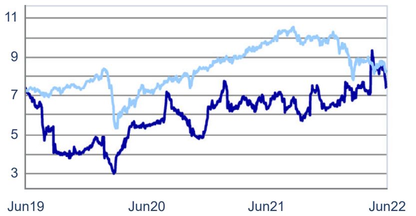
Rovio

Media
Finland

KEY DATA

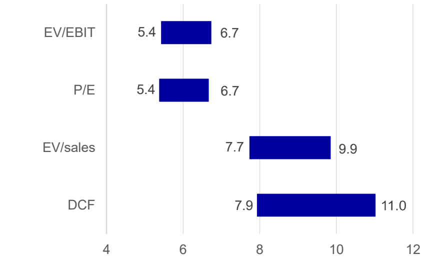
Stock country	Finland
Bloomberg	ROVIO FH
Reuters	ROVIO.HE
Share price (close)	EUR 7.44
Free Float	50%
Market cap. (bn)	EUR 0.55/EUR 0.55
Website	http://www.rovio.com/
Next report date	11 Aug 2022

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	-1%	-3%	-3%
EBIT (adj)	-1%	-6%	-9%

Source: Nordea estimates

Nordea Markets - Analysts
Felix Henriksson
Analyst

Marlon Värnik
Analyst

A slightly more conservative view on the outlook

Rovio's performance has exceeded our expectations for three consecutive quarters, and the recent CMD also suggested the company's focus and execution have improved. However, sequentially lower Games revenue signals a somewhat soft Q2 report. Additionally, market normalisation following a period of abnormally high demand and the limited operational leverage indicated by the company's updated long-term financial targets prompt us to cut estimates for 2022-24. We identify the launch of Hunter Assassin 2 (which we model for Q3 2022) and signs of revenue recovery for AB Journey in Q3 as the next potential catalysts for the share.

Sequential decline in Games revenues for Q2

For Q2, we expect Games revenues to decrease by 4% q/q (+19% y/y), driven by the lack of releases from Ruby Games (which prompts us to cut our Q2 top line by 2%) and sequentially lower UA spend for AB Journey. Based on Rovio's mid-quarter meeting and data.ai, we believe the older AB games have performed broadly in line with our expectations in Q2. UA guidance for Q2 stands at 25-30% of Games revenues, which compares to 38% in Q1 and our Q2 estimate of 27%. Our top-line estimate is 1% below post-Q1 Infront consensus, while our adjusted EBIT estimate is in line.

Near-term headwinds for mobile gaming market continue

The mobile gaming market has continued to face headwinds from post-pandemic reopening and Apple's IDFA changes in Q2. According to data.ai, the global mobile gaming market declined by 6% y/y in April-May (US: -20%), but as player spending is still above pre-pandemic levels, we take our 2023E-24E top line to a slightly more conservative level.

Long-term financial targets suggest limited operating leverage

At its CMD on 12 May, Rovio announced a long-term target to grow adjusted EBITDA in line with revenue. Although this highlights the company's focus on absolute profit and cash flow generation through games with larger scale rather than margin expansion, it suggests limited operational leverage to us, driving 5-8% cuts to 2023E-24E adjusted EBITDA. However, we remain 1-4% ahead of consensus for 2023E-24E.

Fair value range of EUR 6.6-8.6 (7.5-9.3)

We derive a fair value range of EUR 6.6-8.6, based on the average of four valuation methods (EV/EBIT, P/E, EV/sales and DCF). This implies 6.8x-9.6x EV/EBIT for 2023E versus our peer group median of 9.0x.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	281	289	272	286	338	358	365
EBITDA (adj)	48	33	65	57	55	63	67
EBIT (adj)	31	18	47	44	41	51	56
EBIT (adj) margin	11.1%	6.4%	17.3%	15.3%	12.3%	14.2%	15.4%
EPS (adj, EUR)	0.31	0.17	0.48	0.49	0.44	0.54	0.59
EPS (adj) growth	-7.1%	-44.5%	180.7%	4.0%	-11.0%	22.2%	10.5%
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	1.3	1.1	1.0
EV/EBIT (adj)	5.9	13.5	7.1	8.2	10.6	8.0	6.6
P/E (adj)	12.5	26.1	13.3	13.3	16.9	13.8	12.5
P/BV	1.9	2.1	2.8	2.4	2.5	2.2	1.9
Dividend yield (ord)	2.4%	2.0%	1.9%	1.8%	1.7%	1.9%	2.0%
FCF Yield bef A&D, lease	13.6%	1.8%	12.6%	7.7%	4.7%	8.5%	8.8%
Net debt	-120	-110	-129	-126	-108	-141	-175
Net debt/EBITDA	-2.5	-3.4	-2.2	-2.5	-2.1	-2.2	-2.6
ROIC after tax	53.6%	30.0%	79.7%	55.9%	32.7%	36.2%	40.7%

Source: Company data and Nordea estimates

Key events during Q2

Mid-quarter analyst meeting on 10 June

Rovio once again highlighted market headwinds...

