Rovio

Telecom Equipment and IT
Finland

Ruby Games improves growth and margin profile

Despite in line revenues, Rovio's Q2 report missed on adjusted EBIT due to high user acquisition spending relating to the disappointing launch of Darkfire Heroes. As major news, the company announced the acquisition of Turkish Ruby Games, a proven developer of popular hyper-casual games such as Hunter Assassin. While the report prompts only modest estimate revisions, we raise our estimates mainly thanks to the Ruby Games acquisition which should improve growth and margins. We increase our fair value range to EUR 6.9-9.0 (6.8-8.8) mainly due to estimate revisions, partially offset by our estimated EUR 90m price tag for the acquisition including all earn-outs.

Ruby Games increases exposure to popular hyper-casual games

Rovio announced the acquisition of Turkish Ruby Games, a developer with several US top-10 hyper-casual games such as Hunter Assassin. The acquisition will be done over a five-year period with earn-outs and we estimate the total acquisition price at EUR 90m. The first 20% tranche will be acquired for EUR 8.5m at closing at end-Q3; the second 50% tranche a year later for a maximum EUR 68m based on revenue and EBITDA generation (60% cash, 40% shares). The remainder will be acquired over a five-year period based on earn-outs. The business of Ruby Games has stabilised following a decline since 2020, with EUR 26m in revenues in H2 and there are plans for growth based on new titles. Valuation for the initial 20% tranche stands at 6.6x sales and 14.7x EBIT. The maximum EUR 68m for the second 50% tranche requires a substantial step-up from current run-rates (EUR 13m in annual revenue and EUR 6m in EBIT based on H1 performance).

Estimates upgraded for Ruby Games, well above consensus

We raise our top-line estimates by 3% for 2022 and by 5% for 2023 mostly due to the Ruby Games acquisition. Our adjusted EBIT estimates increase by 3% for 2021, 15% for 2022 and 19% for 2023. We find ourselves 2% ahead of Infront pre-Q2 consensus on net sales for 2021 and 10% ahead for 2022. On adjusted EBIT, our estimates are 6% above for 2021 and 39% above for 2022.

Valuation range increased to EUR 6.9-9.0

We derive a fair value range estimate of EUR 6.9-9.0 (6.8-8.8), based on an average of four separate valuation methods – EV/EBIT, P/E, EV/sales and DCF. We apply a 40% discount to the median multiples for peers due to Rovio's weaker growth profile.

SUMMARY TABLE - KEY FIGURES

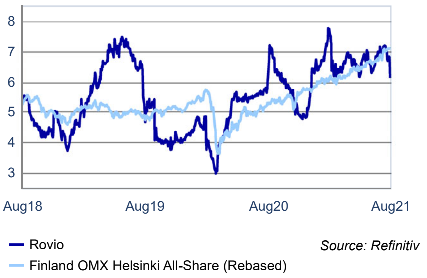
EURm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	297	281	289	272	280	318	332
EBITDA (adj)	65	48	33	65	46	57	60
EBIT (adj)	36	31	18	47	37	50	54
EBIT (adj) margin	12.1%	11.1%	6.4%	17.3%	13.2%	15.7%	16.1%
EPS (adj, EUR)	0.33	0.31	0.17	0.48	0.43	0.55	0.58
EPS (adj) growth	129.9%	-7.1%	-44.5%	180.7%	-8.6%	25.5%	6.9%
DPS (ord, EUR)	0.06	0.09	0.09	0.12	0.13	0.14	0.15
EV/Sales	2.1	0.7	0.9	1.2	1.1	1.0	0.8
EV/EBIT (adj)	17.5	5.9	13.5	7.1	8.3	6.2	5.2
P/E (adj)	27.5	12.5	26.1	13.3	14.2	11.3	10.6
P/BV	5.1	1.9	2.1	2.8	2.4	2.1	1.8
Dividend yield (ord)	0.7%	2.4%	2.0%	1.9%	2.1%	2.3%	2.4%
FCF Yield bef A&D, lease	8.3%	13.6%	1.8%	12.6%	8.0%	9.4%	9.8%
Net debt	-88	-120	-110	-129	-143	-142	-173
Net debt/EBITDA	-1.5	-2.5	-3.4	-2.2	-3.2	-2.5	-2.9
ROIC after tax	43.9%	53.6%	30.0%	79.7%	72.2%	65.6%	54.8%

Source: Company data and Nordea estimates

KEY DATA

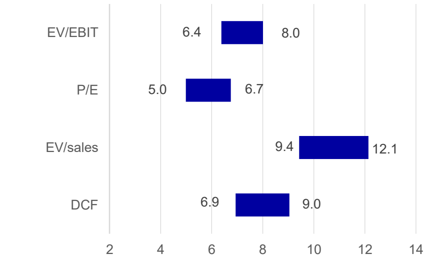
Stock country	Finland
Bloomberg	ROVIO FH
Reuters	ROVIO.HE
Share price (close)	EUR 6.16
Free Float	50%
Market cap. (bn)	EUR 0.45/EUR 0.45
Website	http://www.rovio.com/
Next report date	28 Oct 2021

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	0%	3%	5%
EBIT (adj)	3%	15%	19%

Source: Nordea estimates

Nordea Markets - Analysts
Sami Sarkamies
Director

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Analyst

Result highlights

Q2 2021 report highlights

- Sales were 1% above Infront pre-Q2 consensus estimates, decreasing by 1% y/y (+1% in Q1).
- Revenue from Games met with our estimate and was down by 1% y/y, heavily hit by FX, with sales growing 6% y/y in comparable currencies (+10% in Q1).
- Adjusted EBIT of EUR 6.2m was 16% below consensus of EUR 7.3m but decreased from EUR 13.8m a year ago due to higher UA investments and opex.
- Games' adjusted EBITDA of EUR 9.6m was 10% or EUR 1.0m below our estimate due to EUR 1.1m higher UA spend.
- EPS was EUR 0.07 compared to consensus at EUR 0.09.

Games' gross bookings fell by 2% y/y and grew by 4% q/q. As for game KPIs, the number of monthly active users (MAU) grew by 2% q/q and fell by 20% y/y. The number of monthly unique payers (MUP), however, was stable q/q and y/y. The average revenue per daily active user (ARPDAU) was EUR 0.17, a tad below our expectation and up from EUR 0.15 year ago.

