

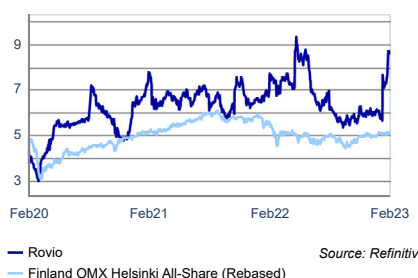
Rovio

Media
Finland

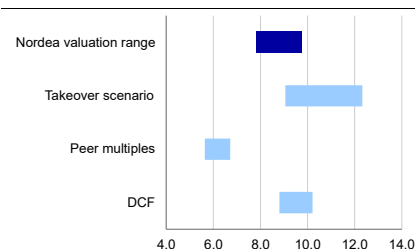
KEY DATA

Stock country	Finland
Bloomberg	ROVIO FH
Reuters	ROVIO.HE
Share price (close)	EUR 8.58
Free Float	50%
Market cap. (bn)	EUR 0.63/EUR 0.63
Website	http://www.rovio.com/
Next report date	28 Apr 2023

PERFORMANCE



VALUATION APPROACH (EUR/SHARE)



Source: Nordea estimates

ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	1%	1%	1%
EBIT (adj)	-4%	0%	-1%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Felix Henriksson
AnalystMarlon Värnik
Analyst

Stable outlook for 2023

Rovio's Q4 was impacted by the continued mobile gaming market decline. However, 2% q/q growth in the US market points to some light at the end of the tunnel. Rovio expects a stable market for 2023, with easing headwinds from Apple's privacy changes, inflation and societal reopening. Against this backdrop, Rovio guides for flat revenue and EBIT for 2023. In the near term, we believe that the share will be primarily driven by takeover speculation, following the recent M&A interest and the message from Rovio's board indicating openness to an acquisition. We take this into account in our raised fair value range, which is now EUR 7.8-9.7 (6.5-7.8).

Somewhat soft Q4 numbers; ABDB was the star of the quarter

Rovio reported Q4 revenue 2% below Modular Finance consensus. Adjusted EBIT of EUR 5.9m came in 18% below consensus at EUR 7.2m. Games' gross bookings were down 7.9% y/y and up 5.4% q/q organically. This compares to mobile gaming market growth down 7% y/y globally and down 11% y/y in the US in Q4. UA investments at EUR 23.3m were above our estimate of EUR 22.4m, meaning 31.3% of Games revenue, compared to 28.7% in Q3 2022 and 26.9% in Q4 2021. In particular, UA investment increased for ABDB, which grew by a robust 33% y/y. In addition to increased UA, lower ad revenue and higher headcount burdened profitability.

Guiding for flat revenue and EBIT for 2023

Rovio expects 2023 to be a stable year for the mobile gaming market. The company guides for its comparable revenue and adjusted EBIT to stay flat y/y for 2023. The company guides for UA investments in Q1 2023 of 29-34% of Games revenue (our estimate: 31.7%). We raise 2023E sales by 1% and lower adjusted EBIT by 4%, aligning our estimates with Rovio's guidance.

Fair value range of EUR 7.8-9.7

With recent takeover speculation and the EUR 9.05 per share offer by Playtika, we add a takeover scenario to our valuation. We believe that Rovio is likely to appear as an attractive asset for others as well due to its evergreen Angry Birds IP. We argue that Rovio is unlikely to accept a sale to Playtika, given its questionable reputation as a buyer and its historical culture clashes with its prior Finnish acquisitions (Seriously, Reworks). We arrive at an increased fair value range of EUR 7.8-9.7 (6.5-7.8) based on an average of our DCF, peer multiples and takeover scenario.

SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	289	272	286	318	317	337	354
EBITDA (adj)	33	65	57	54	51	57	62
EBIT (adj)	18	47	44	39	39	46	53
EBIT (adj) margin	6.4%	17.3%	15.3%	12.3%	12.3%	13.6%	14.9%
EPS (adj, EUR)	0.17	0.48	0.49	0.46	0.41	0.49	0.56
EPS (adj) growth	-44.5%	180.7%	4.0%	-7.7%	-9.3%	17.6%	14.9%
DPS (ord, EUR)	0.09	0.12	0.12	0.13	0.14	0.15	0.16
EV/Sales	0.9	1.2	1.2	0.9	1.4	1.2	1.1
EV/EBIT (adj)	13.5	7.1	8.2	7.2	11.3	9.0	7.3
P/E (adj)	26.1	13.3	13.3	13.3	20.7	17.6	15.3
P/BV	2.1	2.8	2.4	2.0	2.5	2.3	2.1
Dividend yield (ord)	2.0%	1.9%	1.8%	2.1%	1.6%	1.7%	1.9%
FCF Yield bef A&D, lease	1.8%	12.6%	7.7%	9.6%	5.9%	6.5%	7.0%
Net debt	-110	-129	-126	-165	-189	-216	-245
Net debt/EBITDA	-3.4	-2.2	-2.5	-3.8	-3.7	-3.8	-3.9
ROIC after tax	30.0%	79.7%	55.9%	37.8%	41.2%	49.9%	57.6%

Source: Company data and Nordea estimates

Result highlights

Q4 2022 report highlights

- Q4 revenue was 2% below Modular Finance consensus estimates, declining by 3% y/y (+8% in Q3). Organically, revenue declined by 10% y/y (-5% in Q3).
- Revenue from Games was 1% above our estimate, declining by 3% y/y (+8% in Q3).
- Adjusted EBIT of EUR 5.9m was 18% (EUR 1.3m) below consensus and 12% above our estimate. The adjusted EBIT margin stood at 7.7% compared to consensus of 13.2%. Increased UA, lower ad revenue and higher headcount impacted profitability negatively. Reported EBIT of EUR 2.0m was burdened by a EUR 4.6m one-off related to a lawsuit settlement in New Mexico.
- EPS was EUR 0.00 compared to consensus of EUR 0.06.
- The DPS proposal was EUR 0.13, in line with consensus of EUR 0.13.

ROVIO: Q4 2022 DEVIATION TABLE (EPS in EUR)

	Actual	NDA est.	Deviation	Consensus	Deviation	Actual	Actual		
EURm	Q4 22	Q4 22E	vs. actual	Q4 22E	vs. actual	Q3 22	q/q	Q4 21	y/y
Revenue	76.9	76.7	0.2	78.4	(1.5)	77.4	-1%	78.9	-3%
EBITDA	5.7	8.6	(2.9)	10.4	(4.7)	12.2	-53%	13.4	-57%
Adj. EBITDA	9.6	8.6	1.0	10.6	(1.0)	15.6	-38%	16.5	-42%
- margin	12.5%	11.2%	1.3pp	13.5%	0.0pp	20.1%	-7.6pp	20.9%	-8.4pp
EBIT	2.0	5.3	(3.3)	7.0	(5.0)	8.6	-77%	8.1	-75%
Adj. EBIT	5.9	5.3	0.6	7.2	(1.3)	12.1	-51%	13.1	-55%
- margin	7.7%	6.9%	0.8pp	9.2%	-1.5pp	15.6%	-8.0pp	16.6%	-8.9pp
EPS	0.00	0.06	(0.06)	0.09	-0.09	0.10	-100%	0.08	-100%
DPS	0.13	0.13	-	0.12	0.01	8%		0.12	8%
Gross bookings top 5, EURm	65.2	64.5	1			70.8	-8%	60.9	7%
Gross bookings total, EURm	74.0	73.8	0			72.4	2%	74.0	0%
Games revenue	74.4	73.8	1			74.2	0%	76.5	-3%
UAC	23.3	22.4	1			21.3	9%	20.6	13%
UAC as % of Games revenue	31.3%	30.4%	1.0pp	30.7%	0.6pp	28.7%	2.6pp	26.9%	4.4pp
DAU top 5, million	3.2	3.3	-0.1			3.1	3%	3.2	0%
DAU all, million	6.3	8.0	-1.7			6.3	0%	6.5	-3%
MAU top 5, million	18.9	18.4	0.5			17.4	9%	18.1	4%
MAU all, million	43.7	55.8	-12.1			42.1	4%	44.8	-2%
DAU/MAU top 5, %	16.9%	17.8%	-0.9pp			17.8%	-0.9pp	17.7%	-0.7pp
DAU/MAU all, %	14.4%	14.3%	0.2pp			15.0%	-0.5pp	14.5%	-0.1pp
MUP top 5, thousand	409.0	410.3	-1.3			385.0	6%	420.0	-3%
MUP all, thousand	454.0	546.5	-92.5			435.0	4%	485.0	-6%
ARPPAU top 5, EUR	0.22	0.21	0.01			0.22	0%	0.21	5%
ARPPAU all, EUR	0.13	0.10	0.03			0.13	0%	0.12	8%
MARPPU top 5, EUR	46.3	52.4	-6.1			46.3	0%	41.4	12%
MARPPU all, EUR	45.5	45.0	0.5			45.6	0%	40.9	11%

