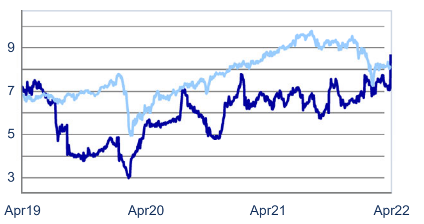
Rovio

Media
Finland

KEY DATA

Stock country	Finland
Bloomberg	ROVIO FH
Reuters	ROVIO.HE
Share price (close)	EUR 8.71
Free Float	50%
Market cap. (bn)	EUR 0.64/EUR 0.64
Website	http://www.rovio.com/
Next report date	11 Aug 2022

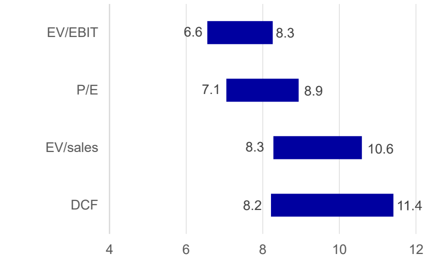
PERFORMANCE



Rovio
Finland OMX Helsinki All-Share (Rebased)

Source: Refinitiv

VALUATION APPROACH (EUR PER SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	0%	1%	2%
EBIT (adj)	1%	2%	2%

Source: Nordea estimates

Nordea Markets - Analysts

Felix Henriksson
Analyst

Marlon Värnik
Analyst

Strong Q1 despite normalising gaming market

The Q1 results were testament to Rovio's strong execution, with recent growth initiatives (AB Journey and Ruby Games) bearing fruit and its largest game, high-margin AB2, continuing to grow. The drop-through from top-line growth to adjusted EBIT also surprised significantly on the upside. We remain optimistic about the outlook, given the combination of highly cash-generative older AB games, the growth boost offered by AB Journey and the soft launch pipeline and high capacity for M&A. However, we note downside risks from a normalising operating environment following a period of abnormally high market growth. We raise our fair value range to EUR 7.5-9.8 (7.3-9.4), translating to 7.5-10.6x EV/EBIT for 2023E.

A very strong start to the year

Despite a decline in the mobile gaming market in Q1 (Sensor Tower: -7% y/y), Rovio reported an extremely strong set of Q1 numbers with a 6% beat on the top line and adjusted EBIT of EUR 10.0m versus Infront consensus of EUR 3.5m and our estimate of EUR 3.1m. Group organic growth was 12%, compared to 6% in Q4 and our estimate of 10%. The recently launched AB Journey and hypercasual studio Ruby Games surprised us positively, in particular, highlighting the success of key growth initiatives. UA spend was slightly lower than we expected at 38% of Games revenue (our estimate: 40%), which together with operating leverage drove robust Q1 earnings.

Outlook intact, but the market is normalising

Rovio continues to expect strong top-line growth and declining adjusted EBIT for 2022. Societies reopening and normalising consumer spending habits have added headwinds for market growth on top of Apple's IDFA changes. However, we find support for Rovio's 2022 growth outlook from new game launches (AB Journey and Hunter Assassin 2), USD tailwinds and the Ruby Games acquisition. We also continue to view Rovio as a relative winner amidst the IDFA disruption due to the broad appeal of its games and the strength of the Angry Birds IP. We raise our top line and adjusted EBIT by 1-2% for 2022E-24E. We now expect 19% top-line growth (7% organic) for 2022E and adjusted EBIT of EUR 42.1m (2021: EUR 43.8m).

Fair value range of EUR 7.5-9.8 (7.3-9.4)

We derive a fair value range of EUR 7.5-9.8, based on the average of four valuation methods (EV/EBIT, P/E, EV/sales and DCF). We apply a 30% discount to peer multiples due to Rovio's weaker growth profile.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	281	289	272	286	342	367	377
EBITDA (adj)	48	33	65	57	56	67	73
EBIT (adj)	31	18	47	44	42	54	62
EBIT (adj) margin	11.1%	6.4%	17.3%	15.3%	12.3%	14.8%	16.4%
EPS (adj, EUR)	0.31	0.17	0.48	0.49	0.45	0.57	0.66
EPS (adj) growth	-7.1%	-44.5%	180.7%	4.0%	-9.8%	28.8%	14.1%
DPS (ord, EUR)	0.09	0.09	0.12	0.12	0.13	0.14	0.15
EV/Sales	0.7	0.9	1.2	1.2	1.6	1.3	1.2
EV/EBIT (adj)	5.9	13.5	7.1	8.2	12.6	9.1	7.4
P/E (adj)	12.5	26.1	13.3	13.3	19.5	15.2	13.3
P/BV	1.9	2.1	2.8	2.4	2.9	2.5	2.2
Dividend yield (ord)	2.4%	2.0%	1.9%	1.8%	1.5%	1.6%	1.7%
FCF Yield bef A&D, lease	13.6%	1.8%	12.6%	7.7%	4.1%	7.7%	8.2%
Net debt	-120	-110	-129	-126	-109	-144	-183
Net debt/EBITDA	-2.5	-3.4	-2.2	-2.5	-2.0	-2.2	-2.5
ROIC after tax	53.6%	30.0%	79.7%	55.9%	33.2%	38.7%	44.9%

Source: Company data and Nordea estimates

Result highlights

Q1 2022 report highlights

- Q1 revenue was 6% above Infront consensus estimates, up by 27% y/y (+15% in Q4). Organically, revenue grew by 12% y/y (+6% in Q4).
- Revenue from Games was 3% above our estimate, increasing by 27% y/y. Games gross bookings grew organically by 11% y/y (+5% in Q4).
- Adjusted EBIT of EUR 10.0m was down 2% y/y but EUR 6.5m above consensus of EUR 3.5m. The adjusted EBIT margin was 11.8% versus consensus of 4.4%.
- EPS was EUR 0.07 compared to consensus at EUR 0.04.