ROVIO: Q2 2021 DEVIATION TABLE (EPS in EUR)

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	**Q2 21**	**Q2 21**	**vs. actual**		**Q2 21**	**vs. actual**		**Q1 21**	**q/q**	**Q2 20**	**y/y**
Sales	**68.8**	**68.6**	**0.2**	**0%**	**67.9**	**0.9**	**1%**	**67.1**	**3%**	**69.2**	**-1%**
EBITDA	**8.7**	**9.7**	**(1.0)**	**-10%**	**9.4**	**(0.7)**	**-7%**	**11.8**	**-26%**	**16.1**	**-46%**
Adj. EBITDA	**8.7**	**9.7**	**(1.0)**	**-10%**	**9.4**	**(0.7)**	**-7%**	**12.4**	**-30%**	**15.9**	**-45%**
Adj. EBITDA margin	12.6%	14.1%		-1.5pp	13.8%		0.0pp	18.5%	-5.8pp	23.0%	-10.3pp
EBIT	**6.2**	**8.2**	**(2.0)**	**-24%**	**7.3**	**(1.1)**	**-16%**	**9.6**	**-35%**	**14.1**	**-56%**
Adj. EBIT	**6.2**	**8.2**	**(2.0)**	**-24%**	**7.3**	**(1.1)**	**-16%**	**10.2**	**-39%**	**13.8**	**-55%**
Adj. EBIT margin	9.0%	11.9%		-2.9pp	10.8%		-1.8pp	15.2%	-6.2pp	19.9%	-10.9pp
EPS	**0.07**	**0.09**	**(0.02)**	**-20%**	**0.07**	**0.00**	4%	**0.10**	-31%	**0.15**	-52%
Games segment											
Revenue	66.4	66.3	0	0%				64.9	2%	66.9	-1%
Adjusted EBITDA	9.6	10.6	-1	-10%				13.8	-30%	18.1	-47%
Adj. EBITDA margin	14.5%	16.0%		-1.6pp				21.3%	-6.8pp	27.1%	-12.6pp
UAC	21.3	20.2	1	5%				17.3	23%	15.3	39%
UAC as % of revenue	32.1%	30.5%		1.6pp				26.7%	5.4pp	22.9%	9.2pp
Brand Licensing											
Revenue	2.4	2.3	0	4%				2.2	9%	2.3	4%
Adjusted EBITDA	1.4	1.3	0	9%				1.2	17%	1.0	40%
Adj. EBITDA margin	58.3%	55.6%		2.7pp				54.5%	3.8pp	43.5%	14.9pp
Game KPIs											
Gross bookings top 5, EUR	57.0	57.9	-1	-1%				55.0	4%	58.6	-3%
Gross bookings total, EUR	66.6	66.3	0	0%				64.2	4%	67.7	-2%
DAU top 5, million	3.1	2.9	0.2	7%				3.1	0%	3.7	-16%
DAU all, million	4.2	4.1	0.1	2%				4.2	0%	5.1	-18%
MAU top 5, million	17.1	15.5	2	10%				16.6	3%	20.1	-15%
MAU all, million	26.0	25.6	0	2%				25.6	2%	32.5	-20%
MUP top 5, thousand	397.0	368.0	29.0	8%				394.0	1%	390.0	2%
MUP all, thousand	455.0	453.9	1.1	0%				454.0	0%	453.0	0%
ARPDAU top 5, EUR	0.20	0.22	-0.02	-9%				0.20	0%	0.17	18%
ARPDAU all, EUR	0.17	0.18	-0.01	-4%				0.17	0%	0.15	13%
MARPPU top 5, EUR	41.7	52.4	-10.7	-20%				40.7	2%	44.9	-7%
MARPPU all, EUR	42.5	48.7	-6.2	-13%				41.1	3%	44.7	-5%

Source: Company data, Refinitiv and Nordea estimates

Small Town Murders partially offsetting Darkfire Heroes' weakness

The Games segment's Q2 revenue met our estimates, while adjusted EBITDA came in 10% or EUR 1.0m below. Looking at specific games, Small Town Murders beat our estimates, while Angry Birds Dream Blast and Friends missed. Darkfire Heroes disappointed with only EUR 1.1m in gross bookings during its first quarter since global launch on 15 April.

Q4 2020 GROSS BOOKINGS PER GAME VS NORDEA ESTIMATES

EURm	Actual Q2 21	NDA est. Q2 21	Deviation vs. actual		Actual Q1 21	q/q	Actual Q2 20	y/y
AB2	26.6	26.6	0.0	0%	25.2	6%	28.8	-8%
ABDB	15.0	16.0	-1.0	-6%	15.4	-3%	16.4	-9%
AB Friends	8.3	8.6	-0.3	-3%	8.1	2%	7.3	14%
AB Match	2.2	2.1	0.1	3%	2.4	-8%	3.6	-39%
Sugar Blast	2.5	2.5	0.0	1%	2.5	0%	2.6	-4%
Small Town Murders	4.7	4.2	0.5	11%	3.9	21%	1.0	370%
Other	7.3	5.9	1.4	24%	9.4	-22%	8.2	-11%

Source: Company data and Nordea estimates

Takeaways from earnings call

The surprisingly negative share price reaction is probably driven by: 1) the expensive-looking Ruby Games acquisition; 2) the disappointing launch of Darkfire Heroes; and 3) the result miss (despite the broadly in line top line) due to high UA spending.

1. On Ruby Games, we learned that business has stabilised following the decline since 2020 and there are plans for growth based on new titles. The maximum USD 80m price for the second 50% tranche requires a substantial step-up from the current run-rates (EUR 12.8m in annual revenue and EUR 5.8m in EBIT, based on H1 performance). Valuation for the initial 20% tranche stands at 6.6x sales and 14.7x EBIT. Valuation for the second tranche stands at a maximum 60% above this, based on current run-rates. Ruby Games will most likely be consolidated from Q4 onwards.
2. On Darkfire Heroes, the company has a retention problem and UA spending was scaled back during Q2. Current bookings for the new title run at EUR 4m per year (EUR 1.1m achieved in Q2). We see no quick fix to the retention problem.
3. On UA spending, it seems that the EUR 4m surge from Q1 was driven by especially Darkfire Heroes. As UA spending for that has been cut, we think the UA spending outlook for Q3 is similar to that of Q1. This, in turn, improves the margin outlook q/q.

