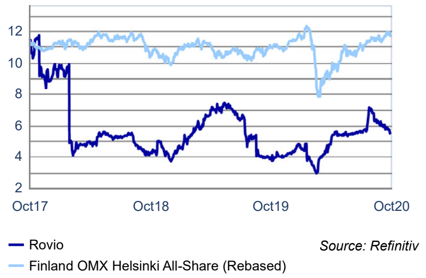
Rovio

Telecom Equipment and IT
Finland

KEY DATA

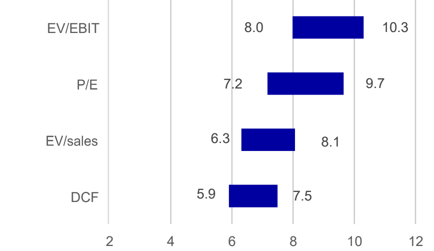
Stock country	Finland
Bloomberg	ROVIO FH
Reuters	ROVIO.HE
Share price (close)	EUR 5.51
Free Float	
Market cap. (bn)	EUR 0.45/EUR 0.45
Website	http://www.rovio.com/
Next report date	30 Oct 2020

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

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

Source: Nordea estimates

Nordea Markets - Analysts
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M&A provides substantial upside potential

Rovio is currently trading at a considerable discount to its peers, which we believe is due to its slower growth profile and concentrated game portfolio. According to our illustrative M&A scenario, Rovio could reach a sales CAGR of 12% for 2020E-25E with solid EBIT growth and game portfolio diversification, which could trigger a rerating of the depressed valuation and provide considerable upside for the share. Even without M&A, we view the risk/reward in Rovio as positive. Applying a 35% discount to Western mobile gaming peers, we derive at a DCF- and peer multiples-based fair value range of EUR 6.8-8.9 per share.

Balance sheet and strong cash flow allow for sizeable M&A

Rovio's net cash was EUR 115m at the end of Q2 after it spent EUR ~29m on acquiring its own shares during Q4 2019-Q2 2020. Currently, the company owns close to 10% of its own shares, prohibiting further repurchases. As Rovio does not capitalise its game development expenses and has basically no financial expenses due to its debt-free balance sheet, its cash conversion is at a high level. According to our estimates, Rovio's net cash position will approach EUR 140m by the end of Q4 2020, allowing for sizeable M&A. If Rovio starts executing on its M&A agenda at reasonable multiples, we see potential for a rerating and upside in the share.

Cosmetic estimate changes ahead of the Q3 report

We lower our sales estimate by 1% but raise our EBIT estimate by 3% for 2020, as we reduce our sales estimate for Small Town Murders and user acquisition spend slightly. We find ourselves 1% below the Refinitiv consensus for Q3 sales but 7% above on EBIT. For 2021E-22E, we are above on both sales and EBIT.

Fair value range at EUR 6.8-8.9 per share, applying 35% discount

We derive a DCF-based fair value range of EUR 5.9-7.5 per share by applying a WACC range of 8.5-12.5%. 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 35% 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 6.8-8.9 per share. The share could be up for a rerating if top-line growth and game portfolio diversification are achieved through a successful game launch or M&A, thus we argue the risk/reward remains positive.

SUMMARY TABLE - KEY FIGURES

EURm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	192	297	281	289	279	298	315
EBITDA (adj)	35	65	48	33	60	55	56
EBIT (adj)	17	36	31	18	51	49	51
EBIT (adj) margin	8.8%	12.1%	11.1%	6.4%	18.4%	16.5%	16.2%
EPS (adj, EUR)	0.14	0.33	0.31	0.17	0.49	0.48	0.50
EPS (adj) growth	159.2%	129.9%	-7.1%	-44.5%	187.0%	-0.8%	4.2%
DPS (ord, EUR)	0.06	0.06	0.09	0.09	0.11	0.13	0.15
EV/Sales	n.a.	2.1	0.7	0.9	1.1	0.9	0.8
EV/EBIT (adj)	n.a.	17.5	5.9	13.5	6.1	5.8	4.9
P/E (adj)	n.a.	27.5	12.5	26.1	11.3	11.4	11.0
P/BV	n.a.	5.1	1.9	2.1	2.4	2.1	1.8
Dividend yield (ord)	n.a.	0.7%	2.4%	2.0%	2.0%	2.4%	2.7%
FCF Yield bef A&D, lease	n.a.	8.3%	13.6%	1.8%	6.8%	9.1%	9.1%
Net debt	-10	-88	-120	-110	-133	-165	-195
Net debt/EBITDA	-0.3	-1.5	-2.5	-3.4	-2.2	-3.0	-3.5
ROIC after tax	18.5%	43.9%	53.6%	30.0%	74.3%	76.3%	80.7%

Source: Company data and Nordea estimates

M&A scenario

Rovio's balance sheet and cash flow allow for sizeable M&A

Rovio had net cash of EUR 115m at the end of Q2 after spending EUR ~29m on buying back its own shares during Q4 2019-Q2 2020. The company now owns almost 10% of its own shares, prohibiting further repurchases. We therefore expect Rovio's cash balance to swell during H2 2020 if no M&A is announced. As Rovio does not capitalise its game development expenses and has basically no financial expenses due to its debt-free balance sheet, its cash conversion is high. According to our estimates, Rovio's net cash position will grow close to EUR 140m by the end of Q4 2020, thus allowing for sizeable M&A.

M&A scenario points to a sales CAGR of 12% and strong EBIT growth

In our illustrative M&A scenario, we assume that Rovio uses all its net cash to make acquisitions at an EV/EBIT multiple of 9x. We assume that the acquired targets would have an EBIT margin of 25% and we assume that the acquired businesses would grow by 5% organically (both sales and EBIT) after their acquisition. We assume no synergies for sales or EBIT in this scenario, which is fairly conservative. Finally, we model 75% cash conversion from EBIT, which is below Rovio's current level.

Given these assumptions, Rovio could increase its sales CAGR up to 12% for 2020-25, while EBIT in 2024 would double compared to our 2020 base case.