ROVIO: Q4 2021 DEVIATION TABLE (EPS in EUR)

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	**Q1 22**	**Q1 22E**	**vs. actual**		**Q1 22E**	**vs. actual**		**Q4 21**	**q/q**	**Q1 21**	**y/y**
Revenue	**85.0**	**81.9**	**3.1**	**4%**	**80.1**	**4.9**	**6%**	**78.9**	**8%**	**67.1**	**27%**
EBITDA	**11.1**	**6.4**	**4.7**	**74%**	**6.3**	**4.8**	**77%**	**13.4**	**-17%**	**11.8**	**-6%**
Adj. EBITDA	**13.6**	**6.4**	**7.2**	**113%**	**6.3**	**7.3**	**117%**	**16.5**	**-18%**	**12.4**	**10%**
- margin	16.0%	7.8%		8.2pp	7.8%		0.1pp	20.9%	-4.9pp	18.5%	-2.5pp
EBIT	**7.5**	**3.1**	**4.4**	**141%**	**3.5**	**4.0**	**112%**	**8.1**	**-7%**	**9.6**	**-22%**
Adj. EBIT	**10.0**	**3.1**	**6.9**	**221%**	**3.5**	**6.5**	**182%**	**13.1**	**-24%**	**10.2**	**-2%**
- margin	11.8%	3.8%		8.0pp	4.4%		7.3pp	16.6%	-4.8pp	15.2%	-3.4pp
EPS	**0.07**	**0.03**	**0.04**	**114%**	**0.04**	**0.03**	84%	**0.08**	-16%	**0.10**	-31%
Gross bookings top 5, EURm	66.7	60.6	6	10%				60.9	10%	55.0	21%
Gross bookings total, EURm	80.8	80.1	1	1%				74.0	9%	64.2	26%
Games revenue	82.3	80.1	2	3%				76.5	8%	64.9	27%
UAC	31.1	32.3	-1	-4%				20.6	51%	17.3	80%
UAC as % of revenue	37.8%	40.3%		-2.5pp				26.9%	10.9pp	26.7%	11.1pp
DAU top 5, million	3.6	3.2	0.4	13%				3.2	13%	3.1	16%
DAU all, million	7.3	9.4	-2.1	-23%				6.5	12%	4.2	74%
MAU top 5, million	20.8	18.0	2.8	16%				18.1	15%	16.6	25%
MAU all, million	53.3	68.7	-15.4	-22%				44.8	19%	25.6	108%
DAU/MAU top 5, %	17.3%	17.7%		-0.4pp				17.7%	-0.4pp	18.7%	-1.4pp
DAU/MAU all 5, %	13.7%	13.7%		0.0pp				14.5%	-0.8pp	16.4%	-2.7pp
MUP top 5, thousand	464.0	417.0	47.0	11%				420.0	10%	394.0	18%
MUP all, thousand	522.0	744.3	-222.3	-30%				485.0	8%	454.0	15%
ARPDAU top 5, EUR	0.21	0.21	0.00	-1%				0.21	0%	0.20	5%
ARPDAU all, EUR	0.12	0.09	0.03	27%				0.12	0%	0.17	-29%
MARPPU top 5, EUR	41.9	48.4	-6.5	-13%				41.4	1%	40.7	3%
MARPPU all, EUR	41.5	35.9	5.6	16%				40.9	1%	41.1	1%

Source: Company data, Refinitiv and Nordea estimates

Games performance

- Games' gross bookings grew by 26% y/y and by 9% q/q.
- User acquisition (UA) investments at EUR 31.1m were slightly below our estimate of EUR 32.3m, i.e. 38% of Games revenue compared to 27% in Q4 2021 and 27% in Q1 2021.
- AB Journey and Ruby Games delivered 27% and 25% higher bookings than we expected, respectively. AB2, ABDB and AB Friends performed altogether broadly in line with our estimates. Small Town Murders missed our estimate by 30%.
- Recently launched AB Journey generated bookings of EUR 10.1m compared to our estimate of EUR 8.0m. Rovio is now optimising UA for the game and lowering it compared to the level around the launch. We have estimated gross bookings of EUR 44m for 2022 from AB Journey, making it Rovio's third largest game.
- Ruby Games (Hypercasual) brought in EUR 6.1m of bookings compared to our estimate of EUR 4.9m.

Q1 2022 GROSS BOOKINGS PER GAME VS NORDEA ESTIMATES

EURm	Actual Q1 22	NDA est. Q1 22	Deviation vs. actual		Actual Q4 21	q/q	Actual Q1 21	y/y
AB2	30.3	30.2	0.1	0%	29.5	3%	25.2	20%
ABDB	14.9	16.1	-1.2	-7%	16.2	-8%	15.4	-3%
AB Friends	9.3	9.1	0.2	2%	9.3	0%	8.1	15%
AB Journey	10.1	8.0	2.1	27%	3.1	na	0.0	na
Small Town Murders	2.2	3.1	-0.9	-30%	2.8	-21%	3.9	-44%
Hypercasual	6.1	4.9	1.2	25%	4.1	49%	0.0	n.a.
Other	7.9	8.7	-0.8	-9%	9.0	-12%	11.6	-32%

Source: Company data and Nordea estimates

Guidance for 2022

- For 2022, Rovio reiterated its guidance for strong top-line growth (Our estimate: +19%) and EBIT lower y/y (our estimate: -5%).
- UA costs for Q2 guided for 25-30% of Games revenue (our estimate: 28%).

Key highlights from Q1 earnings call

1. Rovio appeared slightly more cautious regarding the operating environment with the mobile gaming market having declined for three consecutive quarters q/q. Post-pandemic reopening has added to IDFA headwinds for the market, but Rovio has witnessed limited impacts so far, it appears.
2. In April, the quarterly run-rate in old AB games (AB2, ABDB, AB Friends) has been approximately flat q/q. AB Journey's Q2 bookings run-rate is at just shy of EUR 10m versus EUR 10m in bookings in Q1. Rovio has optimised UA spend for Journey after launch (20 January) and is preparing for a second marketing push in June, including a TV advertising campaign in the US.
3. Ruby Games (acquired in August 2021) delivered EUR 6.1m bookings in Q1, up 45% y/y on a pro-forma basis. Even though the launch of the much-awaited Hunter Assassin 2 has been postponed, this has been offset by other games (Wordus, Hunter Assassin). The second tranche of the Ruby Games acquisition price will be paid in August and it was estimated to be approximately EUR 30m based on current developments (our estimate: EUR 34m).

Estimate revisions

ESTIMATE REVISIONS (EPS AND DPS IN EUR)

	New estimates				Old estimates				Difference %			
EURm	**Q2 22E**	**2022E**	**2023E**	**2024E**	**Q2 22E**	**2022E**	**2023E**	**2024E**	**Q2 22E**	**2022E**	**2023E**	**2024E**
Sales	**83.6**	**341.6**	**367.4**	**377.3**	**85.0**	**341.8**	**362.5**	**369.2**	**-2%**	**0%**	**1%**	**2%**
- growth y/y	-1.6%	19.4%	7.5%	2.7%	23.6%	19.4%	6.1%	1.8%	-25.2pp	-0.1pp	1.5pp	0.9pp
Adj. EBITDA	**14.2**	**55.7**	**66.6**	**72.9**	**13.5**	**55.0**	**65.6**	**71.7**	**6%**	**1%**	**1%**	**2%**
- margin	17.0%	16.3%	18.1%	19.3%	15.9%	16.1%	18.1%	19.4%	1.2pp	0.2pp	0.0pp	-0.1pp
Adj. EBIT	**11.0**	**42.1**	**54.4**	**62.1**	**10.2**	**41.7**	**53.5**	**60.9**	**7%**	**1%**	**2%**	**2%**
- margin	13.1%	12.3%	14.8%	16.4%	12.0%	12.2%	14.8%	16.5%	1.1pp	0.1pp	0.1pp	-0.1pp
EBIT	**11.0**	**39.6**	**54.4**	**62.1**	**10.2**	**41.7**	**53.5**	**60.9**	**7%**	**-5%**	**2%**	**2%**
- margin	13.1%	11.6%	14.8%	16.4%	12.0%	12.2%	14.8%	16.5%	1.1pp	-0.6pp	0.1pp	-0.1pp
PTP	11.0	39.8	54.4	62.1	10.2	41.7	53.5	60.9	7%	-5%	2%	2%
Net profit	8.6	30.3	42.2	48.2	8.0	32.5	41.7	47.5	7%	-7%	1%	1%
EPS	**0.12**	**0.42**	**0.58**	**0.66**	**0.11**	**0.44**	**0.56**	**0.64**	**7%**	**-3%**	**4%**	**4%**
DPS		**0.13**	**0.14**	**0.15**		**0.13**	**0.14**	**0.15**		**0%**	**0%**	**0%**