Estimate revisions

Estimate revisions

We have made the following revisions to our estimates following the Q2 report. We have lowered Games segment revenues by 1-2% for 2021-23 due to the failed launch of Darkfire Heroes, partially offset by the solid performance of Small Town Murders. We have pushed the commercial launch of AB Journey to Q4. We have added the announced acquisition of Ruby Games to our estimates from Q4 onwards as part of Other segment in order to keep it separate from other Games activities. Altogether, our revenue estimates come up by 3% for 2022 and by 5% for 2023. As to adjusted EBIT, our estimates for the Games segment remain largely intact, while the acquisition of Ruby Games increases our group adjusted EBIT estimates by 3% for 2021, by 15% for 2022 and by 19% for 2023.

ESTIMATE REVISIONS (EPS and DPS in EUR)

	New estimates				Old estimates				Difference %			
EURm	**Q3 21E**	**2021E**	**2022E**	**2023E**	**Q3 21E**	**2021E**	**2022E**	**2023E**	**Q3 21E**	**2021E**	**2022E**	**2023E**
Sales												
Games	67	267	296	309	68	269	301	311	-1%	-1%	-2%	-1%
Brand Licensing	2	10	9	7	3	11	8	6	-11%	-5%	11%	34%
Other	0	3	14	15	0	0	0	0	n.m	n.m	n.m	n.m
Total	**70**	**280**	**318**	**332**	**70**	**279**	**309**	**317**	**-1%**	**0%**	**3%**	**5%**
Adj. EBIT												
Games	13	45	53	56	12	46	53	54	7%	-3%	0%	3%
Brand Licensing	0	2	2	2	0	2	2	2	43%	-11%	13%	9%
Other	-3	-10	-5	-4	-3	-12	-11	-11	10%	-13%	-58%	-64%
Total	**11**	**37**	**50**	**54**	**10**	**36**	**44**	**45**	**6%**	**3%**	**15%**	**19%**
Adj. EBIT ex Hatch	**11**	**40**	**52**	**56**	**11**	**39**	**46**	**47**	**6%**	**3%**	**14%**	**18%**
Adj. EBIT margin												
Games	19.8%	16.8%	17.8%	18.0%	18.5%	17.1%	17.4%	17.4%	1.3pp	-0.3pp	0.4pp	0.7pp
Brand Licensing	10.7%	19.1%	23.9%	23.2%	6.7%	20.5%	23.5%	28.6%	4.0pp	-1.4pp	0.4pp	-5.4pp
Other	n.m	-322%	-32%	-25%	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m
Total	**15.4%**	**13.2%**	**15.7%**	**16.1%**	**14.3%**	**12.9%**	**14.1%**	**14.2%**	**1.1pp**	**0.3pp**	**1.6pp**	**2.0pp**
Margin ex. Hatch	**16.1%**	**14.3%**	**16.4%**	**16.7%**	**15.0%**	**14.0%**	**14.7%**	**14.8%**	**1.1pp**	**0.3pp**	**1.6pp**	**1.9pp**
EPS	0.12	0.42	0.54	0.58	0.11	0.38	0.47	0.48	6%	11%	15%	19%
DPS	n.m	0.13	0.14	0.15	n.m	0.13	0.14	0.15	n.m	0%	0%	0%

Source: Nordea estimates

Our estimates versus consensus

We find ourselves 2% ahead of Infront pre-Q2 consensus on net sales for 2021E and 10% ahead for 2022E. On adjusted EBIT, our estimates are 6% above for 2021 and 39% above for 2022.

ROVIO ENTERTAINMENT: OUR ESTIMATES VERSUS CONSENSUS (EPS and DPS in EUR)

	Nordea estimates				Consensus estimates				Difference			
EURm	**Q2 21**	**2021E**	**2022E**	**2023E**	**Q2 21**	**2021E**	**2022E**	**2023E**	**Q2 21**	**2021E**	**2022E**	**2023E**
Sales	**68.8**	**280.1**	**318.3**	**331.9**	**67.9**	**274.7**	**290.3**	**294.7**	**1%**	**2%**	**10%**	**13%**
EBITDA	**8.7**	**44.9**	**56.8**	**60.1**	**9.4**	**42.9**	**44.9**	**44.7**	**-8%**	**5%**	**26%**	**34%**
EBITDA margin	12.6%	16.0%	17.9%	18.1%	13.8%	15.6%	15.5%	15.2%	-1.3pp	0.4pp	2.4pp	2.9pp
EBIT	**6.2**	**36.3**	**50.1**	**53.5**	**7.3**	**34.0**	**36.1**	**36.8**	**-16%**	**7%**	**39%**	**45%**
EBIT margin	9.0%	13.0%	15.7%	16.1%	10.8%	12.4%	12.4%	12.5%	-1.9pp	0.6pp	3.3pp	3.6pp
Adj. EBIT	**6.2**	**36.9**	**50.1**	**53.5**	**7.3**	**34.7**	**36.1**	**36.8**	**-16%**	**6%**	**39%**	**45%**
Adj. EBIT margin	9.0%	13.2%	15.7%	16.1%	10.8%	12.6%	12.4%	12.5%	-1.9pp	0.5pp	3.3pp	3.6pp
PTP	**6.3**	**37.3**	**50.1**	**53.5**	**7.1**	**34.1**	**35.7**	**36.3**	**-12%**	**9%**	**40%**	**48%**
EPS	**0.10**	**0.42**	**0.54**	**0.58**	**0.07**	**0.31**	**0.34**	**0.34**	**47%**	**35%**	**59%**	**68%**
DPS		**0.13**	**0.14**	**0.15**		**0.13**	**0.14**	**0.15**		**2%**	**3%**	**1%**

Source: Nordea estimates and Infront

Detailed estimates

REPORTED ANNUAL NUMBERS AND ESTIMATES (EURm, EUR AND %)