We attended Rovio's Q2 mid-quarter meeting for sell-side analysts on 10 June hosted by IR Timo Rahkonen, CEO Alexandre Pelletier-Normand and CFO René Lindell. The company continued to highlight near-term headwinds for the mobile gaming market from post-pandemic reopening and Apple's IDFA changes, which according to data.ai led to a 6% y/y market decline in April-May. Rovio's largest market, the US, took the biggest hit with a 20% y/y decline, whereas the market in China was able to grow due to the recent lockdowns.

...but continues to grow in a tough environment

We were left with the impression that Rovio's Games revenue has increased y/y but declined slightly q/q in Q2 due to sequentially lower UA spend on AB Journey and a lack of game releases by Ruby Games. The older Angry Birds games (AB2, ABDB and AB Friends) have performed broadly in line with our expectations.

Q2 game portfolio commentary

- It is our impression that Rovio's total game portfolio has grown y/y but declined slightly q/q in Q2 due to sequentially lower gross bookings for AB Journey and Ruby Games.
- UA spend has been 25-30% of Games revenue in Q2, as guided in the Q1 results. The main difference to the Q1 level of 38% comes from AB Journey. In Rovio's game portfolio, AB2 has received the most UA spend.
- **AB2** has continued to perform well in Q2, which we believe indicates modest q/q growth. It appears that live events have been successful and UA has worked well during the quarter. The team has added RPG-like elements to the game in Q2 in the form of more personalised characters, which has been well-received by fans.
- **ABDB** bookings for Q2 have been stable q/q. Rovio has a desire to invest more in the game to enable future growth (new features, development team expansion, etc.).
- **AB Friends** bookings for Q2 have also been stable q/q. The company launched a special sustainability-related "Playing for the Planet" tournament during Q2.
- As expected, UA for **AB Journey** has been clearly below Q1 levels in Q2, leading to lower bookings sequentially for Q2. However, the game is making profit at the moment, according to Rovio. The long-term goal is to scale the game up, as it is still in its infancy. As communicated earlier, on 10 June Rovio launched a TV advertisement campaign for the game in the US.
- The **Ruby Games** hypercasual portfolio has had sequentially lower bookings in Q2, we believe, driven by the lack of new game releases. The much-awaited Hunter Assassin 2 remains in soft launch, with monetisation mechanics requiring more work prior to global release.
- **Moomin: Puzzle & Design** (soft-launched in December 2021) is in the retention phase. We understand that early retention KPIs appear promising. The game was soft-launched in the Nordics and Japan, the two core markets for the game, as well as in Poland, the Philippines and the US. We expect the game's global launch to take place in Q4 2022.
- Seven games remain the development pipeline and we believe Bad Piggies 2 will be the next soft launch (likely in 2022).

Capital markets day on 11 May

The CMD confirmed our impression that focus and execution have improved

Rovio held a CMD on 11 May in Stockholm, providing an update on its strategy and financial targets as well as deep dives into the Angry Birds brand and the Beacon technology platform. The company reiterated its strategy outlines with a sharp focus on casual mobile games with broad appeal, which coupled with the Angry Birds IP has made it a relative winner in the midst of app tracking transparency (ATT) headwinds for the market, in our view. For us, the highlight of the day was the deep dive into Rovio's Beacon technology platform, which appears to be a competitive advantage for Rovio due to its ability to add value to potential M&A targets and the data-driven decision-making tools for UA optimisation and game development that have also proved valuable amidst changing market dynamics. Overall, the CMD underlined the company's improved focus and execution, which are already bearing fruit, as demonstrated by recent successful growth initiatives (AB Journey and Ruby Games).

No meaningful changes to strategy – sharp focus on casual F2P games

Focused on mobile games with broad appeal in the casual genre

Rovio kept the core of its strategy intact, maintaining its focus on mobile games with broad appeal in the casual genre and its various verticals, as has been the case since 2021. In addition to its strong Angry Birds IP, reliable game portfolio, talented development teams and good financial position, Rovio emphasised its Beacon technology platform as a key competitive advantage, enabling both organic and inorganic growth initiatives (more on this below). The platform, robust IP and games with broad appeal have been the key factors behinds Rovio's relatively strong performance amidst ATT headwinds for the mobile gaming market, in our view. Key growth areas provided no meaningful surprises. On top of doubling down on current key live games and launching new games, Rovio is seeking growth via M&A, which is enabled by its EUR 172m cash position and ~9% share ownership. Furthermore, the new Montreal ('future of gaming') and Toronto (casual) studios are expected to generate revenue from 2024 onwards.

New financial targets introduced

Rovio now aims to grow revenue and EBITDA faster than the western mobile gaming market...

Rovio updated its long-term financial targets and is now aiming for revenue growth faster than the western mobile gaming market, adjusted EBITDA growth in line with long-term revenue growth and a payout of 30% from net profit. While the revenue growth and payout targets remain unchanged from the 2017 IPO, the previous earnings target was an EBIT margin of 30%. Although the growth guidance includes both organic and inorganic growth, we were left with the impression that Rovio intends to achieve the target with organic growth. In our view, this would require at least one successful game launch (e.g. AB Journey) per year. According to Newzoo's most recent forecasts, the global mobile gaming market is expected to grow at an 8% CAGR in 2021-24.