Source: Nordea estimates

Detailed estimates

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

	2017	2018	2019	2020	2021	2022E	2023E	2024E	CAGR 18-21	CAGR 21E-24E
Group estimates										
Revenue	**297.1**	**281.2**	**289.1**	**272.2**	**286.2**	**341.6**	**367.4**	**377.3**	**1%**	**10%**
- growth y/y		-5.4%	2.8%	-5.8%	5.1%	19.4%	7.5%	2.7%		
- organic					*5.8%*	*7.4%*	*7.1%*	*2.7%*		
- FX					*-2.5%*	*5.9%*	*0.5%*	*0.0%*		
- structure					*1.9%*	*6.1%*	*0.0%*	*0.0%*		
- growth q/q										
Materials and services	-81.8	-79.8	-77.3	-74.6	-74.5	-91.6	-99.2	-102.2	-2%	11%
Employee benefits expense	-52.0	-42.6	-41.7	-48.9	-52.0	-52.2	-54.2	-55.1	7%	2%
Other operating expenses	-104.2	-112.0	-138.4	-89.4	-109.7	-144.5	-147.3	-147.2	-1%	10%
EBITDA	**60.0**	**47.9**	**32.4**	**60.0**	**50.8**	**53.2**	**66.6**	**72.9**	**2%**	**13%**
Adj. EBITDA	**64.5**	**47.5**	**32.7**	**60.1**	**54.8**	**55.7**	**66.6**	**72.9**	**5%**	**10%**
- margin	21.7%	16.9%	11.3%	22.1%	19.2%	16.3%	18.1%	19.3%		
D&A	-28.6	-16.4	-14.3	-17.5	-12.9	-13.6	-12.1	-10.8		
EBIT	**31.4**	**31.5**	**18.1**	**42.5**	**37.9**	**39.6**	**54.4**	**62.1**	**6%**	**18%**
Adj. EBIT	**35.9**	**31.2**	**18.4**	**47.1**	**43.8**	**42.1**	**54.4**	**62.1**	**12%**	**12%**
- margin	12.1%	11.1%	6.4%	17.3%	15.3%	12.3%	14.8%	16.4%		
Adj. EBIT (excl. Hatch)	**36.0**	**38.7**	**29.0**	**54.7**	**47.4**	**41.6**	**56.4**	**62.1**	**7%**	**9%**
- margin	12.1%	13.8%	10.0%	20.1%	16.6%	12.2%	15.4%	16.4%		
Net financials	-4.6	0.7	-0.3	-1.8	2.7	0.2	0.0	0.0		
PTP	**26.7**	**32.2**	**17.7**	**40.7**	**40.6**	**39.8**	**54.4**	**62.1**	**8%**	**15%**
Taxes	-6.0	-7.7	-4.5	-8.6	-10.2	-9.5	-12.2	-13.9		
- tax rate	22%	24%	25%	21%	25%	24%	22%	22%		
Net Profit	**20.7**	**24.5**	**13.2**	**32.1**	**30.4**	**30.3**	**42.2**	**48.2**	**7%**	**17%**
EPS, diluted	**0.27**	**0.31**	**0.16**	**0.42**	**0.41**	**0.42**	**0.58**	**0.66**	**10%**	**17%**
Segment details										
Games										
Revenue	247.9	250.4	264.8	258.2	276.4	332.3	360.1	371.1	3%	10%
- growth y/y	55.9%	1.0%	5.8%	-2.5%	7.0%	20.2%	8.4%	3.0%		
- growth q/q										
UAC, EURm	69.6	78.6	99.6	58.8	77.3	103.6	108.8	108.0	-1%	12%
- % of revenue	28.1%	31.4%	37.6%	22.8%	28.0%	31.2%	30.2%	29.1%		
Brand licencing										
Revenue	49.1	30.8	24.3	13.9	9.9	8.5	7.2	6.2	-31%	-14%
- growth y/y		-37.3%	-21.1%	-42.8%	-28.8%	-14.3%	-14.7%	-13.8%		
- growth q/q										

