Rovio

Telecom Equipment and IT
Finland

The value call of mobile gaming

Rovio is set to achieve exceptional earnings growth in 2020. We expect EBIT to be up ~170% from 2019 due to lower user acquisition costs and a stable game portfolio. Since the end of 2019, the share is up a considerable 47%, but after the step up in profitability and ~10% share buy back programme, we find the share still attractively valued. Looking ahead to 2021, we identify multiple potential triggers that could justify a rerating of the share. We believe the current valuation reflects an undemanding scenario for 2021-22 and we see the risk/reward as attractive. We maintain our DCF and relative valuation-based fair value range of EUR 6.4-8.2.

Game release and potential M&A are main triggers

Rovio is trading at a considerable (30-45% on EV/EBIT 2021-22E) discount to its peer group due to its weaker growth profile and low consensus margin expectations for 2021-22. We see three potential triggers for 2021 that could result in consensus upgrades and/or multiple expansion. Firstly, we expect Rovio to release a new game in H1 that could boost estimates if successful. Secondly, the company has over EUR 120m in net cash and owns close to 10% of its own shares, which could allow for sizeable M&A. Finally, as the industry is consolidating at a rapid pace, we do not rule out a bid for Rovio, which would likely be at a considerable premium to the current valuation.

We are above consensus on 2021E-22E profitability

We lower our sales assumptions for Small Town Murders and make other cosmetic revisions prior to the Q4 report leading to a 3% sales cut for 2021-22. We find ourselves in line with Infront consensus for Q4. For 2021E-22E, we are in line on sales but 25-34% above on EBIT. Infront consensus expects the EBIT margin to weaken from 18.3% in 2020 to 11.8% in 2022, while we expect more modest margin erosion. When compared to the Refinitiv live consensus, we are 9% and 28% ahead on EBIT for 2021E-22E.

Valuation range maintained at EUR 6.4-8.2 per share

We derive a DCF-based fair value range of EUR 6.3-7.8 per share by applying a WACC range of 8.1-12.1%. We also include a relative valuation by applying a 15% range to the median EV/EBIT, P/E and EV/sales multiples of Western mobile gaming peers. We apply a 25% discount to the median multiples due to Rovio's weaker growth profile. The average of these valuation approaches yields a fair value range of EUR 6.4-8.2 per share.

SUMMARY TABLE - KEY FIGURES

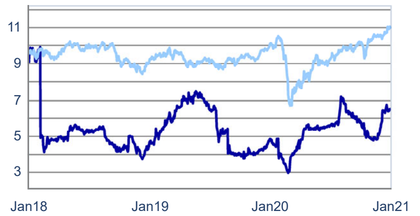
EURm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	192	297	281	289	272	272	285
EBITDA (adj)	35	65	48	33	60	51	50
EBIT (adj)	17	36	31	18	50	43	44
EBIT (adj) margin	8.8%	12.1%	11.1%	6.4%	18.2%	15.7%	15.5%
EPS (adj, EUR)	0.14	0.33	0.31	0.17	0.48	0.46	0.48
EPS (adj) growth	159.2%	129.9%	-7.1%	-44.5%	183.4%	-3.2%	3.6%
DPS (ord, EUR)	0.06	0.06	0.09	0.09	0.11	0.13	0.14
EV/Sales	n.a.	2.1	0.7	0.9	1.3	1.2	1.1
EV/EBIT (adj)	n.a.	17.5	5.9	13.5	7.3	7.8	6.9
P/E (adj)	n.a.	27.5	12.5	26.1	13.6	14.1	13.6
P/BV	n.a.	5.1	1.9	2.1	2.9	2.5	2.2
Dividend yield (ord)	n.a.	0.7%	2.4%	2.0%	1.7%	2.0%	2.1%
FCF Yield bef A&D, lease	n.a.	8.3%	13.6%	1.8%	9.4%	8.2%	7.7%
Net debt	-10	-88	-120	-110	-117	-149	-176
Net debt/EBITDA	-0.3	-1.5	-2.5	-3.4	-2.0	-2.9	-3.5
ROIC after tax	18.5%	43.9%	53.6%	30.0%	73.4%	72.2%	80.5%

Source: Company data and Nordea estimates

KEY DATA

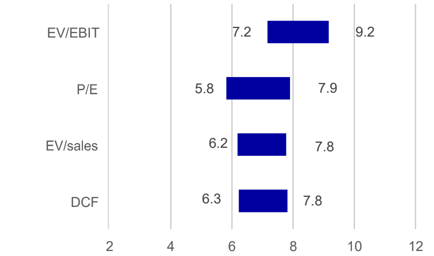
Stock country	Finland
Bloomberg	ROVIO FH
Reuters	ROVIO.HE
Share price (close)	EUR 6.54
Free Float	50%
Market cap. (bn)	EUR 0.48/EUR 0.48
Website	http://www.rovio.com/
Next report date	19 Feb 2021

PERFORMANCE



Rovio
Finland OMX Helsinki All-Share (Rebased)
Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	-1%	-3%	-3%
EBIT (adj)	-1%	0%	0%

Source: Nordea estimates

Nordea Markets - Analysts
Sami Sarkamies
Senior Analyst

Veikkopekka Silvasti
Analyst

Game portfolio update

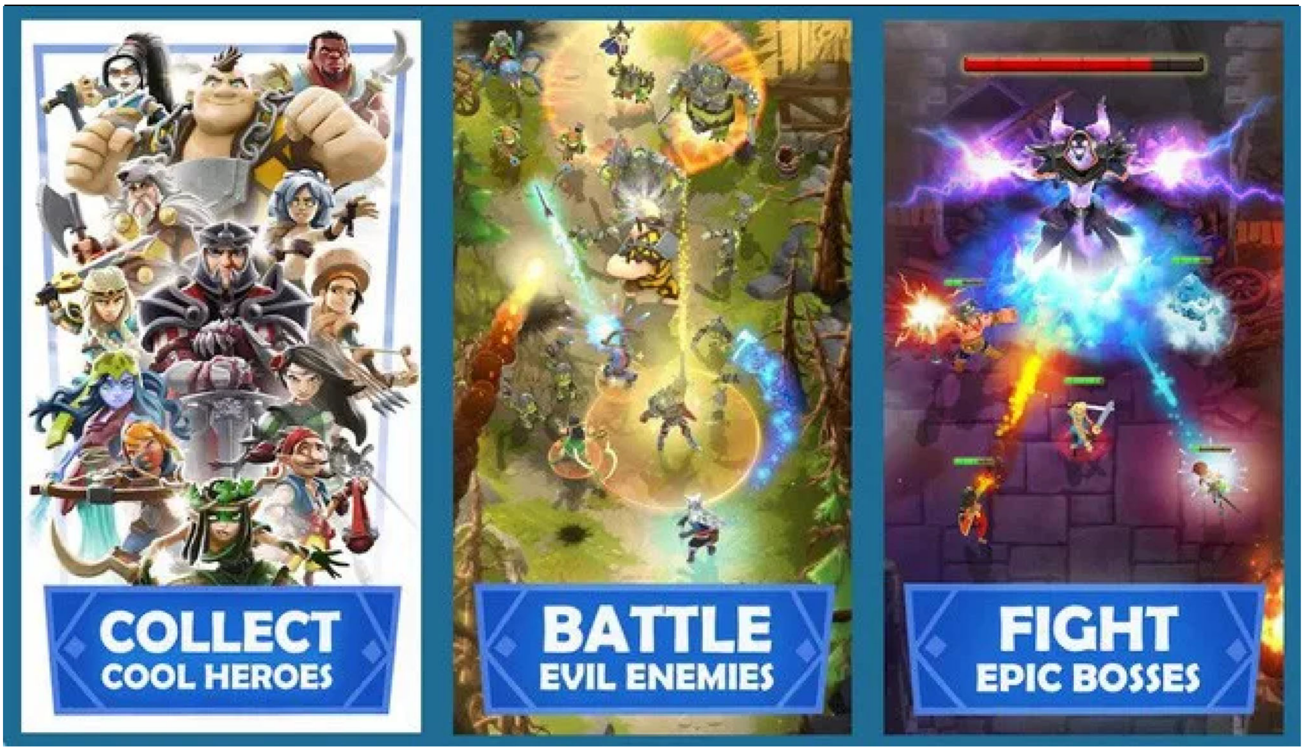
We expect Darkfire Heroes to be released in late Q1 2021
Darkfire Heroes is a real-time RPG developed by Copenhagen-based Darkfire Games, which Rovio acquired in June 2020. The game has been in soft launch since August 2019. According to management, game development has progressed as expected.