ILLUSTRATIVE M&A SCENARIO (EURm)

	2019	2020E	2021E	2022E	2023E	2024E	2025E	CAGR 2020-25
Sales (Nordea base case)	289	279	298	315	329	345	361	5%
Acquired		51	21	23	25	29	34	-8%
Acquired (cumulative)		51	75	101	131	167	209	33%
Rovio sales incl acquisitions	**289**	**330**	**372**	**416**	**461**	**512**	**571**	**12%**
Sales growth		**14%**	**13%**	**12%**	**11%**	**11%**	**11%**	
EBIT (Nordea base case)	18	51	49	51	55	59	65	5%
Acquired EBIT (9x EV/EBIT)		13	5	6	6	7	8	
Acquired (cumulative)		13	19	25	33	42	52	33%
Rovio EBIT incl acquisitions & synergies		**64**	**68**	**76**	**88**	**101**	**117**	**13%**
EBIT margin		**19%**	**18%**	**18%**	**19%**	**20%**	**21%**	
Cash flow (75% conversion from EBIT)		**48**	**51**	**57**	**66**	**76**	**88**	**13%**
Rovio net debt (Q2 2020)	**-115**	**0**	**0**	**0**	**0**	**0**	**0**	
Rovio share price	5.51							
NOS	81.3							
Rovio's current market cap	448							
EV	333							
EV/EBIT 2020E (nordea base case)	6.5x							
Assuming 15x EV/EBIT		**15.0x**	**15.0x**	**15.0x**	**15.0x**	**15.0x**	**15.0x**	
EV in M&A scenario		957	1,015	1,145	1,320	1,517	1,756	
Share price		11.8	12.5	14.1	16.2	18.7	21.6	
Discounted to the end of 2020 at WACC of 10.5%		11.78	11.31	11.54	12.04	12.52	13.12	
Upside/downside to current share price		**114%**	**105%**	**109%**	**118%**	**127%**	**138%**	
Assuming 12x EV/EBIT		**12.0x**	**12.0x**	**12.0x**	**12.0x**	**12.0x**	**12.0x**	
EV in M&A scenario		766	812	916	1056	1214	1405	
Share price		9.4	10.0	11.3	13.0	14.9	17.3	
Discounted to the end of 2020 at WACC of 10.5%		9.42	9.05	9.23	9.63	10.02	10.49	
Upside/downside to current share price		**71%**	**64%**	**68%**	**75%**	**82%**	**90%**	
Assuming no multiple expansion		**6.5x**	**6.5x**	**6.5x**	**6.5x**	**6.5x**	**6.5x**	
EV in M&A scenario		416	442	498	574	660	764	
Share price		5.1	5.4	6.1	7.1	8.1	9.4	
Discounted to the end of 2020 at WACC of 10.5%		5.12	4.92	5.02	5.23	5.45	5.70	
Upside/downside to current share price		**-7%**	**-11%**	**-9%**	**-5%**	**-1%**	**4%**	

Source: Nordea estimates

Sales growth and game portfolio diversification could trigger a rerating

Rovio is trading at a considerable discount to its peer group, at a 2021E EV/EBIT of ~6.5x versus the western mobile gaming peer group median of ~20x. We believe the discount is explained by Rovio's slower growth profile and concentrated game portfolio, which depends highly on only a few Angry Birds games.

Should Rovio start executing its M&A ambitions, we believe its valuation could be up for a rerating, as sales growth would accelerate and its games portfolio would diversify.

In our illustrative M&A scenario, we show three different scenarios for valuation:

- The market would appreciate the M&A agenda, and **EV/EBIT would increase to 15x**, still a 25% discount to peers. In this scenario, Rovio's share would have more than 100% upside potential.
- The market would appreciate the M&A agenda, but to a lesser extent, and **EV/EBIT would increase to 12x**, ie a 40% discount to peers. In this scenario, Rovio's share would have more than 60% upside potential.
- **No multiple expansion**. In this scenario, Rovio's M&A agenda would be value destructive in the near term, as the company would be acquiring targets at above its own valuation.

If our illustrative exercise materialised, we believe scenarios 1 and 2 would be more likely than scenario 3. Thus, if Rovio starts executing on its M&A agenda at reasonable valuation multiples, we see potential for a rerating and upside in the share.

Game portfolio update

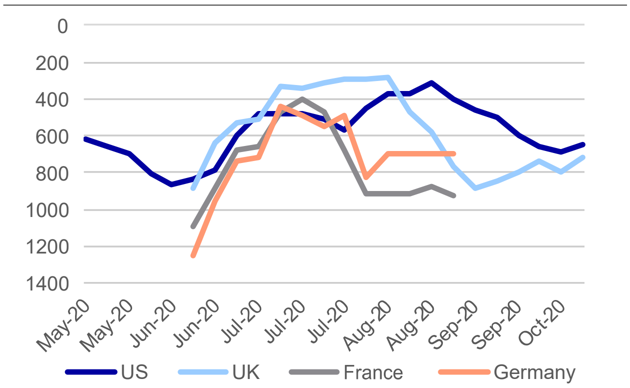
We expect Rovio to launch two new games per year in 2020-21. We estimate that each new game will scale up revenues for four quarters before peaking at EUR ~8m quarterly revenue. Rovio's game portfolio is divided into growth games, earn games and catalogue games. The older catalogue games and earn games are set to gradually decline in size, while we expect Rovio's current growth games to decline in size going forward, but at a slower pace in 2020-21.

Small Town Murders is gradually improving in the US and UK
Small Town Murders (STM) is a story-based match-3 puzzle game where players complete puzzle-matching levels to solve murder mysteries. The aim of the game is to attract large player cohorts with casual match-3 puzzle gameplay, while simultaneously improving retention and engagement with the murder mystery narrative.

STM was published in Q2, and has so far shown up on the top grossing ranks in the US and the UK, which is natural as the game's narrative is in English. We believe STM will start monetising in other main Western markets such as Germany and France as well once the game has been translated to the native languages.