Source: Company data, Refinitiv and Nordea estimates

Games performance and commentary

- Games' gross bookings were down 7.9% y/y and grew by 5.4% q/q organically. This compares to the mobile gaming market down 7% globally and down 11% in the US in Q4 y/y.
- UA investments at EUR 23.3m were above our estimate of EUR 22.4m, i.e. 31.3% of Games revenue (our forecast: 30.4%/consensus: 30.7%) compared to 28.7% in Q3 2022 and 26.9% in Q4 2021. UA was increased for ABDB in particular, given the good returns on campaigns.
- ABDB beat our booking estimate by 9%, whereas other games were in line or missed our estimates. ABDB grew its gross booking by an impressive 33% y/y.
- Ruby Games (Hypercasual) brought EUR 2.7m of bookings compared to our estimate of EUR 2.5m.
- Rovio currently has four games in soft launch. Moomin: Puzzle & Design and three hybrid-casual games developed by Ruby Games, namely Wizard Hero and two new Hunter Assassin games – a multiplayer game, Hunter Heroes, and a single-player game, Hunter Assassin 2.
- Rovio plans this year to release a loyalty programme called Red's Club in order to improve network retention. This initiative will include a web shop, a common Red ID across games to save progress and the ability to place certain games on the web. The goal is to offer fans a centralised way to interact with different offers and have access to special offers covering multiple games. Rollout of the programme will start in Q2 2023.

GROSS BOOKINGS PER GAME VS. NORDEA ESTIMATES

EURm	Actual	NDA est.	Deviation		Actual	Actual		y/y
	Q4 22	Q4 22E	vs. actual		Q3 22	q/q	Q4 21	
AB2	28.6	29.2	-0.6	-2%	28.7	0%	29.5	-3%
ABDB	21.6	19.8	1.8	9%	17.6	23%	16.2	33%
AB Friends	8.8	8.9	-0.1	-1%	8.4	5%	9.3	-5%
AB Journey	4.4	5.0	-0.6	-13%	5.1	-14%	3.1	na
Hypercasual	2.7	2.9	-0.2	-8%	2.5	8%	4.1	n.a.
Other	7.9	8.0	-0.1	-1%	10.1	-22%	11.8	-33%

Source: Company data and Nordea estimates

Guidance for 2023 indicates flat revenue and adjusted EBIT

- Rovio expects its comparable revenue and adjusted EBIT to be flat y/y in 2023.
- UA investments in Q1 2023 are expected to be 29-34% of Games revenue (our forecast: 31.7%).

Live games outlook for Q1 compared to Q4

- AB2 (Q1 2023E: -3% q/q): "Softer due to seasonality and weaker cohorts of new users; the solid performance of older cohorts is expected to continue, but new cohorts have been weaker, so we are optimising both user acquisition and the game for new players."
- ABDB (Q1 2023E: +4% q/q): "Strong, as we have good momentum in the game's performance, which allows us to invest more in user acquisition."
- AB Friends (Q1 2023E: 0% q/q): Stable.
- AB Journey (Q1 2023E: 0% q/q): Stable.
- Ruby Games (Q1 2023E: +8% q/q): The Hypercasual space is volatile by nature, and currently working against a headwind. Ruby Games has a clear focus to transition to hybrid-casual games, with three games in soft launch.

