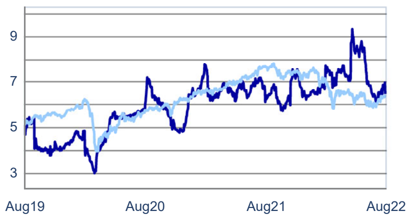
Rovio

Media
Finland

KEY DATA

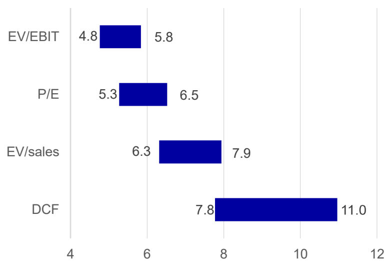
Stock country	Finland
Bloomberg	ROVIO FH
Reuters	ROVIO.HE
Share price (close)	EUR 6.50
Free Float	50%
Market cap. (bn)	EUR 0.48/EUR 0.48
Website	http://www.rovio.com/
Next report date	28 Oct 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR PER SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	-5%	-4%	-4%
EBIT (adj)	-7%	-8%	-8%

Source: Nordea estimates

Nordea Markets - Analysts
Felix Henriksson
Analyst

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Analyst

Flying at a slightly lower altitude

Rovio's Q2 revenue was 5% below Infront consensus, whereas adjusted EBIT was in line. Prevailing mobile gaming market headwinds (reopening, inflation, Apple's ATT policy) proved challenging for growth and recently launched AB Journey seems to be struggling with player engagement. We find the apparent Q3 run-rate recovery in two of Rovio's largest games (AB2 and ABDB) encouraging, but are slightly concerned about KPI softness for AB Journey. We identify the launch of Hunter Assassin 2 (which we model for Q4 2022), potential M&A and signs of revenue recovery for AB Journey as potential catalysts for the share.

Challenging market environment and softness in Q2 revenue

Q2 gross bookings declined by 6.5% y/y organically (+11% in Q1), which highlights headwinds from the declining mobile gaming market. All games fell short of our forecasts, but the miss was relatively larger for Rovio's most recent game launch, AB Journey, and the Ruby Games hypercasual portfolio. UA costs for Q2 were slightly lower than we expected at 27.5% of Games revenue, which helped Q2 EBIT to match expectations.

Q3 UA guidance of 25-30% of Games revenue

Encouragingly, AB2 and ABDB are showing improved momentum so far in Q3 and revenue run rates are growing q/q. UA costs for Q3 were guided below our expectations at 25-30% of Games revenue, which in our view indicates soft KPIs for AB Journey and the launch of Hunter Assassin 2 not taking place in Q3. 2022 guidance for strong top-line growth (Nordea: +12%) and declining adjusted EBIT (Nordea: -12%) was reiterated despite 31% y/y EBIT growth in H1. We believe this implies higher UA for Q4 and more recruitment, given increased opportunities in the talent market.

Estimates cut by 7-8% on adjusted EBIT

We cut our 2022E-24E top line by 4-5% and adjusted EBIT by 7-8%. The majority of our estimate cuts are driven by AB Journey, for which we now forecast EUR 33m of revenue for 2022 (previously EUR 44m). We also move the global launch of Hunter Assassin 2 from Q3 to Q4.

Fair value range of 6.0-7.8 (6.6-8.6)

We derive a fair value range of EUR 6.0-7.8, based on the average of four valuation methods (EV/EBIT, P/E, EV/sales and DCF). Currently, Rovio is trading at 2023E EV/EBIT of ~7x, which amounts to a ~15% discount to peers versus an average discount of ~35% on NTM EV/EBIT since the IPO.

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	281	289	272	286	320	343	352
EBITDA (adj)	48	33	65	57	53	59	63
EBIT (adj)	31	18	47	44	39	47	52
EBIT (adj) margin	11.1%	6.4%	17.3%	15.3%	12.1%	13.7%	14.7%
EPS (adj, EUR)	0.31	0.17	0.48	0.49	0.43	0.50	0.55
EPS (adj) growth	-7.1%	-44.5%	180.7%	4.0%	-13.0%	15.4%	10.4%
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	1.2	1.0	0.9
EV/EBIT (adj)	5.9	13.5	7.1	8.2	9.6	7.2	6.0
P/E (adj)	12.5	26.1	13.3	13.3	15.1	13.1	11.9
P/BV	1.9	2.1	2.8	2.4	2.2	2.0	1.7
Dividend yield (ord)	2.4%	2.0%	1.9%	1.8%	2.0%	2.2%	2.3%
FCF Yield bef A&D, lease	13.6%	1.8%	12.6%	7.7%	5.2%	9.1%	9.4%
Net debt	-120	-110	-129	-126	-107	-137	-168
Net debt/EBITDA	-2.5	-3.4	-2.2	-2.5	-2.2	-2.3	-2.7
ROIC after tax	53.6%	30.0%	79.7%	55.9%	30.6%	33.6%	37.7%

Source: Company data and Nordea estimates

Result highlights

Q2 2022 report highlights

- Q1 revenue was 5% below Infront consensus estimates and was up 14% y/y (+27% in Q1). Organically, revenue was down 1% y/y (+12% in Q1).
- Revenue from Games was 4% below our estimate and was up by 14% y/y (+27% in Q1). Games gross bookings grew organically by -6.5% y/y (+11% in Q1).
- Adjusted EBIT of EUR 11.3m was in line with consensus and our estimates. The adjusted EBIT margin stood at 14.4% compared to consensus of 13.7%.
- EPS was EUR 0.13 compared to consensus of EUR 0.11.