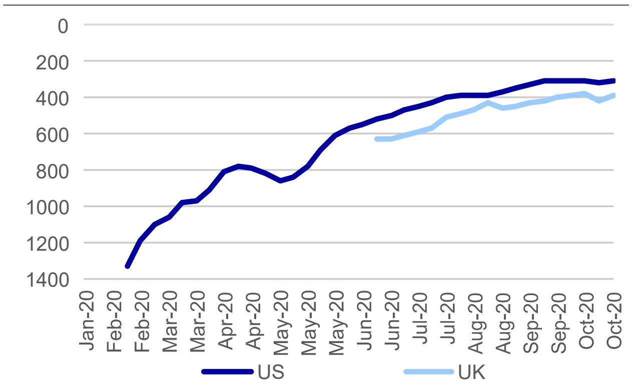
Currently STM's four week rolling average grossing rank in the US on the IOS platform is 305. To give comparison, AB Match's ranking is at 421 and Sugar Blast's at 364, and these games made EUR 3.6m and EUR 2.6m in Q2 2020. We expect STM to generate EUR ~4m in Q3.

FOUR-WEEK ROLLING DOWNLOAD RANK OF STM ON IOS



Source: App Annie

FOUR WEEK ROLLING GROSSING RANK OF STM ON IOS



Source: App Annie

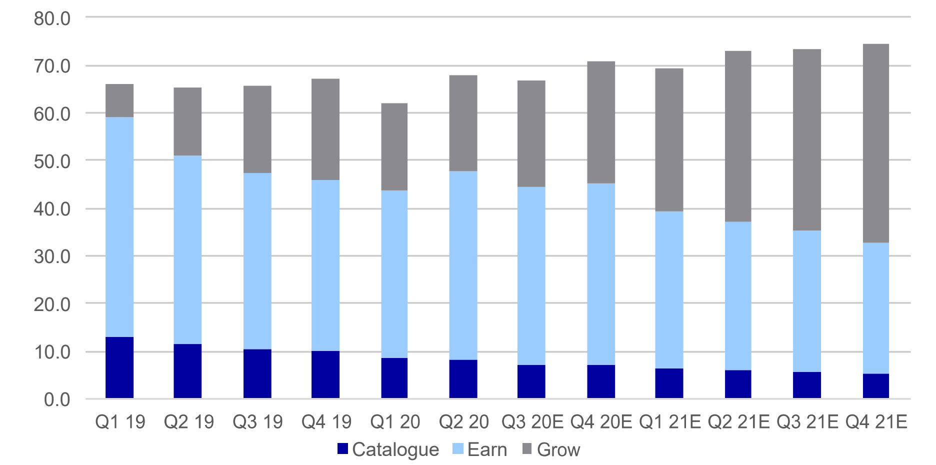
Game overview by lifecycle
Rovio currently has 12 live games in different lifecycle phases. At its CMD in November 2019, the company divided its game portfolio into three categories to describe the future growth prospects and profitability of its various games:

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. We 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 growth games. Development teams are still large, and focus is 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)

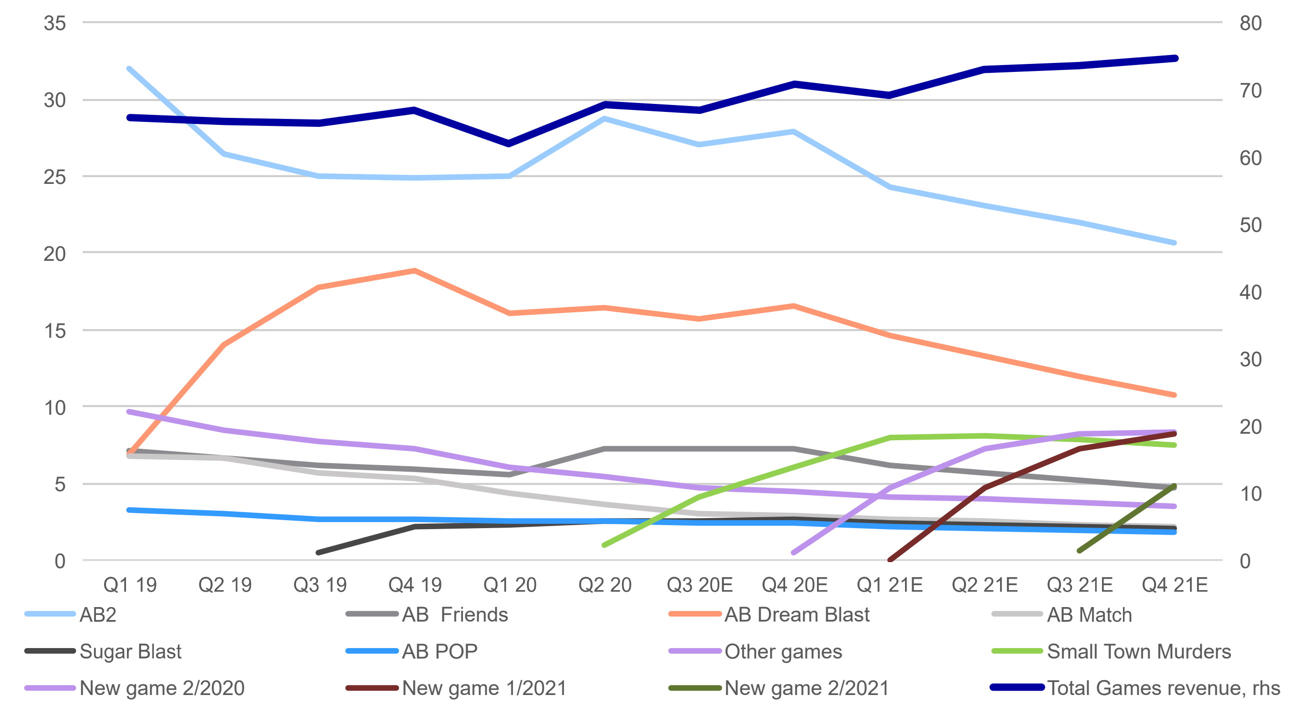


Source: Company data and Nordea estimates

Revenue growth driven by upcoming game launches

We expect Rovio's older game portfolio to decline in size, while we assume that upcoming game launches will bring in revenue growth. We expect Rovio to launch two new games per year during 2020-21. Our revenue assumptions for the upcoming game launches and the expected launch schedule are shown in the chart below.

