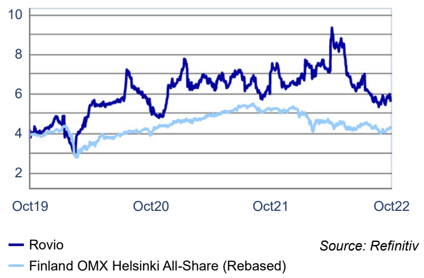
Rovio

Media
Finland

KEY DATA

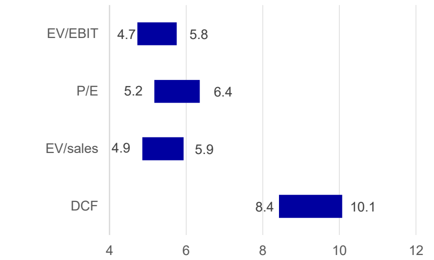
Stock country	Finland
Bloomberg	ROVIO FH
Reuters	ROVIO.HE
Share price (close)	EUR 5.63
Free Float	50%
Market cap. (bn)	EUR 0.41/EUR 0.41
Website	http://www.rovio.com/
Next report date	

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	1%	1%	1%
EBIT (adj)	0%	-4%	-1%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Felix Henriksson
Analyst

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Analyst

Solid Q3 and higher visibility into the pipeline

Rovio reported 2% higher Q3 revenue than Infront consensus expected and adjusted EBIT exceeded consensus by 17%. ABDB was the star of Q3 with 18% y/y and 25% q/q growth. The mobile gaming market continued to decline in Q3, down double digits y/y, but was relatively stable q/q, which suggests some easing of headwinds. We believe Rovio's top line will be supported in the near term by the strong performance of live games, such as AB2 and ABDB. Q4 UA guidance is also encouraging. Looking a bit further out, the expanded studio network and development pipeline full of games with strong IP provide a foundation for continued growth.

Solid Q3 figures and encouraging Q4 UA guidance

Games' gross bookings declined by 7.2% y/y organically in Q3 (-6.5% in Q2) but still exceeded our forecast. The top-line beat was partly driven by FX, but also by the strong performance from ABDB. UA costs in Q3 were EUR 21.3m, i.e. 28.7% of Games revenue (27.5% in Q2). Guidance for 2022 was revised to reflect the FX tailwinds from a strong USD. Rovio now guides for significantly higher revenue y/y (somewhat higher in comparable FX; we estimate 11% revenue growth) and lower adjusted EBIT (no change; we estimate 13% lower EBIT) for 2022. UA costs for Q4 were guided to be 28-33% of Games revenue (our estimate: 30.9%), which signals a q/q uptick due to seasonality and solid KPIs for ABDB, which achieved a EUR 20m quarterly revenue run-rate (Q3: EUR 17.6m) at the end of September.

Expanding studio network into Barcelona and Montreal

Rovio announced a new studio in Barcelona, which will support the Espoo puzzle studio with previously outsourced live ops and level design. Rovio has also opened a second studio in Montreal, which will focus on hybrid casual games, while the original studio in the city focuses on expanding Angry Birds beyond mobile. On the other hand, resources from the Espoo battle studio are being moved elsewhere with better growth opportunities.

Development pipeline of 10 games has potential

We raise the top line for 2022E-24E by 1%, mainly due to the strong momentum for ABDB. We lower EBIT for 2023E-24E, primarily due to higher UA costs – a consequence of higher visibility into the development pipeline (10 games total) which we regard as promising. IP from Angry Birds, Moomin and Hunter Assassin is being put to use. We derive a fair value range of EUR 6.0-7.2 for Rovio, based on a weighted average of four valuation methods (EV/EBIT, P/E, EV/sales and DCF).

SUMMARY TABLE - KEY FIGURES

EURm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	281	289	272	286	319	321	338
EBITDA (adj)	48	33	65	57	53	56	60
EBIT (adj)	31	18	47	44	38	44	49
EBIT (adj) margin	11.1%	6.4%	17.3%	15.3%	12.0%	13.6%	14.6%
EPS (adj, EUR)	0.31	0.17	0.48	0.49	0.45	0.46	0.52
EPS (adj) growth	-7.1%	-44.5%	180.7%	4.0%	-8.1%	2.2%	12.9%
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	1.0	0.9	0.7
EV/EBIT (adj)	5.9	13.5	7.1	8.2	8.0	6.4	5.1
P/E (adj)	12.5	26.1	13.3	13.3	12.4	12.1	10.7
P/BV	1.9	2.1	2.8	2.4	1.9	1.7	1.5
Dividend yield (ord)	2.4%	2.0%	1.9%	1.8%	2.3%	2.5%	2.7%
FCF Yield bef A&D, lease	13.6%	1.8%	12.6%	7.7%	5.6%	9.9%	10.4%
Net debt	-120	-110	-129	-126	-106	-133	-162
Net debt/EBITDA	-2.5	-3.4	-2.2	-2.5	-2.3	-2.4	-2.7
ROIC after tax	53.6%	30.0%	79.7%	55.9%	30.3%	31.3%	35.9%

Source: Company data and Nordea estimates

Result highlights

Q3 2022 report highlights

- Q3 revenue was 2% above Infront consensus estimates, growing by 8% y/y (14% in Q2). Revenue grew organically by -5% y/y (-1% in Q2).
- Revenue from Games was 1% above our estimate, increasing by 8% y/y (14% in Q2). Games revenue grew organically by -7.6% y/y (-6.5% in Q2).
- Adjusted EBIT of EUR 12.1m was 12% above consensus and 6% above our estimates. The adjusted EBIT margin was 15.6%, compared to consensus at 13.6%.
- EPS was EUR 0.10 compared to consensus of EUR 0.10.