Estimate revisions

ESTIMATE REVISIONS (EPS AND DPS IN EUR)

	New estimates				Old estimates				Difference %			
	Q1 23E	2023E	2024E	2025E	Q1 23E	2023E	2024E	2025E	Q1 23E	2023E	2024E	2025E
EURm												
Revenue	76.2	316.9	336.7	354.0	75.1	312.7	332.4	350.3	2%	1%	1%	1%
- growth y/y	-10.3%	-0.3%	6.2%	5.2%	-11.7%	-1.6%	6.3%	5.4%	1.4pp	1.3pp	-0.1pp	-0.2pp
- organic	-13.2%	1.4%	6.2%	5.2%	-14.3%	0.5%	6.3%	5.4%	1.1pp	0.9pp	-0.1pp	-0.2pp
- FX	2.9%	-1.7%	0.0%	0.0%	2.6%	-2.0%	0.0%	0.0%	0.2pp	0.3pp	0.0pp	0.0pp
- structure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0pp	0.0pp	0.0pp	0.0pp
Adj. EBITDA	10.9	51.1	56.7	70.4	14.4	52.6	56.9	71.2	-24%	-3%	0%	-1%
- margin	14.3%	16.1%	16.8%	19.9%	19.1%	16.8%	17.1%	20.3%	-4.8pp	-0.7pp	-0.3pp	-0.4pp
Adj. EBIT	7.9	39.0	45.9	52.7	11.3	40.5	46.0	53.5	-31%	-4%	0%	-1%
- margin	10.3%	12.3%	13.6%	14.9%	15.1%	12.9%	13.9%	15.3%	-4.8pp	-0.6pp	-0.2pp	-0.4pp
EBIT	7.9	39.0	45.9	52.7	11.3	40.5	46.0	53.5	-31%	-4%	0%	-1%
- margin	10.3%	12.3%	13.6%	14.9%	15.1%	12.9%	13.9%	15.3%	-4.8pp	-0.6pp	-0.2pp	-0.4pp
PTP	7.9	39.0	45.9	52.7	11.3	40.5	46.0	53.5	-31%	-4%	0%	-1%
Net profit	6.1	30.4	35.8	41.1	8.8	31.6	35.9	42.8	-31%	-4%	0%	-4%
EPS	0.08	0.41	0.48	0.55	0.12	0.43	0.48	0.58	-31%	-4%	0%	-4%
DPS		0.14	0.15	0.16		0.14	0.15	0.16		0%	0%	0%
Games												
Revenue	73.9	307.4	328.3	346.8	72.8	302.8	323.8	342.8	2%	2%	1%	1%
- growth y/y	-10.2%	0.2%	6.8%	5.6%	-11.6%	-1.1%	6.9%	5.9%	1.4pp	1.3pp	-0.1pp	-0.3pp
UAC	23.5	85.6	93.1	96.7	18.9	81.7	92.3	96.3	24%	5%	1%	0%
- % of revenue	31.7%	27.8%	28.3%	27.9%	26.0%	27.0%	28.5%	28.1%	5.8pp	0.9pp	-0.2pp	-0.2pp