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

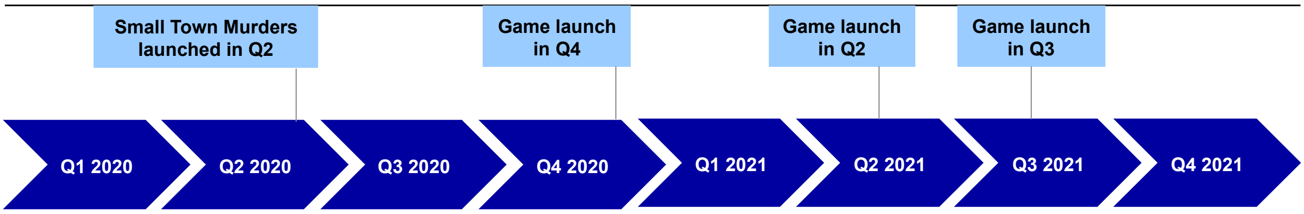


Source: Company data and Nordea estimates

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 both 2020 and 2021.

ROVIO'S ESTIMATED GAME LAUNCH SCHEDULE



Source: Nordea estimates

Assumptions for upcoming game launches

We expect the new games to reach quarterly peak sales of EUR ~8m in the fourth quarter after launch. We also model high UA investments during the scale-up period of new games. We see the EUR 8m 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.

However, in 2017, Rovio launched a few games that have not been 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 has been AB Match, which was launched in Q3 2017. The game reached its peak sales of EUR 7.4m in just the second quarter after its launch but has since been able to retain a long tail of stable, gradually declining earnings.

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

Quarters since launch	**1**	**2**	**3**	**4**	**5**	**6**	**7**
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**	**4.7**	**7.2**	**8.3**	**8.3**	**7.9**	**7.5**
Growth q/q		**888%**	**53%**	**14%**	**1%**	**-5%**	**-5%**

Source: Company data and Nordea estimates

Estimate revisions

We make the following estimate revisions ahead of the Q3 report

ESTIMATE REVISIONS

	New estimates				Old estimates				Difference %			
EURm	**Q3 20E**	**2020E**	**2021E**	**2022E**	**Q3 20E**	**2020E**	**2021E**	**2022E**	**Q3 20E**	**2020E**	**2021E**	**2022E**
Sales												
Games	67	267	290	309	68	270	291	310	-2%	-1%	0%	0%
Brand Licensing	2	11	7	6	2	11	7	6	0%	0%	0%	0%
Other	0	0	0	0	0	0	0	0	n.m	n.m	n.m	n.m
Total	**69**	**279**	**298**	**315**	**71**	**281**	**298**	**316**	**-2%**	**-1%**	**0%**	**0%**
Adj. EBIT												
Games	15	63	58	60	14	62	58	60	7%	3%	0%	0%
Brand Licensing	0	2	1	1	0	2	1	1	0%	0%	0%	0%
Other	-3	-14	-10	-10	-3	-14	-10	-10	0%	0%	0%	0%
Total	**12**	**51**	**49**	**51**	**11**	**49**	**49**	**51**	**9%**	**3%**	**0%**	**0%**
Adj. EBIT ex Hatch	**14**	**57**	**53**	**51**	**13**	**56**	**53**	**51**	**8%**	**3%**	**0%**	**0%**
Adj. EBIT margin												
Games	22.4%	23.7%	20.0%	19.4%	20.5%	22.9%	20.0%	19.5%	1.9pp	0.8pp	0.0pp	0.0pp
Brand Licensing	8.3%	13.5%	13.9%	20.3%	8.3%	13.5%	13.9%	20.3%	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	**17.5%**	**18.3%**	**16.5%**	**16.2%**	**15.7%**	**17.6%**	**16.5%**	**16.3%**	**1.8pp**	**0.7pp**	**0.0pp**	**0.0pp**
Margin ex. Hatch	**19.5%**	**20.6%**	**17.8%**	**16.2%**	**17.7%**	**19.9%**	**17.8%**	**16.3%**	**1.8pp**	**0.8pp**	**0.0pp**	**0.0pp**
EPS	0.13	0.51	0.52	0.54	0.12	0.50	0.52	0.54	9%	3%	0%	0%
DPS	n.m	0.11	0.13	0.15	n.m	0.11	0.13	0.15	n.m	0%	0%	0%

Source: Nordea estimates

Our estimates versus consensus

Our Q3 2020 revenue estimate is 1% below Refinitiv consensus, while our EBIT estimate is 7% above consensus.

For 2021E-22E, we are above consensus on both sales and EBIT. Current consensus expects Rovio's EBIT to decline at CAGR of 12%, whereas we see Rovio's EBIT staying relatively stable over the next few years.

ROVIO ENTERTAINMENT: OUR ESTIMATES VS REFINITIV CONSENSUS

	Nordea estimates				Consensus estimates				Difference			
EURm	**Q3 20E**	**2020E**	**2021E**	**2022E**	**Q3 20E**	**2020E**	**2021E**	**2022E**	**Q3 20E**	**2020E**	**2021E**	**2022E**
Sales	**69.3**	**278.7**	**297.7**	**315.0**	**69.7**	**277.8**	**289.3**	**296.3**	**-1%**	**0%**	**3%**	**6%**
EBITDA	**14.2**	**60.2**	**55.5**	**56.4**	**13.0**	**59.5**	**50.0**	**46.0**	**9%**	**1%**	**11%**	**23%**
EBITDA margin	20.4%	21.6%	18.6%	17.9%	18.7%	21.4%	17.3%	15.5%	1.8pp	0.2pp	1.4pp	2.4pp
EBIT	**12.1**	**51.1**	**49.0**	**51.1**	**11.4**	**47.2**	**40.9**	**36.9**	**7%**	**8%**	**20%**	**38%**
EBIT margin	17.5%	18.3%	16.5%	16.2%	16.3%	17.0%	14.1%	12.5%	1.2pp	1.3pp	2.3pp	3.8pp
Adj. EBIT (Excl. Hatch)	**13.5**	**57.5**	**53.0**	**51.1**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**	**n.a**
Adj. EBIT margin (Excl. Hatch)	19.5%	20.6%	17.8%	16.2%	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
PTP	**12.1**	**50.6**	**49.0**	**51.1**	**10.5**	**43.0**	**36.0**	**37.0**	**16%**	**18%**	**36%**	**38%**
EPS	**0.13**	**0.51**	**0.52**	**0.54**	**0.12**	**0.46**	**0.34**	**0.33**	**7%**	**12%**	**52%**	**64%**
Adj. EPS	**0.13**	**0.51**	**0.52**	**0.54**	**0.12**	**0.46**	**0.34**	**0.33**	**7%**	**12%**	**52%**	**64%**
DPS		**0.11**	**0.13**	**0.15**		**0.11**	**0.12**	**0.14**		**0%**	**8%**	**7%**

