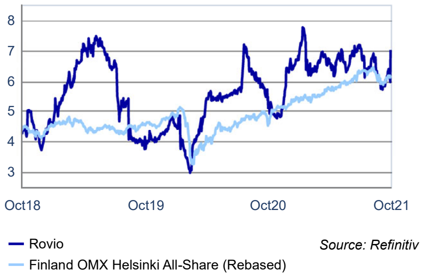
Rovio

Telecom Equipment and IT
Finland

KEY DATA

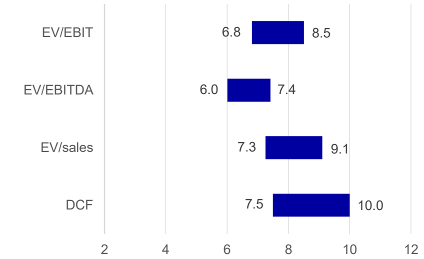
Stock country	Finland
Bloomberg	ROVIO FH
Reuters	ROVIO.HE
Share price (close)	EUR 7.05
Free Float	50%
Market cap. (bn)	EUR 0.52/EUR 0.52
Website	http://www.rovio.com/
Next report date	11 Feb 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	0%	-4%	-1%
EBIT (adj)	12%	2%	5%

Source: Nordea estimates

Nordea Markets - Analysts
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Director

Solid Q3 performance and a compelling outlook

Rovio delivered a strong set of Q3 numbers, with profitability and Games organic growth surprising on the upside. Angry Birds games continue to deliver solid cash flow for Rovio, and even though the company's attempts to drive growth with other IPs have yielded limited success (e.g. Darkfire Heroes), we view Rovio's current outlook as compelling given the recent Ruby Games acquisition, solid soft launch pipeline, potential from the Moomin partnership and further capacity to drive M&A. The share also remains attractively valued, at a 50-60% discount to Western mobile gaming peers. We update our fair value range to EUR 6.9-8.8 (6.9-8.7).

Q3 performance above expectations

Rovio's Q3 revenue and adjusted EBIT beat Infront consensus estimates by 2% and 40%, respectively. Games revenue grew above our expectations by 5% y/y organically (+6% in Q2) and UA costs were in line with our estimate of EUR 18m, at 26% of Games revenue (32% in Q2 2021 and 24% in Q3 2020). The robust Q3 adjusted EBIT margin of 20% was driven mainly by solid top-line growth and a favourable mix, with a higher share of Games revenues from advertising and the Angry Birds Reloaded game for Apple Arcade. Angry Birds games continued to deliver according to our expectations, whereas Darkfire Heroes disappointed and was moved into maintenance mode by Rovio after an unsatisfactory performance since the April 2021 launch. The soft launch pipeline looks promising, with Angry Birds Journey already delivering EUR 2m of run-rate quarterly bookings, hit game potential for Hunter Assassin 2 by Ruby Games and the first Moomin game to be soft launched in Q4.

Estimates raised on an adjusted EBIT level

Our increased estimates for Angry Birds Journey are offset by estimate cuts for Darkfire Heroes, lowering 2022 sales by 4%. Our adjusted EBIT estimates increase by 12% for 2021 following the Q3 margin surprise and by 2-4% for 2022-23 as we tweak our UA and opex estimates.

Fair value range of EUR 6.9-8.8

We derive a fair value range estimate of EUR 6.9-8.8 (6.9-8.7), based on an average of four separate valuation methods – EV/EBIT, EV/EBITDA, 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	282	307	331
EBITDA (adj)	65	48	33	65	51	60	63
EBIT (adj)	36	31	18	47	41	51	55
EBIT (adj) margin	12.1%	11.1%	6.4%	17.3%	14.4%	16.5%	16.7%
EPS (adj, EUR)	0.33	0.31	0.17	0.48	0.48	0.55	0.60
EPS (adj) growth	129.9%	-7.1%	-44.5%	180.7%	0.8%	15.1%	9.0%
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	1.3	1.2	1.0
EV/EBIT (adj)	17.5	5.9	13.5	7.1	9.1	7.3	6.1
P/E (adj)	27.5	12.5	26.1	13.3	14.7	12.8	11.7
P/BV	5.1	1.9	2.1	2.8	2.7	2.3	2.0
Dividend yield (ord)	0.7%	2.4%	2.0%	1.9%	1.8%	2.0%	2.1%
FCF Yield bef A&D, lease	8.3%	13.6%	1.8%	12.6%	7.9%	8.8%	9.1%
Net debt	-88	-120	-110	-129	-148	-150	-183
Net debt/EBITDA	-1.5	-2.5	-3.4	-2.2	-3.0	-2.5	-2.9
ROIC after tax	43.9%	53.6%	30.0%	79.7%	81.0%	69.7%	60.3%

Source: Company data and Nordea estimates

Result highlights

Q3 2021 report highlights

- Q3 revenue was 2% above Infront consensus estimates, growing by 5% y/y (-1% in Q2).
- Revenue from Games was 1% above our estimate, increasing by 7% y/y. Organically, Games revenue grew by 5% y/y (+6% in Q2).
- Revenue from Brand Licencing was 17% above our estimate and down 24% y/y.
- Adjusted EBIT of EUR 14.3m was up 12% y/y and 40% above consensus of EUR 10.2m. The adjusted EBIT margin stood at 20.0% compared to consensus of 14.6%. The high margin was driven by larger share of advertising revenues and Angry Birds Reloaded (Apple Arcade) revenues.
- EPS was EUR 0.16 compared to consensus at EUR 0.10.