...which points to limited operational leverage but highlights the focus on absolute cash flow generation through games with larger scale

The EBITDA growth target points to limited operational leverage for Rovio in the longer run. It appears that, rather than focusing on margin expansion, Rovio now more than ever aims to maximise absolute profit and cash flow, which implies new games need to achieve significant scale. Comfortingly, the past three-year average margin levels for current live games AB2 (49%), ABDB (32%) and AB Friends (64%) reveal good potential for cash flow generation once games reach a certain scale and level of maturity.

Angry Birds brand is still very much alive and kicking

The Angry Birds brand is a key differentiator

Rovio said the appeal of its well-known Angry Birds brand has never been stronger. Support for this can be found from the recent revenue growth of its largest games (AB2, ABDB, AB Friend and AB Journey). In addition, AB-related YouTube views were 60% higher in 2021 versus 2018, while watch time was up 109% in 2021 versus 2018. To maintain strong brand recognition, Rovio has launched a remake of its original 2012 Angry Birds game and is intending to launch Angry Birds-themed DLC for Minecraft in cooperation with Microsoft.

Beacon technology platform is a competitive advantage for Rovio

The Beacon technology platform was explained to investors in more detail

Rovio has historically been fairly tight-lipped about its Beacon technology platform, which made the deep dive on this topic the highlight of the CMD, in our view. The platform has benefitted from over 11 years of investment and is now a key competitive advantage for Rovio, helping the company to adapt to changing market dynamics (such as ATT and demand shifts) and serving as a key selling point when negotiating M&A deals. The platform consists of a clean and reliable database, including tools for live ops, KPI benchmarking, analytics and cross-promotion, among other things. It allows for quick iteration in game development and effective UA optimisation for live games, as witnessed in a case example for AB2. In our view, Beacon's most attractive feature is its value for acquisition candidates that most often lack similar tools due to inadequate financial resources. It is our impression that Beacon was the key differentiator in Rovio's acquisition of Ruby Games and the platform is already bearing fruit in terms of efficiency gains and cross-promotion.

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	**81.6**	**337.9**	**357.7**	**365.3**	**83.6**	**341.6**	**367.4**	**377.3**	**-2%**	**-1%**	**-3%**	**-3%**
- growth y/y	-4.0%	18.1%	5.9%	2.1%	-1.6%	19.4%	7.5%	2.7%	-2.4pp	-1.3pp	-1.7pp	-0.6pp
Adj. EBITDA	**14.6**	**55.1**	**63.1**	**67.1**	**14.2**	**55.7**	**66.6**	**72.9**	**2%**	**-1%**	**-5%**	**-8%**
- margin	17.9%	16.3%	17.6%	18.4%	17.0%	16.3%	18.1%	19.3%	0.9pp	0.0pp	-0.5pp	-1.0pp
Adj. EBIT	**11.3**	**41.5**	**50.9**	**56.3**	**11.0**	**42.1**	**54.4**	**62.1**	**3%**	**-1%**	**-6%**	**-9%**
- margin	13.9%	12.3%	14.2%	15.4%	13.1%	12.3%	14.8%	16.4%	0.8pp	0.0pp	-0.6pp	-1.0pp
EBIT	**11.3**	**39.0**	**50.9**	**56.3**	**11.0**	**39.6**	**54.4**	**62.1**	**3%**	**-1%**	**-6%**	**-9%**
- margin	13.9%	11.5%	14.2%	15.4%	13.1%	11.6%	14.8%	16.4%	0.8pp	0.0pp	-0.6pp	-1.0pp
PTP	11.3	39.2	50.9	56.3	11.0	39.8	54.4	62.1	3%	-1%	-6%	-9%
Net profit	8.8	29.8	39.5	43.7	8.6	30.3	42.2	48.2	3%	-2%	-6%	-9%
EPS	**0.12**	**0.42**	**0.55**	**0.60**	**0.12**	**0.42**	**0.58**	**0.66**	**3%**	**-1%**	**-6%**	**-9%**
DPS		**0.13**	**0.14**	**0.15**		**0.13**	**0.14**	**0.15**		**0%**	**0%**	**0%**