Source: Company data and Nordea estimates

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

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22E	Q3 22E	Q4 22E
Group estimates												
Revenue	**66.6**	**69.2**	**67.9**	**68.5**	**67.1**	**68.8**	**71.4**	**78.9**	**85.0**	**83.6**	**84.9**	**88.1**
- growth y/y	-7.0%	3.9%	-1.9%	0.9%	-2.0%	2.5%	3.8%	10.5%	7.7%	-1.6%	1.6%	3.7%
- organic	*-6.1%*	*-3.6%*	*-9.2%*	*-4.3%*	*0.8%*	*-0.6%*	*5.2%*	*15.2%*	*26.7%*	*21.5%*	*18.9%*	*11.6%*
- FX	*-8.2%*	*-5.1%*	*-5.8%*	*0.7%*	*6.7%*	*5.5%*	*4.3%*	*6.2%*	*12.4%*	*3.8%*	*6.4%*	*7.7%*
- structure	*2.1%*	*1.4%*	*-3.4%*	*-5.0%*	*-5.9%*	*-6.0%*	*-0.6%*	*3.0%*	*5.2%*	*7.8%*	*6.2%*	*3.9%*
- growth q/q	-7.0%	3.9%	-1.9%	0.9%	-2.0%	2.5%	3.8%	10.5%	7.7%	-1.6%	1.6%	3.7%
Materials and services	-18.1	-19.8	-18.5	-18.2	-18.2	-18.7	-18.3	-19.3	-20.9	-23.3	-23.2	-24.2
Employee benefits expense	-11.2	-12.1	-11.2	-14.4	-12.2	-12.9	-11.3	-15.6	-13.3	-13.2	-11.7	-14.0
Other operating expenses	-21.5	-21.5	-22.4	-24.0	-25.4	-28.6	-24.8	-30.9	-40.8	-32.9	-32.3	-38.5
EBITDA	**15.8**	**16.1**	**15.9**	**12.2**	**11.8**	**8.7**	**16.9**	**13.4**	**11.1**	**14.2**	**17.7**	**11.3**
Adj. EBITDA	**16.1**	**15.9**	**15.9**	**12.2**	**12.4**	**8.7**	**17.2**	**16.5**	**13.6**	**14.2**	**17.7**	**11.3**
- margin	24.2%	23.0%	23.4%	17.8%	18.5%	12.6%	24.1%	20.9%	16.0%	17.0%	20.8%	12.9%
D&A	-3.1	-2.0	-3.1	-9.3	-2.2	-2.5	-2.9	-5.3	-3.6	-3.2	-3.5	-3.3
EBIT	**12.7**	**14.1**	**12.8**	**2.9**	**9.6**	**6.2**	**14.0**	**8.1**	**7.5**	**11.0**	**14.2**	**8.0**
Adj. EBIT	**13.0**	**13.8**	**12.8**	**7.5**	**10.2**	**6.2**	**14.3**	**13.1**	**10.0**	**11.0**	**14.2**	**8.0**
- margin	19.5%	19.9%	18.9%	10.9%	15.2%	9.0%	20.1%	16.6%	11.8%	13.1%	16.7%	9.1%
Adj. EBIT (excl. Hatch)	**15.8**	**15.6**	**14.2**	**9.1**	**11.5**	**7.5**	**14.8**	**13.6**	**8.0**	**11.5**	**14.7**	**8.5**
- margin	23.7%	22.5%	20.9%	13.3%	17.1%	10.9%	20.8%	17.2%	9.4%	13.7%	17.3%	9.7%
Net financials	-1.2	0.7	-0.7	-0.6	0.9	0.1	0.6	1.1	0.2	0.0	0.0	0.0
PTP	**11.5**	**14.8**	**12.1**	**2.3**	**10.5**	**6.3**	**14.6**	**9.2**	**7.7**	**11.0**	**14.2**	**8.0**
Taxes	-2.6	-3.7	-2.9	0.6	-3.0	-1.1	-3.1	-3.0	-2.2	-2.4	-3.1	-1.8
- tax rate	23%	25%	24%	-26%	29%	17%	21%	33%	29%	22%	22%	22%
Net Profit	**8.9**	**11.1**	**9.2**	**2.9**	**7.5**	**5.2**	**11.5**	**6.2**	**5.5**	**8.6**	**11.1**	**6.2**
EPS, diluted	**0.11**	**0.15**	**0.12**	**0.04**	**0.10**	**0.07**	**0.16**	**0.08**	**0.07**	**0.12**	**0.15**	**0.08**
Segment details												
Games												
Revenue	62.7	66.9	64.2	64.4	64.9	66.4	68.6	76.5	82.3	81.4	82.7	85.9
- growth y/y	-5.4%	2.3%	-3.3%	-3.4%	3.5%	-0.7%	6.9%	18.8%	26.8%	22.6%	20.5%	12.3%
- growth q/q	-6.0%	6.7%	-4.0%	0.3%	0.8%	2.3%	3.3%	11.5%	7.6%	-1.1%	1.6%	3.9%
UAC, EURm	13.5	14.0	15.3	16.0	17.3	21.3	18.1	20.6	31.3	23.1	22.9	26.3
- % of revenue	21.5%	20.9%	23.8%	24.8%	26.7%	32.1%	26.4%	26.9%	38.0%	28.4%	27.7%	30.6%
Brand licencing												
Revenue	3.9	2.3	3.7	4.1	2.2	2.4	2.8	2.4	2.7	2.2	2.2	2.1
- growth y/y	-15.2%	-64.1%	-56.0%	-16.3%	-43.6%	4.3%	-24.3%	-41.5%	22.7%	-7.4%	-19.8%	-10.9%
- growth q/q	-20.4%	-41.0%	60.9%	10.8%	-46.3%	9.1%	16.7%	-14.3%	12.5%	-17.7%	1.0%	-4.7%

Source: Company data and Nordea estimates

ESTIMATED KPIs FOR ROVIO'S GAME PORTFOLIO (MILLIONS AND %), ANNUAL

GAME KPIs	2017	2018	2019	2020	2021	2022E	2023E	2024E
Bookings								
Gross bookings - TOP 5	201	213	228	223	229	241	211	191
Gross bookings - All	249	253	263	259	272	331	360	371
Rolling 12M - TOP5	201	213	228	223	229	241	211	191
Rolling 12M - All	249	253	263	259	272	331	360	371
User amount								
DAU - TOP 5	4.6	3.7	3.7	3.5	3.2	3.1	2.6	2.3
DAU - All	10.4	8.1	6.4	4.9	5.0	9.6	10.1	9.6
MAU - TOP 5	23.8	19.6	18.8	18.9	17.4	18.1	15.3	13.4
MAU - All	76.8	58.9	43.2	31.4	32.1	70.3	72.6	67.6
Engagement								
DAU/MAU - TOP 5	19%	19%	20%	18%	18%	17%	17%	17%
DAU/MAU - All	14%	14%	15%	15%	15%	14%	14%	14%
Retention								
MAU retention - TOP5	0%	82%	96%	101%	92%	104%	84%	88%
MAU retention - All	0%	77%	73%	73%	102%	219%	103%	93%
Conversion								
MUP - TOP 5	0.5	0.5	0.4	0.4	0.4	0.4	0.3	0.3
MUP - All	0.6	0.5	0.5	0.5	0.5	0.7	0.7	0.7
Conversion rate (TOP5)	2.0%	2.3%	2.2%	2.1%	2.3%	2.2%	2.2%	2.2%
Conversion rate (All)	0.7%	0.9%	1.1%	1.5%	1.5%	1.0%	1.0%	1.0%
Monetisation								
ARPDAU - TOP 5	0.12	0.16	0.17	0.18	0.20	0.21	0.22	0.22
ARPDAU - All	0.07	0.09	0.11	0.15	0.15	0.10	0.10	0.11
MARPPU - TOP 5	32.9	36.0	39.2	41.7	41.1	48.4	51.6	53.3
MARPPU - All	32.9	35.7	38.7	41.7	41.2	38.4	42.2	46.7