Company	2017	2018	2019	2020	2021E	2022E	2023E	2024E	CAGR 19-22E	CAGR 22E-24E
Revenue	297	281	289	272	280	318	332	340	3%	3%
Materials and services	82	80	77	75	77	92	97	100	6%	4%
Employee benefits expense	52	43	42	49	48	47	48	49	4%	2%
Other operating expenses	104	112	138	89	111	122	126	129	-4%	3%
EBITDA	60	48	32	60	45	57	60	62	21%	5%
Adj. EBITDA	65	48	33	60	46	57	60	62	20%	5%
EBIT	31	32	18	43	36	50	54	56	40%	6%
Adj. EBIT	36	31	18	47	37	50	54	56	40%	6%
Adj. EBIT (excl. Hatch)	36	39	29	50	40	52	56	56	22%	4%
PTP	27	32	18	41	37	50	54	56	41%	6%
Net Profit	21	25	13	32	31	40	43	45	45%	6%
EPS, diluted	0.27	0.31	0.16	0.42	0.42	0.54	0.58	0.60	50%	6%
DPS	0.06	0.09	0.09	0.12	0.13	0.14	0.15	0.16	16%	7%
Revenue growth (y/y)		-5%	3%	-6%	3%	14%	4%	3%		
Revenue growth (q/q)										
Payout ratio	22%	29%	56%	28%	31%	26%	26%	27%		
Adj. EBITDA margin	21.7%	16.9%	11.3%	22.1%	16.2%	17.9%	18.1%	18.4%		
Adj. EBIT margin	12.1%	11.1%	6.4%	17.3%	13.2%	15.7%	16.1%	16.4%		
Adj. EBIT margin (excl. Hatch)	12.1%	13.8%	10.0%	18.3%	14.3%	16.4%	16.7%	16.4%		
Net debt	-88	-120	-110	-129	-143	-142	-173	-204		
Net gearing	-63%	-75%	-66%	-78%	-76%	-65%	-69%	-72%		
ROE	18%	16%	8%	19%	18%	20%	18%	17%		

Source: Company data and Nordea estimates

REPORTED QUARTERLY NUMBERS AND ESTIMATES (EURm, EUR AND %)

Company	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Revenue	71	72	75	72	67	69	68	69	67	69	70	75
Materials and services	20	19	19	20	18	20	19	18	18	19	19	21
Employee benefits expense	9	13	10	10	11	12	11	14	12	12	11	13
Other operating expenses	31	31	37	40	22	22	22	24	25	30	27	28
EBITDA	11	10	10	3	16	16	16	12	12	9	13	12
Adj. EBITDA	11	10	10	3	16	16	16	12	12	9	13	12
EBIT	8	5	5	0	13	14	13	3	10	6	11	10
Adj. EBIT	8	5	5	0	13	14	13	8	10	6	11	10
Adj. EBIT (excl. Hatch)	9	8	9	3	16	16	14	9	11	7	11	10
PTP	8	5	6	-1	12	15	12	2	11	6	11	10
Net Profit	6	3	5	-1	9	11	9	3	8	7	9	8
EPS, diluted	0.07	0.04	0.06	-0.01	0.11	0.15	0.12	0.04	0.10	0.10	0.12	0.11
DPS												
Revenue growth (y/y)	8%	0%	5%	-2%	-6%	-4%	-9%	-4%	1%	-1%	2%	9%
Revenue growth (q/q)	-2%	1%	4%	-4%	-7%	4%	-2%	1%	-2%	3%	1%	7%
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%	17.8%	18.5%	12.6%	18.2%	15.8%
Adj. EBIT margin	10.7%	7.4%	7.2%	0.2%	19.5%	19.9%	18.9%	10.9%	15.2%	9.0%	15.4%	13.2%
Adj. EBIT margin (excl. Hatch)	13.3%	11.3%	11.4%	4.4%	23.4%	22.5%	20.9%	13.3%	16.2%	10.8%	16.1%	13.9%

Source: Company data and Nordea estimates

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

Games	2017	2018	2019	2020	2021E	2022E	2023E	2024E	CAGR 19-22E	CAGR 22E-24E
Games' revenue	248	250	265	258	267	296	309	317	4%	4%
UAC, EURm	70	79	100	59	75	85	89	91	-5%	3%
EBITDA	43	41	36	65	48	55	58	61	15%	5%
Adj. EBITDA	43	41	36	65	48	55	58	61	15%	5%
EBIT	38	38	31	57	45	53	56	58	19%	5%
Adj. EBIT	39	39	31	61	45	53	56	58	19%	5%
UAC as % of revenue	28.1%	31.4%	37.6%	22.8%	28.2%	28.8%	28.7%	28.6%		
Adj. EBITDA margin	17.4%	16.3%	13.4%	25.3%	18.1%	18.6%	18.9%	19.1%		
Adj. EBIT margin	15.5%	15.5%	11.8%	23.7%	16.8%	17.8%	18.0%	18.2%		
Contribution to group EBITDA	72%	85%	110%	109%	107%	97%	97%	97%		
Revenue growth (y/y)	56%	1%	6%	-2%	3%	11%	5%	3%		
Revenue growth (q/q)										
UAC growth (y/y)		13%	27%	-41%	28%	13%	4%	2%		
Adj. EBITDA growth		-6%	-13%	83%	-26%	14%	6%	4%		
Adj. EBIT growth		1%	-19%	96%	-27%	18%	6%	3%		

Brand Licensing	2017	2018	2019	2020	2021E	2022E	2023E	2024E	CAGR 19-22E	CAGR 22E-24E
Revenue	49	31	24	14	10	9	7	6	-29%	-14%
EBITDA	30	21	14	9	6	5	5	4	-27%	-15%
Adj. EBITDA	32	21	14	9	6	5	5	4	-27%	-15%
EBIT	6	7	4	1	2	2	2	2	-22%	-13%
Adj. EBIT	8	7	5	1	2	2	2	2	-24%	-13%
Adj. EBITDA margin	65.2%	67.5%	57.6%	63.3%	60.8%	63.5%	61.5%	61.5%		
Adj. EBIT margin	13.0%	23.1%	17.7%	4.3%	19.1%	23.9%	23.2%	24.3%		
Contribution to group EBITDA	50.2%	43.4%	42.6%	14.3%	14.1%	9.6%	7.6%	6.3%		
Revenue growth (y/y)		-37%	-21%	-43%	-25%	-17%	-14%	-13%		
Revenue growth (q/q)										
Adj. EBITDA growth		-35%	-33%	-37%	-28%	-14%	-17%	-13%		
Adj. EBIT growth		-14%	-35%	-83%	149%	3%	-17%	-9%		

Others	2017	2018	2019	2020	2021E	2022E	2023E	2024E
Revenue	0	0	0	0	3.2	14.08	15.488	17.0368
EBITDA	-13	-13	-17	-15	-10	-3	-3	-2
Adj. EBITDA	-11	-14	-17	-15	-10	-3	-3	-2
EBIT	-14	-14	-18	-15	-11	-5	-4	-3
Adj. EBIT	-11	-15	-18	-15	-10	-5	-4	-3
CAPEX	0.4	1	1.4	1.1	0.9	0.9	0.9	0.9
Contribution to group EBITDA	-18%	-29%	-52%	-24%	-21%	-6%	-5%	-3%