Source: Refinitiv and Nordea estimates

Valuation

We derive a DCF-based fair value range of EUR 6.3-7.9 per share by applying a WACC range of 8.5-12.5%. We also include a relative valuation by applying a 20% range to the average P/E, EV/EBIT, and EV/sales multiples of western mobile gaming peers. We apply a 30% 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 6.7-9.3 per share (5.3-7.3 previously).

DCF valuation

We base our DCF valuation on a bottom-up approach, where we forecast current and upcoming quarterly revenue on a game-by-game basis for 2020-21. 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 10.5% WACC to our DCF valuation.

DCF VALUATION (EURm and EUR per share)

DCF value	Value	Per share
NPV FCFF	384	4.7
(Net debt)	110	1.4
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	42	0.5
DCF Value	**536**	**6.6**

Source: Company data and Nordea estimates

WACC COMPONENTS

WACC components	
Risk-free interest rate	2.5%
Market risk premium	4.0%
Forward looking asset beta	nm
Beta debt	0.20
Forward looking equity beta	2.00
Cost of equity	10.50%
Cost of debt	7.0%
Tax-rate used in WACC	20.0%
Equity weight	100.0%
WACC	**10.5%**

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	5.32%	4.0%	3.0%	2.5%	2.5%	2.8%	
EBIT-margin, excluding associa	17.1%	10.0%	10.0%	8.0%	8.0%	1.0%	
Capex/depreciation, x	0.8	1.10	1.10	1.10	1.10	1.10	
Capex/sales	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	
NWC/sales	4.5%	5.0%	5.0%	5.0%	5.0%	5.0%	
FCFF, CAGR	9.9%	-7.2%	3.4%	-2.0%	2.5%	-41.0%	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.

In terms of benchmarking, we regard enterprise value (EV) based multiples, such as EV/EBIT and EV/sales, as the most relevant multiples for the gaming sector. EV/sales is especially interesting thanks to its stability – from time to time, other multiples can be inflated as a result of timing effects in revenue recognition and game releases. EV/sales, although also volatile, varies far less.

In addition, EV multiples are preferable because companies in the mobile gaming business need net cash positions, and EV multiples are neutral to a company's financial gearing, thus giving a better comparison point. Finally, we add the traditional P/E multiple to complement our EV-based relative valuation framework.

Rovio trades at a significant discount to its peer group, due to its slowed growth profile and concentrated game portfolio, we believe.

WESTERN MOBILE GAMING COMPANIES

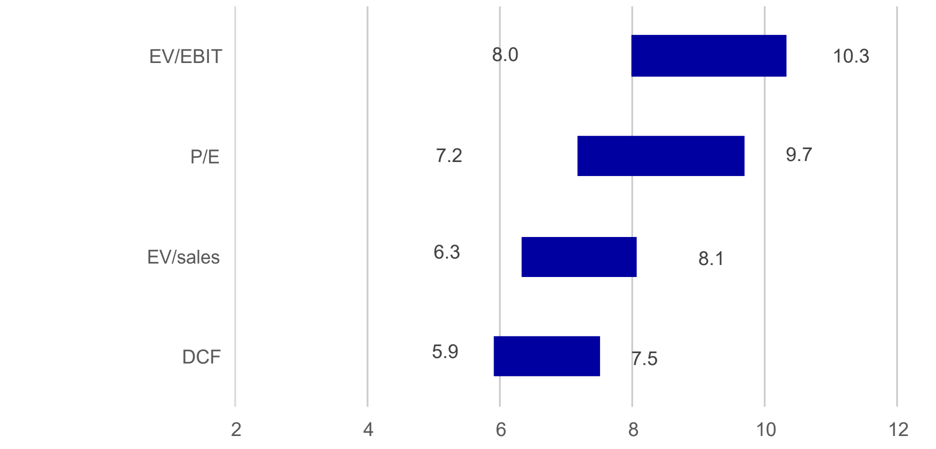
			P/E		EV/EBIT		EV/EBITDA		EV/SALES	
Name	**Country**	**Mcap EURm**	**20E**	**21E**	**20E**	**21E**	**20E**	**21E**	**20E**	**21E**
G5 Entertainment	Sweden	361	26.3	34.1	24.6	28.8	12.9	13.5	2.6	2.5
MAG Interactive	Sweden	60							2.8	
Next Games	Finland	46					87.7	11.0	1.4	0.7
Zynga	U.S.	8464	26.5	21.6	19.0	15.3	18.2	14.0	4.1	3.3
Glu Mobile	U.S.	1144	21.5	18.6	19.4	13.9	18.6	12.6	1.9	1.8
Stillfront Group	Sweden	3542	43.9	32.2	32.9	24.5	21.2	16.1	8.5	6.6
Rovio Entertainment (NDA)	**Finland**	**452**	**11.4**	**11.5**	**6.5**	**6.8**	**5.5**	**6.0**	**1.2**	**1.1**
Rovio Entertainment (TR)	Finland	452	10.9	14.6	7.1	8.2	5.7	6.7	1.2	1.2
Average		2270	29.6	26.6	24.0	20.6	31.7	13.4	3.6	3.0
Median		**752**	**26.4**	**26.9**	**22.0**	**19.9**	**18.6**	**13.5**	**2.7**	**2.5**
Min		46	21.5	18.6	19.0	13.9	12.9	11.0	1.4	0.7
Max		8464	43.9	34.1	32.9	28.8	87.7	16.1	8.5	6.6
Dicount/premium to median (NDA)			**-57%**	**-57%**	**-71%**	**-66%**	**-71%**	**-56%**	**-56%**	**-55%**
Dicount/premium to median (TR)			-59%	-46%	-68%	-59%	-70%	-50%	-55%	-52%

