09 December 2021

Commissioned research: Rovio - Takeaways from Q4 mid-quarter analyst meeting

Marketing material commissioned by Rovio

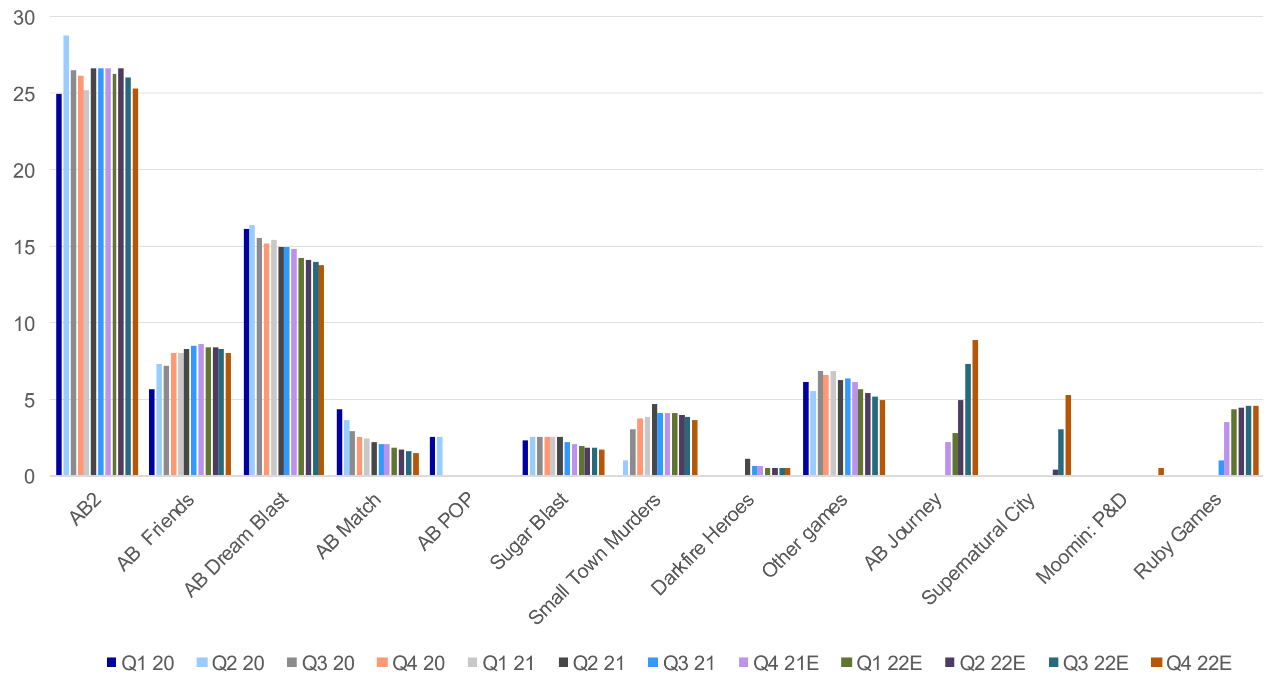
We attended Rovio's Q4 mid-quarter meeting for sell-side analysts hosted by the IR today. We were left with the impression that the key Angry Birds games (AB2, AB Dream Blast, AB Friends) have continued their solid performance and grown likely at a low single-digit rate q/q, suggesting modest upside to our current Q4 estimates. AB Journey, which is currently in soft launch, but generated EUR 2m of run-rate bookings already in Q3, is expected to be launched globally by the end of January 2022. The first Moomin IP game (Moomin: Puzzle and Design) was soft launched yesterday in Finland, Poland and the Philippines, featuring a story line where the player has to solve puzzles in order to decorate and design the Moomin valley. The recently acquired Ruby Games seems to be preforming well, with some growth in bookings q/q. Hunter Assassin 2, which is currently in soft launch and has already demonstrated high success potential by reaching the #1 download rank in India on Android, remains the main priority for Ruby Games, with global launch expected to take place in early 2022. In conjunction with the message conveyed with Q3 results, UA costs in Q4 are expected to remain in line with the Q3 level of 26% of Games revenue. For 2022, Rovio pointed out that opex is likely to increase due to Montreal and Toronto studio scale ups, salary inflation and higher UA related to AB Journey and Hunter Assassin 2. In our view, this could imply some downside to our and Infront consensus adjusted EBIT margin for 2022E (Nordea 16.5% / consensus 15.1%), although earnings downgrades could be mitigated by a promising top-line growth outlook on the back of the upcoming global launches of AB Journey and Hunter Assassin 2.