If launched, Darkfire Heroes would be a solid addition to Rovio's current game portfolio, which is heavily tilted towards casual games. This would also be a first step in accordance with the Rovio's strategy to diversify its game portfolio towards the RPG and strategy genres.

According to App Annie, the game has received good reviews and has rating of 4.6/5.0 on the Apple App Store (659 ratings) and 4.4/5.0 on Google Play (3200 ratings)

We expect the game to start generating revenue in Q2 2021 and reach quarterly sales of EUR 7.2m by Q4.

DARKFIRE HEROES



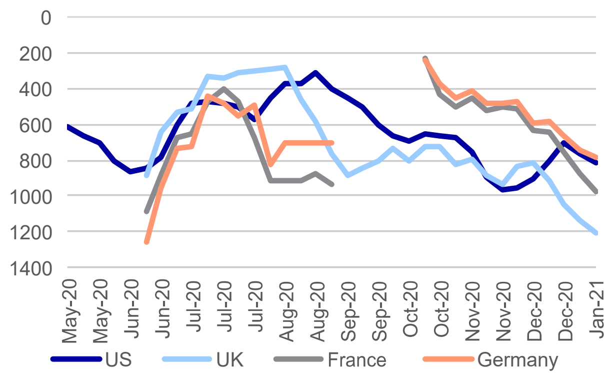
Source: Company data

Small Town Murders scaling up slower than we expected
Small Town Murders (STM) is a story-based match-three puzzle game launched in June 2020. The aim of the game is to attract large player cohorts with the casual match-three puzzle gameplay, while simultaneously improving retention and engagement via the murder mystery narrative.

The game was localised to several different languages during Q4, which explains its top-grossing rankings in Germany and France. STM's four-week rolling average rank among top-grossing US games on the IOS platform is currently 363. The game's ranking has improved overall, especially in Germany, where it is currently within top 400 grossing games.

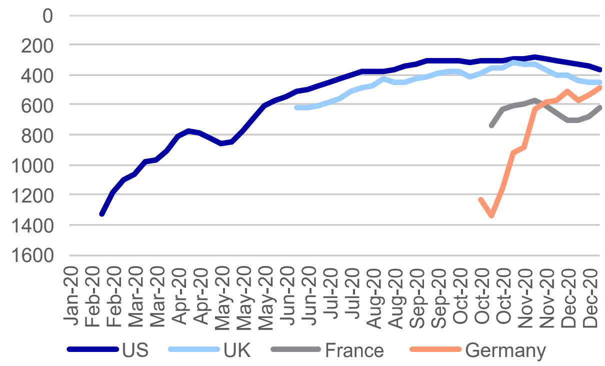
We expect the game to generate EUR ~4m of revenue in Q4, steadily rising towards EUR 6m by the end of 2021. Our previous assumption was that STM would scale up faster and reach EUR 8m revenue by mid-2021, but we lower our expectations due to the flattening curve of its top-grossing rank in the US and the UK.

FOUR-WEEK ROLLING DOWNLOAD RANK OF STM ON iOS



Source: App Annie

FOUR WEEK ROLLING GROSSING RANK OF STM ON iOS



Source: App Annie

Game overview by lifecycle

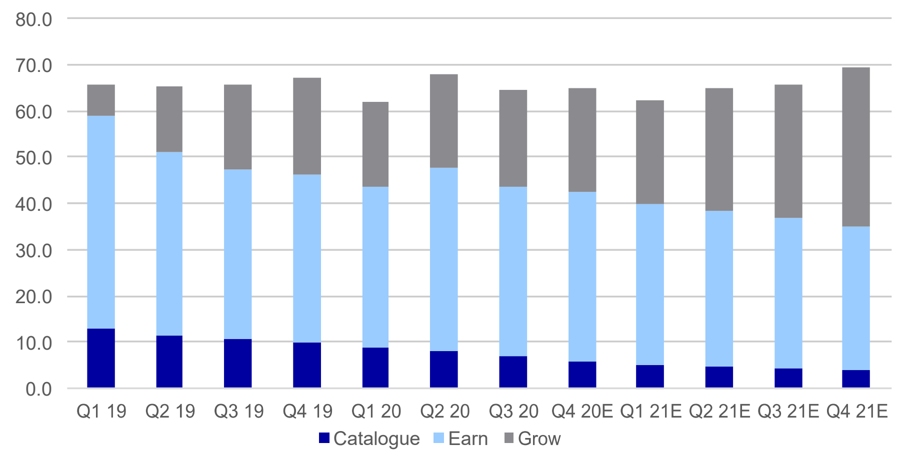
Rovio currently has 12 live games in different lifecycle phases. At its CMD in November 2019, the company divided its game portfolio into three categories to describe its future growth prospects and the profitability of its various games:

Growth games: These are games that Rovio aims to scale up with significant user UA investments. They have large developer teams and low to negative profit margins. Rovio's current growth games are AB Dream Blast, Sugar Blast, and Small Town Murders. Our estimates also allocate all forecast game launches to this category.

Earn games: These are games that Rovio aims to maintain at their current size or grow slightly. They may still have significant UA investments, but notably lower than for the growth games. Development teams are still large, with a focus on live operations and new features, as well as events. Earn games have moderate to high profit margins. Current earn games are AB 2, AB Match, and AB Friends.

Catalogue games: These are old and small games that require no significant UA investments or development teams. Revenue from these games decline over time as their user bases decrease. Catalogue games have very high profit margins, basically at ~70%, as the only costs that these games incur are platform costs to Apple and Google at around 30%. Current catalogue games include AB Pop and other small games.