ROVIO: Q2 2022 DEVIATION TABLE (EPS in EUR)

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	**Q2 22**	**Q2 22E**	**vs. actual**		**Q2 22E**	**vs. actual**		**Q1 22**	**q/q**	**Q2 21**	**y/y**
Revenue	**78.4**	**81.6**	**(3.2)**	**-4%**	**82.6**	**(4.2)**	**-5%**	**85.0**	**-8%**	**68.8**	**14%**
EBITDA	**14.3**	**14.6**	**(0.3)**	**-2%**	**14.2**	**0.1**	**1%**	**11.1**	**29%**	**8.7**	**64%**
Adj. EBITDA	**15.0**	**14.6**	**0.4**	**3%**	**14.2**	**0.8**	**6%**	**13.6**	**10%**	**8.7**	**72%**
- margin	19.1%	17.9%		1.3pp	17.2%		0.0pp	16.0%	3.1pp	12.6%	6.5pp
EBIT	**10.5**	**11.3**	**(0.8)**	**-7%**	**11.3**	**(0.8)**	**-7%**	**7.5**	**40%**	**6.2**	**69%**
Adj. EBIT	**11.3**	**11.3**	**(0.0)**	**0%**	**11.3**	**(0.0)**	**0%**	**10.0**	**13%**	**6.2**	**82%**
- margin	14.4%	13.9%		0.5pp	13.7%		0.7pp	11.8%	2.6pp	9.0%	5.4pp
EPS	**0.13**	**0.12**	**0.01**	**9%**	**0.11**	**0.02**	15%	**0.07**	75%	**0.07**	85%
Gross bookings top 5, EURm	60.8	59.1	2	3%				66.7	-9%	57.0	7%
Gross bookings total, EURm	72.4	79.3	-7	-9%				80.8	-10%	66.6	9%
Games revenue	75.9	79.3	-3	-4%				82.3	-8%	66.4	14%
UAC	20.9	21.7	-1	-4%				31.3	-33%	21.3	-2%
UAC as % of revenue	27.5%	27.4%		0.1pp				38.0%	-10.5pp	32.1%	-4.5pp
DAU top 5, million	3.3	3.7	-0.4	-10%				3.6	-8%	3.1	6%
DAU all, million	6.7	9.7	-3.0	-31%				7.3	-8%	4.2	60%
MAU top 5, million	18.1	17.8	0.3	2%				20.8	-13%	17.1	6%
MAU all, million	45.8	71.9	-26.1	-36%				53.3	-14%	26.0	76%
DAU/MAU top 5, %	18.2%	20.5%		-2.3pp				17.3%	0.9pp	18.1%	0.1pp
DAU/MAU all 5, %	14.6%	13.5%		1.1pp				13.7%	0.9pp	16.2%	-1.5pp
MUP top 5, thousand	390.0	396.9	-6.9	-2%				464.0	-16%	397.0	-2%
MUP all, thousand	444.0	704.6	-260.6	-37%				522.0	-15%	455.0	-2%
ARPDAU top 5, EUR	0.20	0.18	0.02	13%				0.21	-5%	0.20	0%
ARPDAU all, EUR	0.12	0.09	0.03	34%				0.12	0%	0.17	-29%
MARPPU top 5, EUR	45.5	49.6	-4.1	-8%				41.9	9%	41.7	9%
MARPPU all, EUR	44.7	37.5	7.2	19%				41.5	8%	42.5	5%

Source: Company data, Refinitiv and Nordea estimates

Games performance

- Games' gross bookings were up by 9% y/y and down by 10% q/q.
- User acquisition (UA) investments at EUR 20.9m were slightly below our estimate of EUR 21.7m, i.e. 27.5% of Games revenue compared to 38% in Q1 2022 and 32% in Q2 2021.
- Compared to our estimates, all games missed on revenue but the miss was relatively larger in the recent growth initiatives AB Journey and Ruby Games' hypercasual portfolio.
- Rovio's newest game, AB Journey (launched on 20 January), generated bookings of EUR 7.3m compared to our estimate of EUR 9.5m and EUR 10.1 in Q1. According to our understanding, UA has been considerably scaled down from Q1 levels and the game's current revenue run-rate for Q3 is below Q2. We believe that the game is profitable, however, at these UA levels. We estimate gross booking of EUR 44m for 2022 from AB Journey, making it Rovio's third largest game.
- Ruby Games (Hypercasual) brought EUR 4.5m of bookings compared to our estimate of EUR 5.0m. Hunter Assassin 2 continues to progress in soft launch with the addition of a real-time multiplayer mode and a deeper meta system.