ROVIO: Q3 2022 DEVIATION TABLE (EPS in EUR)

	Actual	NDA est.	Deviation		Consensus	Deviation		Actual		Actual	
EURm	**Q3 22**	**Q3 22E**	**vs. actual**		**Q3 22E**	**vs. actual**		**Q2 22**	**q/q**	**Q3 21**	**y/y**
Revenue	**77.4**	**75.5**	**1.9**	**3%**	**75.9**	**1.5**	**2%**	**78.5**	**-1%**	**71.4**	**8%**
EBITDA	**12.2**	**14.9**	**(2.7)**	**-18%**	**13.6**	**(1.4)**	**-10%**	**14.3**	**-15%**	**16.9**	**-28%**
Adj. EBITDA	**15.7**	**14.9**	**0.8**	**6%**	**13.6**	**2.1**	**15%**	**15.0**	**4%**	**17.2**	**-9%**
- margin	20.3%	19.7%		0.6pp	18.0%		0.0pp	19.2%	1.1pp	24.1%	-3.8pp
EBIT	**8.6**	**11.4**	**(2.8)**	**-25%**	**10.3**	**(1.7)**	**-17%**	**10.5**	**-18%**	**14.0**	**-39%**
Adj. EBIT	**12.1**	**11.4**	**0.7**	**6%**	**10.3**	**1.8**	**17%**	**11.2**	**8%**	**14.3**	**-16%**
- margin	15.6%	15.1%		0.5pp	13.6%		2.0pp	14.3%	1.3pp	20.1%	-4.4pp
EPS	**0.10**	**0.12**	**(0.02)**	**-17%**	**0.10**	**0.00**	-2%	**0.13**	-24%	**0.16**	-36%
Gross bookings top 5, EURm	61.6	57.3	4	7%				60.8	1%	56.4	9%
Gross bookings total, EURm	70.8	73.3	-2	-3%				72.4	-2%	66.7	6%
Games revenue	74.2	73.3	1	1%				75.9	-2%	68.6	8%
UAC	21.3	21.5	0	-1%				20.9	2%	18.1	18%
UAC as % of Games revenue	28.7%	29.4%		-0.7pp				27.5%	1.2pp	26.4%	2.3pp
DAU top 5, million	3.1	3.5	-0.4	-11%				3.3	-6%	3.2	-3%
DAU all, million	6.3	8.8	-2.5	-28%				6.7	-6%	4.9	29%
MAU top 5, million	17.4	17.0	0.4	2%				18.1	-4%	17.9	-3%
MAU all, million	42.1	63.6	-21.5	-34%				45.8	-8%	32.0	32%
DAU/MAU top 5, %	17.8%	20.5%		-2.6pp				18.2%	-0.4pp	17.9%	-0.1pp
DAU/MAU all 5, %	15.0%	13.8%		1.1pp				14.6%	0.3pp	15.3%	-0.3pp
MUP top 5, thousand	385.0	378.9	6.1	2%				390.0	-1%	402.0	-4%
MUP all, thousand	435.0	622.5	-187.5	-30%				444.0	-2%	471.0	-8%
ARPDAU top 5, EUR	0.22	0.18	0.04	23%				0.20	10%	0.19	16%
ARPDAU all, EUR	0.13	0.09	0.04	44%				0.12	8%	0.15	-13%
MARPPU top 5, EUR	46.3	50.4	-4.1	-8%				45.4	2%	40.6	14%
MARPPU all, EUR	45.6	39.2	6.4	16%				44.7	2%	40.2	13%

Source: Company data, Refinitiv and Nordea estimates

Games performance

Games' gross bookings grew by 6% y/y and -2% q/q. User acquisition (UA) investments of EUR 21.3m were slightly below our estimate of EUR 21.5m, i.e. 28.7% of Games revenue compared to 27.5% in Q2 2022 and 26.4% in Q3 2021. ABDB beat our booking estimate by 9%, while other games were in line or below. Ruby Games (Hypercasual) brought EUR 2.5m of bookings compared to our estimate of EUR 4.1m.

Q2 2022 GROSS BOOKINGS PER GAME VS NORDEA ESTIMATES

	Actual	NDA est.	Deviation		Actual		Actual	
EURm	**Q3 22**	**Q3 22E**	**vs. actual**		**Q2 22**	**q/q**	**Q3 21**	**y/y**
AB2	28.7	28.9	-0.2	-1%	28.4	1%	26.6	8%
ABDB	17.6	16.2	1.4	9%	14.1	25%	15.0	17%
AB Friends	8.4	8.7	-0.3	-4%	9.1	-8%	8.5	-1%
AB Journey	5.1	6.7	-1.6	-23%	7.3	-30%	0.0	na
Hypercasual	2.5	4.1	-1.6	-40%	4.5	-44%	1.0	n.a.
Other	8.5	8.6	-0.1	-1%	9.0	-6%	15.6	-46%

Source: Company data and Nordea estimates

Guidance for 2022

Rovio now guides for significantly higher reported revenue in 2022 and somewhat higher revenue in comparable FX (our estimate: 11%). Previous guidance called for strong top-line growth. The company continues to guide for lower EBIT y/y (our estimate: -13%). UA costs are guided to be 28-33% of Games revenue in Q4 (we estimate 30.9%).

Expanding studio network to Barcelona and Montreal

Rovio announced a new studio in Barcelona that will focus on supporting the Espoo puzzle studio with previously outsourced level design and live ops. Rovio plans to grow the studio to 15 developers in the next 12 months. The company also opened a second studio in Montreal with a small team of industry veterans who decided to jointly leave their former employer. They specialise in very fast prototyping and market testing for the production of hybrid casual games.