GAME PORTFOLIO REVENUE OVERVIEW BY LIFECYCLE (EURm)

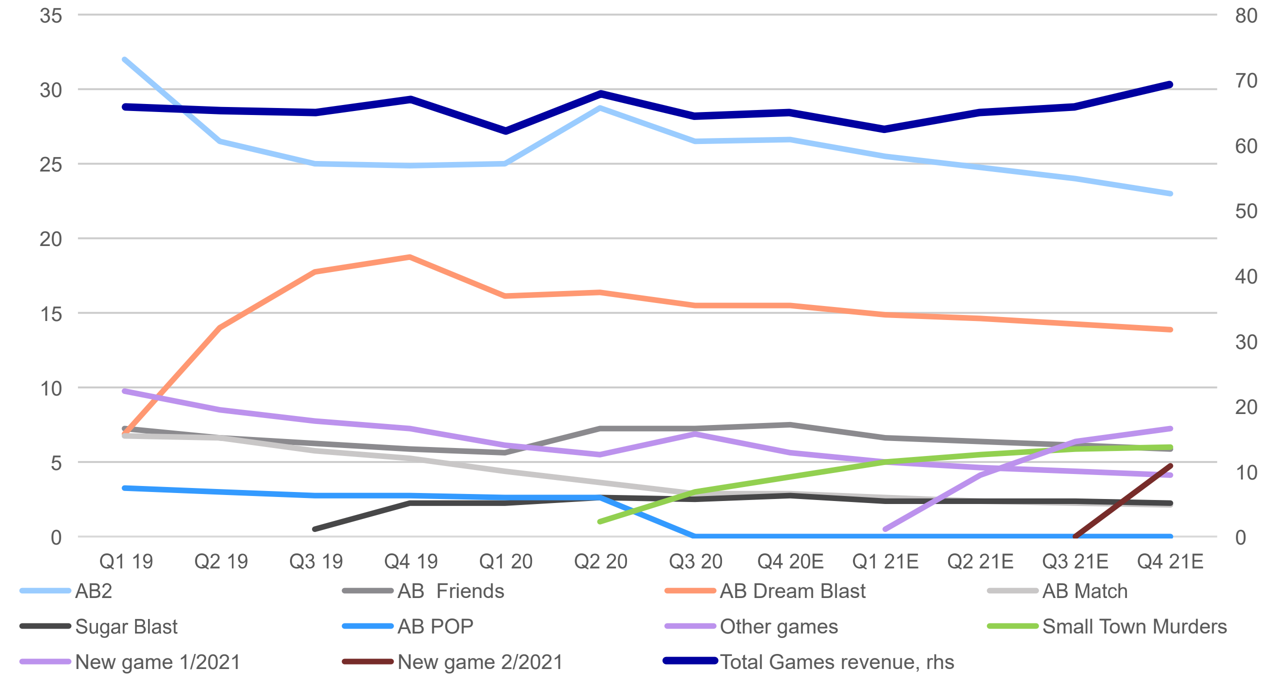


Source: Company data and Nordea estimates

Revenue supported by upcoming game launches

We expect Rovio's older game portfolio to decline in size, while we assume the two upcoming game launches will support the game portfolio in 2021.

QUARTERLY GROSS BOOKINGS, HISTORY, AND ESTIMATES PER GAME (EURm)



Source: Company data and Nordea estimates

Expected game launch schedule for 2020-21

We expect that Rovio's growth will be driven by upcoming game launches. We expect the company to launch two games in 2021. We have pencilled first launch for late Q1 2021, which starts to bring in revenue in Q2. The second game is expected to launch in late Q3 and bring in revenue in Q4.

Assumptions for upcoming game launches

We expect the new games to reach quarterly peak sales of EUR ~7m in the fourth quarter after launch. We also model high UA investments during the scale-up period of new games. We see the EUR 7m quarterly peak sales as a fairly conservative assumption given that AB Dream Blast, which was launched in Q1 2019, reached quarterly sales of EUR 19m in Q4 2019.

Rovio launched Sugar Blast in 2019, however, which did not scale up to expected levels and creates only EUR ~2.5m per quarter (five quarters after release). It is still too early to estimate Small Town Murder's peak sales, but we note that the scale up of the game has been slower than AB Dream Blast's first two quarters.

Also in 2017, Rovio launched a few games were not as successful. Both AB Evolution and Battle Bay peaked in the second quarter after their launch and declined fairly rapidly after reaching peak sales. AB Evolution peaked at EUR 10m, while Battle Bay's peak sales were only EUR ~5m.

The most successful game from 2017 was AB Match, which launched in Q3 2017. The game reached its peak sales of EUR 7.4m in just the second quarter after its launch but has retained a long tail of stable, gradually declining earnings.

NEW GAME LAUNCH REVENUE ASSUMPTIONS VS PREVIOUS GAME LAUNCHES (EURm)

Quarters since launch	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Small town murders	1.0	3.0					
Growth q/q		200%					
AB Dream Blast (so far)	0.5	6.9	14.0	17.8	18.8	16.1	16.4
Growth q/q		1280%	103%	27%	6%	-14%	2%
AB Match (actual)	2.7	7.4	6.2	6.8	6.5	6.7	6.8
Growth q/q		174%	-16%	10%	-4%	3%	1%
AB Evolution (actual)	2.7	10.1	8.7	5.5	4.2	3.3	3.3
Growth q/q		274%	-14%	-37%	-24%	-21%	0%
Battle Bay (actual)	4.3	4.6	3.8	3.5	2.3	1.9	1.6
Growth q/q		7%	-17%	-8%	-34%	-17%	-16%
Assumption for upcoming launches	**0.5**	**4.2**	**6.4**	**7.2**	**7.2**	**6.9**	**6.5**
Growth q/q		**794%**	**53%**	**13%**	**0%**	**-5%**	**-5%**

Source: Company data and Nordea estimates

Estimate revisions

We make the following estimate revisions ahead of the Q4 report

ESTIMATE REVISIONS

	New estimates				Old estimates				Difference %			
EURm	**Q4 20E**	**2020E**	**2021E**	**2022E**	**Q4 20E**	**2020E**	**2021E**	**2022E**	**Q4 20E**	**2020E**	**2021E**	**2022E**
Sales												
Games	65	259	263	278	66	260	270	286	-2%	-1%	-3%	-3%
Brand Licensing	3	13	10	7	3	13	10	7	0%	0%	0%	0%
Other	0	0	0	0	0	0	0	0	n.m	n.m	n.m	n.m
Total	**68**	**272**	**272**	**285**	**70**	**273**	**280**	**293**	**-2%**	**-1%**	**-3%**	**-3%**
Adj. EBIT												
Games	12	61	52	53	13	62	52	53	-5%	-1%	0%	0%
Brand Licensing	0	2	1	2	0	2	1	2	0%	0%	0%	0%
Other	-3	-14	-10	-10	-3	-14	-10	-10	0%	0%	0%	0%
Total	**10**	**49**	**43**	**44**	**10**	**50**	**43**	**44**	**-6%**	**-1%**	**0%**	**0%**
Adj. EBIT ex Hatch	**11**	**57**	**48**	**44**	**12**	**57**	**48**	**44**	**-6%**	**-1%**	**0%**	**0%**
Adj. EBIT margin												
Games	19.3%	23.7%	19.6%	19.0%	19.9%	23.8%	19.1%	18.5%	-0.6pp	-0.1pp	0.5pp	0.5pp
Brand Licensing	11.1%	14.2%	13.8%	21.6%	11.1%	14.2%	13.8%	21.6%	0.0pp	0.0pp	0.0pp	0.0pp
Other	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m
Total	**14.4%**	**18.2%**	**15.7%**	**15.5%**	**15.1%**	**18.3%**	**15.3%**	**15.1%**	**-0.7pp**	**-0.2pp**	**0.4pp**	**0.4pp**
Margin ex. Hatch	**16.4%**	**20.8%**	**17.7%**	**15.5%**	**17.1%**	**21.0%**	**17.3%**	**15.1%**	**-0.6pp**	**-0.1pp**	**0.4pp**	**0.4pp**
EPS	0.11	0.49	0.46	0.48	0.11	0.50	0.46	0.48	-6%	-1%	0%	0%
DPS	n.m	0.11	0.13	0.14	n.m	0.11	0.13	0.14	n.m	0%	0%	0%