Q2 2022 GROSS BOOKINGS PER GAME VS NORDEA ESTIMATES

EURm	Actual Q2 22	NDA est. Q2 22	Deviation vs. actual		Actual Q1 22	q/q	Actual Q2 21	y/y
AB2	28.4	30.9	-2.5	-8%	30.3	-6%	26.6	7%
ABDB	14.1	14.9	-0.8	-5%	14.9	-5%	15.0	-6%
AB Friends	9.1	9.3	-0.2	-2%	9.3	-2%	8.3	10%
AB Journey	7.3	9.5	-2.2	-23%	10.1	na	0.0	na
Hypercasual	4.5	5.0	-0.5	-10%	6.1	-26%	0.0	n.a.
Other	9.0	9.7	-0.7	-7%	10.1	-11%	16.7	-46%

Source: Company data and Nordea estimates

Guidance for 2022

- For 2022, Rovio reiterated its guidance for strong top-line growth (Nordea: +12%) and lower EBIT y/y (Nordea: -12%).
- UA costs for Q3 are guided at 25-30% of Games revenue (Nordea: 28%).

Key highlights from Q2 earnings call

- Regarding the Q3 outlook, two of Rovio's largest games, AB2 (~40% of revenue) and ABDB (~20% of revenue), have shown improved momentum and q/q growth, which justifies increased UA for these games. A more significant improvement has been observed in ABDB with a revenue run-rate for Q3 at around the Q4 2021 level of roughly EUR 16m versus EUR 14m in Q2.
- The most recent game launch, AB Journey, is struggling with engagement and has a Q3 revenue run-rate below the EUR 7.3m witnessed in Q2. Rovio is currently working on a more dynamic adaptation of the game difficulty and building deeper metagame around AB Journey. The company has not started scaling the game up again and hence UA will be limited in Q3.
- Rovio does not factor in the global launch of Hunter Assassin 2 in its Q3 UA guidance.
- Rovio has seen attractive opportunities to recruit talent in Canada and Finland as a result of gaming industry layoffs recently.
- A strategy for the new Montreal studio has crystallised, and it will focus on getting Angry Birds to be multiplatform, i.e. to the PC/console platforms with the casual gamer as the target audience.
- The first Moomin game, which has been in soft launch since December 2021, had a successful test marketing campaign in one its key markets Japan. With the company now working on long-term retention for the game, we believe a global launch could be likely in early 2023.

Estimate revisions

ESTIMATE REVISIONS (EPS AND DPS IN EUR)