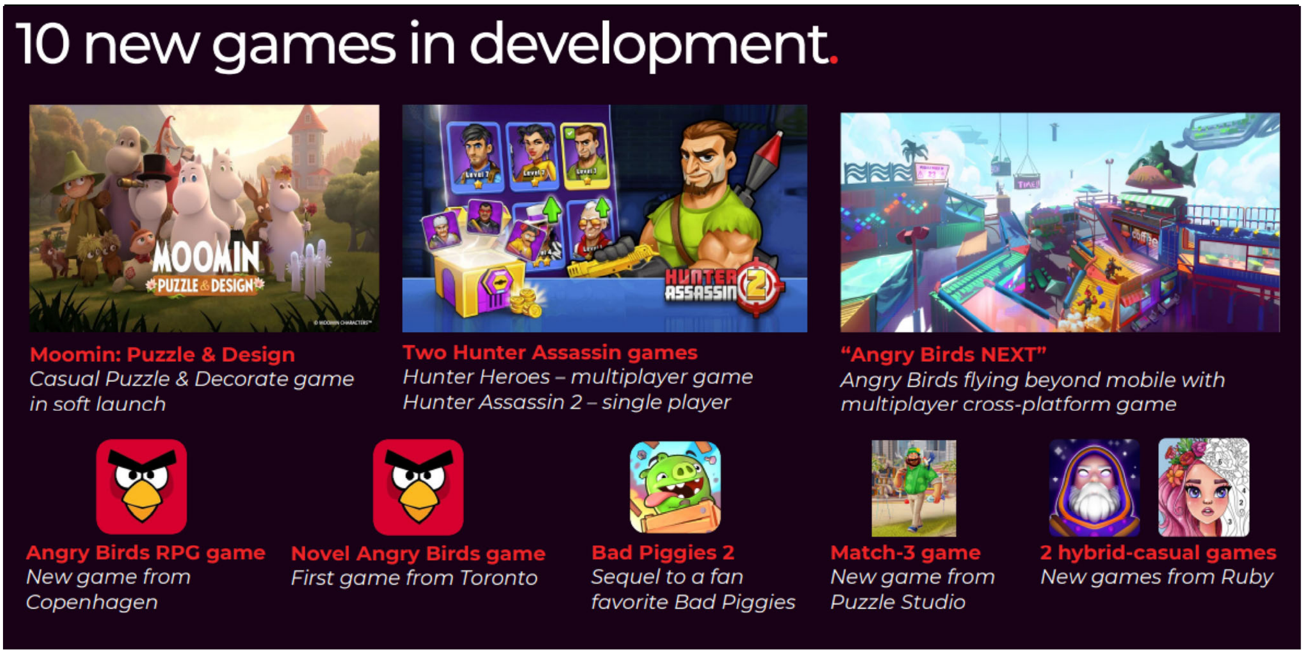
The original Montreal studio is now tasked with expanding Angry Birds beyond mobile. They have one game in development, which is a multiplayer cross-platform title targeted at the Gen Z audience. The new head of the studio is Andreane Meunier, who has more than a decade of experience from leadership roles at Ubisoft, including working on the popular Assassin's Creed franchise.

Rovio has also started negotiations for its plans to reorganise the battle studio in Espoo, which focuses on strategy games. The current plan is to move most positions within that studio to other areas with a better market fit and growth opportunities.

Additional transparency on the game development pipeline

Rovio provided more visibility into its development pipeline of 10 games, which includes titles based on strong Angry Birds, Moomin and Hunter Assassin IP. We expect the two Hunter Assassin games (Hunter Assassin 2, Hunter Heroes) and the Moomin: Puzzle and Design to be next up for a global launch in 2023.

GAME DEVELOPMENT PIPELINE OVERVIEW



Source: Company data

Estimate revisions

ESTIMATE REVISIONS (EPS AND DPS IN EUR)