Source: Nordea estimates

Nordea versus Infront consensus

OUR ESTIMATES VERSUS INFRONT CONSENSUS

	Nordea estimates				Consensus estimates				Difference			
EURm	**Q2 22E**	**2022E**	**2023E**	**2024E**	**Q2 22E**	**2022E**	**2023E**	**2024E**	**Q2 22E**	**2022E**	**2023E**	**2024E**
Sales	**81.6**	**337.9**	**357.7**	**365.3**	**82.6**	**333.5**	**339.5**	**347.6**	**-1%**	**1%**	**5%**	**5%**
- growth y/y	18.5%	18.1%	5.9%	2.1%	20.1%	16.5%	1.8%	2.4%	-1.6pp	1.5pp	4.0pp	-0.2pp
Adj. EBITDA	**14.6**	**55.1**	**63.1**	**67.1**	**14.2**	**57.2**	**62.7**	**64.5**		**-4%**	**1%**	**4%**
- margin	17.9%	16.3%	17.6%	18.4%		17.2%	18.5%	18.6%		-0.9pp	-0.8pp	-0.2pp
Adj. EBIT	**11.3**	**41.5**	**50.9**	**56.3**	**11.3**	**43.4**	**50.1**	**53.1**	**0%**	**-4%**	**2%**	**6%**
- margin	13.9%	12.3%	14.2%	15.4%	13.7%	13.0%	14.7%	15.3%	0.2pp	-0.7pp	-0.5pp	0.1pp
EBIT	**11.3**	**39.0**	**50.9**	**56.3**	**11.3**	**40.5**	**49.5**	**52.4**	**0%**	**-4%**	**3%**	**7%**
- margin	13.9%	11.5%	14.2%	15.4%	13.7%	12.1%	14.6%	15.1%	0.2pp	-0.6pp	-0.3pp	0.3pp
PTP	11.3	39.2	50.9	56.3	11.2	40.4	49.8	52.8	1%	-3%	2%	7%
Net profit	8.8	29.8	39.5	43.7	8.4	30.6	38.3	40.6	5%	-3%	3%	8%
EPS	**0.12**	**0.42**	**0.55**	**0.60**	**0.11**	**0.41**	**0.52**	**0.55**	**5%**	**1%**	**6%**	**10%**
DPS		**0.13**	**0.14**	**0.15**		**0.13**	**0.14**	**0.15**		**3%**	**3%**	**-2%**

Source: Infront and Nordea estimates

Detailed estimates

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

	2017	2018	2019	2020	2021	2022E	2023E	2024E	CAGR 18-21	CAGR 21-24E
Group estimates										
Revenue	**297.1**	**281.2**	**289.1**	**272.2**	**286.2**	**337.9**	**357.7**	**365.3**	**1%**	**8%**
- growth y/y		-5.4%	2.8%	-5.8%	5.1%	18.1%	5.9%	2.1%		
- organic					*5.8%*	*6.8%*	*5.4%*	*2.1%*		
- FX					*-2.5%*	*5.9%*	*0.5%*	*0.0%*		
- structure					*1.9%*	*5.3%*	*0.0%*	*0.0%*		
- growth q/q										
Materials and services	-81.8	-79.8	-77.3	-74.6	-74.5	-88.3	-94.1	-96.3	-2%	9%
Employee benefits expense	-52.0	-42.6	-41.7	-48.9	-52.0	-52.2	-55.2	-56.5	7%	3%
Other operating expenses	-104.2	-112.0	-138.4	-89.4	-109.7	-144.7	-145.4	-145.4	-1%	10%
EBITDA	**60.0**	**47.9**	**32.4**	**60.0**	**50.8**	**52.6**	**63.1**	**67.1**	**2%**	**10%**
Adj. EBITDA	**64.5**	**47.5**	**32.7**	**60.1**	**54.8**	**55.1**	**63.1**	**67.1**	**5%**	**7%**
- margin	21.7%	16.9%	11.3%	22.1%	19.2%	16.3%	17.6%	18.4%		
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**	**39.0**	**50.9**	**56.3**	**6%**	**14%**
Adj. EBIT	**35.9**	**31.2**	**18.4**	**47.1**	**43.8**	**41.5**	**50.9**	**56.3**	**12%**	**9%**
- margin	12.1%	11.1%	6.4%	17.3%	15.3%	12.3%	14.2%	15.4%		
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**	**39.2**	**50.9**	**56.3**	**8%**	**11%**
Taxes	-6.0	-7.7	-4.5	-8.6	-10.2	-9.4	-11.4	-12.6		
- tax rate	22%	24%	25%	21%	25%	24%	22%	22%		
Net profit	**20.7**	**24.5**	**13.2**	**32.1**	**30.4**	**29.8**	**39.5**	**43.7**	**7%**	**13%**
EPS, diluted	**0.27**	**0.31**	**0.16**	**0.42**	**0.41**	**0.42**	**0.55**	**0.60**	**10%**	**14%**
Segment details										
Games										
Revenue	247.9	250.4	264.8	258.2	276.4	328.6	350.4	359.1	3%	9%
- growth y/y	55.9%	1.0%	5.8%	-2.5%	7.0%	18.9%	6.7%	2.5%		
- growth q/q										
UAC, EURm	69.6	78.6	99.6	58.8	77.3	103.8	101.3	107.1	-1%	11%
- % of revenue	28.1%	31.4%	37.6%	22.8%	28.0%	31.6%	28.9%	29.8%		
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**	**81.6**	**84.2**	**87.1**
- growth y/y	-6.1%	-3.6%	-9.2%	-4.3%	0.8%	-0.6%	5.2%	15.2%	26.7%	18.5%	18.0%	10.4%
- organic	*-8.2%*	*-5.1%*	*-5.8%*	*0.7%*	*6.7%*	*5.5%*	*4.3%*	*6.2%*	*12.4%*	*3.5%*	*5.9%*	*6.5%*
- FX	*2.1%*	*1.4%*	*-3.4%*	*-5.0%*	*-5.9%*	*-6.0%*	*-0.6%*	*3.0%*	*5.2%*	*7.8%*	*6.2%*	*3.9%*
- structure	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.5%*	*6.0%*	*9.1%*	*7.2%*	*5.9%*	*0.0%*
- growth q/q	-7.0%	3.9%	-1.9%	0.9%	-2.0%	2.5%	3.8%	10.5%	7.7%	-4.0%	3.3%	3.3%
Materials and services	-18.1	-19.8	-18.5	-18.2	-18.2	-18.7	-18.3	-19.3	-20.9	-22.0	-22.3	-23.1
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	-31.8	-35.9	-36.2
EBITDA	**15.8**	**16.1**	**15.9**	**12.2**	**11.8**	**8.7**	**16.9**	**13.4**	**11.1**	**14.6**	**14.3**	**13.7**
Adj. EBITDA	**16.1**	**15.9**	**15.9**	**12.2**	**12.4**	**8.7**	**17.2**	**16.5**	**13.6**	**14.6**	**14.3**	**13.7**
- margin	24.2%	23.0%	23.4%	17.8%	18.5%	12.6%	24.1%	20.9%	16.0%	17.9%	17.0%	15.7%
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**	**11.3**	**10.9**	**10.4**
Adj. EBIT	**13.0**	**13.8**	**12.8**	**7.5**	**10.2**	**6.2**	**14.3**	**13.1**	**10.0**	**11.3**	**10.9**	**10.4**
- margin	19.5%	19.9%	18.9%	10.9%	15.2%	9.0%	20.1%	16.6%	11.8%	13.9%	12.9%	11.9%
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**	**11.3**	**10.9**	**10.4**
Taxes	-2.6	-3.7	-2.9	0.6	-3.0	-1.1	-3.1	-3.0	-2.2	-2.5	-2.4	-2.3
- 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**	**8.8**	**8.5**	**8.1**
EPS, diluted	**0.11**	**0.15**	**0.12**	**0.04**	**0.10**	**0.07**	**0.16**	**0.08**	**0.07**	**0.12**	**0.11**	**0.11**
Segment details												
Games												
Revenue	62.7	66.9	64.2	64.4	64.9	66.4	68.6	76.5	82.3	79.3	82.0	84.9
- growth y/y	-5.4%	2.3%	-3.3%	-3.4%	3.5%	-0.7%	6.9%	18.8%	26.8%	19.5%	19.5%	11.0%
- growth q/q	-6.0%	6.7%	-4.0%	0.3%	0.8%	2.3%	3.3%	11.5%	7.6%	-3.6%	3.4%	3.6%
UAC, EURm	13.5	14.0	15.3	16.0	17.3	21.3	18.1	20.6	31.3	21.7	26.8	24.0
- % of revenue	21.5%	20.9%	23.8%	24.8%	26.7%	32.1%	26.4%	26.9%	38.0%	27.4%	32.6%	28.3%
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	192
Gross bookings - All	249	253	263	259	272	327	350	359
Rolling 12M - TOP5	201	213	228	223	229	241	211	192
Rolling 12M - All	249	253	263	259	272	327	350	359
User amount								
DAU - TOP 5	4.6	3.7	3.7	3.5	3.2	3.7	3.5	3.0
DAU - All	10.4	8.1	6.4	4.9	5.0	9.3	9.7	9.0
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	68.2	69.7	63.6
Engagement								
DAU/MAU - TOP 5	19%	19%	20%	18%	18%	20%	23%	22%
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%	213%	102%	91%
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	0.6
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	0.18	0.16	0.17
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	39.0	42.8	48.1