	New estimates				Old estimates				Difference %			
EURm	**Q3 22E**	**2022E**	**2023E**	**2024E**	**Q3 22E**	**2022E**	**2023E**	**2024E**	**Q3 22E**	**2022E**	**2023E**	**2024E**
Sales	**77.0**	**320.5**	**343.1**	**352.2**	**84.2**	**337.9**	**357.7**	**365.3**	**-9%**	**-5%**	**-4%**	**-4%**
- growth y/y	7.9%	12.0%	7.0%	2.7%	18.0%	18.1%	5.9%	2.1%	-10.1pp	-6.1pp	1.2pp	0.5pp
Adj. EBITDA	**16.3**	**52.9**	**59.2**	**62.7**	**14.3**	**55.1**	**63.1**	**67.1**	**14%**	**-4%**	**-6%**	**-7%**
- margin	21.2%	16.5%	17.2%	17.8%	17.0%	16.3%	17.6%	18.4%	4.2pp	0.2pp	-0.4pp	-0.6pp
Adj. EBIT	**12.9**	**38.8**	**47.0**	**51.9**	**10.9**	**41.5**	**50.9**	**56.3**	**18%**	**-7%**	**-8%**	**-8%**
- margin	16.7%	12.1%	13.7%	14.7%	12.9%	12.3%	14.2%	15.4%	3.8pp	-0.2pp	-0.5pp	-0.7pp
EBIT	**12.9**	**35.6**	**47.0**	**51.9**	**10.9**	**39.0**	**50.9**	**56.3**	**18%**	**-9%**	**-8%**	**-8%**
- margin	16.7%	11.1%	13.7%	14.7%	12.9%	11.5%	14.2%	15.4%	3.8pp	-0.4pp	-0.5pp	-0.7pp
PTP	12.9	37.8	47.0	51.9	10.9	39.2	50.9	56.3	18%	-4%	-8%	-8%
Net profit	10.1	28.4	36.5	40.3	8.5	29.8	39.5	43.7	18%	-5%	-8%	-8%
EPS	**0.14**	**0.41**	**0.50**	**0.56**	**0.11**	**0.42**	**0.55**	**0.60**	**18%**	**-1%**	**-8%**	**-8%**
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 21-24E
Group estimates										
Revenue	**297.1**	**281.2**	**289.1**	**272.2**	**286.2**	**320.5**	**343.1**	**352.2**	**1%**	**7%**
- growth y/y		-5.4%	2.8%	-5.8%	5.1%	12.0%	7.0%	2.7%		
- organic					*5.8%*	*-1.2%*	*5.5%*	*2.7%*		
- FX					*-2.5%*	*8.3%*	*1.5%*	*0.0%*		
- structure					*1.9%*	*4.9%*	*0.0%*	*0.0%*		
- growth q/q										
Materials and services	-81.8	-79.8	-77.3	-74.6	-74.5	-78.7	-84.9	-87.4	-2%	5%
Employee benefits expense	-52.0	-42.6	-41.7	-48.9	-52.0	-53.5	-56.2	-58.2	7%	4%
Other operating expenses	-104.2	-112.0	-138.4	-89.4	-109.7	-138.5	-142.7	-143.9	-1%	9%
EBITDA	**60.0**	**47.9**	**32.4**	**60.0**	**50.8**	**49.7**	**59.2**	**62.7**	**2%**	**7%**
Adj. EBITDA	**64.5**	**47.5**	**32.7**	**60.1**	**54.8**	**52.9**	**59.2**	**62.7**	**5%**	**5%**
- margin	21.7%	16.9%	11.3%	22.1%	19.2%	16.5%	17.2%	17.8%		
D&A	-28.6	-16.4	-14.3	-17.5	-12.9	-14.2	-12.1	-10.8		
EBIT	**31.4**	**31.5**	**18.1**	**42.5**	**37.9**	**35.6**	**47.0**	**51.9**	**6%**	**11%**
Adj. EBIT	**35.9**	**31.2**	**18.4**	**47.1**	**43.8**	**38.8**	**47.0**	**51.9**	**12%**	**6%**
- margin	12.1%	11.1%	6.4%	17.3%	15.3%	12.1%	13.7%	14.7%		
Net financials	-4.6	0.7	-0.3	-1.8	2.7	2.2	0.0	0.0		
PTP	**26.7**	**32.2**	**17.7**	**40.7**	**40.6**	**37.8**	**47.0**	**51.9**	**8%**	**9%**
Taxes	-6.0	-7.7	-4.5	-8.6	-10.2	-9.3	-10.6	-11.6		
- tax rate	22%	24%	25%	21%	25%	25%	22%	22%		
Net profit	**20.7**	**24.5**	**13.2**	**32.1**	**30.4**	**28.4**	**36.5**	**40.3**	**7%**	**10%**
EPS, diluted	**0.27**	**0.31**	**0.16**	**0.42**	**0.41**	**0.41**	**0.50**	**0.56**	**10%**	**11%**
Segment details										
Games										
Revenue	247.9	250.4	264.8	258.2	276.4	310.8	335.8	346.0	3%	8%
- growth y/y	55.9%	1.0%	5.8%	-2.5%	7.0%	12.4%	8.1%	3.0%		
- growth q/q										
UAC, EURm	69.6	78.6	99.6	58.8	77.3	97.6	99.9	106.9	-1%	11%
- % of revenue	28.1%	31.4%	37.6%	22.8%	28.0%	31.4%	29.8%	30.9%		
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 22	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**	**78.5**	**77.0**	**79.9**
- growth y/y	-6.1%	-3.6%	-9.2%	-4.3%	0.8%	-0.6%	5.2%	15.2%	26.7%	14.1%	7.9%	1.3%
- organic	*-8.2%*	*-5.1%*	*-5.8%*	*0.7%*	*6.7%*	*5.5%*	*4.3%*	*6.2%*	*12.4%*	*-1.1%*	*-7.1%*	*-6.1%*
- FX	*2.1%*	*1.4%*	*-3.4%*	*-5.0%*	*-5.9%*	*-6.0%*	*-0.6%*	*3.0%*	*5.2%*	*8.7%*	*10.2%*	*7.4%*
- structure	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.5%*	*6.0%*	*9.1%*	*6.5%*	*4.8%*	*0.0%*
- growth q/q	-7.0%	3.9%	-1.9%	0.9%	-2.0%	2.5%	3.8%	10.5%	7.7%	-7.6%	-1.9%	3.8%
Materials and services	-18.1	-19.8	-18.5	-18.2	-18.2	-18.7	-18.3	-19.3	-20.9	-19.3	-18.8	-19.7
Employee benefits expense	-11.2	-12.1	-11.2	-14.4	-12.2	-12.9	-11.3	-15.6	-13.3	-14.6	-11.7	-13.9
Other operating expenses	-21.5	-21.5	-22.4	-24.0	-25.4	-28.6	-24.8	-30.9	-40.8	-31.3	-30.1	-36.2
EBITDA	**15.8**	**16.1**	**15.9**	**12.2**	**11.8**	**8.7**	**16.9**	**13.4**	**11.1**	**14.3**	**16.3**	**10.2**
Adj. EBITDA	**16.1**	**15.9**	**15.9**	**12.2**	**12.4**	**8.7**	**17.2**	**16.5**	**13.6**	**15.0**	**16.3**	**10.2**
- margin	24.2%	23.0%	23.4%	17.8%	18.5%	12.6%	24.1%	20.9%	16.0%	19.2%	21.2%	12.8%
D&A	-3.1	-2.0	-3.1	-9.3	-2.2	-2.5	-2.9	-5.3	-3.6	-3.8	-3.5	-3.3
EBIT	**12.7**	**14.1**	**12.8**	**2.9**	**9.6**	**6.2**	**14.0**	**8.1**	**7.5**	**10.5**	**12.9**	**6.9**
Adj. EBIT	**13.0**	**13.8**	**12.8**	**7.5**	**10.2**	**6.2**	**14.3**	**13.1**	**10.0**	**11.2**	**12.9**	**6.9**
- margin	19.5%	19.9%	18.9%	10.9%	15.2%	9.0%	20.1%	16.6%	11.8%	14.3%	16.7%	8.6%
Net financials	-1.2	0.7	-0.7	-0.6	0.9	0.1	0.6	1.1	0.2	2.0	0.0	0.0
PTP	**11.5**	**14.8**	**12.1**	**2.3**	**10.5**	**6.3**	**14.6**	**9.2**	**7.7**	**12.5**	**12.9**	**6.9**
Taxes	-2.6	-3.7	-2.9	0.6	-3.0	-1.1	-3.1	-3.0	-2.2	-2.8	-2.8	-1.5
- 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**	**9.7**	**10.1**	**5.4**
EPS, diluted	**0.11**	**0.15**	**0.12**	**0.04**	**0.10**	**0.07**	**0.16**	**0.08**	**0.07**	**0.13**	**0.14**	**0.07**
Segment details												
Games												
Revenue	62.7	66.9	64.2	64.4	64.9	66.4	68.6	76.5	82.3	75.9	74.8	77.8
- growth y/y	-5.4%	2.3%	-3.3%	-3.4%	3.5%	-0.7%	6.9%	18.8%	26.8%	14.3%	9.0%	1.7%
- growth q/q	-6.0%	6.7%	-4.0%	0.3%	0.8%	2.3%	3.3%	11.5%	7.6%	-7.8%	-1.5%	4.0%
UAC, EURm	13.5	14.0	15.3	16.0	17.3	21.3	18.1	20.6	31.3	20.9	21.1	24.3
- % of revenue	21.5%	20.9%	23.8%	24.8%	26.7%	32.1%	26.4%	26.9%	38.0%	27.5%	28.2%	31.2%
Brand licencing												
Revenue	3.9	2.3	3.7	4.1	2.2	2.4	2.8	2.4	2.7	2.6	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%	8.3%	-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%	-3.7%	-13.7%	-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	242	213	193
Gross bookings - All	249	253	263	259	272	306	336	346
Rolling 12M - TOP5	201	213	228	223	229	242	213	193
Rolling 12M - All	249	253	263	259	272	306	336	346
User amount								
DAU - TOP 5	4.6	3.7	3.7	3.5	3.2	3.5	3.4	2.9
DAU - All	10.4	8.1	6.4	4.9	5.0	8.2	9.3	8.4
MAU - TOP 5	23.8	19.6	18.8	18.9	17.4	18.2	15.6	13.9
MAU - All	76.8	58.9	43.2	31.4	32.1	59.6	66.5	58.8
Engagement								
DAU/MAU - TOP 5	19%	19%	20%	18%	18%	19%	22%	21%
DAU/MAU - All	14%	14%	15%	15%	15%	14%	14%	14%
Retention								
MAU retention - TOP5	0%	82%	96%	101%	92%	104%	86%	89%
MAU retention - All	0%	77%	73%	73%	102%	186%	112%	88%
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	0.6	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	0.19	0.17	0.18
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	47.1	51.1	52.2
MARPPU - All	32.9	35.7	38.7	41.7	41.2	40.2	43.2	50.1