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 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Games' revenue	66	65	66	67	63	67	64	64	65	66	67	68
UAC, EURm	24	21	27	28	14	14	15	16	17	21	18	19
EBITDA	11	11	8	6	18	18	16	14	14	10	14	11
Adj. EBITDA	11	11	8	6	18	18	16	14	14	10	14	11
EBIT	10	9	7	5	17	17	15	8	13	8	13	11
Adj. EBIT	10	9	7	5	17	17	15	13	13	8	13	11
UAC as % of revenue	35.7%	32.6%	40.8%	41.2%	21.5%	20.9%	23.8%	24.8%	26.7%	32.1%	26.9%	27.2%
Adj. EBITDA margin	17.0%	16.1%	12.5%	8.4%	28.4%	27.1%	25.2%	21.3%	21.3%	14.4%	20.5%	16.8%
Adj. EBIT margin	15.5%	14.4%	10.8%	6.7%	26.5%	25.4%	24.0%	19.7%	19.7%	12.3%	19.8%	16.1%
Contribution to group EBITDA	107%	109%	86%	215%	113%	112%	102%	112%	117%	111%	109%	97%
Revenue growth (y/y)	17%	0%	5%	2%	-5%	2%	-3%	-3%	4%	-1%	5%	6%
Revenue growth (q/q)	2%	-1%	2%	0%	-6%	7%	-4%	0%	1%	2%	1%	1%
UAC growth (y/y)	62%	-7%	52%	18%	-43%	-34%	-44%	-42%	28%	52%	18%	16%
Adj. EBITDA growth	36%	-7%	-21%	-33%	218%	2%	-10%	-15%	1%	-31%	44%	-17%
Adj. EBIT growth	32%	-8%	-24%	-37%	269%	2%	-9%	-18%	1%	-36%	63%	-18%

Brand Licensing	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Revenue	5	6	8	5	4	2	4	4	2	2	2	3
EBITDA	3	4	6	2	2	1	3	3	1	1	1	2
Adj. EBITDA	3	4	6	2	3	1	3	3	1	1	1	2
EBIT	1	1	3	0	1	0	1	-1	0	0	0	1
Adj. EBIT	1	1	3	0	1	0	1	-1	0	0	0	1
Adj. EBITDA margin	54.3%	57.8%	71.4%	36.7%	66.7%	43.5%	67.6%	70.7%	54.5%	60.0%	59.9%	66.0%
Adj. EBIT margin	13.0%	9.4%	35.7%	6.1%	20.5%	8.7%	13.5%	-17.1%	9.1%	18.3%	10.7%	32.1%
Contribution to group EBITDA	23.6%	38.5%	62.5%	57.7%	15.2%	6.2%	15.7%	23.8%	10.2%	16.6%	11.4%	19.1%
Revenue growth (y/y)	-48%	-2%	6%	-35%	-15%	-64%	-56%	-16%	-44%	4%	-35%	-17%
Revenue growth (q/q)	-39%	39%	31%	-42%	-20%	-41%	61%	11%	-46%	9%	0%	42%
Adj. EBITDA growth	-50%	48%	62%	-70%	44%	-62%	150%	16%	-59%	20%	0%	56%
Adj. EBIT growth	-74%	0%	400%	-90%	167%	-75%	150%	-240%	-129%	120%	-41%	324%

Others	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Revenue	0	0	0	0	0	0	0	0	0	0	0	3.2
EBITDA	-3	-5	-5	-5	-4	-3	-3	-4	-3	-2	-3	-2
Adj. EBITDA	-3	-5	-5	-5	-4	-3	-3	-4	-3	-2	-3	-2
EBIT	-3	-5	-5	-5	-5	-3	-3	-5	-3	-2	-3	-2
Adj. EBIT	-3	-5	-5	-5	-4	-3	-3	-5	-3	-2	-3	-2
CAPEX	0.5	0.3	0.2	0.3	0.1	0.3	0.2	0.5	0.3	0.2	0.2	0.2
Contribution to group EBITDA	-30%	-48%	-49%	-177%	-27%	-20%	-18%	-36%	-23%	-27%	-20%	-16%

Source: Company data and Nordea estimates

ESTIMATED KPIs FOR ROVIO'S CURRENT TOP FIVE GAMES (MILLIONS AND %), ANNUAL

GAME KPIs	2017	2018	2019	2020	2021E	2022E	2023E	2024E
AB2								
Gross bookings	78.7	117.3	108.4	106.5	107.2	108.2	95.5	88.3
MAU	9.4	10.7	8.9	9.0	8.0	7.8	6.6	5.9
DAU/MAU	19%	19%	20%	18%	18%	18%	18%	18%
DAU	1.8	2.0	1.8	1.6	1.5	1.4	1.2	1.1
ARPDAU (EUR)	0.12	0.16	0.17	0.18	0.20	0.21	0.22	0.23
AB Friends								
Gross bookings	32.7	31.3	25.9	28.1	33.4	32.6	30.5	29.3
MAU	3.9	2.9	2.1	2.4	2.5	2.4	2.1	2.0
DAU/MAU	0%	0%	0%	0%	0%	0%	0%	0%
DAU	0.8	0.5	0.4	0.4	0.5	0.4	0.4	0.4
ARPDAU	0.12	0.16	0.17	0.18	0.20	0.21	0.22	0.23
AB Dream Blast								
Gross bookings	0.0	0.5	57.5	63.2	59.1	51.6	46.2	41.7
MAU	0.0	0.2	4.8	5.4	4.4	3.9	3.5	3.1
DAU/MAU	0%	19%	20%	18%	18%	18%	18%	18%
DAU	0.0	0.0	0.9	1.0	0.8	0.7	0.6	0.6
ARPDAU (EUR)	0.00	0.18	0.17	0.18	0.20	0.20	0.20	0.20
AB Match								
Gross bookings	10.1	26.2	24.4	13.4	8.3	5.4	3.6	2.3
MAU	2.1	2.4	2.0	1.1	0.6	0.4	0.3	0.2
DAU/MAU	20%	19%	20%	18%	18%	18%	18%	18%
DAU	0.4	0.5	0.4	0.2	0.1	0.1	0.0	0.0
ARPDAU (EUR)	0.13	0.16	0.17	0.18	0.20	0.20	0.20	0.20
Small Town Murders								
Gross bookings	0.0	0.0	0.0	7.8	18.8	20.6	17.0	11.8
MAU	0.0	0.0	0.0	1.0	1.4	1.5	1.2	0.8
DAU/MAU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DAU	0.0	0.0	0.0	0.2	0.3	0.3	0.2	0.1
ARPDAU (EUR)	0.00	0.00	0.00	0.19	0.20	0.21	0.22	0.23