	New estimates				Old estimates				Difference %			
EURm	Q4 22E	2022E	2023E	2024E	Q4 22E	2022E	2023E	2024E	Q4 22E	2022E	2023E	2024E
Sales	**78.0**	**318.9**	**321.2**	**338.3**	**76.1**	**315.1**	**318.4**	**336.6**	**3%**	**1%**	**1%**	**1%**
- growth y/y	-1.1%	11.4%	0.7%	5.3%	-3.6%	10.1%	1.0%	5.7%	2.4pp	1.3pp	-0.3pp	-0.4pp
Adj. EBITDA	**8.3**	**52.5**	**55.9**	**60.2**	**9.0**	**52.5**	**57.5**	**61.0**	**-8%**	**0%**	**-3%**	**-1%**
- margin	10.6%	16.4%	17.4%	17.8%	11.8%	16.7%	18.1%	18.1%	-1.3pp	-0.2pp	-0.7pp	-0.3pp
Adj. EBIT	**4.9**	**38.3**	**43.8**	**49.4**	**5.7**	**38.3**	**45.4**	**50.2**	**-13%**	**0%**	**-4%**	**-1%**
- margin	6.3%	12.0%	13.6%	14.6%	7.5%	12.2%	14.2%	14.9%	-1.1pp	-0.2pp	-0.6pp	-0.3pp
EBIT	**4.9**	**31.6**	**43.8**	**49.4**	**5.7**	**35.1**	**45.4**	**50.2**	**-13%**	**-10%**	**-4%**	**-1%**
- margin	6.3%	9.9%	13.6%	14.6%	7.5%	11.2%	14.2%	14.9%	-1.1pp	-1.3pp	-0.6pp	-0.3pp
PTP	4.9	35.4	43.8	49.4	5.7	37.3	45.4	50.2	-13%	-5%	-4%	-1%
Net profit	3.9	26.7	34.1	38.5	4.4	28.6	35.4	39.1	-13%	-7%	-4%	-1%
EPS	**0.05**	**0.36**	**0.46**	**0.52**	**0.06**	**0.39**	**0.48**	**0.53**	**-13%**	**-7%**	**-4%**	**-1%**
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**	**318.9**	**321.2**	**338.3**	**1%**	**6%**
- growth y/y		-5.4%	2.8%	-5.8%	5.1%	11.4%	0.7%	5.3%		
- organic					*5.8%*	*-3.0%*	*-3.7%*	*5.3%*		
- FX					*-2.5%*	*10.2%*	*4.4%*	*0.0%*		
- structure					*1.9%*	*4.3%*	*0.0%*	*0.0%*		
- growth q/q										
Materials and services	-81.8	-79.8	-77.3	-74.6	-74.5	-79.5	-78.7	-83.3	-2%	4%
Employee benefits expense	-52.0	-42.6	-41.7	-48.9	-52.0	-56.5	-58.9	-61.4	7%	6%
Other operating expenses	-104.2	-112.0	-138.4	-89.4	-109.7	-139.7	-128.7	-134.5	-1%	7%
EBITDA	**60.0**	**47.9**	**32.4**	**60.0**	**50.8**	**45.9**	**55.9**	**60.2**	**2%**	**6%**
Adj. EBITDA	**64.5**	**47.5**	**32.7**	**60.1**	**54.8**	**52.5**	**55.9**	**60.2**	**5%**	**3%**
- margin	21.7%	16.9%	11.3%	22.1%	19.2%	16.4%	17.4%	17.8%		
D&A	-28.6	-16.4	-14.3	-17.5	-12.9	-14.3	-12.1	-10.8		
EBIT	**31.4**	**31.5**	**18.1**	**42.5**	**37.9**	**31.6**	**43.8**	**49.4**	**6%**	**9%**
Adj. EBIT	**35.9**	**31.2**	**18.4**	**47.1**	**43.8**	**38.3**	**43.8**	**49.4**	**12%**	**4%**
- margin	12.1%	11.1%	6.4%	17.3%	15.3%	12.0%	13.6%	14.6%		
Net financials	-4.6	0.7	-0.3	-1.8	2.7	3.8	0.0	0.0		
PTP	**26.7**	**32.2**	**17.7**	**40.7**	**40.6**	**35.4**	**43.8**	**49.4**	**8%**	**7%**
Taxes	-6.0	-7.7	-4.5	-8.6	-10.2	-8.7	-9.6	-10.9		
- tax rate	22%	24%	25%	21%	25%	25%	22%	22%		
Net profit	**20.7**	**24.5**	**13.2**	**32.1**	**30.4**	**26.7**	**34.1**	**38.5**	**7%**	**8%**
EPS, diluted	**0.27**	**0.31**	**0.16**	**0.42**	**0.41**	**0.36**	**0.46**	**0.52**	**10%**	**8%**
Segment details										
Games										
Revenue	247.9	250.4	264.8	258.2	276.4	307.5	311.3	329.7	3%	6%
- growth y/y	55.9%	1.0%	5.8%	-2.5%	7.0%	11.3%	1.2%	5.9%		
- growth q/q										
UAC, EURm	69.6	78.6	99.6	58.8	77.3	96.7	85.6	93.1	-1%	6%
- % of revenue	28.1%	31.4%	37.6%	22.8%	28.0%	31.4%	27.5%	28.2%		
Brand licencing										
Revenue	49.1	30.8	24.3	13.9	9.9	11.4	9.9	8.6	-31%	-4%
- growth y/y		-37.3%	-21.1%	-42.8%	-28.8%	15.5%	-13.5%	-12.8%		
- 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 22	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**	**77.4**	**78.0**
- growth y/y	-6.1%	-3.6%	-9.2%	-4.3%	0.8%	-0.6%	5.2%	15.2%	26.7%	14.1%	8.4%	-1.1%
- organic	*-8.2%*	*-5.1%*	*-5.8%*	*0.7%*	*6.7%*	*5.5%*	*4.3%*	*6.2%*	*12.4%*	*-1.1%*	*-4.6%*	*-13.5%*
- FX	*2.1%*	*1.4%*	*-3.4%*	*-5.0%*	*-5.9%*	*-6.0%*	*-0.6%*	*3.0%*	*5.2%*	*8.7%*	*12.0%*	*12.4%*
- structure	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.5%*	*6.0%*	*9.1%*	*6.5%*	*1.1%*	*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%	-1.4%	0.8%
Materials and services	-18.1	-19.8	-18.5	-18.2	-18.2	-18.7	-18.3	-19.3	-20.9	-19.3	-19.4	-19.8
Employee benefits expense	-11.2	-12.1	-11.2	-14.4	-12.2	-12.9	-11.3	-15.6	-13.3	-14.6	-14.0	-14.6
Other operating expenses	-21.5	-21.5	-22.4	-24.0	-25.4	-28.6	-24.8	-30.9	-40.8	-31.3	-32.2	-35.4
EBITDA	**15.8**	**16.1**	**15.9**	**12.2**	**11.8**	**8.7**	**16.9**	**13.4**	**11.1**	**14.3**	**12.2**	**8.3**
Adj. EBITDA	**16.1**	**15.9**	**15.9**	**12.2**	**12.4**	**8.7**	**17.2**	**16.5**	**13.6**	**15.0**	**15.6**	**8.3**
- margin	24.2%	23.0%	23.4%	17.8%	18.5%	12.6%	24.1%	20.9%	16.0%	19.2%	20.1%	10.6%
D&A	-3.1	-2.0	-3.1	-9.3	-2.2	-2.5	-2.9	-5.3	-3.6	-3.8	-3.6	-3.3
EBIT	**12.7**	**14.1**	**12.8**	**2.9**	**9.6**	**6.2**	**14.0**	**8.1**	**7.5**	**10.5**	**8.6**	**4.9**
Adj. EBIT	**13.0**	**13.8**	**12.8**	**7.5**	**10.2**	**6.2**	**14.3**	**13.1**	**10.0**	**11.2**	**12.1**	**4.9**
- margin	19.5%	19.9%	18.9%	10.9%	15.2%	9.0%	20.1%	16.6%	11.8%	14.3%	15.6%	6.3%
Net financials	-1.2	0.7	-0.7	-0.6	0.9	0.1	0.6	1.1	0.2	2.0	1.6	0.0
PTP	**11.5**	**14.8**	**12.1**	**2.3**	**10.5**	**6.3**	**14.6**	**9.2**	**7.7**	**12.5**	**10.2**	**4.9**
Taxes	-2.6	-3.7	-2.9	0.6	-3.0	-1.1	-3.1	-3.0	-2.2	-2.8	-2.6	-1.1
- tax rate	23%	25%	24%	-26%	29%	17%	21%	33%	29%	22%	25%	22%
Net profit	**8.9**	**11.1**	**9.2**	**2.9**	**7.5**	**5.2**	**11.5**	**6.2**	**5.5**	**9.7**	**7.6**	**3.9**
EPS, diluted	**0.11**	**0.15**	**0.12**	**0.04**	**0.10**	**0.07**	**0.16**	**0.08**	**0.07**	**0.13**	**0.10**	**0.05**
Segment details												
Games												
Revenue	62.7	66.9	64.2	64.4	64.9	66.4	68.6	76.5	82.3	75.9	74.2	75.1
- growth y/y	-5.4%	2.3%	-3.3%	-3.4%	3.5%	-0.7%	6.9%	18.8%	26.8%	14.3%	8.2%	-1.8%
- growth q/q	-6.0%	6.7%	-4.0%	0.3%	0.8%	2.3%	3.3%	11.5%	7.6%	-7.8%	-2.2%	1.2%
UAC, EURm	13.5	14.0	15.3	16.0	17.3	21.3	18.1	20.6	31.3	20.9	21.3	23.2
- % of revenue	21.5%	20.9%	23.8%	24.8%	26.7%	32.1%	26.4%	26.9%	38.0%	27.5%	28.7%	30.9%
Brand licencing												
Revenue	3.9	2.3	3.7	4.1	2.2	2.4	2.8	2.4	2.7	2.6	3.2	2.9
- growth y/y	-15.2%	-64.1%	-56.0%	-16.3%	-43.6%	4.3%	-24.3%	-41.5%	22.7%	8.3%	14.3%	22.1%
- growth q/q	-20.4%	-41.0%	60.9%	10.8%	-46.3%	9.1%	16.7%	-14.3%	12.5%	-3.7%	23.1%	-8.4%