Source: Refinitiv and Nordea estimates

DCF and peer multiples imply an average valuation range of EUR 6.8-8.9

We derive a DCF-based fair value range of EUR 5.9-7.5 per share by applying a WACC range of 8.5-12.5%. 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 35% 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 6.8-8.9 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 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 too high of a purchase price that could melt the solid balance sheet without 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 nascent industry, which means that 'a winning feature set is a constantly moving target, making success extremely hard to replicate in subsequent games.

Failure to create new IPs and enter new genres
Rovio's current game portfolio is dependent on AB themed casual games, such as slingshot, match 3 and bubble popping games. In the future Rovio aims to enter the mid-core genre with new games without the AB brand. This may turn out to 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 the financial performance of Rovio in the long run.

Rising user acquisition costs
According to Neogames, a Finnish game industry organisation, challenges in discoverability and rising user acquisition costs have been a challenge 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	279	298	315	329	345	3%	5%
Materials and services	82	80	77	77	83	87	91	96	4%	5%
Employee benefits expense	52	43	42	45	44	45	46	47	2%	2%
Other operating expenses	104	112	138	96	115	127	133	139	-3%	4%
EBITDA	60	48	32	60	55	56	60	64	20%	6%
Adj. EBITDA	65	48	33	60	55	56	60	64	20%	6%
EBIT	31	32	18	51	49	51	55	59	41%	8%
Adj. EBIT	36	31	18	51	49	51	55	59	40%	8%
Adj. EBIT (excl. Hatch)	36	39	29	57	53	51	55	59	21%	8%
PTP	27	32	18	51	49	51	55	59	42%	8%
Net Profit	21	25	13	39	39	41	44	47	46%	8%
EPS, diluted	0.27	0.31	0.16	0.51	0.52	0.54	0.58	0.63	50%	8%
DPS	0.06	0.09	0.09	0.11	0.13	0.15	0.17	0.19	19%	13%
Revenue growth (y/y)		-5%	3%	-4%	7%	6%	5%	5%		
Revenue growth (q/q)										
Payout ratio	22%	29%	56%	21%	25%	28%	29%	30%		
Adj. EBITDA margin	21.7%	16.9%	11.3%	21.6%	18.6%	17.9%	18.2%	18.5%		
Adj. EBIT margin	12.1%	11.1%	6.4%	18.3%	16.5%	16.2%	16.7%	17.2%		
Adj. EBIT margin (excl. Hatch)	12.1%	13.8%	10.0%	20.6%	17.8%	16.2%	16.7%	17.2%		
Net debt	-88	-120	-110	-133	-165	-195	-226	-259		
Net gearing	-63%	-75%	-66%	-72%	-77%	-79%	-82%	-83%		
ROE	18%	16%	8%	22%	20%	18%	17%	16%		

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 20E	Q4 20E	Q1 21E	Q2 21E	Q3 21E	Q4 21E
Revenue	71	72	75	72	67	69	69	74	72	74	75	77
Materials and services	20	19	19	20	18	20	19	20	20	21	21	21
Employee benefits expense	9	13	10	10	11	12	11	11	11	11	11	11
Other operating expenses	31	31	37	40	22	22	25	28	24	30	29	32
EBITDA	11	10	10	3	16	16	14	14	17	13	14	12
Adj. EBITDA	11	10	10	3	16	16	14	14	17	13	14	12
EBIT	8	5	5	0	13	14	12	12	15	11	12	10
Adj. EBIT	8	5	5	0	13	14	12	12	15	11	12	10
Adj. EBIT (excl. Hatch)	9	8	9	3	16	16	14	13	16	12	13	11
PTP	8	5	6	-1	12	15	12	12	15	11	12	10
Net Profit	6	3	5	-1	9	11	10	10	12	9	10	8
EPS, diluted	0.07	0.04	0.06	-0.01	0.11	0.15	0.13	0.13	0.16	0.12	0.13	0.11
DPS												
Revenue growth (y/y)	8%	0%	5%	-2%	-6%	-4%	-7%	3%	7%	8%	8%	4%
Revenue growth (q/q)	-2%	1%	4%	-4%	-7%	4%	0%	6%	-3%	4%	1%	2%
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%	20.4%	19.2%	23.6%	17.1%	18.6%	15.5%
Adj. EBIT margin	10.7%	7.4%	7.2%	0.2%	19.5%	19.9%	17.5%	16.5%	20.9%	15.3%	16.5%	13.5%
Adj. EBIT margin (excl. Hatch)	13.3%	11.3%	11.4%	4.4%	23.4%	22.5%	19.5%	17.3%	22.2%	16.7%	17.8%	14.8%

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	267	290	309	325	341	5%	5%
UAC, EURm	70	79	100	62	82	93	97	102	-2%	5%
EBITDA	43	41	36	68	62	63	67	71	21%	6%
Adj. EBITDA	43	41	36	68	62	63	67	71	21%	6%
EBIT	38	38	31	63	58	60	64	68	24%	7%
Adj. EBIT	39	39	31	63	58	60	64	68	24%	7%
UAC of revenue	28.1%	31.4%	37.6%	23.1%	28.3%	30.0%	30.0%	30.0%		
Adj. EBITDA margin	17.4%	16.3%	13.4%	25.3%	21.2%	20.4%	20.7%	20.9%		
Adj. EBIT margin	15.5%	15.5%	11.8%	23.7%	20.0%	19.4%	19.8%	20.1%		
Contribution to group EBITDA	72%	85%	110%	112%	111%	112%	112%	112%		
Revenue growth (y/y)	56%	1%	6%	1%	9%	6%	5%	5%		
Revenue growth (q/q)										
UAC growth (y/y)		13%	27%	-38%	33%	13%	5%	5%		
Adj. EBITDA growth		-6%	-13%	90%	-9%	2%	6%	6%		
Adj. EBIT growth		1%	-19%	103%	-8%	3%	7%	7%		