Source: Company data and Nordea estimates

ESTIMATED KPIs FOR ROVIO'S CURRENT TOP FIVE GAMES (MILLIONS AND %), QUARTERLY

GAME KPIs	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
AB2												
Gross bookings	32.0	26.5	25.0	24.9	25.0	28.8	26.5	26.2	25.2	26.6	27.6	27.8
MAU	9.8	7.6	9.0	9.1	9.2	9.9	8.7	8.3	7.6	8.0	8.2	8.2
DAU/MAU	20%	21%	18%	20%	19%	18%	18%	18%	19%	18%	18%	18%
DAU	2.0	1.6	1.7	1.8	1.7	1.8	1.5	1.5	1.4	1.4	1.5	1.5
ARPDAU (EUR)	0.18	0.18	0.16	0.15	0.16	0.17	0.19	0.19	0.20	0.20	0.20	0.20
AB Friends												
Gross bookings	7.2	6.6	6.2	5.9	5.6	7.3	7.2	8.0	8.1	8.3	8.5	8.6
MAU	2.2	1.9	2.2	2.2	2.1	2.5	2.4	2.5	2.4	2.5	2.5	2.5
DAU/MAU	20%	21%	18%	20%	19%	18%	18%	18%	19%	18%	18%	18%
DAU	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.5	0.5	0.5	0.5	0.5
ARPDAU	0.18	0.18	0.16	0.15	0.16	0.17	0.19	0.19	0.20	0.20	0.20	0.20
AB Dream Blast												
Gross bookings	6.9	14.0	17.8	18.8	16.1	16.4	15.5	15.2	15.4	15.0	14.6	14.1
MAU	2.1	4.0	6.4	6.9	5.9	5.6	5.1	4.8	4.6	4.5	4.4	4.2
DAU/MAU	20%	21%	18%	20%	19%	18%	18%	18%	19%	18%	18%	18%
DAU	0.4	0.8	1.2	1.3	1.1	1.0	0.9	0.9	0.9	0.8	0.8	0.8
ARPDAU (EUR)	0.18	0.18	0.16	0.15	0.16	0.17	0.19	0.19	0.20	0.20	0.20	0.20
AB Match												
Gross bookings	6.8	6.6	5.7	5.3	4.4	3.6	2.9	2.5	2.4	2.2	2.0	1.8
MAU	2.1	1.9	2.1	1.9	1.6	1.2	1.0	0.8	0.7	0.7	0.6	0.5
DAU/MAU	20%	21%	18%	20%	19%	18%	18%	18%	19%	18%	18%	18%
DAU	0.4	0.4	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1
ARPDAU (EUR)	0.18	0.18	0.16	0.15	0.16	0.17	0.19	0.19	0.20	0.20	0.20	0.20
Small Town Murders												
Gross bookings						1.0	3.0	3.8	3.9	4.7	5.0	5.3
MAU						0.8	1.0	1.2	1.2	1.4	1.5	1.6
DAU/MAU						0.2	0.2	0.2	0.2	0.2	0.2	0.2
DAU						0.1	0.2	0.2	0.2	0.3	0.3	0.3
ARPDAU (EUR)						0.18	0.19	0.19	0.20	0.20	0.20	0.20

Source: Company data and Nordea estimates

Valuation

We derive a DCF-based fair value range of EUR 6.9-9.0 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 average P/E, EV/EBIT and EV/sales multiples of Western mobile gaming peers. We apply a 40% discount to the median multiples, as Rovio's growth profile is weaker and its game portfolio more concentrated than that of the peer group. The average of these valuation approaches yields a fair value range of EUR 6.9-9.0 per share (6.8-8.8 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 2021-24. We model user acquisition and marketing costs using the same approach for the corresponding period. When valuing the Brand Licensing business, we take 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	459	6.3
(Net debt)	129	1.8
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	36	0.5
DCF Value	**625**	**8.5**

Source: Company data and Nordea estimates

WACC COMPONENTS

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	2021-26	2027-31	2032-36	2037-41	2042-46	2047-51	Sust.
Sales growth, CAGR	6.34%	3.5%	3.0%	2.5%	2.5%	2.5%	
EBIT-margin, excluding associate:	16.1%	15.0%	14.0%	13.0%	12.0%	1.5%	
Capex/depreciation, x	0.8	1.10	1.10	1.10	1.10	1.10	
Capex/sales	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	
NWC/sales	-0.7%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	
FCFF, CAGR	17.6%	1.9%	1.7%	1.1%	0.8%	-37.7%	2.5%

Source: Company data and Nordea estimates

Relative valuation complements our DCF model

Our peer group for relative 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 many companies in the mobile gaming business have 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.

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	384	16.3	13.0	13.7	11.3	9.2	7.7	2.6	2.3
MAG Interactive	Sweden	100	203.9	52.4	163.4	37.7	18.5	13.6	3.4	2.7
Next Games	Finland	48				15.9	31.9	8.0	1.2	0.7
Zynga	U.S.	7387	23.4	17.6	13.3	11.5	12.9	11.1	3.0	2.7
Glu Mobile	U.S.	1819								
Stillfront Group	Sweden	1921	16.9	13.2	17.1	12.7	11.4	8.9	4.1	3.5
Rovio Entertainment (NDA)	**Finland**	**442**	**14.2**	**11.3**	**8.1**	**6.0**	**6.6**	**5.3**	**1.1**	**0.9**
Rovio Entertainment (TR)	Finland	479	17.6	14.3	11.5	10.8	9.1	9.0	1.4	1.4
Average		1943	65.1	24.1	51.9	17.8	16.8	9.8	2.9	2.4
Median		**1101**	**20.2**	**15.4**	**15.4**	**12.7**	**12.9**	**8.9**	**3.0**	**2.7**
Min		48	16.3	13.0	13.3	11.3	9.2	7.7	1.2	0.7
Max		7387	203.9	52.4	163.4	37.7	31.9	13.6	4.1	3.5
Discount/premium to median (NDA)			**-30%**	**-27%**	**-48%**	**-53%**	**-49%**	**-41%**	**-65%**	**-65%**
Discount/premium to median (TR)			-13%	-7%	-26%	-15%	-30%	2%	-53%	-50%

