

5 November 2024

Commissioned research: NoHo Partners – Reiterated guidance puts a lot of pressure on Q4 performance

Marketing material commissioned by NoHo Partners

NoHo Partners reported Q3 EBIT of EUR 9.9m (+14% y/y), 5% below Vara Research consensus and 11% below our estimate. Q3 net sales were up 11% y/y at EUR 107m, but fell 3% below consensus and 5% below our estimate. We believe the miss was mainly attributable to the International operations, which fell 34% below our expectations on EBIT. We believe this was mainly due to the seasonally softer quarter in Switzerland. The Finnish operations' EBIT beat our estimate by 8% despite the weak market. NoHo expects demand to recover during 2025 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. For Q4, the reiterated guidance indicates significant y/y improvement (+15% for sales and +35% for EBIT). However, we continue to view the guidance as challenging, and expect moderate revisions on 2024E consensus EBIT following the Q3 results.

Main takeaways from Q3

- Q3 net sales of EUR 107m were 3% below Vara consensus at EUR 110m, while EBIT of EUR 9.9m was 5% below consensus at EUR 10.5m.
- Sales from Finnish operations were EUR 74.2m with EUR 7.6m EBIT (10.2% margin). We had expected EUR 75.4m sales and EUR 7.4m EBIT (9.9% margin) from Finland.
- The International business top line was EUR 32.4m with EUR 2.4m EBIT (7.4% margin). We had expected EUR 36.9m top line and EUR 3.7m EBIT (9.9% margin) from International business, driven by acquisitions.
- Operational EBITDA (operating cash flow) was EUR 12.2m in Q3 (EUR 10.6m in Q3 2023). We had expected EUR 12.8m.
- The material margin of 74.9% was stable y/y (75.0% in Q3 2023), while personnel expenses were a tad higher than in the comparison period at 31.8% (31.4% in Q3 2023).
- Q3 EPS was EUR 0.14, below LSEG consensus at EUR 0.15. Non-controlling interest was EUR 0.6m, while we had anticipated EUR 1.2m.
- Net debt, excluding IFRS 16 lease liabilities was EUR 121.6m at the end of Q3 (EUR 125.4m at the end of Q2). Net debt/operational EBITDA (excluding IFRS 16) was 2.6x at the end of Q3 (2.8x at the end of Q2).

Guidance for 2024 reiterated – suggests growth of 15%

- NoHo guides for around EUR 430m sales with around 9.5% EBIT margin for 2024. Pre-Q3 Vara consensus has been expecting EUR 426m sales and a 9.2% EBIT margin in 2024 (we have modelled EUR 427m sales with a 9.2% EBIT margin), and we expect consensus to make limited estimate revisions based on the Q3 results.
- We note that mathematically, the reiterated guidance and YTD performance would indicate a top-line growth of 15% and an EBIT improvement of 35% y/y for Q4 (margin of 11.7%), while Vara consensus currently models +11% and +18%, respectively (margin of 10.5%).

NOHO PARTNERS: DEVIATION TABLE

EURm	Actual Q3 2024	NDA est. Q3 2024E	Deviation vs. actual		Consensus Q3 2024E	Deviation vs. actual		Actual Q2 2024	q/q	Actual Q3 2023	y/y
Sales	106.6	112.3	-5.7	-5%	109.6	-3.0	-3%	107.1	0%	96.0	11%
Operational EBITDA	12.2	12.8	-0.6	-5%				12.2	0%	10.6	15%
EBIT	9.9	11.1	-1.2	-11%	10.5	-0.6	-5%	9.7	2%	8.7	14%
EBIT margin	9.3%	9.9%		-0.6pp	9.6%		-0.3pp	9.1%	0.2pp	9.1%	0.2pp
PTP	4.4	6.0	-1.6	-27%	5.8	-1.4	-23%	4.30	2%	0.4	1000%
EPS	0.14	0.18	-0.04	-23%	0.15	-0.01	-9%	0.11	30%	-0.03	-516%

Geographical estimates

Sales by geography

Finland	74.2	75.4	-1.2	-2%				73.6	1%	75.4	-2%
International	32.4	36.9	-4.5	-12%				33.5	-3%	20.5	58%

EBIT by geography

Finland	7.6	7.4	0.2	2%				6.7	13%	7.8	-3%
International	2.4	3.7	-1.3	-34%				3.0	-20%	0.9	167%

EBIT margin by geography

Finland	10.2%	9.9%		0.4pp				9.1%	1.1pp	10.3%	-0.1pp
International	7.4%	9.9%		-2.5pp				9.0%	-1.5pp	4.4%	3.0pp

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	315	372	427	455	477
EBITDA (adj)	58	86	82	99	106	110
EBIT (adj)	11	39	34	39	44	47
EBIT (adj) margin	5.8%	12.3%	9.2%	9.2%	9.7%	9.9%
EPS (adj, EUR)	0.07	0.42	0.29	0.58	0.75	0.85
EPS (adj) growth	107.9%	474.9%	-30.4%	97.6%	30.6%	12.2%
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	1.1	1.0
EV/EBIT (adj)	44.7	11.3	16.4	13.1	11.4	10.5
P/E (adj)	n.m.	16.0	30.3	12.7	9.7	8.7
P/BV	2.3	1.9	2.4	1.9	1.7	1.6
Dividend yield (ord)	0.0%	6.0%	4.9%	6.4%	6.9%	7.5%
FCF Yield bef A&D, lease adj	2.4%	21.8%	2.9%	11.4%	14.5%	16.5%
Net debt	322	290	349	333	321	307
Net debt/EBITDA	7.0	3.7	4.2	3.4	3.0	2.8
ROIC after tax	2.5%	9.0%	7.1%	7.3%	8.3%	9.1%

Source: Company data and Nordea estimates

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