Source: Company data and Nordea estimates

ESTIMATED KPIs FOR ROVIO'S GAME PORTFOLIO (MILLIONS AND %), QUARTERLY

GAME KPIs	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22E	Q3 22E	Q4 22E
Bookings												
Gross bookings - TOP 5	54	59	55	56	55	57	56	61	67	59	58	57
Gross bookings - All	62	68	65	65	64	67	67	74	81	81	83	86
Rolling 12M - TOP5	225	227	225	223	224	223	224	229	241	243	245	241
Rolling 12M - All	259	262	261	259	261	260	262	272	288	303	319	331
User amount												
DAU - TOP 5	3.7	3.7	3.2	3.2	3.1	3.1	3.2	3.2	3.6	3.1	3.0	2.9
DAU - All	5.4	5.1	4.5	4.4	4.2	4.2	4.9	6.5	7.3	10.4	10.3	10.3
MAU - TOP 5	19.7	20.1	18.1	17.6	16.6	17.1	17.9	18.1	20.8	17.7	17.2	16.6
MAU - All	36.5	32.5	29.4	27.3	25.6	26.0	32.0	44.8	53.3	77.2	75.7	75.1
Engagement												
DAU/MAU - TOP 5	19%	18%	18%	18%	19%	18%	18%	18%	17%	17%	17%	17%
DAU/MAU - All	15%	16%	15%	16%	16%	16%	15%	15%	14%	13%	14%	14%
Retention												
MAU retention - TOP5	94%	102%	90%	97%	94%	103%	105%	101%	115%	85%	97%	96%
MAU retention - All	98%	89%	90%	93%	94%	102%	123%	140%	119%	145%	98%	99%
Conversion												
MUP - TOP 5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4
MUP - All	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.8	0.7	0.7
Conversion rate (TOP5)	2.0%	1.9%	2.1%	2.3%	2.4%	2.3%	2.2%	2.3%	2.2%	2.2%	2.2%	2.2%
Conversion rate (All)	1.2%	1.4%	1.5%	1.7%	1.8%	1.8%	1.5%	1.1%	1.0%	1.0%	1.0%	1.0%
Monetisation												
ARPDAU - TOP 5	0.16	0.17	0.19	0.19	0.20	0.20	0.19	0.21	0.21	0.21	0.21	0.21
ARPDAU - All	0.13	0.15	0.16	0.16	0.17	0.17	0.15	0.12	0.12	0.09	0.09	0.09
MARPPU - TOP 5	39.6	44.9	42.6	39.8	40.7	41.7	40.6	41.4	41.9	49.9	50.8	51.2
MARPPU - All	39.6	44.7	42.5	39.9	41.1	42.5	40.2	40.9	41.5	35.9	37.2	38.9

Source: Company data and Nordea estimates

GAMES ESTIMATES BY TITLE, ANNUAL (EURm)

	2017	2018	2019	2020	2021	2022E	2023E	2024E
AB2								
Gross bookings	78.7	117.3	108.4	106.5	107.9	119.7	109.7	101.3
- % of total	*32%*	*46%*	*41%*	*41%*	*40%*	*36%*	*30%*	*27%*
UAC	31.5	39.9	16.3	17.7	19.7	21.4	15.9	10.6
AB Dream Blast								
Gross bookings	0.0	0.5	57.5	63.2	61.6	60.4	54.9	48.7
- % of total	*0%*	*0%*	*22%*	*24%*	*23%*	*18%*	*15%*	*13%*
UAC	0.0	11.5	60.8	28.0	28.3	21.1	13.1	9.7
AB Match								
Gross bookings	10.1	26.2	24.4	13.4	8.8	7.7	5.5	3.6
- % of total	*4%*	*10%*	*9%*	*5%*	*3%*	*2%*	*2%*	*1%*
UAC	5.3	6.9	4.0	0.4	0.0	0.0	0.0	0.0
AB Friends								
Gross bookings	32.7	31.3	25.9	28.1	34.2	36.6	34.2	32.9
- % of total	*13%*	*12%*	*10%*	*11%*	*13%*	*11%*	*9%*	*9%*
UAC	7.4	8.3	3.3	0.6	0.0	0.0	0.0	0.0
Small Town Murders								
Gross bookings	0.0	0.0	0.0	7.8	15.5	8.7	6.5	4.5
- % of total	*0%*	*0%*	*0%*	*3%*	*6%*	*3%*	*2%*	*1%*
UAC	0.0	0.0	0.0	8.7	14.3	3.0	1.3	0.0
Sugar Blast								
Gross bookings	0.0	0.0	2.7	9.9	9.2	7.4	6.0	4.9
- % of total	*0%*	*0%*	*1%*	*4%*	*3%*	*2%*	*2%*	*1%*
UAC	0.0	0.0	6.2	3.5	2.1	0.0	0.0	0.0
Darkfire Heroes								
Gross bookings	0.0	0.0	0.0	0.0	2.0	0.7	0.6	0.5
- % of total	*0%*	*0%*	*0%*	*0%*	*1%*	*0%*	*0%*	*0%*
UAC	0.0	0.0	0.0	0.0	5.5	0.0	0.0	0.0
AB Journey								
Gross bookings	0.0	0.0	0.0	0.0	3.1	44.1	49.4	38.3
- % of total	*0%*	*0%*	*0%*	*0%*	*1%*	*13%*	*14%*	*10%*
UAC	0.0	0.0	0.0	0.0	3.2	37.1	26.0	12.1
Moomin: Puzzle and Design								
Gross bookings	0.0	0.0	0.0	0.0	0.0	3.8	28.2	25.1
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*1%*	*8%*	*7%*
UAC	0.0	0.0	0.0	0.0	0.0	4.9	19.7	13.3
Hypercasual (Ruby Games)								
Gross bookings	0.0	0.0	0.0	0.0	5.1	26.9	28.6	29.8
- % of total	*0%*	*0%*	*0%*	*0%*	*2%*	*8%*	*8%*	*8%*
UAC	0.0	0.0	0.0	0.0	0.0	15.1	10.0	10.4
Other								
Gross bookings	127.1	78.0	44.2	30.3	24.1	14.8	36.6	81.4
- % of total	*51%*	*31%*	*17%*	*12%*	*9%*	*4%*	*10%*	*22%*
UAC	25.4	12.1	9.0	0.0	4.2	0.9	22.7	51.8

Source: Company data and Nordea estimates

GAMES ESTIMATES BY TITLE, QUARTERLY (EURm)