ROVIO: Q3 2021 DEVIATION TABLE (EPS in EUR)

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	**Q3 21**	**Q3 21E**	**vs. actual**		**Q3 21E**	**vs. actual**		**Q2 21**	**q/q**	**Q3 20**	**y/y**
Sales	**71.4**	**70.2**	**1.2**	**2%**	**69.8**	**1.6**	**2%**	**68.8**	**4%**	**67.9**	**5%**
EBITDA	**16.9**	**13.1**	**3.8**	**29%**	**12.7**	**4.2**	**33%**	**8.7**	**95%**	**15.9**	**6%**
Adj. EBITDA	**17.2**	**13.1**	**4.1**	**31%**	**12.7**	**4.5**	**36%**	**8.7**	**99%**	**15.9**	**8%**
Adj. EBITDA margin	24.1%	18.7%		5.4pp	18.1%		0.1pp	12.6%	11.5pp	23.4%	0.7pp
EBIT	**14.0**	**10.2**	**3.8**	**38%**	**10.2**	**3.8**	**37%**	**6.2**	**127%**	**12.8**	**9%**
Adj. EBIT	**14.3**	**10.2**	**4.1**	**41%**	**10.2**	**4.1**	**40%**	**6.2**	**132%**	**12.8**	**12%**
Adj. EBIT margin	20.0%	14.5%		5.5pp	14.6%		5.4pp	9.0%	11.1pp	18.9%	1.2pp
EPS	**0.16**	**0.11**	**0.05**	**46%**	**0.10**	**0.06**	64%	**0.10**	61%	**0.12**	29%
Games segment											
Revenue	68.6	67.8	1	1%				66.4	3%	64.2	7%
Adjusted EBITDA	17.5	14.3	3	23%				9.6	83%	16.2	8%
Adj. EBITDA margin	25.5%	21.0%		4.5pp				14.4%	11.1pp	25.2%	0.3pp
UAC	18.1	18.1	0	0%				21.3	-15%	15.3	18%
UAC as % of revenue	26.4%	26.6%		-0.3pp				32.1%	-5.7pp	23.8%	2.6pp
Brand Licensing											
Revenue	2.8	2.4	0	17%				2.4	17%	3.7	-24%
Adjusted EBITDA	1.9	1.4	0	32%				1.4	32%	2.5	-24%
Adj. EBITDA margin	67.9%	59.9%		8.0pp				60.0%	7.9pp	67.6%	0.3pp
Game KPIs											
Gross bookings top 5, EURm	56.4	56.1	0	1%				57.0	-1%	55.1	2%
Gross bookings total, EURm	66.7	67.8	-1	-2%				66.6	0%	64.5	3%
DAU top 5, million	3.2	2.8	0.4	13%				3.1	3%	3.2	0%
DAU all, million	4.9	5.6	-0.7	-13%				4.2	17%	4.5	9%
MAU top 5, million	17.9	15.6	2.3	15%				17.1	5%	18.1	-1%
MAU all, million	32.0	39.8	-7.8	-20%				26.0	23%	29.4	9%
DAU/MAU top 5, %	17.9%	18.1%		-0.2pp				18.1%	-0.3pp	17.7%	0.2pp
DAU/MAU all 5, %	15.3%	14.1%		1.2pp				16.2%	-0.8pp	15.3%	0.0pp
MUP top 5, thousand	402.0	362.7	39.3	11%				397.0	1%	380.0	6%
MUP all, thousand	471.0	695.8	-224.8	-32%				455.0	4%	445.0	6%
ARPDAU top 5, EUR	0.19	0.22	-0.03	-12%				0.20	-5%	0.19	0%
ARPDAU all, EUR	0.15	0.13	0.02	14%				0.17	-12%	0.16	-6%
MARPPU top 5, EUR	40.6	51.5	-10.9	-21%				41.7	-3%	42.6	-5%
MARPPU all, EUR	40.2	32.5	7.7	24%				42.5	-5%	42.5	-5%

Source: Company data, Refinitiv and Nordea estimates

Games performance

- Games' gross bookings grew by 3% y/y and 0% q/q.
- User acquisition (UA) investments were bang in line with our estimate of EUR 18.1m, i.e. 26% of Games revenue compared to 32% in Q2 2021 and 24% in Q3 2020.
- AB2, ABDB and AB Friends performed broadly in line with our expectations, whereas AB Match exceeded our bookings estimate by 7%. Small Town Murders fell 10% short of our estimate.

- Darkfire Heroes bookings of EUR 0.6m fell short of our estimate of EUR 1.0m. Given the limited size of the game, Rovio has decided to move it into maintenance mode and assigned the game team to more promising and wide-appeal projects.
- Ruby Games was consolidated since the beginning of September and brought EUR 1.0m of bookings compared to our estimate of EUR 1.2m.
- The first Moomin game is expected to be soft launched later this year.
- The number of daily active users (DAU) grew by 17% q/q and 9% y/y. Number of monthly active users (MAU) grew by 23% q/q and 9% y/y. DAU/MAU was 15% compared to 16% in Q2 2021 and 15% in Q3 2020.
- The number of monthly unique payers (MUP), was up 6% y/y and 4% q/q.
- Average revenue per daily active user (ARPDAU) was EUR 0.15, down from EUR 0.16 a year ago.

Q3 2021 GROSS BOOKINGS PER GAME VS NORDEA ESTIMATES

EURm	Actual Q3 21	NDA est. Q3 21	Deviation vs. actual		Actual Q2 21	q/q	Actual Q3 20	y/y
AB2	26.6	27.2	-0.6	-2%	26.6	0%	26.5	0%
ABDB	15.0	14.9	0.1	1%	15.0	0%	15.5	-3%
AB Friends	8.5	8.5	0.0	0%	8.3	2%	7.2	18%
AB Match	2.1	2.0	0.1	7%	2.2	-5%	2.9	-28%
Small Town Murders	4.1	4.6	-0.5	-10%	4.7	-13%	3.0	37%
Hypercasual	1.0	1.2	-0.2	-14%	n.a.	n.a.	n.a.	n.a.
Other	9.2	8.6	0.6	6%	9.8	-6%	9.4	-2%

Source: Company data and Nordea estimates

Takeaways from earnings call

1. The focus in the future will be even more heavily on casual and wide-appeal games rather than mid-core (RPG, strategy), where recent initiatives such as Darkfire Heroes have been unsuccessful.
2. In terms of the soft launch pipeline, AB Journey (in soft launch since January 2021) is impressively already generating EUR 2m of bookings on a quarterly basis. We have been expecting the game to launch globally in Q4.
3. Hunter Assassin 2 by Ruby Games is in soft launch and expected to be launched late-2021 or early-2022.
4. The first Moomin game is expected to soft launch in Q4.
5. UA investments in Q4 should be in line or slightly below the EUR 18.1m (26% of Games revenues) seen in Q3, which is fairly in line with our estimates. The Q4 UA outlook is subject to some uncertainty, given that costs per install (CPIs) tend to elevate seasonally in Q4.
6. PPAs from the Ruby Games acquisition were guided at EUR 3m on an annual level.

