12.2	10.9	9.3	8.4
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	15.3	8.5	23.1	18.4	15.2	13.2
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	17.0	8.5	25.6	21.0	17.0	14.6

VALUATION RATIOS - REPORTED EARNINGS

NOKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	29.4	10.5	n.m.	n.m.	37.9	24.2
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	4.24	1.94	3.00	2.37	2.24	2.08
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	13.5	7.1	14.1	11.3	9.3	8.4
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	17.9	11.6	31.2	19.6	15.2	13.2
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	20.2	12.2	n.m.	22.5	17.0	14.6
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	3.7%	12.9%	2.8%	5.5%	7.7%	9.2%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	5.4%	12.9%	2.8%	5.5%	7.7%	9.2%
Payout ratio	n.a.	n.a.	n.a.	n.a.	0.0%	43.2%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

BALANCE SHEET

NOKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	0	0	823	903	884	975	985	716	720	724	729
of which R&D	0	0	1	2	2	0	0	0	0	0	0
of which other intangibles	0	0	1	0	0	18	28	29	33	37	42
of which goodwill	0	0	822	900	881	957	957	687	687	687	687
Tangible assets	0	0	11	13	203	149	134	192	191	190	188
of which leased assets	0	0	3	1	184	137	124	185	185	185	185
Shares associates	0	0	0	1	0	2	2	2	2	2	2
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	3	10	9	9	9	9
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	13	15	2	0	0	0	0	0	0
Total non-current assets	0	0	847	932	1,088	1,129	1,131	919	922	925	929
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	45	76	37	63	24	31	33	34	36
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	3	21	5	0	0	0	0
Cash and bank	0	0	29	35	18	64	29	68	57	54	35
Total current assets	0	0	75	111	58	147	58	99	89	88	71
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 assets	**0**	**0**	**921**	**1,043**	**1,145**	**1,276**	**1,190**	**1,018**	**1,011**	**1,013**	**999**
Shareholders equity	0	0	250	231	225	545	538	450	482	498	523
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	0	0	250	231	225	545	538	450	482	498	523
Deferred tax	0	0	1	1	0	0	0	0	0	0	0
Long term interest bearing debt	0	0	561	674	596	437	419	257	216	201	160
Pension provisions	0	0	0	1	6	2	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	3	4	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	184	99	100	155	155	155	155
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	566	680	785	539	519	412	371	356	315
Short-term provisions	0	0	16	19	16	18	16	16	16	17	18
Accounts payable	0	0	6	11	6	2	5	8	9	9	9
Current lease debt	0	0	0	0	0	46	38	45	45	45	45
Other current liabilities	0	0	53	101	113	125	36	49	50	50	51
Short term interest bearing debt	0	0	30	0	0	0	38	37	37	37	37
Total current liabilities	0	0	106	132	135	192	134	155	158	159	161
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**0**	**0**	**921**	**1,043**	**1,145**	**1,276**	**1,190**	**1,018**	**1,011**	**1,013**	**999**
Balance sheet and debt metrics											
Net debt	0	0	562	639	762	519	566	427	397	385	363
of which lease debt	0	0	0	0	184	146	138	200	200	200	200
Working capital	0	0	-14	-36	-79	-44	-12	-25	-26	-25	-24
Invested capital	0	0	833	895	1,008	1,085	1,120	894	895	900	904
Capital employed	0	0	841	905	1,005	1,128	1,132	946	936	937	921
ROE	n.m.	n.m.	42.4%	21.0%	23.0%	15.3%	7.6%	-55.9%	0.9%	3.4%	5.2%
ROIC	n.m.	n.m.	21.1%	10.0%	12.2%	9.6%	8.0%	3.7%	4.2%	5.1%	5.8%
ROCE	n.m.	n.m.	27.7%	13.0%	16.0%	12.5%	10.3%	4.8%	5.2%	6.5%	7.5%
Net debt/EBITDA	n.m.	n.m.	3.6	4.2	4.5	3.1	4.0	4.8	4.3	3.5	3.1
Interest coverage	n.a.	n.a.	2.8	2.6	2.5	3.0	2.8	-6.0	1.1	1.5	1.9
Equity ratio	n.m.	n.m.	27.1%	22.2%	19.6%	42.7%	45.2%	44.2%	47.7%	49.2%	52.4%
Net gearing	n.m.	n.m.	224.6%	276.3%	338.6%	95.3%	105.2%	94.9%	82.5%	77.3%	69.4%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

NOKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EBITDA (adj) for associates	**0**	**0**	**157**	**154**	**169**	**167**	**141**	**90**	**91**	**110**	**119**
Paid taxes	0	0	-18	-14	-20	-16	-11	-2	-1	-5	-7
Net financials	0	0	-39	-41	-50	-36	-29	-39	-41	-39	-35
Change in provisions	0	0	0	4	2	-1	-4	0	1	1	1
Change in other LT non-IB	0	0	0	-2	10	-1	-8	1	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	0	0	30	27	63	3	17	-30	-1	-1	-1
Funds from operations (FFO)	**0**	**0**	**131**	**127**	**172**	**115**	**105**	**19**	**50**	**67**	**77**
Change in NWC	0	0	-1	19	31	-3	-32	14	1	-1	-1
Cash flow from operations (CFO)	**0**	**0**	**129**	**146**	**203**	**112**	**73**	**33**	**50**	**65**	**76**
Capital expenditure	0	0	-13	-13	-13	-18	-18	-10	-15	-16	-17
Free cash flow before A&D	**0**	**0**	**116**	**133**	**190**	**94**	**55**	**23**	**35**	**49**	**59**
Proceeds from sale of assets	0	0	14	-1	-2	0	0	0	0	0	0
Acquisitions	0	0	0	-204	0	-30	0	0	0	0	0
Free cash flow	0	0	130	-72	188	64	55	23	35	49	59
Free cash flow bef A&D, lease adj	0	0	77	133	190	94	55	23	35	49	59
Dividends paid	0	0	0	0	0	0	-36	0	0	0	0
Equity issues / buybacks	0	0	-2	44	0	200	0	200	28	0	0
Net change in debt	0	0	-64	99	-120	-160	19	-161	-41	-15	-41
Other financing adjustments	0	0	0	0	0	0	-73	-23	-33	-37	-37
Other non-cash adjustments	0	0	-8	-64	-85	-58	0	0	0	0	0
Change in cash	0	0	56	6	-17	46	-34	39	-11	-2	-19
Cash flow metrics											
Capex/D&A	n.m.	n.m.	27.4%	28.2%	29.2%	32.7%	30.1%	3.1%	33.6%	32.1%	33.5%
Capex/Sales	n.a.	n.a.	3.0%	2.9%	2.6%	3.4%	3.5%	2.4%	3.5%	3.5%	3.5%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	48	12	15	11	11	11
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	1,737	431	840	638	638	638
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	2,257	996	1,267	1,036	1,023	1,002
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	36.2	36.2	36.2	55.2	58.0	58.0	58.0

Source: Company data and Nordea estimates

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