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22E	Q3 22E	Q4 22E
AB2												
Gross bookings	25.0	28.8	26.5	26.2	25.2	26.6	26.6	29.5	30.3	30.3	30.0	29.1
- % of total	*40%*	*43%*	*41%*	*40%*	*39%*	*40%*	*40%*	*40%*	*38%*	*37%*	*36%*	*34%*
UAC	3.5	6.0	3.9	4.2	4.5	4.8	4.8	5.6	5.9	5.5	5.4	4.7
AB Dream Blast												
Gross bookings	16.1	16.4	15.5	15.2	15.4	15.0	15.0	16.2	14.9	15.4	15.2	14.9
- % of total	*26%*	*24%*	*24%*	*23%*	*24%*	*23%*	*22%*	*22%*	*18%*	*19%*	*18%*	*17%*
UAC	8.0	6.0	7.0	7.0	7.0	7.0	6.8	7.5	6.7	5.4	4.6	4.5
AB Match												
Gross bookings	4.4	3.6	2.9	2.5	2.4	2.2	2.1	2.1	2.0	2.0	1.9	1.8
- % of total	*7%*	*5%*	*4%*	*4%*	*4%*	*3%*	*3%*	*3%*	*2%*	*2%*	*2%*	*2%*
UAC	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AB Friends												
Gross bookings	5.6	7.3	7.2	8.0	8.1	8.3	8.5	9.3	9.3	9.3	9.1	8.8
- % of total	*9%*	*11%*	*11%*	*12%*	*13%*	*12%*	*13%*	*13%*	*12%*	*11%*	*11%*	*10%*
UAC	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Small Town Murders												
Gross bookings	0.0	1.0	3.0	3.8	3.9	4.7	4.1	2.8	2.2	2.2	2.2	2.1
- % of total	*0%*	*1%*	*5%*	*6%*	*6%*	*7%*	*6%*	*4%*	*3%*	*3%*	*3%*	*2%*
UAC	0.0	1.5	3.4	3.8	3.7	5.0	4.2	1.4	1.1	0.7	0.7	0.6
Sugar Blast												
Gross bookings	2.3	2.6	2.5	2.5	2.5	2.5	2.2	2.0	2.0	1.9	1.8	1.7
- % of total	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*3%*	*3%*	*2%*	*2%*	*2%*	*2%*
UAC	1.0	0.5	1.0	1.0	1.0	0.9	0.2	0.0	0.0	0.0	0.0	0.0
Darkfire Heroes												
Gross bookings	0.0	0.0	0.0	0.0	0.0	1.1	0.6	0.3	0.2	0.2	0.2	0.2
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*2%*	*1%*	*0%*	*0%*	*0%*	*0%*	*0%*
UAC	0.0	0.0	0.0	0.0	1.0	3.0	1.5	0.0	0.0	0.0	0.0	0.0
AB Journey												
Gross bookings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	10.1	9.6	11.3	13.1
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*4%*	*13%*	*12%*	*14%*	*15%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	11.3	8.2	8.5	9.2
Moomin: Puzzle and Design												
Gross bookings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	3.3
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*1%*	*4%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	4.1
Hypercasual (Ruby Games)												
Gross bookings	0.0	0.0	0.0	0.0	0.0	0.0	1.0	4.1	6.1	6.8	6.9	7.0
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*1%*	*6%*	*8%*	*8%*	*8%*	*8%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.6	2.9	6.1	3.4	3.1	2.5
Other												
Gross bookings	8.7	8.0	6.9	6.7	6.7	6.2	6.6	4.6	3.7	3.7	3.5	3.8
- % of total	*14%*	*12%*	*11%*	*10%*	*10%*	*9%*	*10%*	*6%*	*5%*	*5%*	*4%*	*4%*
UAC	0.1	0.0	0.0	0.0	0.1	0.6	0.0	0.0	0.2	0.0	0.0	0.7

Source: Company data and Nordea estimates

Valuation

We derive a DCF-based fair value range of EUR 8.2-11.4 per share by applying a WACC range of 7.7-11.7%. 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 30% 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 7.5-9.8 (7.3-9.4) per share.

DCF valuation range of EUR 8.2-11.4

DCF valuation

We base our DCF valuation on a bottom-up approach, through which we forecast current and upcoming quarterly revenue on a game-by-game basis for 2022-24. 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, forecasting quarterly revenue, profitability and capex for the business unit. We apply a 9.3% (9.7%) WACC to our DCF valuation.

DCF VALUATION (EURm AND EUR PER SHARE)

DCF value	Value	Per share
NPV FCFF	556	7.6
(Net debt)	126	1.7
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	20	0.3
DCF Value	**701**	**9.6**

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	1.70
Cost of equity	9.30%
Cost of debt	3.0%
Tax-rate used in WACC	20.0%
Equity weight	100.0%
WACC	**9.3%**

Source: Company data and Nordea estimates

DCF ASSUMPTIONS

Averages and assumptions	2022-27	2028-32	2033-37	2038-42	2043-47	2048-52	Sust.
Sales growth, CAGR	4.85%	4.0%	3.5%	3.0%	2.5%	2.0%	
EBIT-margin, ex. associates	16.0%	14.0%	12.0%	12.0%	12.0%	0.5%	
Capex/depreciation, x	0.6	1.0	1.0	1.0	1.0	1.0	
Capex/sales	1.8%	1.5%	1.5%	1.5%	1.5%	1.5%	
NWC/sales	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	
FCFF, CAGR	-248.0%	-1.0%	0.5%	3.1%	2.6%	-51.0%	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 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.

Lastly, 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		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Western mobile gaming peers															
G5 Entertainment Ab (Publ)	1.1	1.0	1.0	3.8	3.5	3.2	6.2	5.3	4.7	7.0	6.3	5.7	11.6%	12.6%	13.5%
Mag Interactive Ab (Publ)															
Modern Times Group Mtg Ab	2.7	2.5	2.3	10.6	9.6	8.7	25.5	19.2	15.9	26.9	22.0	15.7	3.8%	4.9%	6.8%
Playtika Holding Corp	3.1	2.8	2.7	8.7	7.9	7.5	14.5	12.5	11.1	20.0	16.6	14.1	7.7%	8.9%	10.2%
Stillfront Group Ab (Publ)	2.0	1.9	1.7	5.4	4.9	4.4	8.3	6.9	6.8	7.9	6.5	6.6	9.9%	12.9%	15.3%
Zynga Inc	3.1	2.9	2.7	13.3	11.7	10.8	15.4	13.4	11.9	22.8	19.1	15.8	5.7%	7.1%	9.7%
Peer average	2.4	2.2	2.1	8.4	7.5	6.9	14.0	11.5	10.1	16.9	14.1	11.6	7.7%	9.3%	11.1%
Peer median	**2.7**	**2.5**	**2.3**	**8.7**	**7.9**	**7.5**	**14.5**	**12.5**	**11.1**	**20.0**	**16.6**	**14.1**	**7.7%**	**8.9%**	**10.2%**
Rovio Entertainment Oyj (NDA)	**1.2**	**1.0**	**0.8**	**7.3**	**5.5**	**4.3**	**9.7**	**6.7**	**5.1**	**16.1**	**12.5**	**11.0**	**5.0%**	**9.3%**	**10.0%**
difference	**-56%**	**-61%**	**-64%**	**-15%**	**-31%**	**-43%**	**-33%**	**-47%**	**-55%**	**-20%**	**-25%**	**-22%**	**-0.4pp**	**0.1pp**	**0.0pp**