Estimate revisions

Estimate revisions

We make the following adjustments to our estimates.

ESTIMATE REVISIONS (EPS AND DPS IN EUR)

	New estimates				Old estimates				Difference %			
EURm	**Q4 21E**	**2021E**	**2022E**	**2023E**	**Q4 21E**	**2021E**	**2022E**	**2023E**	**Q4 21E**	**2021E**	**2022E**	**2023E**
Revenue												
Games	70.9	270.8	297.7	322.5	71.1	270.3	311.4	327.1	0%	0%	-4%	-1%
Brand Licensing	3.7	11.1	9.6	8.1	3.4	10.4	8.6	7.4	7%	6%	11%	10%
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	n.m	n.m
Total	**74.5**	**281.8**	**307.3**	**330.6**	**74.5**	**280.7**	**320.0**	**334.5**	**0%**	**0%**	**-4%**	**-1%**
Adj. EBIT												
Games	12.1	48.8	58.5	63.5	12.4	45.6	58.3	62.1	-2%	7%	0%	2%
Brand Licensing	1.2	2.4	2.5	2.0	1.1	2.0	2.1	1.7	14%	20%	19%	19%
Other	-3.5	-11.4	-10.3	-10.3	-3.6	-11.7	-11.0	-10.9	5%	3%	6%	6%
Total	**9.9**	**40.6**	**50.6**	**55.2**	**9.8**	**36.3**	**49.4**	**52.8**	**0%**	**12%**	**2%**	**5%**
Adj. EBIT ex Hatch	**10.4**	**44.2**	**52.6**	**57.2**	**10.3**	**39.9**	**51.4**	**54.8**	**0%**	**11%**	**2%**	**4%**
Adj. EBIT margin												
Games	17.0%	18.0%	19.7%	19.7%	17.4%	16.9%	18.7%	19.0%	-0.4pp	1.2pp	0.9pp	0.7pp
Brand Licensing	34.0%	21.5%	25.7%	25.2%	32.1%	19.1%	23.9%	23.2%	1.9pp	2.4pp	1.8pp	2.0pp
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	**13.2%**	**14.4%**	**16.5%**	**16.7%**	**13.2%**	**12.9%**	**15.5%**	**15.8%**	**0.0pp**	**1.5pp**	**1.0pp**	**0.9pp**
Margin ex. Hatch	**13.9%**	**15.7%**	**17.1%**	**17.3%**	**13.8%**	**14.2%**	**16.1%**	**16.4%**	**0.0pp**	**1.4pp**	**1.1pp**	**0.9pp**
EPS	0.11	0.46	0.55	0.60	0.11	0.42	0.53	0.57	0%	11%	2%	5%
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

Our estimates are 1-6% ahead of Infront consensus for revenue and 15-21% ahead on adjusted EBIT for 2021-23.

ROVIO: OUR ESTIMATES VERSUS CONSENSUS (EPS AND DPS IN EUR)

	Nordea estimates			Consensus estimates			Difference		
EURm	**2021E**	**2022E**	**2023E**	**2021E**	**2022E**	**2023E**	**2021E**	**2022E**	**2023E**
Sales	**281.8**	**307.3**	**330.6**	**278.4**	**303.0**	**313.1**	**1%**	**1%**	**6%**
- growth y/y	3.5%	9.0%	7.6%	2.3%	8.8%	3.3%	1.3pp	0.2pp	4.2pp
EBITDA	**50.1**	**60.3**	**63.3**	**44.4**	**51.3**	**54.2**	**13%**	**17%**	**17%**
- margin	17.8%	19.6%	19.2%	15.9%	16.9%	17.3%	1.8pp	2.7pp	1.9pp
Adj. EBIT	**40.6**	**50.6**	**55.2**	**35.4**	**42.2**	**45.5**	**15%**	**20%**	**21%**
- margin	14.4%	16.5%	16.7%	12.7%	13.9%	14.5%	1.7pp	2.6pp	2.2pp
EBIT	**39.7**	**50.6**	**55.2**	**34.8**	**42.2**	**45.5**	**14%**	**20%**	**21%**
- margin	14.1%	16.5%	16.7%	12.5%	13.9%	14.5%	1.6pp	2.6pp	2.2pp
PTP	41.3	50.6	55.2	35.1	41.9	46.1	18%	21%	20%
Net profit	34.3	40.5	44.2	27.7	32.7	35.1	24%	24%	26%
EPS	**0.46**	**0.55**	**0.60**	**0.34**	**0.40**	**0.43**	**36%**	**37%**	**39%**
DPS	**0.13**	**0.14**	**0.15**	**0.12**	**0.13**	**0.13**	**6%**	**12%**	**18%**

Source: Refinitiv and Nordea estimates

Valuation

We derive a DCF-based fair value range of EUR 7.5-10.0 per share by applying a WACC range of 8.1-12.1%. We include a relative valuation by applying a 15% range to the average EV/EBITDA, EV/EBIT and EV/sales 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 6.9-8.8 (6.9-8.7) per share.