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	79	82	85
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	301	316	327
User amount												
DAU - TOP 5	3.7	3.7	3.2	3.2	3.1	3.1	3.2	3.2	3.6	3.7	3.7	3.7
DAU - All	5.4	5.1	4.5	4.4	4.2	4.2	4.9	6.5	7.3	9.7	10.0	10.1
MAU - TOP 5	19.7	20.1	18.1	17.6	16.6	17.1	17.9	18.1	20.8	17.8	17.2	16.6
MAU - All	36.5	32.5	29.4	27.3	25.6	26.0	32.0	44.8	53.3	71.9	74.0	73.8
Engagement												
DAU/MAU - TOP 5	19%	18%	18%	18%	19%	18%	18%	18%	17%	21%	21%	22%
DAU/MAU - All	15%	16%	15%	16%	16%	16%	15%	15%	14%	14%	14%	14%
Retention												
MAU retention - TOP5	94%	102%	90%	97%	94%	103%	105%	101%	115%	86%	97%	96%
MAU retention - All	98%	89%	90%	93%	94%	102%	123%	140%	119%	135%	103%	100%
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	0.7	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	0.18	0.17	0.17
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	49.6	50.8	51.2
MARPPU - All	39.6	44.7	42.5	39.9	41.1	42.5	40.2	40.9	41.5	37.5	37.7	39.2