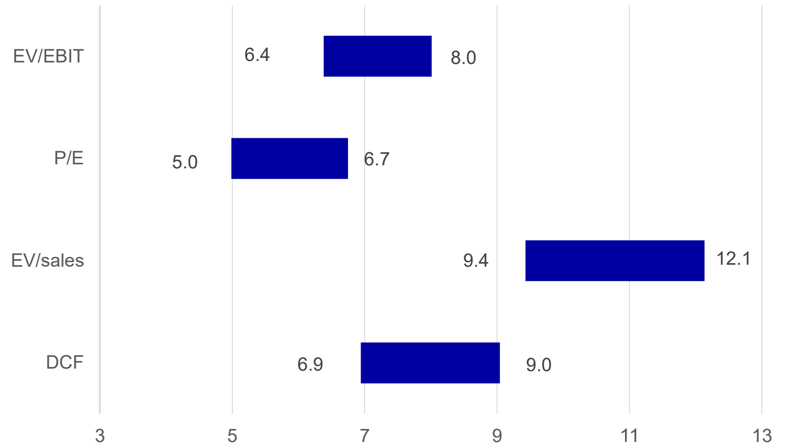
Source: Refinitiv and Nordea estimates

DCF and peer multiples imply an average valuation range of EUR 6.9-9.0

We derive a DCF-based fair value range of EUR 6.9-9.0 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 40% 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 6.9-9.0 per share. The share could be set for a rerating if top-line growth and game portfolio diversification are achieved through a successful game launch or M&A.

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.

Change in the access to IDFA
Apple announced changes to its iOS privacy settings in 2020. The new iOS versions ask permission for an app to track the user across other apps and websites. This question will determine whether the app has access to the device identifier for advertisers (IDFA). If the user denies permission, it could make targeted user acquisition more difficult for gaming companies. As the change in access to IDFA is coming into force in 2021, it is still uncertain how this will affect mobile gaming companies' user acquisition methodologies. Thus, this puts the efficiency of mobile gaming companies' user acquisition at risk.

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 consequences, especially for the licensing business.

Ability to release games according to expected schedule
Consensus estimates are fairly sensitive to changes in the game launch schedule. Thus, if Rovio cannot launch new games according to the expected schedule, this could trigger large estimate revisions.

Ability to attract and retain top talent
Given the global and highly competitive nature of the mobile gaming market, Rovio's success depends 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 IP 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.

Reported numbers and forecasts

INCOME STATEMENT

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	**n.a.**	**158**	**142**	**192**	**297**	**281**	**289**	**272**	**280**	**318**	**332**
Revenue growth	n.a.	n.a.	-10.3%	34.9%	55.0%	-5.4%	2.8%	-5.8%	2.9%	13.6%	4.3%
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	17	-6	35	60	48	32	60	45	57	60
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	17	-6	35	60	48	32	60	45	57	60
Amortisation and impairments	0	-7	-15	-18	-29	-16	-14	-18	-9	-7	-7
EBIT	n.a.	10	-22	17	31	32	18	43	36	50	54
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	1	1	-1	-5	1	0	-2	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**	**11**	**-21**	**16**	**27**	**32**	**18**	**41**	**37**	**50**	**54**
Reported taxes	0	-3	3	-5	-6	-8	-5	-9	-6	-10	-11
Net profit from continued operations	0	8	-18	11	21	25	13	32	31	40	43
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	8	-18	11	21	25	13	32	31	40	43
EPS, EUR	**n.a.**	**0.11**	**-0.24**	**0.14**	**0.27**	**0.31**	**0.17**	**0.42**	**0.43**	**0.55**	**0.58**
DPS, EUR	0.00	0.04	0.00	0.06	0.06	0.09	0.09	0.12	0.13	0.14	0.15
of which ordinary	0.00	0.04	0.00	0.06	0.06	0.09	0.09	0.12	0.13	0.14	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.	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	16.0%	17.9%	18.1%
EBITA	n.a.	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	16.0%	17.9%	18.1%
EBIT	n.a.	6.3%	-15.2%	8.8%	10.6%	11.2%	6.3%	15.6%	13.0%	15.7%	16.1%
Adjusted earnings											
EBITDA (adj)	0	17	-6	35	65	48	33	65	46	57	60
EBITA (adj)	0	17	-6	35	65	48	33	65	46	57	60
EBIT (adj)	0	10	-22	17	36	31	18	47	37	50	54
EPS (adj, EUR)	n.a.	0.11	-0.24	0.14	0.33	0.31	0.17	0.48	0.43	0.55	0.58
Adjusted profit margins in percent											
EBITDA (adj)	n.a.	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	16.2%	17.9%	18.1%
EBITA (adj)	n.a.	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	16.2%	17.9%	18.1%
EBIT (adj)	n.a.	6.3%	-15.2%	8.8%	12.1%	11.1%	6.4%	17.3%	13.2%	15.7%	16.1%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.8%	13.9%	7.9%	1.4%	3.4%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	13.7%	n.m.	4.9%	-1.1%	4.6%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.7%	n.m.	16.6%	9.8%	11.2%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	n.m.	24.5%	15.1%	13.6%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	17.6%	n.m.	16.7%	18.5%	10.8%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	6.4%	6.4%	10.5%	11.3%	12.4%	13.4%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	14.4%	14.1%	17.7%	17.3%	16.8%	17.0%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	27.5	12.5	26.1	13.3	14.2	11.3	10.6
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.8	5.4	4.6
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.8	5.4	4.6
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	17.5	5.9	13.5	7.1	8.3	6.2	5.2