DCF valuation range of EUR 7.5-10.0

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	451	6.1
(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	48	0.7
DCF Value	**628**	**8.6**

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	5.99%	3.0%	3.0%	2.5%	2.5%	2.5%	
EBIT-margin, ex. associates	17.1%	15.0%	12.0%	12.0%	12.0%	1.0%	
Capex/depreciation, x	0.7	1.10	1.10	1.10	1.10	1.10	
Capex/sales	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	
NWC/sales	-0.7%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	
FCFF, CAGR	14.3%	0.0%	-1.7%	2.6%	2.5%	-44.9%	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 PEERS: VALUATION MULTIPLES

	EV/Sales			EV/EBITDA			EV/EBIT			P/E			FCF yield		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Western mobile gaming peers															
G5 Entertainment Ab (Publ)	2.7	2.4	2.2	9.9	7.7	6.7	15.5	11.5	9.7	17.5	12.9	10.9	4.8%	6.4%	7.4%
Mag Interactive Ab (Publ)	2.3	1.9		11.9	9.6		55.8	25.6		73.0	33.1	26.6			
Next Games Oyj	1.4	0.7	0.6	47.3	9.5	5.9		15.8	14.2			54.3	2.9%	5.4%	6.1%
Playtika Holding Corp	4.9	4.5	4.2	12.7	11.9	11.2	21.0	17.7	15.6	35.0	23.8	20.4	4.5%	5.7%	6.6%
Stillfront Group Ab (Publ)	3.4	2.9	2.8	9.1	7.4	6.7	13.5	10.3	9.5	14.2	10.6	9.7	5.3%	7.7%	9.1%
Zynga Inc	2.8	2.5	2.4	12.0	10.3	9.3	13.0	11.3	10.1	21.0	16.2	15.1	3.2%	7.2%	8.3%
Peer average	2.9	2.5	2.4	17.1	9.4	8.0	23.8	15.3	11.8	32.1	19.3	22.8	4.1%	6.5%	7.5%
Peer median	**2.8**	**2.5**	**2.4**	**11.9**	**9.5**	**6.7**	**15.5**	**13.6**	**10.1**	**21.0**	**16.2**	**17.8**	**4.5%**	**6.4%**	**7.4%**
Rovio Entertainment Oyj (NDA)	**1.3**	**1.1**	**0.9**	**7.1**	**5.8**	**4.8**	**8.9**	**6.9**	**5.5**	**12.5**	**10.9**	**10.0**	**9.3%**	**10.3%**	**10.7%**
difference	**-54%**	**-54%**	**-61%**	**-41%**	**-39%**	**-29%**	**-43%**	**-50%**	**-45%**	**-40%**	**-33%**	**-44%**	**1.1pp**	**0.6pp**	**0.4pp**
Rovio Entertainment Oyj (consensus)	1.5	1.4	1.3	9.5	8.7	8.3	12.6	10.7	9.8	17.3	13.7	13.0	5.1%	6.1%	7.0%
difference	-47%	-43%	-43%	-21%	-9%	22%	-19%	-21%	-2%	-18%	-16%	-27%	0.2pp	0.0pp	-0.1pp

Source: Refinitiv and Nordea estimates

WESTERN MOBILE GAMING PEERS: KEY FINANCIALS AND KPIs*

	Country	Price Local	Mcap EURm	EV EURm	Sales CAGR 18-20	Sales CAGR 20-23E	EBITDA margin 2021E	EBITDA margin 2022E	EBITDA margin 2023E	DAU (mln)	MAU (mln)	DAU/ MAU	ARPDAU USD
Western mobile gaming peers													
G5 Entertainment Ab (Publ)	Sweden	434	388	371	-2.8%	9.5%	27.6%	30.9%	32.1%	1.7	6.7	25%	0.20
Mag Interactive Ab (Publ)	Sweden	28	75	70	9.8%		19.0%	19.9%		1.9	6.2	31%	0.05
Next Games Oyj	Finland	2	49	47	-12.2%	41.1%	3.0%	7.7%	10.5%	0.2	0.6	31%	0.38
Playtika Holding Corp	Israel	29	10,093	11,114	22.2%	11.3%	38.3%	37.4%	37.1%	10.4	36.1	29%	0.70
Stillfront Group Ab (Publ)	Sweden	39	1,502	1,858	75.8%	20.0%	37.0%	39.4%	40.8%	12.8	66.9	19%	0.13
Zynga Inc	US	7	6,918	6,761	52.1%	13.9%	23.3%	24.4%	25.4%	41.0	205.0	20%	0.18
Peer average					24.2%	19.1%	24.7%	26.6%	29.2%	11.3	53.6	26%	0.27
Peer median					**16.0%**	**13.9%**	**25.4%**	**27.7%**	**32.1%**	**6.2**	**21.4**	**27%**	**0.19**
Rovio Entertainment Oyj (NDA)	**Finland**	**7.1**	**493**	**408**	**-1.6%**	**6.7%**	**18.1%**	**19.6%**	**19.2%**	**4.2**	**26.0**	**16%**	**0.17**
difference					**-18pp**	**-7pp**	**-7.3pp**	**-8pp**	**-13pp**	**-32%**	**21%**	**-11pp**	**-11%**
Rovio Entertainment Oyj (consensus)	Finland	7.1	493	408	-1.6%	3.6%	15.5%	15.9%	16.3%	n.a.	n.a.	n.a.	n.a.
difference					-18pp	-10pp	-10pp	-12pp	-16pp	n.a.	n.a.	n.a.	n.a.

*KPI figures (DAU, MAU, ARPDAU) based on latest fiscal quarter

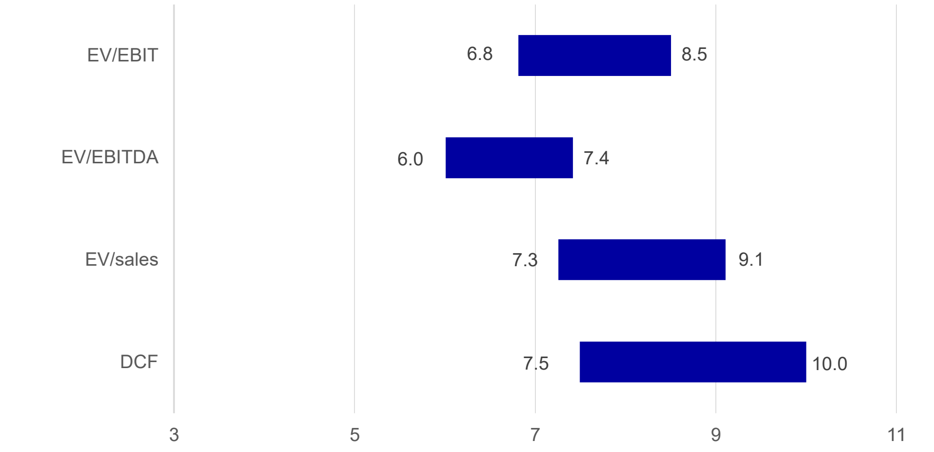
Source: Company data, Refinitiv and Nordea estimates

DCF and peer multiples imply an average valuation range of EUR 6.9-8.8

We derive a DCF-based fair value range of EUR 7.5-10.0 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, EV/EBITDA 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 6.9-8.8 (6.9-8.7) 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 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.