Source: Nordea estimates

Our estimates versus Refinitiv consensus: We are above on profitability
Our Q4 2020 revenue estimate is 1% below Refinitiv consensus, while our EBIT estimate is 11% below consensus.

For 2021E-22E, we are below consensus on sales but above on EBIT. Current consensus expects Rovio's EBIT margin to erode from 18.6% in 2020 down to 12.0% in 2022. We have a more modest view of the margin erosion trend and instead expect the margin to decline to 15.5% in 2022.

ROVIO ENTERTAINMENT: OUR ESTIMATES VS REFINITIV CONSENSUS

	Nordea estimates				Consensus estimates				Difference			
EURm	**Q4 20E**	**2020E**	**2021E**	**2022E**	**Q4 20E**	**2020E**	**2021E**	**2022E**	**Q4 20E**	**2020E**	**2021E**	**2022E**
Sales	**68.2**	**271.9**	**272.3**	**285.4**	**68.6**	**272.4**	**279.0**	**288.0**	**-1%**	**0%**	**-2%**	**-1%**
EBITDA	**12.4**	**60.2**	**51.0**	**50.5**	**13.0**	**61.9**	**49.0**	**42.9**	**-5%**	**-3%**	**4%**	**18%**
EBITDA margin	18.1%	22.1%	18.7%	17.7%	19.0%	22.7%	17.6%	14.9%	-0.8pp	-0.6pp	1.2pp	2.8pp
EBIT	**9.8**	**49.4**	**42.7**	**44.2**	**11.0**	**50.8**	**39.0**	**34.7**	**-11%**	**-3%**	**9%**	**28%**
EBIT margin	14.4%	18.2%	15.7%	15.5%	16.0%	18.6%	14.0%	12.0%	-1.7pp	-0.5pp	1.7pp	3.5pp
Adj. EBIT (Excl. Hatch)	**11.2**	**56.6**	**48.3**	**44.2**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
Adj. EBIT margin (Excl. Hatch)	16.4%	20.8%	17.7%	15.5%	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
PTP	**9.8**	**48.2**	**42.7**	**44.2**	**10.0**	**49.0**	**36.1**	**34.0**	**-2%**	**-2%**	**18%**	**30%**
EPS	**0.11**	**0.49**	**0.46**	**0.48**	**0.13**	**0.50**	**0.41**	**0.35**	**-15%**	**-2%**	**12%**	**36%**
Adj. EPS	**0.11**	**0.49**	**0.46**	**0.48**	**0.13**	**0.50**	**0.41**	**0.35**	**-15%**	**-2%**	**12%**	**36%**
DPS		**0.11**	**0.13**	**0.14**		**0.11**	**0.12**	**0.14**		**0%**	**8%**	**2%**

Source: Refinitiv and Nordea estimates

Our estimates versus Infront consensus

We are 1% ahead of Infront consensus on sales for Q4 2020E, but 2% below on adjusted EBIT.

For 2021E-22E, we are fairly in line with sales, but considerably above on profitability due to our higher margin expectations.

ROVIO ENTERTAINMENT: OUR ESTIMATES VS INFRONT CONSENSUS

	Nordea estimates				Consensus estimates				Difference			
EURm	Q4 20E	2020E	2021E	2022E	Q3 20E	2020E	2021E	2022E	Q4 20E	2020E	2021E	2022E
Sales	68.2	271.9	272.3	285.4	67.8	271.3	272.1	280.4	1%	0%	0%	2%
EBITDA	12.4	60.2	51.0	50.5	12.6	60.4	42.6	41.1	-2%	0%	20%	23%
EBITDA margin	18.1%	22.1%	18.7%	17.7%	18.6%	22.3%	15.6%	14.7%	-0.5pp	-0.2pp	3.1pp	3.0pp
EBIT	9.8	49.4	42.7	44.2	10.0	49.6	34.0	33.0	-2%	0%	25%	34%
EBIT margin	14.4%	18.2%	15.7%	15.5%	14.8%	18.3%	12.5%	11.8%	-0.4pp	-0.1pp	3.2pp	3.7pp
Adj. EBIT	9.8	49.4	42.7	44.2	10.0	49.7	34.0	33.0	-2%	-1%	25%	34%
Adj. EBIT margin	14.4%	18.2%	15.7%	15.5%	14.8%	18.3%	12.5%	11.8%	-0.4pp	-0.2pp	3.2pp	3.7pp
PTP	9.8	48.2	42.7	44.2	10.1	48.5	33.6	32.6	-3%	-1%	27%	36%
EPS	0.11	0.49	0.46	0.48	0.10	0.46	0.32	0.31	6%	6%	46%	55%
DPS		0.11	0.13	0.14		0.10	0.11	0.12		6%	16%	13%

Source: Infront and Nordea estimates

Valuation

We derive a DCF-based fair value range of EUR 6.3-7.8 per share by applying a WACC range of 8.1-12.1%. We also include a relative valuation by applying a 15% range to the average P/E, EV/EBIT, and EV/sales multiples of western mobile gaming peers. We apply a 25% discount to the median multiples as Rovio's growth profile is weaker than that of the peer group. The average of these valuation approaches yields a fair value range of EUR 6.4-8.2 per share.

DCF valuation

We base our DCF valuation on a bottom-up approach, where we forecast current and upcoming quarterly revenue for 2020-21 on a game-by-game basis. User acquisition and marketing costs are modelled using the same approach for the corresponding period. Valuation of the Brand Licensing business is conducted with a similar bottom-up approach, where we forecast quarterly revenue, profitability, and capex for the business unit.

We apply a 10.1% WACC to our DCF valuation.