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	121.6	112.0	103.4
- % of total	*32%*	*46%*	*41%*	*41%*	*40%*	*37%*	*32%*	*29%*
UAC	31.5	39.9	16.3	17.7	19.7	24.2	17.4	11.9
AB Dream Blast								
Gross bookings	0.0	0.5	57.5	63.2	61.6	59.3	53.8	47.7
- % of total	*0%*	*0%*	*22%*	*24%*	*23%*	*18%*	*15%*	*13%*
UAC	0.0	11.5	60.8	28.0	28.3	22.3	13.4	9.5
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%*	*10%*	*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	7.7	5.6	3.8
- % of total	*0%*	*0%*	*0%*	*3%*	*6%*	*2%*	*2%*	*1%*
UAC	0.0	0.0	0.0	8.7	14.3	2.7	1.1	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	43.8	56.0	43.9
- % of total	*0%*	*0%*	*0%*	*0%*	*1%*	*13%*	*16%*	*12%*
UAC	0.0	0.0	0.0	0.0	3.2	33.9	29.5	13.9
Moomin: Puzzle and Design								
Gross bookings	0.0	0.0	0.0	0.0	0.0	3.8	32.2	28.7
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*1%*	*9%*	*8%*
UAC	0.0	0.0	0.0	0.0	0.0	4.4	22.5	15.2
Hypercasual (Ruby Games)								
Gross bookings	0.0	0.0	0.0	0.0	5.1	24.1	25.0	24.1
- % of total	*0%*	*0%*	*0%*	*0%*	*2%*	*7%*	*7%*	*7%*
UAC	0.0	0.0	0.0	0.0	0.0	16.2	8.7	8.4
Other								
Gross bookings	127.1	78.0	44.2	30.3	24.1	14.3	19.7	65.4
- % of total	*51%*	*31%*	*17%*	*12%*	*9%*	*4%*	*6%*	*18%*
UAC	25.4	12.1	9.0	0.0	4.2	0.2	8.6	48.1

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	30.9	30.6	29.7
- % of total	*40%*	*43%*	*41%*	*40%*	*39%*	*40%*	*40%*	*40%*	*38%*	*39%*	*37%*	*35%*
UAC	3.5	6.0	3.9	4.2	4.5	4.8	4.8	5.6	5.9	6.8	6.1	5.3
AB Dream Blast												
Gross bookings	16.1	16.4	15.5	15.2	15.4	15.0	15.0	16.2	14.9	14.9	14.9	14.6
- % 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	6.0	5.2	4.4
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%*	*3%*	*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%*	*12%*	*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	1.9	1.8	1.8
- % of total	*0%*	*1%*	*5%*	*6%*	*6%*	*7%*	*6%*	*4%*	*3%*	*2%*	*2%*	*2%*
UAC	0.0	1.5	3.4	3.8	3.7	5.0	4.2	1.4	1.1	0.6	0.6	0.5
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	9.5	11.2	13.0
- % 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	6.4	8.4	7.8
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	3.6
Hypercasual (Ruby Games)												
Gross bookings	0.0	0.0	0.0	0.0	0.0	0.0	1.0	4.1	6.1	5.0	6.4	6.6
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*1%*	*6%*	*8%*	*6%*	*8%*	*8%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.6	2.9	6.1	2.0	5.7	2.3
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	3.4
- % 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	0.0

Source: Company data and Nordea estimates

Valuation

DCF valuation range of EUR 7.9-11.0

DCF valuation

We base our DCF valuation on a bottom-up approach, through which we forecast current and upcoming quarterly revenues 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% WACC to our DCF valuation.

DCF VALUATION (EURm AND EUR PER SHARE)

DCF value	Value	Per share
NPV FCFF	525	7.1
(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	27	0.4
DCF Value	**677**	**9.2**

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	4.40%	4.0%	3.5%	3.0%	2.5%	2.0%	
EBIT-margin, ex. associates	15.3%	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	1.9%	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	-243.9%	0.0%	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, EV/EBITDA 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 as well as FCF yield 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)	1.4	1.3	1.2	5.4	4.2	3.9	9.1	6.3	5.8	10.8	7.5	7.0	7.6%	10.4%	11.3%
Modern Times Group Mtg Ab	2.3	2.1	1.9	9.3	8.1	7.4	19.6	14.9	12.6	28.3	18.4	14.7	3.0%	6.4%	9.3%
Playtika Holding Corp	2.5	2.3	2.2	7.4	6.6	6.2	13.0	11.2	9.9	17.2	14.7	12.7	7.9%	10.3%	11.1%
Stillfront Group Ab (Publ)	2.1	2.0	1.9	5.8	5.2	4.7	7.7	6.8	6.4	7.6	6.9	6.2	2.5%	9.3%	11.5%
Peer average	2.1	1.9	1.8	6.9	6.0	5.5	12.4	9.8	8.7	16.0	11.9	10.1	5.2%	9.1%	10.8%
Peer median	**2.2**	**2.0**	**1.9**	**6.6**	**5.9**	**5.4**	**11.0**	**9.0**	**8.2**	**14.0**	**11.1**	**9.8**	**5.3%**	**9.8%**	**11.2%**
Rovio Entertainment Oyj (NDA)	**1.3**	**1.1**	**0.9**	**7.8**	**6.1**	**5.1**	**10.4**	**7.6**	**6.1**	**16.9**	**13.9**	**12.5**	**4.7%**	**8.5%**	**8.8%**
difference	**-42%**	**-47%**	**-51%**	**19%**	**4%**	**-7%**	**-6%**	**-15%**	**-26%**	**21%**	**25%**	**28%**	**-0.1pp**	**-0.1pp**	**-0.2pp**
Rovio Entertainment Oyj (consensus)	1.5	1.5	1.4	9.0	8.2	7.7	11.9	10.6	9.0	17.2	15.1	13.6	4.1%	7.0%	7.1%
difference	-31%	-27%	-25%	37%	39%	41%	8%	18%	10%	23%	36%	39%	-0.2pp	-0.3pp	-0.4pp