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 22	Q3 22E	Q4 22E
Bookings												
Gross bookings - TOP 5	54	59	55	56	55	57	56	61	67	61	58	57
Gross bookings - All	62	68	65	65	64	67	67	74	81	72	75	78
Rolling 12M - TOP5	225	227	225	223	224	223	224	229	241	245	246	242
Rolling 12M - All	259	262	261	259	261	260	262	272	288	294	302	306
User amount												
DAU - TOP 5	3.7	3.7	3.2	3.2	3.1	3.1	3.2	3.2	3.6	3.3	3.5	3.6
DAU - All	5.4	5.1	4.5	4.4	4.2	4.2	4.9	6.5	7.3	6.7	9.2	9.8
MAU - TOP 5	19.7	20.1	18.1	17.6	16.6	17.1	17.9	18.1	20.8	18.1	17.1	16.6
MAU - All	36.5	32.5	29.4	27.3	25.6	26.0	32.0	44.8	53.3	45.8	67.2	72.2
Engagement												
DAU/MAU - TOP 5	19%	18%	18%	18%	19%	18%	18%	18%	17%	18%	21%	21%
DAU/MAU - All	15%	16%	15%	16%	16%	16%	15%	15%	14%	15%	14%	14%
Retention												
MAU retention - TOP5	94%	102%	90%	97%	94%	103%	105%	101%	115%	87%	94%	97%
MAU retention - All	98%	89%	90%	93%	94%	102%	123%	140%	119%	86%	147%	107%
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	0.4	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	0.20	0.18	0.17
ARPDAU - All	0.13	0.15	0.16	0.16	0.17	0.17	0.15	0.12	0.12	0.12	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	45.4	50.4	50.8
MARPPU - All	39.6	44.7	42.5	39.9	41.1	42.5	40.2	40.9	41.5	44.7	37.9	36.7

