

19 January 2023

**Commissioned research: Rovio – Playtika offers EUR 9.05 per share for Rovio***Marketing material commissioned by Rovio*

Israeli-based mobile gaming company Playtika has today [announced](#) a proposal to Rovio board of directors to acquire Rovio for EUR 9.05 (55% premium to Wednesday's close) per share in cash. Conditions of the offer are not disclosed and no agreement has been entered into between Playtika and Rovio. Rovio has not issued a release so far on the matter and we are not aware of the largest shareholders' stance on the bid. Playtika states that its bid represents an improvement over an initial EUR 8.50 per share bid submitted on 16 November 2022. We have not been aware of the previous bid, neither has there been any release on the matter by Rovio or Playtika. Playtika's offer values Rovio at EUR 689m equity value and EUR 570m enterprise value, we estimate. It corresponds to EV/EBITDA of 9.9x for 2023E on our estimates. For reference, western mobile gaming peers are trading at a 4.7x median for 2023E. Rovio went public in 2017 at EUR 11.5 per share and over the past three years the shares have reached their high of EUR 9.4 on 3 May 2022. Given the near-term market headwinds for the mobile gaming market (e.g. Apple's privacy changes, weakening macroeconomic backdrop), the offer price can be considered attractive by investors with a shorter time horizon, we argue. However, given that the offer price is below the IPO price and that Playtika has a questionable reputation as a buyer after their decision to shut down Finnish gaming studio Seriously in September 2022 just three year after its acquisition, we believe the family Hed (owns ~42% of Rovio shares) and some other shareholders could end up resisting the acquisition. From Playtika's perspective, the acquisition makes sense given Rovio's strong IP and Playtika's attempt to shift its portfolio from the social casino genre (45% of sales) that has been heavily hit by Apple's ad tracking transparency changes to casual games (55% of sales). Hence we believe the company could have the incentive and deep enough pockets to raise its bid, if necessary. Our fair value range for Rovio has been EUR 6.5-7.8.

## SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	289	272	286	318	313	332
EBITDA (adj)	33	65	57	53	53	57
EBIT (adj)	18	47	44	39	40	46
EBIT (adj) margin	6.4%	17.3%	15.3%	12.2%	12.9%	13.9%
EPS (adj, EUR)	0.17	0.48	0.49	0.46	0.43	0.49
EPS (adj) growth	-44.5%	180.7%	4.0%	-7.4%	-6.1%	13.7%
DPS (ord, EUR)	0.09	0.12	0.12	0.13	0.14	0.15
EV/Sales	0.9	1.2	1.2	1.0	0.9	0.8
EV/EBIT (adj)	13.5	7.1	8.2	8.0	7.0	5.6
P/E (adj)	26.1	13.3	13.3	12.7	13.5	11.9
P/BV	2.1	2.8	2.4	2.0	1.8	1.6
Dividend yield (ord)	2.0%	1.9%	1.8%	2.2%	2.4%	2.6%
FCF Yield bef A&D, lease adj	1.8%	12.6%	7.7%	8.6%	9.0%	9.5%
Net debt	-110	-129	-126	-119	-144	-171
Net debt/EBITDA	-3.4	-2.2	-2.5	-2.6	-2.7	-3.0
ROIC after tax	30.0%	79.7%	55.9%	30.5%	28.9%	33.5%

Source: Company data and Nordea estimates

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**Nordea analyst: Felix Henriksson**

**Felix Henriksson**

Analyst, TMT

**Nordea** | Investment Banking & Equities | Equity Research FI

Visit me: Aleksis Kiven katu 7, 00500 HELSINKI

Write to me: Fleminginkatu 27, 00020 Nordea

Tel: +358 953008453 | Mob: +358 504104854

E-mail: [felix.henriksson@nordea.com](mailto:felix.henriksson@nordea.com)

Web: [nordeamarkets.com](http://nordeamarkets.com)

Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Finland, domicile Helsinki, Business ID 2858394-9

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