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	259	233	214
Gross bookings - All	249	253	263	259	272	301	311	330
Rolling 12M - TOP5	201	213	228	223	229	259	233	214
Rolling 12M - All	249	253	263	259	272	301	311	330
User amount								
DAU - TOP 5	4.6	3.7	3.7	3.5	3.2	3.3	3.2	2.8
DAU - All	10.4	8.1	6.4	4.9	5.0	7.2	8.7	8.1
MAU - TOP 5	23.8	19.6	18.8	18.9	17.4	18.3	16.0	14.4
MAU - All	76.8	58.9	43.2	31.4	32.1	50.2	63.0	57.2
Engagement								
DAU/MAU - TOP 5	19%	19%	20%	18%	18%	18%	20%	20%
DAU/MAU - All	14%	14%	15%	15%	15%	14%	14%	14%
Retention								
MAU retention - TOP5	0%	82%	96%	101%	92%	105%	87%	90%
MAU retention - All	0%	77%	73%	73%	102%	156%	126%	91%
Conversion								
MUP - TOP 5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.3
MUP - All	0.6	0.5	0.5	0.5	0.5	0.5	0.6	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	0.21	0.20	0.21
ARPDAU - All	0.07	0.09	0.11	0.15	0.15	0.12	0.10	0.11
MARPPU - TOP 5	32.9	36.0	39.2	41.7	41.1	47.0	54.5	55.5
MARPPU - All	32.9	35.7	38.7	41.7	41.2	43.7	42.1	49.1

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 22	Q4 22E
Bookings												
Gross bookings - TOP 5	54	59	55	56	55	57	56	61	67	61	71	61
Gross bookings - All	62	68	65	65	64	67	67	74	81	72	72	75
Rolling 12M - TOP5	225	227	225	223	224	223	224	229	241	245	259	259
Rolling 12M - All	259	262	261	259	261	260	262	272	288	294	300	301
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	3.1	3.3
DAU - All	5.4	5.1	4.5	4.4	4.2	4.2	4.9	6.5	7.3	6.7	6.3	8.4
MAU - TOP 5	19.7	20.1	18.1	17.6	16.6	17.1	17.9	18.1	20.8	18.1	17.4	16.8
MAU - All	36.5	32.5	29.4	27.3	25.6	26.0	32.0	44.8	53.3	45.8	42.1	59.5
Engagement												
DAU/MAU - TOP 5	19%	18%	18%	18%	19%	18%	18%	18%	17%	18%	18%	19%
DAU/MAU - All	15%	16%	15%	16%	16%	16%	15%	15%	14%	15%	15%	14%
Retention												
MAU retention - TOP5	94%	102%	90%	97%	94%	103%	105%	101%	115%	87%	96%	96%
MAU retention - All	98%	89%	90%	93%	94%	102%	123%	140%	119%	86%	92%	141%
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	0.4	0.6
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	0.22	0.20
ARPDAU - All	0.13	0.15	0.16	0.16	0.17	0.17	0.15	0.12	0.12	0.12	0.13	0.10
MARPPU - TOP 5	39.6	44.9	42.6	39.8	40.7	41.7	40.6	41.4	41.9	45.4	46.3	54.3
MARPPU - All	39.6	44.7	42.5	39.9	41.1	42.5	40.2	40.9	41.5	44.7	45.6	43.0