Source: Refinitiv and Nordea estimates

WESTERN MOBILE GAMING PEERS: KEY FINANCIALS AND KPIs*

	Country	Price Local	Mcap EURm	EV EURm	Sales CAGR 19-21	Sales CAGR 21-24E	EBITDA margin 2022E	EBITDA margin 2023E	EBITDA margin 2024E	DAU (mln)	MAU (mln)	DAU/ MAU	ARPDAU USD
Western mobile gaming peers													
G5 Entertainment Ab (Publ)	Sweden	236	199	180	5.4%	5.3%	25.2%	30.1%	30.8%	1.8	6.2	29%	
Modern Times Group Mtg Ab	Sweden	82	855	1,229	13.5%	6.6%	24.5%	25.5%	26.4%	0.2	0.6	31%	0.38
Playtika Holding Corp	Israel	13	5,306	6,504	14.6%	9.9%	34.0%	35.4%	35.9%	10.4	35.4	29%	0.67
Stillfront Group Ab (Publ)	Sweden	24	1,133	1,408	70.2%	12.5%	37.0%	38.1%	39.3%	13.1	68.7	19%	0.14
Peer average					25.9%	8.6%	30.2%	32.3%	33.1%	6.4	27.7	27%	0.40
Peer median					**14.0%**	**8.3%**	**29.6%**	**32.8%**	**33.3%**	**6.1**	**20.8**	**29%**	**0.38**
Rovio Entertainment Oyj (NDA)	**Finland**	**7.5**	**613**	**496**	**-0.5%**	**8.5%**	**16.3%**	**17.6%**	**18.4%**	**7.3**	**53.3**	**14%**	**0.12**
difference					**-15pp**	**0pp**	**-13.3pp**	**-15pp**	**-15pp**	**20%**	**156%**	**-16pp**	**-26pp**
Rovio Entertainment Oyj (consensus)	Finland	7.5	613	496	-0.5%	6.6%	16.8%	18.1%	18.6%	n.a.	n.a.	n.a.	n.a.
difference					-15pp	-2pp	-13pp	-15pp	-15pp	n.a.	n.a.	n.a.	n.a.

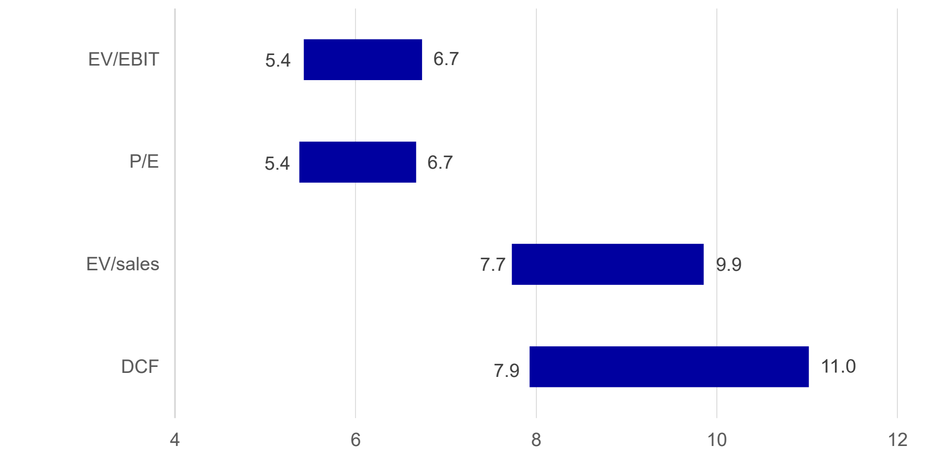
* KPI figures (DAU, MAU, ARPDAU) based on the latest fiscal quarter