ROVIO: OUR ESTIMATES VS. CONSENSUS (EURm AND EUR)

	Nordea estimates				Consensus estimates				Difference			
EURm	**Q4 21E**	**2021E**	**2022E**	**2023E**	**Q4 21E**	**2021E**	**2022E**	**2023E**	**Q4 21E**	**2021E**	**2022E**	**2023E**
Sales	**74.5**	**281.8**	**307.3**	**330.6**	**74.1**	**281.4**	**298.8**	**309.2**	**1%**	**0%**	**3%**	**7%**
- growth y/y	9.8%	3.5%	9.0%	7.6%	9.1%	3.4%	6.2%	3.5%	0.7pp	0.2pp	2.8pp	4.1pp
EBITDA	**12.7**	**50.1**	**60.3**	**63.3**	**12.4**	**49.8**	**52.8**	**55.3**	**3%**	**1%**	**14%**	**14%**
- margin	17.1%	17.8%	19.6%	19.2%	16.7%	17.7%	17.7%	17.9%	0.4pp	0.1pp	2.0pp	1.3pp
Adj. EBIT	**9.9**	**40.6**	**50.6**	**55.2**	**10.3**	**40.9**	**45.2**	**48.6**	**-5%**	**-1%**	**12%**	**14%**
- margin	13.2%	14.4%	16.5%	16.7%	13.9%	14.5%	15.1%	15.7%	-0.7pp	-0.2pp	1.4pp	1.0pp
EBIT	**9.9**	**39.7**	**50.6**	**55.2**	**9.5**	**39.2**	**42.2**	**45.6**	**3%**	**1%**	**20%**	**21%**
- margin	13.2%	14.1%	16.5%	16.7%	12.9%	13.9%	14.1%	14.7%	0.4pp	0.1pp	2.4pp	2.0pp
PTP	9.9	41.3	50.6	55.2	9.1	40.2	41.8	45.2	8%	3%	21%	22%
Net profit	7.9	34.3	40.5	44.2	7.2	31.1	32.6	35.3	9%	10%	24%	25%
EPS	**0.11**	**0.46**	**0.55**	**0.60**	**0.09**	**0.38**	**0.40**	**0.43**	**18%**	**22%**	**38%**	**38%**
DPS		**0.13**	**0.14**	**0.15**		**0.12**	**0.13**	**0.13**		**6%**	**12%**	**18%**

Source: Nordea estimates and Infront

QUARTERLY GROSS BOOKING CONTRIBUTION: ACTUALS AND ESTIMATES PER GAME (EURm)



Source: company data and Nordea estimates

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021E	2022E	2023E
Total revenue	281	289	272	282	307	331
EBITDA (adj)	48	33	65	51	60	63
EBIT (adj)	31	18	47	41	51	55
EBIT (adj) margin	11.1%	6.4%	17.3%	14.4%	16.5%	16.7%
EPS (adj, EUR)	0.31	0.17	0.48	0.48	0.55	0.60
EPS (adj) growth	-7.1%	-44.5%	180.7%	0.8%	15.1%	9.0%
DPS (ord, EUR)	0.09	0.09	0.12	0.13	0.14	0.15
EV/Sales	0.7	0.9	1.2	1.2	1.1	0.9
EV/EBIT (adj)	5.9	13.5	7.1	8.3	6.6	5.5
P/E (adj)	12.5	26.1	13.3	13.8	12.0	11.0
P/BV	1.9	2.1	2.8	2.5	2.2	1.9
Dividend yield (ord)	2.4%	2.0%	1.9%	2.0%	2.1%	2.3%
FCF Yield bef A&D, lease adj	13.6%	1.8%	12.6%	8.4%	9.3%	9.7%
Net debt	-120	-110	-129	-148	-150	-183
Net debt/EBITDA	-2.5	-3.4	-2.2	-3.0	-2.5	-2.9
ROIC after tax	53.6%	30.0%	79.7%	81.0%	69.7%	60.3%

Source: Company data and Nordea estimates

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