Source: Refinitiv and Nordea estimates

WESTERN MOBILE GAMING PEERS: KEY FINANCIALS AND KPIs*

		Price	Mcap	EV	Sales CAGR		EBITDA margin			DAU	MAU	DAU/	ARPDAU
	Country	Local	EURm	EURm	19-21	21-24E	2022E	2023E	2024E	(mln)	(mln)	MAU	USD
Western mobile gaming peers													
G5 Entertainment Ab (Publ)	Sweden	187	160	145	5.4%	4.2%	29.2%	29.7%	31.2%	1.8	6.5	28%	
Mag Interactive Ab (Publ)	Sweden	18	47	41						1.6	4.9	31%	0.06
Modern Times Group Mtg Ab	Sweden	105	1,113	1,487	13.5%	7.1%	25.7%	26.2%	26.9%	0.2	0.6	31%	0.38
Playtika Holding Corp	Israel	18	6,874	8,033	14.6%	10.7%	35.2%	36.1%	35.6%	10.4	35.4	29%	0.67
Stillfront Group Ab (Publ)	Sweden	20	982	1,317	70.2%	12.9%	37.3%	38.5%	39.4%	12.6	63.8	20%	0.12
Zynga Inc	US	8	8,923	9,090	30.9%	11.1%	23.6%	24.5%	25.5%	37.0	184.0	20%	0.20
Peer average					26.9%	9.2%	30.2%	31.0%	31.7%	10.6	49.2	27%	0.29
Peer median					**14.6%**	**10.7%**	**29.2%**	**29.7%**	**31.2%**	**6.1**	**21.0**	**29%**	**0.20**
Rovio Entertainment Oyj (NDA)	**Finland**	**8.7**	**712**	**605**	**-0.5%**	**9.7%**	**16.3%**	**18.1%**	**19.3%**	**7.3**	**53.3**	**14%**	**0.12**
difference					**-15pp**	**-1pp**	**-12.9pp**	**-12pp**	**-12pp**	**20%**	**154%**	**-15pp**	**-8pp**

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

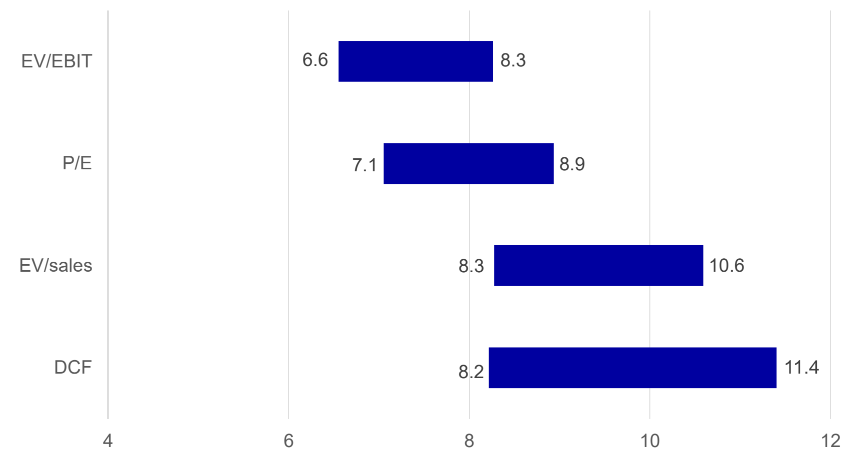
Source: Company data, Refinitiv and Nordea estimates

DCF and peer multiples imply an average valuation range of EUR 7.5-9.8

We derive a DCF-based fair value range of EUR 8.2-11.4 per share by applying a WACC range of 7.3-11.3%. 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 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 7.5-9.8 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

Reported numbers and forecasts

INCOME STATEMENT

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	**158**	**142**	**192**	**297**	**281**	**289**	**272**	**286**	**342**	**367**	**377**
Revenue growth	n.a.	-10.3%	34.9%	55.0%	-5.4%	2.8%	-5.8%	5.1%	19.4%	7.5%	2.7%
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	17	-6	35	60	48	32	60	51	53	67	73
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	17	-6	35	60	48	32	60	51	53	67	73
Amortisation and impairments	-7	-15	-18	-29	-16	-14	-18	-13	-14	-12	-11
EBIT	10	-22	17	31	32	18	43	38	40	54	62
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	1	1	-1	-5	1	0	-2	3	0	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	**11**	**-21**	**16**	**27**	**32**	**18**	**41**	**41**	**40**	**54**	**62**
Reported taxes	-3	3	-5	-6	-8	-5	-9	-10	-9	-12	-14
Net profit from continued operations	8	-18	11	21	25	13	32	30	30	42	48
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	8	-18	11	21	25	13	32	30	30	42	48
EPS, EUR	**0.11**	**-0.24**	**0.14**	**0.27**	**0.31**	**0.17**	**0.42**	**0.41**	**0.41**	**0.57**	**0.66**
DPS, EUR	0.04	0.00	0.06	0.06	0.09	0.09	0.12	0.12	0.13	0.14	0.15
of which ordinary	0.04	0.00	0.06	0.06	0.09	0.09	0.12	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	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	17.8%	15.6%	18.1%	19.3%
EBITA	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	17.8%	15.6%	18.1%	19.3%
EBIT	6.3%	-15.2%	8.8%	10.6%	11.2%	6.3%	15.6%	13.2%	11.6%	14.8%	16.4%
Adjusted earnings											
EBITDA (adj)	17	-6	35	65	48	33	65	57	56	67	73
EBITA (adj)	17	-6	35	65	48	33	65	57	56	67	73
EBIT (adj)	10	-22	17	36	31	18	47	44	42	54	62
EPS (adj, EUR)	0.11	-0.24	0.14	0.33	0.31	0.17	0.48	0.49	0.45	0.57	0.66
Adjusted profit margins in percent											
EBITDA (adj)	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	19.8%	16.3%	18.1%	19.3%
EBITA (adj)	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	19.8%	16.3%	18.1%	19.3%
EBIT (adj)	6.3%	-15.2%	8.8%	12.1%	11.1%	6.4%	17.3%	15.3%	12.3%	14.8%	16.4%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	12.8%	13.9%	8.3%	2.8%	5.5%	5.5%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	13.7%	n.m.	7.5%	-2.4%	6.8%	17.6%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	12.7%	n.m.	17.6%	4.7%	11.6%	27.9%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	n.m.	23.7%	8.8%	13.2%	31.7%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	17.6%	n.m.	14.9%	16.7%	9.2%	10.8%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	6.4%	6.4%	10.5%	11.3%	11.5%	12.4%	14.4%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	14.4%	14.1%	17.7%	17.6%	16.6%	16.9%	18.5%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E (adj)	n.a.	n.a.	n.a.	27.5	12.5	26.1	13.3	13.3	19.5	15.2	13.3
EV/EBITDA (adj)	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	9.5	7.4	6.3
EV/EBITA (adj)	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	9.5	7.4	6.3
EV/EBIT (adj)	n.a.	n.a.	n.a.	17.5	5.9	13.5	7.1	8.2	12.6	9.1	7.4