IDFA depreciation
Apple announced changes to its iOS privacy settings in 2020. New versions of iOS ask permission for an app to track the user across other apps and websites. The answer to this question determines whether the app has access to the device identifier for advertisers (IDFA). If users deny permission, targeted user acquisition could become more difficult for gaming companies. As the change in access to IDFA came into force in 2021, it remains 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
Although Rovio has launched non-Angry Birds games, the company's revenue effectively comes from Angry Birds-related games and licencing. Thus, a decline of the appeal of the brand would have consequences, especially for the licencing 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 Rovio's financial performance in the long run.

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

Detailed estimates

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

Group	2017	2018	2019	2020	2021E	2022E	2023E	2024E	CAGR 19-22E	CAGR 22E-24E
Revenue	**297.1**	**281.2**	**289.1**	**272.2**	**281.8**	**307.3**	**330.6**	**338.4**	**2%**	**5%**
- growth y/y		-5.4%	2.8%	-5.8%	3.5%	9.0%	7.6%	2.4%		
- growth q/q										
Materials and services	81.8	79.8	77.3	74.6	75.5	83.8	90.7	93.2	3%	5%
Employee benefits expense	52.0	42.6	41.7	48.9	49.8	46.8	47.9	48.5	4%	2%
Other operating expenses	104.2	112.0	138.4	89.4	107.1	116.4	128.7	129.5	-6%	5%
EBITDA	**60.0**	**47.9**	**32.4**	**60.0**	**50.1**	**60.3**	**63.3**	**67.2**	**23%**	**6%**
Adj. EBITDA	**64.5**	**47.5**	**32.7**	**60.1**	**51.0**	**60.3**	**63.3**	**67.2**	**23%**	**6%**
- margin	21.7%	16.9%	11.3%	22.1%	18.1%	19.6%	19.2%	19.9%		
EBIT	**31.4**	**31.5**	**18.1**	**42.5**	**39.7**	**50.6**	**55.2**	**60.4**	**41%**	**9%**
Adj. EBIT	**35.9**	**31.2**	**18.4**	**47.1**	**40.6**	**50.6**	**55.2**	**60.4**	**40%**	**9%**
- margin	12.1%	11.1%	6.4%	17.3%	14.4%	16.5%	16.7%	17.9%		
Adj. EBIT (excl. Hatch)	**36.0**	**38.7**	**29.0**	**54.7**	**44.2**	**52.6**	**57.2**	**60.4**	**22%**	**7%**
- margin	12.1%	13.8%	10.0%	20.1%	15.7%	17.1%	17.3%	17.9%		
PTP	26.7	32.2	17.7	40.7	41.3	50.6	55.2	60.4	42%	9%
Net Profit	20.7	24.5	13.2	32.1	34.3	40.5	44.2	48.4	45%	9%
EPS, diluted	**0.27**	**0.31**	**0.16**	**0.42**	**0.46**	**0.55**	**0.60**	**0.65**	**50%**	**9%**
DPS	0.06	0.09	0.09	0.12	0.13	0.14	0.15	0.16	16%	7%
Payout ratio	22%	29%	56%	28%	28%	26%	25%	25%		
Net debt	-88	-120	-110	-129	-148	-150	-183	-217		
Net debt/EBITDA	-1.5x	-2.5x	-3.4x	-2.2x	-3.0x	-2.5x	-2.9x	-3.2x		
Net gearing	-63%	-75%	-66%	-78%	-78%	-68%	-72%	-74%		
ROE	18%	16%	8%	19%	19%	20%	18%	18%		

Source: Company data and Nordea estimates

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

Group	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21E
Revenue	**70.9**	**71.8**	**74.8**	**71.6**	**66.6**	**69.2**	**67.9**	**68.5**	**67.1**	**68.8**	**71.4**	**74.5**
- growth y/y	7.9%	0.0%	5.4%	-1.5%	-6.1%	-3.6%	-9.2%	-4.3%	0.8%	-0.6%	5.2%	8.8%
- growth q/q	-2.5%	1.3%	4.2%	-4.3%	-7.0%	3.9%	-1.9%	0.9%	-2.0%	2.5%	3.8%	4.4%
Materials and services	19.7	19.0	19.0	19.6	18.1	19.8	18.5	18.2	18.2	18.7	18.3	20.2
Employee benefits expense	9.4	12.5	9.5	10.3	11.2	12.1	11.2	14.4	12.2	12.9	11.3	13.3
Other operating expenses	31.2	30.7	36.9	39.6	21.5	21.5	22.4	24.0	25.4	28.6	24.8	28.3
EBITDA	**10.6**	**9.6**	**9.6**	**2.6**	**15.8**	**16.1**	**15.9**	**12.2**	**11.8**	**8.7**	**16.9**	**12.7**
Adj. EBITDA	**10.6**	**9.6**	**9.6**	**2.9**	**16.1**	**15.9**	**15.9**	**12.2**	**12.4**	**8.7**	**17.2**	**12.7**
- margin	15.0%	13.4%	12.8%	4.1%	24.2%	23.0%	23.4%	17.8%	18.5%	12.6%	24.1%	17.1%
EBIT	**7.6**	**5.3**	**5.4**	**-0.1**	**12.7**	**14.1**	**12.8**	**2.9**	**9.6**	**6.2**	**14.0**	**9.9**
Adj. EBIT	**7.6**	**5.3**	**5.4**	**0.2**	**13.0**	**13.8**	**12.8**	**7.5**	**10.2**	**6.2**	**14.3**	**9.9**
- margin	10.7%	7.4%	7.2%	0.2%	19.5%	19.9%	18.9%	10.9%	15.2%	9.0%	20.1%	13.2%
Adj. EBIT (excl. Hatch)	**9.4**	**8.1**	**8.6**	**3.2**	**15.8**	**15.6**	**14.2**	**9.1**	**11.5**	**7.5**	**14.8**	**10.4**
- margin	13.3%	11.3%	11.4%	4.4%	23.7%	22.5%	20.9%	13.3%	17.1%	10.9%	20.8%	13.9%
PTP	7.7	4.8	6.1	-0.7	11.5	14.8	12.1	2.3	10.5	6.3	14.6	9.9
Net Profit	6.1	2.9	5.1	-0.7	8.9	11.1	9.2	2.9	7.5	7.4	11.5	7.9
EPS, diluted	**0.07**	**0.04**	**0.06**	**-0.01**	**0.11**	**0.15**	**0.12**	**0.04**	**0.10**	**0.10**	**0.16**	**0.11**