Brand Licensing	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	CAGR 19-22E	CAGR 22E-24E
Revenue	49	31	24	11	7	6	5	4	-37%	-18%
EBITDA	30	21	14	5	3	3	2	2	-41%	-20%
Adj. EBITDA	32	21	14	6	3	3	2	2	-41%	-20%
EBIT	6	7	4	1	1	1	1	1	-34%	-7%
Adj. EBIT	8	7	5	2	1	1	1	1	-36%	-7%
Adj. EBITDA margin	65.2%	67.5%	57.6%	50.6%	46.2%	48.2%	46.2%	46.2%		
Adj. EBIT margin	13.0%	23.1%	17.7%	11.8%	13.9%	20.3%	22.7%	26.5%		
Contribution to group EBITDA	50.2%	43.4%	42.6%	9.1%	6.2%	5.1%	3.7%	2.9%		
Revenue growth (y/y)		-37%	-21%	-54%	-34%	-20%	-19%	-17%		
Revenue growth (q/q)										
Adj. EBITDA growth		-35%	-33%	-59%	-39%	-17%	-22%	-17%		
Adj. EBIT growth		-14%	-35%	-67%	-32%	17%	-10%	-3%		

Others	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Revenue	0	0	0	0	0	0	0	0
EBITDA	-13	-13	-17	-13	-9	-9	-9	-9
Adj. EBITDA	-11	-14	-17	-13	-9	-9	-9	-9
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	1	1.2	1.2	1.2	1.2
Contribution to group EBITDA	-18%	-29%	-52%	-22%	-17%	-17%	-16%	-15%

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 20E	Q4 20E	Q1 21E	Q2 21E	Q3 21E	Q4 21E
Games' revenue	66	65	66	67	63	67	67	71	69	73	73	75
UAC, EURm	24	21	27	28	14	14	16	18	16	22	21	23
EBITDA	11	11	8	6	18	18	16	16	18	14	16	13
Adj. EBITDA	11	11	8	6	18	18	16	16	18	14	16	13
EBIT	10	9	7	5	17	17	15	15	17	13	15	13
Adj. EBIT	10	9	7	5	17	17	15	15	17	13	15	13
UAC of revenue	35.7%	32.6%	40.8%	41.2%	21.5%	20.9%	24.1%	25.6%	23.3%	30.7%	28.3%	30.5%
Adj. EBITDA margin	17.0%	16.1%	12.5%	8.4%	28.4%	27.1%	23.9%	22.3%	26.4%	19.5%	21.3%	18.0%
Adj. EBIT margin	15.5%	14.4%	10.8%	6.7%	26.5%	25.4%	22.4%	21.0%	25.1%	18.3%	20.2%	16.9%
Contribution to group EBITDA	107%	109%	86%	215%	113%	112%	113%	112%	108%	111%	112%	113%
Revenue growth (y/y)	17%	0%	5%	2%	-5%	2%	1%	6%	10%	9%	10%	5%
Revenue growth (q/q)	2%	-1%	2%	0%	-6%	7%	0%	6%	-2%	5%	1%	2%
UAC growth (y/y)	62%	-7%	52%	18%	-43%	-34%	-41%	-34%	19%	60%	29%	26%
Adj. EBITDA growth	36%	-7%	-21%	-33%	218%	2%	-12%	-1%	16%	-22%	10%	-14%
Adj. EBIT growth	32%	-8%	-24%	-37%	269%	2%	-12%	-1%	17%	-23%	11%	-15%

Brand Licensing	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20E	Q4 20E	Q1 21E	Q2 21E	Q3 21E	Q4 21E
Revenue	5	6	8	5	4	2	2	3	2	2	2	2
EBITDA	3	4	6	2	2	1	1	1	1	1	1	1
Adj. EBITDA	3	4	6	2	3	1	1	1	1	1	1	1
EBIT	1	1	3	0	1	0	0	0	0	0	0	0
Adj. EBIT	1	1	3	0	1	0	0	0	0	0	0	0
Adj. EBITDA margin	54.3%	57.8%	71.4%	36.7%	66.7%	43.5%	44.3%	44.6%	55.5%	41.2%	42.0%	42.6%
Adj. EBIT margin	13.0%	9.4%	35.7%	6.1%	20.5%	8.7%	8.3%	11.8%	16.9%	22.3%	6.2%	9.9%
Contribution to group EBITDA	23.6%	38.5%	62.5%	57.7%	15.2%	6.2%	7.6%	8.6%	7.6%	5.0%	5.1%	6.9%
Revenue growth (y/y)	-48%	-2%	6%	-35%	-15%	-64%	-71%	-44%	-41%	-32%	-30%	-30%
Revenue growth (q/q)	-39%	39%	31%	-42%	-20%	-41%	5%	13%	-16%	-33%	8%	14%
Adj. EBITDA growth	-50%	48%	62%	-70%	44%	-62%	7%	14%	5%	-50%	10%	16%
Adj. EBIT growth	-74%	0%	400%	-90%	167%	-75%	1%	60%	21%	-11%	-70%	82%