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	117.4	112.1	103.1
- % of total	*32%*	*46%*	*41%*	*41%*	*40%*	*38%*	*33%*	*30%*
UAC	31.5	39.9	16.3	17.7	19.7	22.5	17.4	11.9
AB Dream Blast								
Gross bookings	0.0	0.5	57.5	63.2	61.6	60.1	56.3	49.9
- % of total	*0%*	*0%*	*22%*	*24%*	*23%*	*20%*	*17%*	*14%*
UAC	0.0	11.5	60.8	28.0	28.3	25.8	15.5	12.5
AB Match								
Gross bookings	10.1	26.2	24.4	13.4	8.8	7.4	5.2	3.4
- % 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	36.0	33.7	32.5
- % of total	*13%*	*12%*	*10%*	*11%*	*13%*	*12%*	*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	7.3	5.8	4.5
- % of total	*0%*	*0%*	*0%*	*3%*	*6%*	*2%*	*2%*	*1%*
UAC	0.0	0.0	0.0	8.7	14.3	1.7	0.0	0.0
Sugar Blast								
Gross bookings	0.0	0.0	2.7	9.9	9.2	6.7	5.7	5.1
- % 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	0.9	0.8	0.7
- % 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	32.8	35.4	27.7
- % of total	*0%*	*0%*	*0%*	*0%*	*1%*	*11%*	*11%*	*8%*
UAC	0.0	0.0	0.0	0.0	3.2	26.5	16.4	10.1
Moomin: Puzzle and Design								
Gross bookings	0.0	0.0	0.0	0.0	0.0	0.7	39.8	44.6
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*12%*	*13%*
UAC	0.0	0.0	0.0	0.0	0.0	0.7	30.5	26.8
Hypercasual (Ruby Games)								
Gross bookings	0.0	0.0	0.0	0.0	5.1	22.8	22.3	18.0
- % of total	*0%*	*0%*	*0%*	*0%*	*2%*	*7%*	*7%*	*5%*
UAC	0.0	0.0	0.0	0.0	0.0	20.1	11.8	9.0
Other								
Gross bookings	127.1	78.0	44.2	30.3	24.1	13.7	18.7	56.4
- % of total	*51%*	*31%*	*17%*	*12%*	*9%*	*4%*	*6%*	*16%*
UAC	25.4	12.1	9.0	0.0	4.2	0.2	8.3	36.7

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 22	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	28.4	29.5	29.2
- % of total	*40%*	*43%*	*41%*	*40%*	*39%*	*40%*	*40%*	*40%*	*38%*	*39%*	*39%*	*38%*
UAC	3.5	6.0	3.9	4.2	4.5	4.8	4.8	5.6	5.9	5.7	5.6	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	14.1	15.8	15.3
- % of total	*26%*	*24%*	*24%*	*23%*	*24%*	*23%*	*22%*	*22%*	*18%*	*19%*	*21%*	*20%*
UAC	8.0	6.0	7.0	7.0	7.0	7.0	6.8	7.5	6.7	5.9	7.1	6.1
AB Match												
Gross bookings	4.4	3.6	2.9	2.5	2.4	2.2	2.1	2.1	2.0	1.9	1.8	1.7
- % 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	9.1	8.9	8.7
- % of total	*9%*	*11%*	*11%*	*12%*	*13%*	*12%*	*13%*	*13%*	*12%*	*13%*	*12%*	*11%*
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	1.8	1.7	1.6
- % 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	0.4	0.2	0.2
Sugar Blast												
Gross bookings	2.3	2.6	2.5	2.5	2.5	2.5	2.2	2.0	1.8	1.7	1.6	1.6
- % 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	7.3	6.8	8.6
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*4%*	*13%*	*10%*	*9%*	*11%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	11.3	5.1	4.1	6.0
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	0.0	0.7
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*1%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
Hypercasual (Ruby Games)												
Gross bookings	0.0	0.0	0.0	0.0	0.0	0.0	1.0	4.1	6.1	4.5	5.2	7.0
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*1%*	*6%*	*8%*	*6%*	*7%*	*9%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.6	2.9	6.1	3.8	4.1	6.0
Other												
Gross bookings	8.7	8.0	6.9	6.7	6.7	6.2	6.6	4.6	3.9	3.4	3.3	3.1
- % 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 7.8-11.0

DCF valuation

We base our DCF valuation on a bottom-up approach, through which we forecast current and upcoming quarterly revenues for 2022-24 on a game-by-game basis. 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	507	6.9
(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	35	0.5
DCF Value	**668**	**9.1**