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
Revenue	**247.9**	**250.4**	**264.8**	**258.2**	**270.8**	**297.7**	**322.5**	**331.5**	**4%**	**6%**
- growth y/y	55.9%	1.0%	5.8%	-2.5%	4.9%	9.9%	8.3%	2.8%		
- growth q/q										
UAC, EURm	**69.6**	**78.6**	**99.6**	**58.8**	**75.5**	**81.7**	**94.9**	**95.3**	**-6%**	**8%**
- % of revenue	28.1%	31.4%	37.6%	22.8%	27.9%	27.4%	29.4%	28.8%		
EBITDA	**43.1**	**40.5**	**35.6**	**65.3**	**54.0**	**63.8**	**68.0**	**72.6**	**21%**	**7%**
Adj. EBITDA	**43.2**	**40.8**	**35.6**	**65.3**	**54.0**	**63.8**	**68.0**	**72.6**	**21%**	**7%**
- margin	17.4%	16.3%	13.4%	25.3%	19.9%	21.4%	21.1%	21.9%		
EBIT	**38.4**	**38.4**	**31.3**	**56.6**	**48.8**	**58.5**	**63.5**	**68.9**	**23%**	**9%**
Adj. EBIT	**38.5**	**38.7**	**31.3**	**61.2**	**48.8**	**58.5**	**63.5**	**68.9**	**23%**	**9%**
- margin	15.5%	15.5%	11.8%	23.7%	18.0%	19.7%	19.7%	20.8%		

Brand Licensing	2017	2018	2019	2020	2021E	2022E	2023E	2024E	CAGR 19-22E	CAGR 22E-24E
Revenue	**49.1**	**30.8**	**24.3**	**13.9**	**11.1**	**9.6**	**8.1**	**7.0**	**-27%**	**-14%**
- growth y/y		-37%	-21%	-43%	-21%	-14%	-15%	-14%		
- growth q/q										
EBITDA	**30.1**	**20.8**	**13.8**	**8.6**	**7.2**	**6.4**	**5.2**	**4.5**	**-23%**	**-16%**
Adj. EBITDA	**32.0**	**20.8**	**14.0**	**8.8**	**7.2**	**6.4**	**5.2**	**4.5**	**-23%**	**-16%**
- margin	65.2%	67.5%	57.6%	63.3%	65.2%	66.7%	64.7%	64.7%		
EBIT	**6.4**	**7.1**	**4.3**	**0.6**	**2.4**	**2.5**	**2.0**	**1.8**	**-17%**	**-14%**
Adj. EBIT	**8.3**	**7.1**	**4.6**	**0.8**	**2.4**	**2.5**	**2.0**	**1.8**	**-19%**	**-14%**
- margin	13.0%	23.1%	17.7%	4.3%	21.5%	25.7%	25.2%	26.3%		

Others	2017	2018	2019	2020	2021E	2022E	2023E	2024E
Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	-13.2	-13.4	-17.0	-14.5	-11.5	-9.9	-9.9	-9.9
Adj. EBITDA	-10.7	-14.1	-17.0	-14.5	-10.7	-9.9	-9.9	-9.9
EBIT	-13.5	-13.9	-17.6	-15.3	-12.0	-10.3	-10.3	-10.3
Adj. EBIT	-11.0	-14.6	-17.6	-15.3	-11.4	-10.3	-10.3	-10.3

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 21	Q4 21E
Revenue	**66.3**	**65.4**	**66.4**	**66.7**	**62.7**	**66.9**	**64.2**	**64.4**	**64.9**	**66.4**	**68.6**	**70.9**
- growth y/y	16.7%	0.2%	5.2%	2.3%	-5.4%	2.3%	-3.3%	-3.4%	3.5%	-0.7%	6.9%	10.1%
- growth q/q	1.7%	-1.4%	1.5%	0.5%	-6.0%	6.7%	-4.0%	0.3%	0.8%	2.3%	3.3%	3.3%
UAC, EURm	**23.7**	**21.3**	**27.1**	**27.5**	**13.5**	**14.0**	**15.3**	**16.0**	**17.3**	**21.3**	**18.1**	**18.8**
- % of revenue	35.7%	32.6%	40.8%	41.2%	21.5%	20.9%	23.8%	24.8%	26.7%	32.1%	26.4%	26.5%
EBITDA	**11.3**	**10.5**	**8.3**	**5.6**	**17.8**	**18.1**	**16.2**	**13.7**	**13.8**	**9.6**	**17.6**	**13.5**
Adj. EBITDA	**11.3**	**10.5**	**8.3**	**5.6**	**17.8**	**18.1**	**16.2**	**13.7**	**13.8**	**9.6**	**17.6**	**13.5**
- margin	17.0%	16.1%	12.5%	8.4%	28.4%	27.1%	25.2%	21.3%	21.3%	14.4%	25.7%	19.1%
EBIT	**10.3**	**9.5**	**7.2**	**4.5**	**16.6**	**17.0**	**15.4**	**8.1**	**12.8**	**8.2**	**16.3**	**12.1**
Adj. EBIT	**10.3**	**9.5**	**7.2**	**4.5**	**16.6**	**17.0**	**15.4**	**12.7**	**12.8**	**8.2**	**16.3**	**12.1**
- margin	15.5%	14.4%	10.8%	6.7%	26.5%	25.4%	24.0%	19.7%	19.7%	12.3%	23.8%	17.0%