DCF VALUATION (EURm AND EUR PER SHARE)

DCF value	Value	Per share
NPV FCFF	349	4.7
(Net debt)	110	1.5
Market value of associates	0	0.0
(Market value of minorities)	0	0.0
Surplus values	0	0.0
(Market value preference shares)	0	0.0
Share based adjustments	0	0.0
Other adjustments	0	0.0
Time value	48	0.7
DCF Value	**507**	**6.9**

Source: Company data and Nordea estimates

WACC COMPONENTS

Risk-free interest rate	2.0%
Market risk premium	4.5%
Forward looking asset beta	nm
Beta debt	0.20
Forward looking equity beta	1.80
Cost of equity	10.10%
Cost of debt	3.0%
Tax-rate used in WACC	20.0%
Equity weight	100.0%
WACC	**10.1%**

Source: Company data and Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	2020-25	2026-30	2031-35	2036-40	2041-45	2046-50	Sust.
Sales growth, CAGR	4.26%	3.0%	3.0%	2.5%	2.5%	2.5%	
EBIT-margin, excluding associa	16.0%	8.0%	8.0%	8.0%	8.0%	1.0%	
Capex/depreciation, x	0.6	1.10	1.10	1.10	1.10	1.10	
Capex/sales	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
NWC/sales	4.5%	5.0%	5.0%	5.0%	5.0%	5.0%	
FCFF, CAGR	-1.9%	-9.9%	3.0%	2.7%	2.5%	-41.2%	2.5%

Source: Company data and Nordea estimates

Relative valuation complements our DCF model

Our peer group for valuation consists of western mobile gaming companies.

When valuing Rovio, it should be noted that the company holds almost 10% of its own shares; these shares should be excluded when calculating market capitalisation and valuation multiples

In terms of benchmarking, we prefer multiples based on the enterprise value (EV), such as EV/EBIT and EV/sales. Companies in the mobile gaming industry often have large net cash positions and EV multiples are neutral to a company's financial gearing, thus offering a better comparison point. Finally, we use the traditional P/E multiple to complement our EV-based relative valuation framework.

Rovio trades at a significant discount to its peer group. We believe the discount is due to its slower growth profile and concentrated game portfolio.

When valuing Rovio, it should be noted that the company holds almost 10% of its own shares. These shares should be excluded when calculating the market capitalisation and valuation multiples.

WESTERN MOBILE GAMING COMPANIES

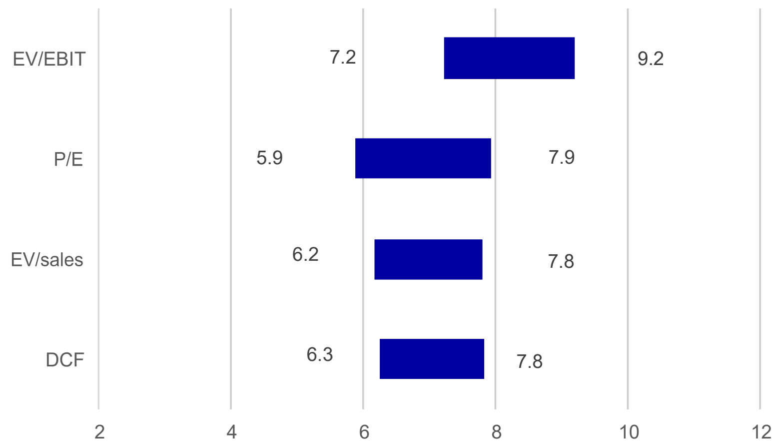
			P/E		EV/EBIT		EV/EBITDA		EV/SALES	
Name	**Country**	**Mcap EURm**	**21E**	**22E**	**21E**	**22E**	**21E**	**22E**	**21E**	**22E**
G5 Entertainment	Sweden	325	17.7	14.4	14.1	11.4	8.8	7.1	1.9	1.7
MAG Interactive	Sweden	74	260.5	53.1	161.0	33.9			2.2	2.0
Next Games	Finland	69		82.3		26.5	22.1	11.0	1.3	0.9
Zynga	U.S.	8459	21.9	20.2	16.2	15.0	15.4	14.1	3.7	3.5
Glu Mobile	U.S.	1217	16.5	13.3	12.2	8.9	11.6	9.3	1.9	1.7
Stillfront Group	Sweden	3446	31.1	26.0	18.8	16.6	13.3	11.8	5.7	5.1
Rovio Entertainment (NDA)	**Finland**	**466**	**13.9**	**13.4**	**8.2**	**7.9**	**6.8**	**6.9**	**1.3**	**1.2**
Rovio Entertainment (TR)	Finland	522	19.0	18.4	10.3	11.6	8.2	9.3	1.4	1.4
Average		2265	69.5	34.9	44.5	18.7	14.3	10.7	2.8	2.5
Median		**771**	**21.9**	**23.1**	**16.2**	**15.8**	**13.3**	**11.0**	**2.1**	**1.9**
Min		69	16.5	13.3	12.2	8.9	8.8	7.1	1.3	0.9
Max		8459	260.5	82.3	161.0	33.9	22.1	14.1	5.7	5.1
Dicount/premium to median (NDA)			**-37%**	**-42%**	**-50%**	**-50%**	**-48%**	**-38%**	**-39%**	**-35%**
Dicount/premium to median (TR)			-13%	-20%	-37%	-27%	-38%	-16%	-31%	-26%

Source: Refinitiv and Nordea estimates

DCF and peer multiples imply an average valuation range of EUR 6.4-8.2

We derive a DCF-based fair value range of EUR 6.3-7.8 per share by applying a WACC range of 8.1-12.1%. We also include a relative valuation by applying a 15% range to the median EV/EBIT, P/E, and EV/sales multiples of western mobile gaming peers. We apply a 25% discount to the median multiples, as Rovio's growth profile is weaker than that of its peer group. The average of these valuation approaches yields a fair value range of EUR 6.4-8.2 per share. The share could be up for rerating if top-line growth and game-portfolio diversification is achieved through a successful game launch or M&A, thus we argue the risk/reward remains positive.

VALUATION APPROACHES (EUR PER SHARE)



Source: Company data and Nordea estimates

Risk factors

Below, we list the main risk factors that we find relevant for Rovio. The purpose of this is not to provide a comprehensive list of all of the risks that the company may face, but instead to highlight those that we find most relevant. In our view, the relevant short-term risks mainly come from external sources.

Decline of the appeal of the Angry Birds brand
Though Rovio has launched non-Angry Birds games, the company's revenue effectively comes from Angry Birds-related games and licensing. Thus, a decline of the appeal of the brand would have notable consequences on the company's financials.

M&A
Rovio aims to reach growth through M&A, which obviously carries risks. The main risk is a purchase price that is too high, which could drain its solid balance sheet without gaining the expected return.

Ability to attract and retain top talent
Given the global and highly competitive nature of the mobile gaming market, Rovio's success depends heavily on attracting and retaining top international specialists and executives.

Ability to develop games with lucrative feature sets
According to a study by GameRefinery, 50% of a game's success is explained by its feature set. Mobile gaming is still a fairly nascent industry and mobile devices are always changing, which means that a winning feature set remains a moving target, making success difficult to replicate in subsequent games.

Failure to create new IP and enter new genres
Rovio's current game portfolio depends on Angry Birds themed casual games, such as slingshot, match-three, and bubble-popping games. In the future, Rovio aims to enter the mid-core genre with new games without the AB brand. This could be a costly task, eroding Rovio's profitability and cash position.

Regulation
The mobile gaming industry is facing increasing regulation, especially in China. The trend towards tighter regulation of mobile game monetisation could hamper Rovio's financial performance in the long run.