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	4.73%	4.0%	3.5%	3.0%	2.5%	2.0%	
EBIT-margin, ex. associates	14.5%	14.0%	12.0%	12.0%	12.0%	0.5%	
Capex/depreciation, x	0.6	0.8	0.8	0.8	0.8	0.8	
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	-233.8%	1.4%	0.6%	3.1%	2.6%	-43.0%	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. EV multiples are also 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 and 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)	1.0	0.9	0.9	4.2	3.2	3.0	7.4	4.9	4.5	8.5	5.9	5.5	8.9%	12.9%	14.2%
Modern Times Group Mtg Ab	1.1	1.0	1.0	4.5	4.2	3.9	8.9	7.1	6.3	26.2	20.3	17.0	3.6%	5.2%	5.9%
Playtika Holding Corp	2.3	2.2	2.1	6.6	6.1	5.9	12.6	10.7	9.5	17.5	14.5	12.5	8.4%	11.4%	12.2%
Stillfront Group Ab (Publ)	2.4	2.2	2.1	6.8	6.1	5.5	10.7	9.1	8.3	10.1	8.7	8.2	2.6%	8.0%	9.6%
Peer average	1.7	1.6	1.5	5.5	4.9	4.6	9.9	8.0	7.2	15.6	12.3	10.8	5.9%	9.4%	10.5%
Peer median	**1.7**	**1.6**	**1.5**	**5.5**	**5.1**	**4.7**	**9.8**	**8.1**	**7.3**	**13.8**	**11.6**	**10.3**	**6.0%**	**9.7%**	**10.9%**
Rovio Entertainment Oyj (NDA)	**1.1**	**0.9**	**0.8**	**6.7**	**5.3**	**4.5**	**8.9**	**6.6**	**5.4**	**14.8**	**12.1**	**10.9**	**5.4%**	**9.7%**	**10.1%**
difference	**-36%**	**-41%**	**-45%**	**21%**	**4%**	**-4%**	**-9%**	**-19%**	**-27%**	**7%**	**4%**	**6%**	**-0.1pp**	**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 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	179	152	137	5.4%	5.7%	24.5%	29.6%	30.4%	1.8	6.4	28%	
Modern Times Group Mtg Ab	Sweden	104	1,282	604	13.5%	6.8%	24.5%	24.2%	24.5%	0.2	0.6	31%	0.38
Playtika Holding Corp	Israel	12	4,817	5,951	14.6%	9.4%	35.1%	35.7%	34.7%	9.8	35.3	28%	0.74
Stillfront Group Ab (Publ)	Sweden	28	1,370	1,676	70.2%	14.7%	35.4%	36.9%	37.7%	12.7	66.0	19%	0.15
Peer average					25.9%	9.1%	29.8%	31.6%	31.8%	6.1	27.1	27%	0.42
Peer median					**14.0%**	**8.1%**	**29.8%**	**32.6%**	**32.5%**	**5.8**	**20.9**	**28%**	**0.38**
Rovio Entertainment Oyj (NDA)	**Finland**	**6.5**	**539**	**407**	**-0.5%**	**8.5%**	**16.3%**	**17.6%**	**18.4%**	**7.3**	**53.3**	**14%**	**0.12**
difference					**-15pp**	**0pp**	**-13.5pp**	**-15pp**	**-14pp**	**26%**	**156%**	**-14pp**	**-26pp**

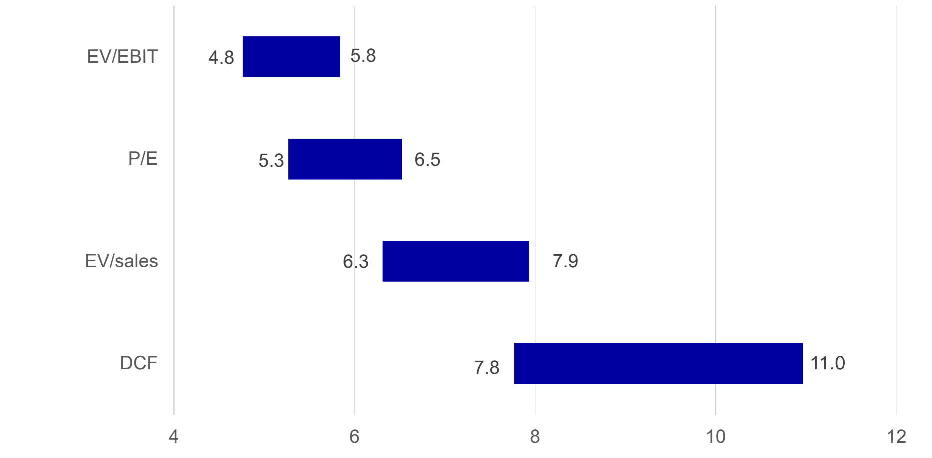
*KPI figures (DAU, MAU, ARPDAU) are based on the latest fiscal quarter

Source: Company data, Refinitiv and Nordea estimates

Nordea valuation range of EUR 6.0-7.8 (6.6-8.6)