Brand Licensing	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21E
Revenue	**4.6**	**6.4**	**8.4**	**4.9**	**3.9**	**2.3**	**3.7**	**4.1**	**2.2**	**2.4**	**2.8**	**3.7**
- growth y/y	-48%	-2%	6%	-35%	-15%	-64%	-56%	-16%	-44%	4%	-24%	-11%
- growth q/q	-39%	39%	31%	-42%	-20%	-41%	61%	11%	-46%	9%	17%	30%
EBITDA	**2.5**	**3.7**	**6.0**	**1.5**	**2.4**	**1.0**	**2.5**	**2.9**	**1.2**	**1.4**	**2.0**	**2.6**
Adj. EBITDA	**2.5**	**3.7**	**6.0**	**1.8**	**2.6**	**1.0**	**2.5**	**2.9**	**1.2**	**1.4**	**2.0**	**2.6**
- margin	54.3%	57.8%	71.4%	36.7%	66.7%	43.5%	67.6%	70.7%	54.5%	60.0%	71.4%	70.2%
EBIT	**0.6**	**0.6**	**3.0**	**0.0**	**0.7**	**0.2**	**0.5**	**-0.7**	**0.2**	**0.4**	**0.5**	**1.2**
Adj. EBIT	**0.6**	**0.6**	**3.0**	**0.3**	**0.8**	**0.2**	**0.5**	**-0.7**	**0.2**	**0.4**	**0.5**	**1.2**
- margin	13.0%	9.4%	35.7%	6.1%	20.5%	8.7%	13.5%	-17.1%	9.1%	18.3%	17.9%	34.0%

Others	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21E
Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	-3.2	-4.6	-4.7	-4.6	-4.3	-3.0	-2.9	-4.4	-3.2	-2.4	-2.6	-3.4
Adj. EBITDA	-3.2	-4.6	-4.7	-4.6	-4.2	-3.2	-2.9	-4.4	-2.7	-2.4	-2.3	-3.4
EBIT	-3.3	-4.7	-4.8	-4.7	-4.5	-3.2	-3.0	-4.6	-3.4	-2.5	-2.7	-3.5
Adj. EBIT	-3.3	-4.7	-4.8	-4.7	-4.4	-3.4	-3.0	-4.6	-2.8	-2.5	-2.7	-3.5

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**	**105.0**	**104.3**	**92.4**	**85.4**
MAU	9.4	10.7	8.9	9.0	8.1	8.1	6.9	6.1
DAU/MAU	19%	19%	20%	18%	18%	18%	18%	18%
DAU	1.8	2.0	1.8	1.6	1.5	1.5	1.2	1.1
ARPDAU (EUR)	0.12	0.16	0.17	0.18	0.20	0.20	0.20	0.21
AB Friends								
Gross bookings	**32.7**	**31.3**	**25.9**	**28.1**	**33.6**	**33.1**	**30.9**	**29.8**
MAU	3.9	2.9	2.1	2.4	2.6	2.6	2.3	2.1
DAU/MAU	19%	19%	20%	18%	18%	18%	18%	18%
DAU	0.8	0.5	0.4	0.4	0.5	0.5	0.4	0.4
ARPDAU	0.12	0.16	0.17	0.18	0.20	0.20	0.20	0.21
AB Dream Blast								
Gross bookings	**0.0**	**0.5**	**57.5**	**63.2**	**60.3**	**56.1**	**50.5**	**44.8**
MAU	0.0	0.2	4.8	5.4	4.7	4.5	4.1	3.6
DAU/MAU	0%	19%	20%	18%	18%	18%	18%	18%
DAU	0.0	0.0	0.9	1.0	0.8	0.8	0.7	0.6
ARPDAU (EUR)	0.00	0.18	0.17	0.18	0.20	0.19	0.19	0.19
AB Match								
Gross bookings	**10.1**	**26.2**	**24.4**	**13.4**	**8.8**	**6.8**	**4.7**	**3.1**
MAU	2.1	2.4	2.0	1.1	0.7	0.5	0.4	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	0.1	0.0
ARPDAU (EUR)	0.13	0.16	0.17	0.18	0.20	0.19	0.19	0.19
Small Town Murders								
Gross bookings	**0.0**	**0.0**	**0.0**	**7.8**	**16.8**	**15.6**	**12.7**	**8.8**
MAU	0.0	0.0	0.0	1.0	1.3	1.2	0.9	0.6
DAU/MAU	0%	0%	0%	18%	18%	18%	18%	18%
DAU	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.1
ARPDAU (EUR)	0.00	0.00	0.00	0.19	0.20	0.20	0.20	0.21

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 21	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**	**26.6**	**26.6**
MAU	9.8	7.6	9.0	9.1	9.2	9.9	8.7	8.3	7.6	8.0	8.4	8.4
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	0.19	0.19
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**	**8.7**
MAU	2.2	1.9	2.2	2.2	2.1	2.5	2.4	2.5	2.4	2.5	2.7	2.8
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	0.19	0.19
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**	**15.0**	**14.9**
MAU	2.1	4.0	6.4	6.9	5.9	5.6	5.1	4.8	4.6	4.5	4.8	4.8
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	0.9	0.9
ARPDAU (EUR)	0.18	0.18	0.16	0.15	0.16	0.17	0.19	0.19	0.20	0.20	0.19	0.19
AB Match												
Gross bookings	**6.8**	**6.6**	**5.7**	**5.3**	**4.4**	**3.6**	**2.9**	**2.5**	**2.4**	**2.2**	**2.1**	**2.1**
MAU	2.1	1.9	2.1	1.9	1.6	1.2	1.0	0.8	0.7	0.7	0.7	0.7
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	0.19	0.19
Small Town Murders												
Gross bookings						**1.0**	**3.0**	**3.8**	**3.9**	**4.7**	**4.1**	**4.1**
MAU						0.8	1.0	1.2	1.2	1.4	1.3	1.3
DAU/MAU						18%	18%	18%	19%	18%	18%	18%
DAU						0.1	0.2	0.2	0.2	0.3	0.2	0.2
ARPDAU (EUR)						0.18	0.19	0.19	0.20	0.20	0.19	0.19