Rising user acquisition costs
According to Neogames, a Finnish game industry organisation, discoverability and rising user acquisition costs have been challenges in the games industry for years. This risk applies especially to smaller companies with limited marketing resources.

Detailed estimates

REPORTED ANNUAL NUMBERS AND ESTIMATES (EURm AND %)

Company	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	CAGR 19-22E	CAGR 22E-24E
Revenue	297	281	289	272	272	285	300	317	0%	5%
Materials and services	82	80	77	75	75	78	83	88	0%	6%
Employee benefits expense	52	43	42	46	44	44	45	46	2%	3%
Other operating expenses	104	112	138	92	102	113	122	128	-7%	7%
EBITDA	60	48	32	60	51	50	51	55	16%	4%
Adj. EBITDA	65	48	33	60	51	50	51	55	16%	4%
EBIT	31	32	18	49	43	44	46	50	35%	6%
Adj. EBIT	36	31	18	49	43	44	46	50	34%	6%
Adj. EBIT (excl. Hatch)	36	39	29	57	48	44	46	50	15%	6%
PTP	27	32	18	48	43	44	46	50	36%	6%
Net Profit	21	25	13	37	34	35	36	40	39%	6%
EPS, diluted	0.27	0.31	0.16	0.49	0.46	0.48	0.49	0.54	44%	6%
DPS	0.06	0.09	0.09	0.11	0.13	0.14	0.14	0.14	16%	0%
Revenue growth (y/y)		-5%	3%	-6%	0%	5%	5%	6%		
Revenue growth (q/q)										
Payout ratio	22%	29%	56%	23%	28%	29%	28%	26%		
Adj. EBITDA margin	21.7%	16.9%	11.3%	22.2%	18.7%	17.7%	16.9%	17.2%		
Adj. EBIT margin	12.1%	11.1%	6.4%	18.2%	15.7%	15.5%	15.2%	15.7%		
Adj. EBIT margin (excl. Hatch)	12.1%	13.8%	10.0%	20.8%	17.7%	15.5%	15.2%	15.7%		
Net debt	-88	-120	-110	-117	-149	-176	-202	-231		
Net gearing	-63%	-75%	-66%	-70%	-77%	-80%	-82%	-84%		
ROE	18%	16%	8%	22%	19%	17%	16%	15%		

Source: Company data and Nordea estimates

REPORTED QUARTERLY NUMBERS AND ESTIMATES (EURm AND %)

Company	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20E	Q1 21E	Q2 21E	Q3 21E	Q4 21E
Revenue	71	72	75	72	67	69	68	68	65	67	68	72
Materials and services	20	19	19	20	18	20	19	19	18	19	19	20
Employee benefits expense	9	13	10	10	11	12	11	11	11	11	11	11
Other operating expenses	31	31	37	40	22	22	22	26	23	25	25	29
EBITDA	11	10	10	3	16	16	16	12	13	13	14	12
Adj. EBITDA	11	10	10	3	16	16	16	12	13	13	14	12
EBIT	8	5	5	0	13	14	13	10	11	11	11	10
Adj. EBIT	8	5	5	0	13	14	13	10	11	11	11	10
Adj. EBIT (excl. Hatch)	9	8	9	3	16	16	14	11	12	12	13	11
PTP	8	5	6	-1	12	15	12	10	11	11	11	10
Net Profit	6	3	5	-1	9	11	9	8	9	9	9	8
EPS, diluted	0.07	0.04	0.06	-0.01	0.11	0.15	0.12	0.11	0.12	0.12	0.12	0.10
DPS												
Revenue growth (y/y)	8%	0%	5%	-2%	-6%	-4%	-9%	-5%	-2%	-3%	1%	5%
Revenue growth (q/q)	-2%	1%	4%	-4%	-7%	4%	-2%	0%	-4%	3%	2%	5%
Payout ratio	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Adj. EBITDA margin	15.0%	13.4%	12.8%	4.1%	24.2%	23.0%	23.4%	18.1%	20.4%	18.9%	19.8%	16.1%
Adj. EBIT margin	10.7%	7.4%	7.2%	0.2%	19.5%	19.9%	18.9%	14.4%	16.7%	16.3%	16.4%	13.4%
Adj. EBIT margin (excl. Hatch)	13.3%	11.3%	11.4%	4.4%	23.4%	22.5%	20.9%	16.4%	18.8%	18.4%	18.4%	15.4%

Source: Company data and Nordea estimates

REPORTED ANNUAL NUMBERS AND ESTIMATES BY SEGMENT (EURm AND %)

Games	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	CAGR 19-22E	CAGR 22E-24E
Games' revenue	248	250	265	259	263	278	295	313	2%	6%
UAC, EURm	70	79	100	59	69	81	88	94	-7%	8%
EBITDA	43	41	36	65	55	56	57	62	16%	5%
Adj. EBITDA	43	41	36	65	55	56	57	62	16%	5%
EBIT	38	38	31	61	52	53	54	59	19%	5%
Adj. EBIT	39	39	31	61	52	53	54	59	19%	5%
UAC as % of revenue	28.1%	31.4%	37.6%	22.9%	26.3%	29.0%	30.0%	30.0%		
Adj. EBITDA margin	17.4%	16.3%	13.4%	25.3%	21.0%	20.1%	19.4%	19.8%		
Adj. EBIT margin	15.5%	15.5%	11.8%	23.7%	19.6%	19.0%	18.5%	18.8%		
Contribution to group EBITDA	72%	85%	110%	109%	108%	111%	113%	113%		
Revenue growth (y/y)	56%	1%	6%	-2%	1%	6%	6%	6%		
Revenue growth (q/q)										
UAC growth (y/y)		13%	27%	-41%	17%	17%	10%	6%		
Adj. EBITDA growth		-6%	-13%	84%	-16%	1%	3%	8%		
Adj. EBIT growth		1%	-19%	96%	-16%	3%	3%	8%		

Brand Licensing	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	CAGR 19-22E	CAGR 22E-24E
Revenue	49	31	24	13	10	7	5	4	-34%	-23%
EBITDA	30	21	14	7	5	4	3	2	-33%	-24%
Adj. EBITDA	32	21	14	8	5	4	3	2	-33%	-24%
EBIT	6	7	4	2	1	2	1	1	-29%	-8%
Adj. EBIT	8	7	5	2	1	2	1	1	-31%	-8%
Adj. EBITDA margin	65.2%	67.5%	57.6%	57.7%	55.9%	57.9%	55.9%	55.9%		
Adj. EBIT margin	13.0%	23.1%	17.7%	12.7%	13.8%	21.6%	26.4%	31.1%		
Contribution to group EBITDA	50.2%	43.4%	42.6%	12.3%	10.7%	8.2%	5.8%	4.3%		
Revenue growth (y/y)		-37%	-21%	-46%	-26%	-27%	-26%	-20%		
Revenue growth (q/q)										
Adj. EBITDA growth		-35%	-33%	-46%	-28%	-24%	-29%	-20%		
Adj. EBIT growth		-14%	-35%	-59%	-28%	14%	-10%	-6%		