We derive a DCF-based fair value range of EUR 7.8-11.0 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 6.0-7.9 (6.6-8.6) 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**	**320**	**343**	**352**
Revenue growth	n.a.	-10.3%	34.9%	55.0%	-5.4%	2.8%	-5.8%	5.1%	12.0%	7.0%	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	50	59	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	17	-6	35	60	48	32	60	51	50	59	63
Amortisation and impairments	-7	-15	-18	-29	-16	-14	-18	-13	-14	-12	-11
EBIT	10	-22	17	31	32	18	43	38	36	47	52
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	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	**11**	**-21**	**16**	**27**	**32**	**18**	**41**	**41**	**38**	**47**	**52**
Reported taxes	-3	3	-5	-6	-8	-5	-9	-10	-9	-11	-12
Net profit from continued operations	8	-18	11	21	25	13	32	30	28	36	40
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	28	36	40
EPS, EUR	**0.11**	**-0.24**	**0.14**	**0.27**	**0.31**	**0.17**	**0.42**	**0.41**	**0.39**	**0.50**	**0.55**
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%	15.5%	17.2%	17.8%
EBITA	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	17.8%	15.5%	17.2%	17.8%
EBIT	6.3%	-15.2%	8.8%	10.6%	11.2%	6.3%	15.6%	13.2%	11.1%	13.7%	14.7%
Adjusted earnings											
EBITDA (adj)	17	-6	35	65	48	33	65	57	53	59	63
EBITA (adj)	17	-6	35	65	48	33	65	57	53	59	63
EBIT (adj)	10	-22	17	36	31	18	47	44	39	47	52
EPS (adj, EUR)	0.11	-0.24	0.14	0.33	0.31	0.17	0.48	0.49	0.43	0.50	0.55
Adjusted profit margins in percent											
EBITDA (adj)	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	19.8%	16.5%	17.2%	17.8%
EBITA (adj)	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	19.8%	16.5%	17.2%	17.8%
EBIT (adj)	6.3%	-15.2%	8.8%	12.1%	11.1%	6.4%	17.3%	15.3%	12.1%	13.7%	14.7%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	12.8%	13.9%	8.3%	1.5%	4.1%	4.0%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	13.7%	n.m.	7.5%	-3.7%	4.3%	14.1%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	12.7%	n.m.	17.6%	2.5%	8.3%	23.4%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	n.m.	23.7%	7.5%	10.0%	27.0%
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%	11.4%	12.0%	13.7%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	14.4%	14.1%	17.7%	17.6%	16.6%	16.7%	17.9%

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	15.1	13.1	11.9
EV/EBITDA (adj)	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	7.0	5.7	4.9
EV/EBITA (adj)	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	7.0	5.7	4.9
EV/EBIT (adj)	n.a.	n.a.	n.a.	17.5	5.9	13.5	7.1	8.2	9.6	7.2	6.0

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	16.8	13.1	11.9
EV/Sales	n.a.	n.a.	n.a.	2.11	0.65	0.86	1.23	1.25	1.15	0.99	0.88
EV/EBITDA	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	7.4	5.7	4.9
EV/EBITA	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	7.4	5.7	4.9
EV/EBIT	n.a.	n.a.	n.a.	20.0	5.8	13.7	7.9	9.4	10.4	7.2	6.0
Dividend yield (ord.)	n.a.	n.a.	n.a.	0.7%	2.4%	2.0%	1.9%	1.8%	2.0%	2.2%	2.3%
FCF yield	n.a.	n.a.	n.a.	7.2%	13.6%	1.8%	12.7%	6.1%	-2.0%	8.3%	8.6%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	8.3%	13.6%	1.8%	12.6%	7.7%	5.2%	9.1%	9.4%
Payout ratio	37.1%	0.0%	42.0%	18.3%	29.5%	53.1%	25.2%	24.3%	30.2%	28.2%	27.4%

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	87	84	83
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	4
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	115	112	111
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	25	19	28	29	23	33	21	28	31	33	34
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	10	10
Cash and bank	54	34	29	91	124	125	139	161	142	172	203
Total current assets	95	66	73	133	158	172	170	197	183	216	248
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**	**298**	**328**	**359**
Shareholders equity	94	74	87	140	160	168	165	198	217	244	274
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	217	244	274
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	32	34	35
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	42	45	47
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**	**298**	**328**	**359**
Balance sheet and debt metrics											
Net debt	-54	-10	-10	-88	-120	-110	-129	-126	-107	-137	-168
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	110	110
Capital employed	94	99	106	143	163	182	175	233	252	279	309
ROE	17.3%	-21.5%	13.3%	18.3%	16.3%	8.1%	19.3%	16.8%	13.7%	15.8%	15.5%
ROIC	n.a.	-31.6%	18.5%	43.9%	53.6%	30.0%	79.7%	55.9%	30.6%	33.6%	37.7%
ROCE	24.4%	-21.5%	16.5%	28.9%	21.1%	11.1%	26.1%	22.8%	16.9%	17.7%	17.6%
Net debt/EBITDA	-3.1	n.m.	-0.3	-1.5	-2.5	-3.4	-2.2	-2.5	-2.2	-2.3	-2.7
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%	72.9%	74.5%	76.3%
Net gearing	-57.4%	-13.3%	-11.4%	-62.9%	-75.3%	-65.7%	-78.2%	-63.6%	-49.3%	-56.2%	-61.3%

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**	**50**	**59**	**63**
Paid taxes	-9	1	0	-1	-11	-10	-6	-10	-9	-11	-12
Net financials	0	-1	-2	-1	0	-1	-1	3	2	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**	**29**	**49**	**51**
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**	**30**	**49**	**51**
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**	**25**	**43**	**45**
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	-10	40	41
Free cash flow bef A&D, lease adj	17	1	23	60	41	7	59	37	25	43	45
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	-19	30	31
Cash flow metrics											
Capex/D&A	0.0%	0.0%	0.0%	0.0%	7.9%	27.3%	29.1%	52.7%	34.6%	44.5%	59.2%
Capex/Sales	0.0%	0.0%	0.0%	0.0%	0.5%	1.3%	1.9%	2.4%	1.5%	1.6%	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	477	477	477
Enterprise value	n.a.	n.a.	n.a.	627	183	248	334	357	370	340	309
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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