VALUATION RATIOS - REPORTED EARNINGS

EURm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E	n.a.	n.a.	n.a.	33.5	12.4	26.6	15.2	15.9	21.1	15.2	13.3
EV/Sales	n.a.	n.a.	n.a.	2.11	0.65	0.86	1.23	1.25	1.56	1.35	1.21
EV/EBITDA	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	10.0	7.4	6.3
EV/EBITA	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	10.0	7.4	6.3
EV/EBIT	n.a.	n.a.	n.a.	20.0	5.8	13.7	7.9	9.4	13.4	9.1	7.4
Dividend yield (ord.)	n.a.	n.a.	n.a.	0.7%	2.4%	2.0%	1.9%	1.8%	1.5%	1.6%	1.7%
FCF yield	n.a.	n.a.	n.a.	7.2%	13.6%	1.8%	12.7%	6.1%	-1.3%	7.1%	7.7%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	8.3%	13.6%	1.8%	12.6%	7.7%	4.1%	7.7%	8.2%
Payout ratio	37.1%	0.0%	42.0%	18.3%	29.5%	53.1%	25.2%	24.3%	29.1%	24.4%	22.9%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
Intangible assets	39	69	74	53	39	29	19	62	88	85	84
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	39	69	74	53	39	29	19	25	16	9	5
of which goodwill	0	0	0	0	0	0	0	38	72	75	79
Tangible assets	2	1	1	1	1	9	10	8	8	8	8
of which leased assets	0	0	0	0	0	8	8	7	7	7	7
Shares associates	0	0	0	0	0	1	2	8	8	8	8
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	6	1	3	5	6	8	8	8	8	8
Other non-IB non-current assets	1	2	1	1	1	1	1	3	3	3	3
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	42	77	77	57	45	45	39	90	116	113	112
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	25	19	28	29	23	33	21	28	33	35	36
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	17	13	16	13	11	15	10	9	10	11	11
Cash and bank	54	34	29	91	124	125	139	161	144	180	218
Total current assets	95	66	73	133	158	172	170	197	187	226	266
Assets held for sale	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**138**	**143**	**150**	**190**	**203**	**217**	**208**	**287**	**302**	**339**	**378**
Shareholders equity	94	74	87	140	160	168	165	198	219	252	290
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	94	74	87	140	160	168	165	198	219	252	290
Deferred tax	0	0	0	0	0	0	0	3	3	3	3
Long term interest bearing debt	0	16	3	3	3	2	1	0	28	28	28
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	13	0	0	0
Non-current lease debt	0	0	0	0	0	6	6	4	7	7	7
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	17	3	3	4	8	7	21	38	38	38
Short-term provisions	1	3	1	1	1	0	1	0	0	0	0
Accounts payable	6	8	8	9	11	15	7	9	11	11	12
Current lease debt	0	0	0	0	0	2	3	3	0	0	0
Other current liabilities	37	33	35	37	29	20	25	29	34	37	38
Short term interest bearing debt	0	8	17	0	0	4	0	28	0	0	0
Total current liabilities	44	53	60	47	40	42	36	69	45	49	50
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**138**	**143**	**150**	**190**	**203**	**217**	**208**	**287**	**302**	**339**	**378**
Balance sheet and debt metrics											
Net debt	-54	-10	-10	-88	-120	-110	-129	-126	-109	-144	-183
of which lease debt	0	0	0	0	0	8	9	7	7	7	7
Working capital	-1	-10	1	-4	-5	13	-2	-1	-2	-2	-2
Invested capital	41	68	78	53	40	58	37	89	114	111	110
Capital employed	94	99	106	143	163	182	175	233	254	287	325
ROE	17.3%	-21.5%	13.3%	18.3%	16.3%	8.1%	19.3%	16.8%	14.5%	17.9%	17.8%
ROIC	n.a.	-31.6%	18.5%	43.9%	53.6%	30.0%	79.7%	55.9%	33.2%	38.7%	44.9%
ROCE	24.4%	-21.5%	16.5%	28.9%	21.1%	11.1%	26.1%	22.8%	17.4%	20.1%	20.3%
Net debt/EBITDA	-3.1	n.m.	-0.3	-1.5	-2.5	-3.4	-2.2	-2.5	-2.0	-2.2	-2.5
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	68.0%	51.8%	58.0%	73.8%	78.5%	77.3%	79.4%	68.8%	72.4%	74.3%	76.6%
Net gearing	-57.4%	-13.3%	-11.4%	-62.9%	-75.3%	-65.7%	-78.2%	-63.6%	-49.6%	-57.4%	-63.2%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT											
EURm	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022E**	**2023E**	**2024E**
EBITDA (adj) for associates	**17**	**-6**	**35**	**60**	**48**	**32**	**60**	**51**	**53**	**67**	**73**
Paid taxes	-9	1	0	-1	-11	-10	-6	-10	-9	-12	-14
Net financials	0	-1	-2	-1	0	-1	-1	3	0	0	0
Change in provisions	1	2	-2	0	0	0	1	0	0	0	0
Change in other LT non-IB	n.a.	-6	5	-1	-2	-1	-2	10	-13	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.	5	-1	4	4	3	10	0	0	0	0
Funds from operations (FFO)	**7**	**-5**	**35**	**60**	**39**	**24**	**62**	**53**	**31**	**54**	**59**
Change in NWC	10	6	-13	-1	3	-13	1	-9	0	0	0
Cash flow from operations (CFO)	**17**	**1**	**23**	**60**	**43**	**11**	**64**	**44**	**31**	**54**	**59**
Capital expenditure	0	0	0	0	-1	-4	-5	-7	-5	-5	-6
Free cash flow before A&D	**17**	**1**	**23**	**60**	**41**	**7**	**59**	**37**	**26**	**49**	**53**
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	-38	-44	-23	-9	0	0	0	-8	-34	-4	-4
Free cash flow	-21	-42	0	51	41	7	59	29	-8	45	49
Free cash flow bef A&D, lease adj	17	1	23	60	41	7	59	37	26	49	53
Dividends paid	-3	0	-5	-5	-7	-7	-7	-9	-9	-10	-10
Equity issues / buybacks	0	0	0	36	1	0	-31	0	0	0	0
Net change in debt	0	25	-6	-17	0	3	-4	0	0	0	0
Other financing adjustments	0	0	0	-1	-3	0	0	0	0	0	0
Other non-cash adjustments	78	-2	5	-3	1	-1	-3	1	0	0	0
Change in cash	54	-19	-6	62	33	1	14	22	-17	36	39
Cash flow metrics											
Capex/D&A	0.0%	0.0%	0.0%	0.0%	7.9%	27.3%	29.1%	52.7%	36.0%	44.5%	59.2%
Capex/Sales	0.0%	0.0%	0.0%	0.0%	0.5%	1.3%	1.9%	2.4%	1.4%	1.5%	1.7%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	9	4	4	6	7	9	9	9
Market cap.	n.a.	n.a.	n.a.	715	303	359	463	483	640	640	640
Enterprise value	n.a.	n.a.	n.a.	627	183	248	334	357	531	495	457
Diluted no. of shares, year-end (m)	74.9	74.9	74.9	79.2	79.4	81.3	73.4	73.4	73.4	73.4	73.4

Source: Company data and Nordea estimates

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