Others	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20E	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	0.3	0.3	0.3	0.3	0.3	0.3
Contribution to group EBITDA	-30%	-48%	-49%	-177%	-27%	-20%	-20%	-20%	-16%	-16%	-17%	-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**	**279**	**298**	**315**
Revenue growth	n.a.	n.a.	n.a.	-10.3%	34.9%	55.0%	-5.4%	2.8%	-3.6%	6.8%	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	17	-6	35	60	48	32	60	55	56
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	55	56
Amortisation and impairments	0	0	-7	-15	-18	-29	-16	-14	-9	-6	-5
EBIT	n.a.	n.a.	10	-22	17	31	32	18	51	49	51
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**	**51**	**49**	**51**
Reported taxes	0	0	-3	3	-5	-6	-8	-5	-11	-10	-10
Net profit from continued operations	0	0	8	-18	11	21	25	13	39	39	41
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	39	39	41
EPS, EUR	**n.a.**	**n.a.**	**0.11**	**-0.24**	**0.14**	**0.27**	**0.31**	**0.17**	**0.49**	**0.48**	**0.50**
DPS, EUR	0.00	0.00	0.04	0.00	0.06	0.06	0.09	0.09	0.11	0.13	0.15
of which ordinary	0.00	0.00	0.04	0.00	0.06	0.06	0.09	0.09	0.11	0.13	0.15
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%	21.6%	18.6%	17.9%
EBITA	n.a.	n.a.	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	21.6%	18.6%	17.9%
EBIT	n.a.	n.a.	6.3%	-15.2%	8.8%	10.6%	11.2%	6.3%	18.3%	16.5%	16.2%
Adjusted earnings											
EBITDA (adj)	0	0	17	-6	35	65	48	33	60	55	56
EBITA (adj)	0	0	17	-6	35	65	48	33	60	55	56
EBIT (adj)	0	0	10	-22	17	36	31	18	51	49	51
EPS (adj, EUR)	n.a.	n.a.	0.11	-0.24	0.14	0.33	0.31	0.17	0.49	0.48	0.50
Adjusted profit margins in percent											
EBITDA (adj)	n.a.	n.a.	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	21.6%	18.6%	17.9%
EBITA (adj)	n.a.	n.a.	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	21.6%	18.6%	17.9%
EBIT (adj)	n.a.	n.a.	6.3%	-15.2%	8.8%	12.1%	11.1%	6.4%	18.4%	16.5%	16.2%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.8%	14.4%	9.2%	1.2%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	13.7%	n.m.	9.4%	-1.2%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.7%	n.m.	23.8%	10.2%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	n.m.	27.6%	13.2%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	17.6%	n.m.	16.7%	20.1%
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%	12.5%	13.7%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	14.4%	14.1%	17.6%	17.7%	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	11.3	11.4	11.0
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	5.1	4.5
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	5.1	4.5
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	17.5	5.9	13.5	6.1	5.8	4.9

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	11.4	11.4	11.0
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	2.11	0.65	0.86	1.13	0.95	0.80
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.2	5.1	4.5
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.2	5.1	4.5
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	20.0	5.8	13.7	6.2	5.8	4.9
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	0.7%	2.4%	2.0%	2.0%	2.4%	2.7%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	7.2%	13.6%	1.8%	6.8%	9.1%	9.1%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	8.3%	13.6%	1.8%	6.8%	9.1%	9.1%
Payout ratio	n.a.	n.a.	37.1%	0.0%	42.0%	22.2%	29.1%	54.3%	22.7%	26.9%	29.8%

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	24	21	20
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	24	21	20
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	40	37	36
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	25	19	28	29	23	33	31	33	35
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	15	16	17
Cash and bank	0	0	54	34	29	91	124	125	147	179	210
Total current assets	0	0	95	66	73	133	158	172	193	228	262
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**	**233**	**266**	**298**
Shareholders equity	0	0	94	74	87	140	160	168	185	215	246
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	185	215	246
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	15	16	17
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	19	20	21
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	34	36	38
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**	**233**	**266**	**298**
Balance sheet and debt metrics											
Net debt	0	0	-54	-10	-10	-88	-120	-110	-133	-165	-195
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	13	13	14
Invested capital	0	0	41	68	78	53	40	58	52	51	51
Capital employed	0	0	94	99	106	143	163	182	199	230	260
ROE	n.m.	n.m.	17.3%	-21.5%	13.3%	18.3%	16.3%	8.1%	22.3%	19.6%	17.7%
ROIC	n.m.	n.m.	38.7%	-31.6%	18.5%	43.9%	53.6%	30.0%	74.3%	76.3%	80.7%
ROCE	n.m.	n.m.	24.4%	-21.5%	16.5%	28.9%	21.1%	11.1%	27.2%	22.8%	20.9%
Net debt/EBITDA	n.m.	n.m.	-3.1	n.m.	-0.3	-1.5	-2.5	-3.4	-2.2	-3.0	-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%	79.4%	81.1%	82.4%
Net gearing	n.m.	n.m.	-57.4%	-13.3%	-11.4%	-62.9%	-75.3%	-65.7%	-71.9%	-76.6%	-79.5%

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**	**55**	**56**
Paid taxes	0	0	-9	1	0	-1	-11	-10	-11	-10	-10
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	-15	0	0
Funds from operations (FFO)	**0**	**0**	**7**	**-5**	**35**	**60**	**39**	**24**	**34**	**46**	**46**
Change in NWC	0	0	10	6	-13	-1	3	-13	0	-1	-1
Cash flow from operations (CFO)	**0**	**0**	**17**	**1**	**23**	**60**	**43**	**11**	**34**	**45**	**45**
Capital expenditure	0	0	0	0	0	0	-1	-4	-4	-4	-5
Free cash flow before A&D	**0**	**0**	**17**	**1**	**23**	**60**	**41**	**7**	**30**	**41**	**41**
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	30	41	41
Free cash flow bef A&D, lease adj	0	0	17	1	23	60	41	7	30	41	41
Dividends paid	0	0	-3	0	-5	-5	-7	-7	-7	-9	-11
Equity issues / buybacks	0	0	0	0	0	36	1	0	0	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	23	32	30
Cash flow metrics											
Capex/D&A	n.m.	n.m.	0.0%	0.0%	0.0%	0.0%	7.9%	27.3%	41.6%	62.0%	86.4%
Capex/Sales	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.5%	1.3%	1.4%	1.3%	1.5%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	9	4	4	6	6	6
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	715	303	359	448	448	448
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	627	183	248	315	283	253
Diluted no. of shares, year-end (m)	0.0	0.0	74.9	74.9	74.9	79.2	79.4	81.3	81.3	81.3	81.3

Source: Company data and Nordea estimates

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