Source: Company data and Nordea estimates

GAMES ESTIMATES BY TITLE (EURm), ANNUAL

	2017	2018	2019	2020	2021	2022E	2023E	2024E
AB2								
Gross bookings	78.7	117.3	108.4	106.5	107.9	116.4	112.6	103.5
- % of total	*32%*	*46%*	*41%*	*41%*	*40%*	*39%*	*36%*	*31%*
UAC	31.5	39.9	16.3	17.7	19.7	23.6	18.6	13.0
AB Dream Blast								
Gross bookings	0.0	0.5	57.5	63.2	61.6	66.4	75.5	69.8
- % of total	*0%*	*0%*	*22%*	*24%*	*23%*	*22%*	*24%*	*21%*
UAC	0.0	11.5	60.8	28.0	28.3	34.5	23.6	17.5
AB Match								
Gross bookings	10.1	26.2	24.4	13.4	8.8	7.3	5.0	3.3
- % 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	35.8	34.9	33.6
- % of total	*13%*	*12%*	*10%*	*11%*	*13%*	*12%*	*11%*	*10%*
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	7.0	4.8	3.8
- % of total	*0%*	*0%*	*0%*	*3%*	*6%*	*2%*	*2%*	*1%*
UAC	0.0	0.0	0.0	8.7	14.3	1.6	0.0	0.0
Sugar Blast								
Gross bookings	0.0	0.0	2.7	9.9	9.2	6.6	5.6	5.0
- % of total	*0%*	*0%*	*1%*	*4%*	*3%*	*2%*	*2%*	*2%*
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	1.0	1.4	1.1
- % 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	27.5	22.7	17.8
- % of total	*0%*	*0%*	*0%*	*0%*	*1%*	*9%*	*7%*	*5%*
UAC	0.0	0.0	0.0	0.0	3.2	22.0	11.7	6.5
Moomin: Puzzle and Design								
Gross bookings	0.0	0.0	0.0	0.0	0.0	0.0	13.1	39.2
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*4%*	*12%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	13.0	24.5
Hypercasual (Ruby Games)								
Gross bookings	0.0	0.0	0.0	0.0	5.1	17.2	24.0	20.7
- % of total	*0%*	*0%*	*0%*	*0%*	*2%*	*6%*	*8%*	*6%*
UAC	0.0	0.0	0.0	0.0	0.0	14.9	18.0	10.4
Other								
Gross bookings	127.1	78.0	44.2	30.3	24.1	15.4	11.8	31.9
- % of total	*51%*	*31%*	*17%*	*12%*	*9%*	*5%*	*4%*	*10%*
UAC	25.4	12.1	9.0	0.0	4.2	0.2	0.7	21.4

Source: Company data and Nordea estimates

GAMES ESTIMATES BY TITLE (EURm), QUARTERLY

	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	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	28.7	29.0
- % of total	*40%*	*43%*	*41%*	*40%*	*39%*	*40%*	*40%*	*40%*	*38%*	*39%*	*40%*	*39%*
UAC	3.5	6.0	3.9	4.2	4.5	4.8	4.8	5.6	5.9	5.7	6.0	6.0
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	17.6	19.8
- % of total	*26%*	*24%*	*24%*	*23%*	*24%*	*23%*	*22%*	*22%*	*18%*	*19%*	*24%*	*26%*
UAC	8.0	6.0	7.0	7.0	7.0	7.0	6.8	7.5	6.7	5.9	10.2	11.7
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	1.6
- % 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	8.4	9.0
- % of total	*9%*	*11%*	*11%*	*12%*	*13%*	*12%*	*13%*	*13%*	*12%*	*13%*	*12%*	*12%*
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	1.6	1.4
- % 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	0.0
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	1.5
- % 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	0.4
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*2%*	*1%*	*0%*	*0%*	*0%*	*0%*	*1%*
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	5.1	5.0
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*4%*	*13%*	*10%*	*7%*	*7%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	11.3	5.1	3.1	2.5
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	0.0
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	2.5	4.1
- % of total	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*1%*	*6%*	*8%*	*6%*	*3%*	*5%*
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.6	2.9	6.1	3.8	1.9	3.0
Other												
Gross bookings	8.7	8.0	6.9	6.7	6.7	6.2	6.6	4.6	3.9	3.4	4.9	3.2
- % of total	*14%*	*12%*	*11%*	*10%*	*10%*	*9%*	*10%*	*6%*	*5%*	*5%*	*7%*	*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 8.3-10.1

DCF valuation

We base our DCF valuation on a bottom-up approach, which we use to 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 7.8-9.8% WACC to our DCF valuation.

DCF VALUATION (EURm AND EUR PER SHARE)

DCF value	Value	Per share
NPV FCFF	435-570	5.9-7.8
(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	46	0.6
DCF Value	**606-741**	**8.3-10.1**

Source: Company data and Nordea estimates

WACC COMPONENTS

WACC components	
Risk-free interest rate	3.0%
Market risk premium	4.0%
Forward looking asset beta	nm
Beta debt	0.2
Forward looking equity beta	1.2-1.7
Cost of equity	7.8-9.8%
Cost of debt	3.0%
Tax-rate used in WACC	20%
Equity weight	100%
WACC	**7.8-9.8%**