Others	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Revenue	0	0	0	0	0	0	0	0
EBITDA	-13	-13	-17	-13	-10	-10	-10	-10
Adj. EBITDA	-11	-14	-17	-13	-10	-10	-10	-10
EBIT	-14	-14	-18	-14	-10	-10	-10	-10
Adj. EBIT	-11	-15	-18	-14	-10	-10	-10	-10
CAPEX	0.4	1	1.4	0.8	0.8	0.8	0.8	0.8
Contribution to group EBITDA	-18%	-29%	-52%	-22%	-19%	-19%	-19%	-17%

Source: Company data and Nordea estimates

REPORTED QUARTERLY NUMBERS AND ESTIMATES BY SEGMENT (EURm AND %)

Games	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20E	Q1 21E	Q2 21E	Q3 21E	Q4 21E
Games' revenue	66	65	66	67	63	67	64	65	62	65	66	69
UAC, EURm	24	21	27	28	14	14	15	16	15	17	17	20
EBITDA	11	11	8	6	18	18	16	14	14	14	14	13
Adj. EBITDA	11	11	8	6	18	18	16	14	14	14	14	13
EBIT	10	9	7	5	17	17	15	12	13	13	14	12
Adj. EBIT	10	9	7	5	17	17	15	12	13	13	14	12
UAC as % of revenue	35.7%	32.6%	40.8%	41.2%	21.5%	20.9%	23.8%	25.3%	24.2%	26.2%	25.9%	28.8%
Adj. EBITDA margin	17.0%	16.1%	12.5%	8.4%	28.4%	27.1%	25.2%	20.9%	22.8%	21.0%	22.0%	18.3%
Adj. EBIT margin	15.5%	14.4%	10.8%	6.7%	26.5%	25.4%	24.0%	19.3%	21.3%	19.7%	20.7%	17.2%
Contribution to group EBITDA	107%	109%	86%	215%	113%	112%	102%	109%	107%	108%	107%	110%
Revenue growth (y/y)	17%	0%	5%	2%	-5%	2%	-3%	-3%	0%	-3%	3%	7%
Revenue growth (q/q)	2%	-1%	2%	0%	-6%	7%	-4%	1%	-4%	4%	1%	5%
UAC growth (y/y)	62%	-7%	52%	18%	-43%	-34%	-44%	-40%	12%	22%	12%	22%
Adj. EBITDA growth	36%	-7%	-21%	-33%	218%	2%	-10%	-16%	5%	-4%	6%	-12%
Adj. EBIT growth	32%	-8%	-24%	-37%	269%	2%	-9%	-19%	6%	-4%	7%	-13%

Brand Licensing	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20E	Q1 21E	Q2 21E	Q3 21E	Q4 21E
Revenue	5	6	8	5	4	2	4	3	3	2	2	2
EBITDA	3	4	6	2	2	1	3	2	2	1	1	1
Adj. EBITDA	3	4	6	2	3	1	3	2	2	1	1	1
EBIT	1	1	3	0	1	0	1	0	0	0	0	0
Adj. EBIT	1	1	3	0	1	0	1	0	0	0	0	0
Adj. EBITDA margin	54.3%	57.8%	71.4%	36.7%	66.7%	43.5%	67.6%	50.4%	61.5%	52.2%	57.5%	50.4%
Adj. EBIT margin	13.0%	9.4%	35.7%	6.1%	20.5%	8.7%	13.5%	11.1%	17.2%	21.3%	5.6%	11.5%
Contribution to group EBITDA	23.6%	38.5%	62.5%	57.7%	15.2%	6.2%	15.7%	13.8%	13.3%	8.6%	10.6%	10.2%
Revenue growth (y/y)	-48%	-2%	6%	-35%	-15%	-64%	-56%	-31%	-26%	-10%	-33%	-31%
Revenue growth (q/q)	-39%	39%	31%	-42%	-20%	-41%	61%	-9%	-15%	-28%	20%	-6%
Adj. EBITDA growth	-50%	48%	62%	-70%	44%	-62%	150%	-32%	4%	-39%	32%	-18%
Adj. EBIT growth	-74%	0%	400%	-90%	167%	-75%	150%	-25%	32%	-11%	-69%	92%

Others	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20E	Q1 21E	Q2 21E	Q3 21E	Q4 21E
Revenue	0	0	0	0	0	0	0	0	0	0	0	0
EBITDA	-3	-5	-5	-5	-4	-3	-3	-3	-3	-2	-2	-2
Adj. EBITDA	-3	-5	-5	-5	-4	-3	-3	-3	-3	-2	-2	-2
EBIT	-3	-5	-5	-5	-5	-3	-3	-3	-3	-2	-3	-3
Adj. EBIT	-3	-5	-5	-5	-4	-3	-3	-3	-3	-2	-3	-3
CAPEX	0.5	0.3	0.2	0.3	0.1	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Contribution to group EBITDA	-30%	-48%	-49%	-177%	-27%	-20%	-18%	-23%	-20%	-17%	-18%	-20%

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	**n.a.**	**n.a.**	**158**	**142**	**192**	**297**	**281**	**289**	**272**	**272**	**285**
Revenue growth	n.a.	n.a.	n.a.	-10.3%	34.9%	55.0%	-5.4%	2.8%	-5.9%	0.1%	4.8%
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	17	-6	35	60	48	32	60	51	50
Depreciation and impairments PPE	0	0	0	0	0	0	0	0	0	0	0
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	0	0	17	-6	35	60	48	32	60	51	50
Amortisation and impairments	0	0	-7	-15	-18	-29	-16	-14	-11	-8	-6
EBIT	n.a.	n.a.	10	-22	17	31	32	18	49	43	44
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	1	1	-1	-5	1	0	-1	0	0
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**	**11**	**-21**	**16**	**27**	**32**	**18**	**48**	**43**	**44**
Reported taxes	0	0	-3	3	-5	-6	-8	-5	-11	-9	-9
Net profit from continued operations	0	0	8	-18	11	21	25	13	37	34	35
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	8	-18	11	21	25	13	37	34	35
EPS, EUR	**n.a.**	**n.a.**	**0.11**	**-0.24**	**0.14**	**0.27**	**0.31**	**0.17**	**0.48**	**0.46**	**0.48**
DPS, EUR	0.00	0.00	0.04	0.00	0.06	0.06	0.09	0.09	0.11	0.13	0.14
of which ordinary	0.00	0.00	0.04	0.00	0.06	0.06	0.09	0.09	0.11	0.13	0.14
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.	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.1%	18.7%	17.7%
EBITA	n.a.	n.a.	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.1%	18.7%	17.7%
EBIT	n.a.	n.a.	6.3%	-15.2%	8.8%	10.6%	11.2%	6.3%	18.2%	15.7%	15.5%
Adjusted earnings											
EBITDA (adj)	0	0	17	-6	35	65	48	33	60	51	50
EBITA (adj)	0	0	17	-6	35	65	48	33	60	51	50
EBIT (adj)	0	0	10	-22	17	36	31	18	50	43	44
EPS (adj, EUR)	n.a.	n.a.	0.11	-0.24	0.14	0.33	0.31	0.17	0.48	0.46	0.48
Adjusted profit margins in percent											
EBITDA (adj)	n.a.	n.a.	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	22.2%	18.7%	17.7%
EBITA (adj)	n.a.	n.a.	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	22.2%	18.7%	17.7%
EBIT (adj)	n.a.	n.a.	6.3%	-15.2%	8.8%	12.1%	11.1%	6.4%	18.2%	15.7%	15.5%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.8%	13.9%	7.3%	-0.8%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	13.7%	n.m.	7.6%	-3.4%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.7%	n.m.	20.4%	7.1%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	n.m.	26.6%	12.3%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	17.6%	n.m.	16.7%	18.5%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.4%	6.4%	11.1%	12.3%	13.3%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	14.4%	14.1%	17.7%	17.8%	17.3%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	27.5	12.5	26.1	13.6	14.1	13.6
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	9.7	3.9	7.6	6.0	6.5	6.0
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	9.7	3.9	7.6	6.0	6.5	6.0
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	17.5	5.9	13.5	7.3	7.8	6.9