VALUATION RATIOS - REPORTED EARNINGS

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.a.	n.a.	n.a.	33.5	12.4	26.6	15.2	14.4	11.3	10.6
EV/Sales	n.a.	n.a.	n.a.	n.a.	2.11	0.65	0.86	1.23	1.10	0.97	0.84
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	6.9	5.4	4.6
EV/EBITA	n.a.	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	6.9	5.4	4.6
EV/EBIT	n.a.	n.a.	n.a.	n.a.	20.0	5.8	13.7	7.9	8.5	6.2	5.2
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	0.7%	2.4%	2.0%	1.9%	2.1%	2.3%	2.4%
FCF yield	n.a.	n.a.	n.a.	n.a.	7.2%	13.6%	1.8%	12.7%	5.1%	1.8%	9.0%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	8.3%	13.6%	1.8%	12.6%	8.0%	9.4%	9.8%
Payout ratio	n.a.	37.1%	0.0%	42.0%	22.2%	29.1%	54.3%	28.9%	30.5%	25.6%	25.7%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	0	39	69	74	53	39	29	19	22	54	57
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	39	69	74	53	39	29	19	14	12	10
of which goodwill	0	0	0	0	0	0	0	0	9	43	46
Tangible assets	0	2	1	1	1	1	9	10	10	10	10
of which leased assets	0	0	0	0	0	0	8	8	8	8	8
Shares associates	0	0	0	0	0	0	1	2	7	7	7
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	6	1	3	5	6	8	8	8	8
Other non-IB non-current assets	0	1	2	1	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	42	77	77	57	45	45	39	47	79	81
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	25	19	28	29	23	33	21	22	25	26
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	17	13	16	13	11	15	10	10	11	12
Cash and bank	0	54	34	29	91	124	125	139	153	152	182
Total current assets	0	95	66	73	133	158	172	170	185	188	220
Assets held for sale	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**0**	**138**	**143**	**150**	**190**	**203**	**217**	**208**	**232**	**267**	**301**
Shareholders equity	0	94	74	87	140	160	168	165	188	218	251
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	94	74	87	140	160	168	165	188	218	251
Deferred tax	0	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	0	0	16	3	3	3	2	1	1	1	1
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	6	6	9	9	9
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	17	3	3	4	8	7	10	10	10
Short-term provisions	0	1	3	1	1	1	0	1	1	1	1
Accounts payable	0	6	8	8	9	11	15	7	8	9	9
Current lease debt	0	0	0	0	0	0	2	3	0	0	0
Other current liabilities	0	37	33	35	37	29	20	25	26	30	31
Short term interest bearing debt	0	0	8	17	0	0	4	0	0	0	0
Total current liabilities	0	44	53	60	47	40	42	36	34	39	41
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**0**	**138**	**143**	**150**	**190**	**203**	**217**	**208**	**232**	**267**	**301**
Balance sheet and debt metrics											
Net debt	0	-54	-10	-10	-88	-120	-110	-129	-143	-142	-173
of which lease debt	0	0	0	0	0	0	8	9	9	9	9
Working capital	0	-1	-10	1	-4	-5	13	-2	-2	-2	-2
Invested capital	0	41	68	78	53	40	58	37	45	77	79
Capital employed	0	94	99	106	143	163	182	175	197	228	260
ROE	n.m.	17.3%	-21.5%	13.3%	18.3%	16.3%	8.1%	19.3%	17.7%	19.7%	18.2%
ROIC	n.m.	38.7%	-31.6%	18.5%	43.9%	53.6%	30.0%	79.7%	72.2%	65.6%	54.8%
ROCE	n.m.	24.4%	-21.5%	16.5%	28.9%	21.1%	11.1%	26.1%	20.4%	23.6%	21.9%
Net debt/EBITDA	n.m.	-3.1	n.m.	-0.3	-1.5	-2.5	-3.4	-2.2	-3.2	-2.5	-2.9
Interest coverage	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	68.0%	51.8%	58.0%	73.8%	78.5%	77.3%	79.4%	81.0%	81.8%	83.3%
Net gearing	n.m.	-57.4%	-13.3%	-11.4%	-62.9%	-75.3%	-65.7%	-78.2%	-76.3%	-65.1%	-68.8%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
EURm	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
EBITDA (adj) for associates	**0**	**17**	**-6**	**35**	**60**	**48**	**32**	**60**	**45**	**57**	**60**
Paid taxes	0	-9	1	0	-1	-11	-10	-6	-6	-10	-11
Net financials	0	0	-1	-2	-1	0	-1	-1	1	0	0
Change in provisions	0	1	2	-2	0	0	0	1	0	0	0
Change in other LT non-IB	0	-2	-6	5	-1	-2	-1	-2	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	5	-1	4	4	3	10	0	0	0
Funds from operations (FFO)	**0**	**7**	**-5**	**35**	**60**	**39**	**24**	**62**	**40**	**47**	**49**
Change in NWC	0	10	6	-13	-1	3	-13	1	0	0	0
Cash flow from operations (CFO)	**0**	**17**	**1**	**23**	**60**	**43**	**11**	**64**	**40**	**47**	**49**
Capital expenditure	0	0	0	0	0	-1	-4	-5	-4	-5	-5
Free cash flow before A&D	**0**	**17**	**1**	**23**	**60**	**41**	**7**	**59**	**36**	**43**	**44**
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	-38	-44	-23	-9	0	0	0	-14	-34	-4
Free cash flow	0	-21	-42	0	51	41	7	59	23	8	41
Free cash flow bef A&D, lease adj	0	17	1	23	60	41	7	59	36	43	44
Dividends paid	0	-3	0	-5	-5	-7	-7	-7	-9	-10	-10
Equity issues / buybacks	0	0	0	0	36	1	0	-31	0	0	0
Net change in debt	0	0	25	-6	-17	0	3	-4	0	0	0
Other financing adjustments	0	0	0	0	-1	-3	0	0	0	0	0
Other non-cash adjustments	0	78	-2	5	-3	1	-1	-3	0	0	0
Change in cash	0	54	-19	-6	62	33	1	14	14	-1	30
Cash flow metrics											
Capex/D&A	n.m.	0.0%	0.0%	0.0%	0.0%	7.9%	27.3%	29.1%	42.0%	68.4%	78.0%
Capex/Sales	n.a.	0.0%	0.0%	0.0%	0.0%	0.5%	1.3%	1.9%	1.3%	1.4%	1.5%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	9	4	4	6	6	6	6
Market cap.	n.a.	n.a.	n.a.	n.a.	715	303	359	463	452	452	452
Enterprise value	n.a.	n.a.	n.a.	n.a.	627	183	248	334	308	310	279
Diluted no. of shares, year-end (m)	0.0	74.9	74.9	74.9	79.2	79.4	81.3	73.4	73.4	73.4	73.4

Source: Company data and Nordea estimates

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