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	4.13%	4.0%	3.5%	3.0%	2.5%	2.0%	
EBIT-margin, ex. associates	14.8%	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	2.0%	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	-233.2%	1.1%	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, albeit 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 a 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)	0.9	0.9	0.9	4.2	3.3	3.0	8.1	5.3	4.7	10.5	6.8	6.1	6.6%	9.4%	11.2%
Mag Interactive Ab (Publ)	1.4	1.2	1.1	6.9	6.6	5.3	22.4	20.2	11.7		29.4	17.0	7.3%	9.0%	
Modern Times Group Mtg Ab	1.1	1.0	1.0	4.7	4.3	4.0	9.6	7.8	7.0	16.4	17.5	13.8	5.9%	5.7%	7.2%
Playtika Holding Corp	2.0	1.9	1.8	5.7	5.4	5.0	11.1	9.4	8.3	15.2	12.1	10.3	9.8%	13.3%	14.2%
Stillfront Group Ab (Publ)	2.1	1.9	1.8	5.9	5.2	4.8	9.5	8.2	7.4	8.2	7.6	6.8	-6.8%	9.1%	10.9%
Peer average	1.5	1.4	1.3	5.5	5.0	4.4	12.1	10.2	7.8	12.6	14.7	10.8	4.6%	9.3%	10.9%
Peer median	**1.4**	**1.2**	**1.1**	**5.7**	**5.2**	**4.8**	**9.6**	**8.2**	**7.4**	**12.8**	**12.1**	**10.3**	**6.6%**	**9.1%**	**11.1%**
Rovio Entertainment Oyj (NDA)	**1.0**	**0.9**	**0.7**	**5.8**	**5.0**	**4.2**	**8.0**	**6.4**	**5.1**	**12.4**	**12.1**	**10.7**	**5.6%**	**9.9%**	**10.4%**
difference	**-33%**	**-26%**	**-31%**	**2%**	**-4%**	**-13%**	**-16%**	**-22%**	**-32%**	**-3%**	**0%**	**4%**	**-0.1pp**	**0.1pp**	**-0.1pp**
Rovio Entertainment Oyj (consensus)	1.0	1.0	1.0	6.3	5.8	5.7	8.8	7.6	7.2	13.6	12.7	11.7	4.2%	8.3%	8.2%
difference	-28%	-13%	-6%	10%	11%	19%	-8%	-7%	-3%	6%	4%	13%	-0.4pp	-0.1pp	-0.3pp

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	190	153	131	5.4%	2.5%	22.1%	27.6%	29.2%	1.8	6.4	28%	
Mag Interactive Ab (Publ)	Sweden	20	49	40	29.0%		23.0%	22.3%		1.5	4.3	35%	
Modern Times Group Mtg Ab	Sweden	75	879	201	13.5%	5.3%	23.8%	23.5%	23.8%	0.2	0.6	31%	0.38
Playtika Holding Corp	Israel	10	4,301	5,435	14.6%	10.1%	35.0%	35.5%	34.6%	9.8	35.3	28%	0.74
Stillfront Group Ab (Publ)	Sweden	26	1,239	1,546	70.2%	12.7%	35.6%	37.1%	37.7%	12.7	66.0	19%	0.13
Peer average					26.5%	7.6%	27.9%	29.2%	31.4%	5.2	22.5	28%	0.42
Peer median					**14.6%**	**7.7%**	**23.8%**	**27.6%**	**31.9%**	**1.8**	**6.4**	**28%**	**0.38**
Rovio Entertainment Oyj (NDA)	**Finland**	**5.5**	**461**	**332**	**-0.5%**	**5.6%**	**16.7%**	**18.1%**	**18.1%**	**7.3**	**53.3**	**14%**	**0.12**
difference					**-15pp**	**-2pp**	**-7.1pp**	**-10pp**	**-14pp**	**306%**	**733%**	**-14pp**	**-26pp**
Rovio Entertainment Oyj (consensus)	Finland	5.5	461	332	-0.5%	5.1%	16.4%	17.6%	17.6%	n.a.	n.a.	n.a.	n.a.
difference					-15pp	-3pp	-7pp	-10pp	-14pp	n.a.	n.a.	n.a.	n.a.

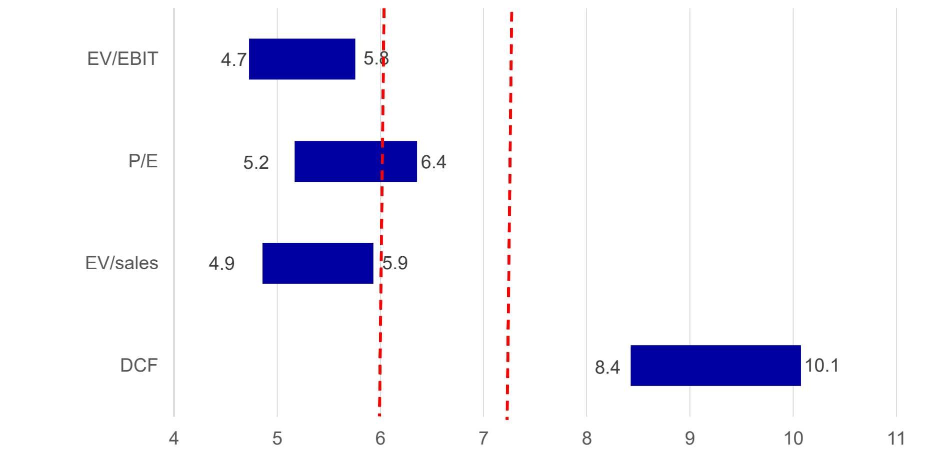
*KPI figures (DAU, MAU, ARPDAU) are based on the latest fiscal quarter