Source: Company data, Refinitiv and Nordea estimates

Nordea valuation range of EUR 6.6-8.6

We derive a DCF-based fair value range of EUR 7.9-11.0 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 6.6-8.6 (7.5-9.8) per share. The share could be set for a rerating if the company can achieve top-line growth and game portfolio diversification through a successful game launch or via 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**	**338**	**358**	**365**
Revenue growth	n.a.	-10.3%	34.9%	55.0%	-5.4%	2.8%	-5.8%	5.1%	18.1%	5.9%	2.1%
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	63	67
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	63	67
Amortisation and impairments	-7	-15	-18	-29	-16	-14	-18	-13	-14	-12	-11
EBIT	10	-22	17	31	32	18	43	38	39	51	56
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**	**39**	**51**	**56**
Reported taxes	-3	3	-5	-6	-8	-5	-9	-10	-9	-11	-13
Net profit from continued operations	8	-18	11	21	25	13	32	30	30	40	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	8	-18	11	21	25	13	32	30	30	40	44
EPS, EUR	**0.11**	**-0.24**	**0.14**	**0.27**	**0.31**	**0.17**	**0.42**	**0.41**	**0.41**	**0.54**	**0.59**
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%	17.6%	18.4%
EBITA	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	17.8%	15.6%	17.6%	18.4%
EBIT	6.3%	-15.2%	8.8%	10.6%	11.2%	6.3%	15.6%	13.2%	11.5%	14.2%	15.4%
Adjusted earnings											
EBITDA (adj)	17	-6	35	65	48	33	65	57	55	63	67
EBITA (adj)	17	-6	35	65	48	33	65	57	55	63	67
EBIT (adj)	10	-22	17	36	31	18	47	44	41	51	56
EPS (adj, EUR)	0.11	-0.24	0.14	0.33	0.31	0.17	0.48	0.49	0.44	0.54	0.59
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%	17.6%	18.4%
EBITA (adj)	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	19.8%	16.3%	17.6%	18.4%
EBIT (adj)	6.3%	-15.2%	8.8%	12.1%	11.1%	6.4%	17.3%	15.3%	12.3%	14.2%	15.4%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	12.8%	13.9%	8.3%	2.6%	4.9%	4.8%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	13.7%	n.m.	7.5%	-2.6%	5.7%	15.7%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	12.7%	n.m.	17.6%	4.4%	10.1%	25.4%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	n.m.	23.7%	8.5%	11.7%	29.1%
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%	12.2%	14.0%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	14.4%	14.1%	17.7%	17.6%	16.6%	16.8%	18.1%

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	16.9	13.8	12.5
EV/EBITDA (adj)	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	7.9	6.4	5.5
EV/EBITA (adj)	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	7.9	6.4	5.5
EV/EBIT (adj)	n.a.	n.a.	n.a.	17.5	5.9	13.5	7.1	8.2	10.6	8.0	6.6

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	18.3	13.8	12.5
EV/Sales	n.a.	n.a.	n.a.	2.11	0.65	0.86	1.23	1.25	1.30	1.13	1.02
EV/EBITDA	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	8.3	6.4	5.5
EV/EBITA	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	8.3	6.4	5.5
EV/EBIT	n.a.	n.a.	n.a.	20.0	5.8	13.7	7.9	9.4	11.2	8.0	6.6
Dividend yield (ord.)	n.a.	n.a.	n.a.	0.7%	2.4%	2.0%	1.9%	1.8%	1.7%	1.9%	2.0%
FCF yield	n.a.	n.a.	n.a.	7.2%	13.6%	1.8%	12.7%	6.1%	-1.6%	7.8%	8.1%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	8.3%	13.6%	1.8%	12.6%	7.7%	4.7%	8.5%	8.8%
Payout ratio	37.1%	0.0%	42.0%	18.3%	29.5%	53.1%	25.2%	24.3%	29.5%	26.0%	25.2%

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	34	35
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	143	176	210
Total current assets	95	66	73	133	158	172	170	197	186	221	257
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**	**334**	**369**
Shareholders equity	94	74	87	140	160	168	165	198	219	248	282
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	248	282
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	10	11	11
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	36	37
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	47	48
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**	**334**	**369**
Balance sheet and debt metrics											
Net debt	-54	-10	-10	-88	-120	-110	-129	-126	-108	-141	-175
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	284	317
ROE	17.3%	-21.5%	13.3%	18.3%	16.3%	8.1%	19.3%	16.8%	14.3%	16.9%	16.5%
ROIC	n.a.	-31.6%	18.5%	43.9%	53.6%	30.0%	79.7%	55.9%	32.7%	36.2%	40.7%
ROCE	24.4%	-21.5%	16.5%	28.9%	21.1%	11.1%	26.1%	22.8%	17.1%	19.0%	18.7%
Net debt/EBITDA	-3.1	n.m.	-0.3	-1.5	-2.5	-3.4	-2.2	-2.5	-2.1	-2.2	-2.6
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%	72.5%	74.4%	76.5%
Net gearing	-57.4%	-13.3%	-11.4%	-62.9%	-75.3%	-65.7%	-78.2%	-63.6%	-49.5%	-56.8%	-62.2%

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**	**63**	**67**
Paid taxes	-9	1	0	-1	-11	-10	-6	-10	-9	-11	-13
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**	**30**	**52**	**54**
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**	**52**	**55**
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**	**46**	**48**
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	-9	43	44
Free cash flow bef A&D, lease adj	17	1	23	60	41	7	59	37	26	46	48
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	-18	33	34
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%	1.5%	1.5%	1.8%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	9	4	4	6	7	7	7	7
Market cap.	n.a.	n.a.	n.a.	715	303	359	463	483	546	546	546
Enterprise value	n.a.	n.a.	n.a.	627	183	248	334	357	438	405	371
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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