Source: Company data and Nordea estimates

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**	**282**	**307**	**331**
Revenue growth	n.a.	n.a.	-10.3%	34.9%	55.0%	-5.4%	2.8%	-5.8%	3.5%	9.0%	7.6%
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	50	60	63
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	50	60	63
Amortisation and impairments	0	-7	-15	-18	-29	-16	-14	-18	-10	-10	-8
EBIT	n.a.	10	-22	17	31	32	18	43	40	51	55
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	2	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**	**41**	**51**	**55**
Reported taxes	0	-3	3	-5	-6	-8	-5	-9	-7	-10	-11
Net profit from continued operations	0	8	-18	11	21	25	13	32	34	41	44
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	34	41	44
EPS, EUR	**n.a.**	**0.11**	**-0.24**	**0.14**	**0.27**	**0.31**	**0.17**	**0.42**	**0.47**	**0.55**	**0.60**
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%	17.8%	19.6%	19.2%
EBITA	n.a.	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	17.8%	19.6%	19.2%
EBIT	n.a.	6.3%	-15.2%	8.8%	10.6%	11.2%	6.3%	15.6%	14.1%	16.5%	16.7%
Adjusted earnings											
EBITDA (adj)	0	17	-6	35	65	48	33	65	51	60	63
EBITA (adj)	0	17	-6	35	65	48	33	65	51	60	63
EBIT (adj)	0	10	-22	17	36	31	18	47	41	51	55
EPS (adj, EUR)	n.a.	0.11	-0.24	0.14	0.33	0.31	0.17	0.48	0.48	0.55	0.60
Adjusted profit margins in percent											
EBITDA (adj)	n.a.	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	18.1%	19.6%	19.2%
EBITA (adj)	n.a.	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	18.1%	19.6%	19.2%
EBIT (adj)	n.a.	6.3%	-15.2%	8.8%	12.1%	11.1%	6.4%	17.3%	14.4%	16.5%	16.7%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.8%	13.9%	8.0%	0.7%	3.3%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	13.7%	n.m.	7.2%	0.1%	5.7%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.7%	n.m.	18.6%	10.0%	11.9%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	n.m.	26.8%	15.4%	14.3%
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%	11.5%	12.7%	13.9%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	14.4%	14.1%	17.7%	17.6%	17.5%	18.0%

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	14.7	12.8	11.7
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	7.2	6.1	5.3
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	7.2	6.1	5.3
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	17.5	5.9	13.5	7.1	9.1	7.3	6.1

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	15.1	12.8	11.7
EV/Sales	n.a.	n.a.	n.a.	n.a.	2.11	0.65	0.86	1.23	1.31	1.20	1.01
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.4	6.1	5.3
EV/EBITA	n.a.	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.4	6.1	5.3
EV/EBIT	n.a.	n.a.	n.a.	n.a.	20.0	5.8	13.7	7.9	9.3	7.3	6.1
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	0.7%	2.4%	2.0%	1.9%	1.8%	2.0%	2.1%
FCF yield	n.a.	n.a.	n.a.	n.a.	7.2%	13.6%	1.8%	12.7%	5.3%	2.2%	8.4%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	8.3%	13.6%	1.8%	12.6%	7.9%	8.8%	9.1%
Payout ratio	n.a.	37.1%	0.0%	42.0%	22.2%	29.1%	54.3%	28.9%	27.8%	25.4%	24.9%

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	21	50	51
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	12	7	5
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	n.a.	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	n.a.	42	77	77	57	45	45	39	45	75	76
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	25	19	28	29	23	33	21	22	24	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	158	159	192
Total current assets	0	95	66	73	133	158	172	170	190	194	230
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	**n.a.**	**138**	**143**	**150**	**190**	**203**	**217**	**208**	**235**	**269**	**306**
Shareholders equity	0	94	74	87	140	160	168	165	191	222	256
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	191	222	256
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	8	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	29	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	35	38	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**	**235**	**269**	**306**
Balance sheet and debt metrics											
Net debt	0	-54	-10	-10	-88	-120	-110	-129	-148	-150	-183
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	n.a.	41	68	78	53	40	58	37	43	73	74
Capital employed	0	94	99	106	143	163	182	175	200	231	265
ROE	n.m.	17.3%	-21.5%	13.3%	18.3%	16.3%	8.1%	19.3%	19.3%	19.6%	18.5%
ROIC	n.a.	n.a.	-31.6%	18.5%	43.9%	53.6%	30.0%	79.7%	81.0%	69.7%	60.3%
ROCE	n.m.	24.4%	-21.5%	16.5%	28.9%	21.1%	11.1%	26.1%	22.5%	23.5%	22.2%
Net debt/EBITDA	n.m.	-3.1	n.m.	-0.3	-1.5	-2.5	-3.4	-2.2	-3.0	-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%	81.2%	82.4%	83.6%
Net gearing	n.m.	-57.4%	-13.3%	-11.4%	-62.9%	-75.3%	-65.7%	-78.2%	-77.6%	-67.5%	-71.5%

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**	**50**	**60**	**63**
Paid taxes	0	-9	1	0	-1	-11	-10	-6	-7	-10	-11
Net financials	0	0	-1	-2	-1	0	-1	-1	2	0	0
Change in provisions	0	1	2	-2	0	0	0	1	0	0	0
Change in other LT non-IB	n.a.	n.a.	-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	n.a.	n.a.	5	-1	4	4	3	10	0	0	0
Funds from operations (FFO)	**0**	**7**	**-5**	**35**	**60**	**39**	**24**	**62**	**45**	**50**	**52**
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**	**45**	**50**	**53**
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**	**41**	**45**	**47**
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	28	11	43
Free cash flow bef A&D, lease adj	0	17	1	23	60	41	7	59	41	45	47
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	19	2	33
Cash flow metrics											
Capex/D&A	n.m.	0.0%	0.0%	0.0%	0.0%	7.9%	27.3%	29.1%	36.3%	51.0%	66.6%
Capex/Sales	n.a.	0.0%	0.0%	0.0%	0.0%	0.5%	1.3%	1.9%	1.3%	1.6%	1.6%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	9	4	4	6	7	7	7
Market cap.	n.a.	n.a.	n.a.	n.a.	715	303	359	463	518	518	518
Enterprise value	n.a.	n.a.	n.a.	n.a.	627	183	248	334	369	368	335
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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