Source: Company data, Refinitiv and Nordea estimates

Nordea valuation range of EUR 6.0-7.2

We derive a DCF-based fair value range of EUR 8.3-10.1 per share by applying a WACC range of 7.8-9.8%. 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 median multiples, as Rovio's growth profile is weaker than that of the peer group. We note that peer multiples have been subject to derating in recent past. We calculate a weighted average of the aforementioned valuation approaches, which yields a fair value range of EUR 6.0-7.2 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 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**	**319**	**321**	**338**
Revenue growth	n.a.	-10.3%	34.9%	55.0%	-5.4%	2.8%	-5.8%	5.1%	11.4%	0.7%	5.3%
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	46	56	60
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	46	56	60
Amortisation and impairments	-7	-15	-18	-29	-16	-14	-18	-13	-14	-12	-11
EBIT	10	-22	17	31	32	18	43	38	32	44	49
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	4	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**	**35**	**44**	**49**
Reported taxes	-3	3	-5	-6	-8	-5	-9	-10	-9	-10	-11
Net profit from continued operations	8	-18	11	21	25	13	32	30	27	34	39
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	27	34	39
EPS, EUR	**0.11**	**-0.24**	**0.14**	**0.27**	**0.31**	**0.17**	**0.42**	**0.41**	**0.36**	**0.46**	**0.52**
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%	14.4%	17.4%	17.8%
EBITA	10.8%	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	17.8%	14.4%	17.4%	17.8%
EBIT	6.3%	-15.2%	8.8%	10.6%	11.2%	6.3%	15.6%	13.2%	9.9%	13.6%	14.6%
Adjusted earnings											
EBITDA (adj)	17	-6	35	65	48	33	65	57	53	56	60
EBITA (adj)	17	-6	35	65	48	33	65	57	53	56	60
EBIT (adj)	10	-22	17	36	31	18	47	44	38	44	49
EPS (adj, EUR)	0.11	-0.24	0.14	0.33	0.31	0.17	0.48	0.49	0.45	0.46	0.52
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%	17.4%	17.8%
EBITA (adj)	10.8%	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	19.8%	16.5%	17.4%	17.8%
EBIT (adj)	6.3%	-15.2%	8.8%	12.1%	11.1%	6.4%	17.3%	15.3%	12.0%	13.6%	14.6%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	12.8%	13.9%	8.3%	1.4%	2.7%	3.2%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	13.7%	n.m.	7.5%	-5.2%	3.1%	13.2%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	12.7%	n.m.	17.6%	0.1%	6.8%	22.2%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	9.0%	n.m.	23.7%	6.1%	8.5%	25.9%
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%	11.2%	11.7%	13.4%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	14.4%	14.1%	17.7%	17.6%	16.4%	16.5%	17.8%

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	12.4	12.1	10.7
EV/EBITDA (adj)	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	5.8	5.0	4.2
EV/EBITA (adj)	n.a.	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	5.8	5.0	4.2
EV/EBIT (adj)	n.a.	n.a.	n.a.	17.5	5.9	13.5	7.1	8.2	8.0	6.4	5.1

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	15.5	12.1	10.7
EV/Sales	n.a.	n.a.	n.a.	2.11	0.65	0.86	1.23	1.25	0.96	0.87	0.74
EV/EBITDA	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	6.7	5.0	4.2
EV/EBITA	n.a.	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	6.7	5.0	4.2
EV/EBIT	n.a.	n.a.	n.a.	20.0	5.8	13.7	7.9	9.4	9.7	6.4	5.1
Dividend yield (ord.)	n.a.	n.a.	n.a.	0.7%	2.4%	2.0%	1.9%	1.8%	2.3%	2.5%	2.7%
FCF yield	n.a.	n.a.	n.a.	7.2%	13.6%	1.8%	12.7%	6.1%	-2.7%	9.0%	9.5%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	8.3%	13.6%	1.8%	12.6%	7.7%	5.6%	9.9%	10.4%
Payout ratio	37.1%	0.0%	42.0%	18.3%	29.5%	53.1%	25.2%	24.3%	28.6%	30.1%	28.6%

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	15	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	31	33
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	9	10	10
Cash and bank	54	34	29	91	124	125	139	161	141	168	197
Total current assets	95	66	73	133	158	172	170	197	181	209	240
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**	**296**	**321**	**351**
Shareholders equity	94	74	87	140	160	168	165	198	215	240	268
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	215	240	268
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	10	10
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	32	34
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	42	45
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**	**296**	**321**	**351**
Balance sheet and debt metrics											
Net debt	-54	-10	-10	-88	-120	-110	-129	-126	-106	-133	-162
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	113	110	110
Capital employed	94	99	106	143	163	182	175	233	250	275	303
ROE	17.3%	-21.5%	13.3%	18.3%	16.3%	8.1%	19.3%	16.8%	12.9%	15.0%	15.2%
ROIC	n.a.	-31.6%	18.5%	43.9%	53.6%	30.0%	79.7%	55.9%	30.3%	31.3%	35.9%
ROCE	24.4%	-21.5%	16.5%	28.9%	21.1%	11.1%	26.1%	22.8%	17.4%	16.7%	17.1%
Net debt/EBITDA	-3.1	n.m.	-0.3	-1.5	-2.5	-3.4	-2.2	-2.5	-2.3	-2.4	-2.7
Interest coverage	n.m.	n.m.	12.3	6.8	81.5	17.2	34.9	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%	72.8%	74.8%	76.4%
Net gearing	-57.4%	-13.3%	-11.4%	-62.9%	-75.3%	-65.7%	-78.2%	-63.6%	-49.0%	-55.5%	-60.5%

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**	**46**	**56**	**60**
Paid taxes	-9	1	0	-1	-11	-10	-6	-10	-9	-10	-11
Net financials	0	-1	-2	-1	0	-1	-1	3	4	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**	**28**	**46**	**49**
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**	**28**	**46**	**49**
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**	**23**	**41**	**43**
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	-11	37	39
Free cash flow bef A&D, lease adj	17	1	23	60	41	7	59	37	23	41	43
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	-20	28	29
Cash flow metrics											
Capex/D&A	0.0%	0.0%	0.0%	0.0%	7.9%	27.3%	29.1%	52.7%	34.2%	44.5%	59.2%
Capex/Sales	0.0%	0.0%	0.0%	0.0%	0.5%	1.3%	1.9%	2.4%	1.5%	1.7%	1.9%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	9	4	4	6	7	6	6	6
Market cap.	n.a.	n.a.	n.a.	715	303	359	463	483	413	413	413
Enterprise value	n.a.	n.a.	n.a.	627	183	248	334	357	307	280	251
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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