VALUATION RATIOS - REPORTED EARNINGS

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	33.5	12.4	26.6	13.7	14.1	13.6
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	2.11	0.65	0.86	1.33	1.22	1.07
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	10.4	3.8	7.7	6.0	6.5	6.0
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	10.4	3.8	7.7	6.0	6.5	6.0
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	20.0	5.8	13.7	7.3	7.8	6.9
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	0.7%	2.4%	2.0%	1.7%	2.0%	2.1%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	7.2%	13.6%	1.8%	9.4%	8.2%	7.7%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	8.3%	13.6%	1.8%	9.4%	8.2%	7.7%
Payout ratio	n.a.	n.a.	37.1%	0.0%	42.0%	22.2%	29.1%	54.3%	23.0%	28.0%	29.1%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	0	0	39	69	74	53	39	29	22	16	14
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	39	69	74	53	39	29	22	16	14
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	0	2	1	1	1	1	9	9	9	9
of which leased assets	0	0	0	0	0	0	0	8	8	8	8
Shares associates	0	0	0	0	0	0	0	1	1	1	1
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	6	1	3	5	6	6	6	6
Other non-IB non-current assets	0	0	1	2	1	1	1	1	1	1	1
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	0	0	42	77	77	57	45	45	38	32	30
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	25	19	28	29	23	33	31	31	32
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	17	13	16	13	11	15	14	14	15
Cash and bank	0	0	54	34	29	91	124	125	132	163	190
Total current assets	0	0	95	66	73	133	158	172	177	208	237
Assets held for sale	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**0**	**0**	**138**	**143**	**150**	**190**	**203**	**217**	**214**	**240**	**268**
Shareholders equity	0	0	94	74	87	140	160	168	167	193	219
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	94	74	87	140	160	168	167	193	219
Deferred tax	0	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	0	0	0	16	3	3	3	2	6	6	6
Pension provisions	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	0	0	0	6	8	8	8
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	0	17	3	3	4	8	14	14	14
Short-term provisions	0	0	1	3	1	1	1	0	0	0	0
Accounts payable	0	0	6	8	8	9	11	15	14	14	15
Current lease debt	0	0	0	0	0	0	0	2	0	0	0
Other current liabilities	0	0	37	33	35	37	29	20	18	18	19
Short term interest bearing debt	0	0	0	8	17	0	0	4	0	0	0
Total current liabilities	0	0	44	53	60	47	40	42	33	33	34
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**0**	**0**	**138**	**143**	**150**	**190**	**203**	**217**	**214**	**240**	**268**
Balance sheet and debt metrics											
Net debt	0	0	-54	-10	-10	-88	-120	-110	-117	-149	-176
of which lease debt	0	0	0	0	0	0	0	8	8	8	8
Working capital	0	0	-1	-10	1	-4	-5	13	12	12	13
Invested capital	0	0	41	68	78	53	40	58	50	45	43
Capital employed	0	0	94	99	106	143	163	182	181	207	233
ROE	n.m.	n.m.	17.3%	-21.5%	13.3%	18.3%	16.3%	8.1%	22.1%	18.9%	17.2%
ROIC	n.m.	n.m.	38.7%	-31.6%	18.5%	43.9%	53.6%	30.0%	73.4%	72.2%	80.5%
ROCE	n.m.	n.m.	24.4%	-21.5%	16.5%	28.9%	21.1%	11.1%	27.2%	21.9%	20.1%
Net debt/EBITDA	n.m.	n.m.	-3.1	n.m.	-0.3	-1.5	-2.5	-3.4	-2.0	-2.9	-3.5
Interest coverage	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	n.m.	68.0%	51.8%	58.0%	73.8%	78.5%	77.3%	78.0%	80.4%	81.8%
Net gearing	n.m.	n.m.	-57.4%	-13.3%	-11.4%	-62.9%	-75.3%	-65.7%	-70.3%	-76.9%	-80.4%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EBITDA (adj) for associates	**0**	**0**	**17**	**-6**	**35**	**60**	**48**	**32**	**60**	**51**	**50**
Paid taxes	0	0	-9	1	0	-1	-11	-10	-11	-9	-9
Net financials	0	0	0	-1	-2	-1	0	-1	-1	0	0
Change in provisions	0	0	1	2	-2	0	0	0	0	0	0
Change in other LT non-IB	0	0	-2	-6	5	-1	-2	-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	0	5	-1	4	4	3	0	0	0
Funds from operations (FFO)	**0**	**0**	**7**	**-5**	**35**	**60**	**39**	**24**	**48**	**43**	**42**
Change in NWC	0	0	10	6	-13	-1	3	-13	1	0	-1
Cash flow from operations (CFO)	**0**	**0**	**17**	**1**	**23**	**60**	**43**	**11**	**49**	**42**	**41**
Capital expenditure	0	0	0	0	0	0	-1	-4	-3	-3	-4
Free cash flow before A&D	**0**	**0**	**17**	**1**	**23**	**60**	**41**	**7**	**45**	**39**	**37**
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	-38	-44	-23	-9	0	0	0	0	0
Free cash flow	0	0	-21	-42	0	51	41	7	45	39	37
Free cash flow bef A&D, lease adj	0	0	17	1	23	60	41	7	45	39	37
Dividends paid	0	0	-3	0	-5	-5	-7	-7	-7	-8	-10
Equity issues / buybacks	0	0	0	0	0	36	1	0	-31	0	0
Net change in debt	0	0	0	25	-6	-17	0	3	0	0	0
Other financing adjustments	0	0	0	0	0	-1	-3	0	0	0	0
Other non-cash adjustments	0	0	78	-2	5	-3	1	-1	0	0	0
Change in cash	0	0	54	-19	-6	62	33	1	7	31	27
Cash flow metrics											
Capex/D&A	n.m.	n.m.	0.0%	0.0%	0.0%	0.0%	7.9%	27.3%	31.6%	38.2%	65.5%
Capex/Sales	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.5%	1.3%	1.3%	1.2%	1.4%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	9	4	4	6	7	7
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	715	303	359	480	480	480
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	627	183	248	363	331	304
Diluted no. of shares, year-end (m)	0.0	0.0	74.9	74.9	74.9	79.2	79.4	81.3	73.4	73.4	73.4

Source: Company data and Nordea estimates

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