Source: Nordea estimates

Detailed estimates

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

	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	CAGR 19-22	CAGR 22-25E
Group estimates											
Revenue	297.1	281.2	289.1	272.2	286.2	317.8	316.9	336.7	354.0	3%	4%
- growth y/y		-5.4%	2.8%	-5.8%	5.1%	11.0%	-0.3%	6.2%	5.2%		
- organic					5.8%	-2.0%	1.4%	6.2%	5.2%		
- FX					-2.5%	8.7%	-1.7%	0.0%	0.0%		
- structure					1.9%	4.3%	0.0%	0.0%	0.0%		
- growth q/q											
Materials and services	-81.8	-79.8	-77.3	-74.6	-74.5	-79.6	-79.4	-84.7	-89.3	1%	4%
Employee benefits expense	-52.0	-42.6	-41.7	-48.9	-52.0	-57.8	-58.7	-60.7	-62.8	12%	3%
Other operating expenses	-104.2	-112.0	-138.4	-89.4	-109.7	-139.7	-128.6	-135.5	-140.5	0%	0%
EBITDA	60.0	47.9	32.4	60.0	50.8	43.3	51.1	56.7	62.3	10%	13%
Adj. EBITDA	64.5	47.5	32.7	60.1	54.8	53.8	51.1	56.7	70.4	18%	9%
- margin	21.7%	16.9%	11.3%	22.1%	19.2%	16.9%	16.1%	16.8%	19.9%		
D&A	-28.6	-16.4	-14.3	-17.5	-12.9	-14.7	-12.1	-10.8	-9.6		
EBIT	31.4	31.5	18.1	42.5	37.9	28.6	39.0	45.9	52.7	16%	23%
Adj. EBIT	35.9	31.2	18.4	47.1	43.8	39.2	39.0	45.9	52.7	29%	10%
- margin	12.1%	11.1%	6.4%	17.3%	15.3%	12.3%	12.3%	13.6%	14.9%		
Net financials	-4.6	0.7	-0.3	-1.8	2.7	2.0	0.0	0.0	0.0		
PTP	26.7	32.2	17.7	40.7	40.6	30.6	39.0	45.9	52.7	20%	20%
Taxes	-6.0	-7.7	-4.5	-8.6	-10.2	-7.7	-8.6	-10.1	-11.6		
- tax rate	22%	24%	25%	21%	25%	25%	22%	22%	22%		
Net profit	20.7	24.5	13.2	32.1	30.4	22.9	30.4	35.8	41.1	20%	21%
EPS, diluted	0.27	0.31	0.16	0.42	0.41	0.31	0.41	0.48	0.55	24%	21%
Segment details											
Games											
Revenue	247.9	250.4	264.8	258.2	276.4	306.8	307.4	328.3	346.8	5%	4%
- growth y/y	55.9%	1.0%	5.8%	-2.5%	7.0%	11.0%	0.2%	6.8%	5.6%		
- growth q/q											
UAC, EURm	69.6	78.6	99.6	58.8	77.3	96.8	85.6	93.1	96.7	-1%	0%
- % of revenue	28.1%	31.4%	37.6%	22.8%	28.0%	31.6%	27.8%	28.3%	27.9%		
Brand licencing											
Revenue	49.1	30.8	24.3	13.9	9.9	11.1	9.5	8.3	7.3	-23%	-13%
- growth y/y		-37.3%	-21.1%	-42.8%	-28.8%	11.6%	-13.6%	-12.9%	-12.8%		
- growth q/q											

Source: Company data and Nordea estimates

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

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Group estimates												
Revenue	67.1	68.8	71.4	78.9	85.0	78.5	77.4	76.9	76.2	77.7	80.2	82.8
- growth y/y	0.8%	-0.6%	5.2%	15.2%	26.7%	14.1%	8.4%	-2.5%	-10.3%	-1.1%	3.6%	7.7%
- organic	6.7%	5.5%	4.3%	6.2%	12.4%	-1.1%	-4.6%	-10.9%	-13.2%	-0.3%	8.2%	11.3%
- FX	-5.9%	-6.0%	-0.6%	3.0%	5.2%	8.7%	12.0%	8.4%	2.9%	-0.8%	-4.6%	-3.6%
- structure	0.0%	0.0%	1.5%	6.0%	9.1%	6.5%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
- growth q/q	-2.0%	2.5%	3.8%	10.5%	7.7%	-7.6%	-1.4%	-0.6%	-0.9%	1.9%	3.2%	3.2%
Materials and services	-18.2	-18.7	-18.3	-19.3	-20.9	-19.3	-19.4	-20.0	-19.1	-19.5	-20.0	-20.9
Employee benefits expense	-12.2	-12.9	-11.3	-15.6	-13.3	-14.6	-14.0	-15.9	-13.5	-14.9	-14.2	-16.1
Other operating expenses	-25.4	-28.6	-24.8	-30.9	-40.8	-31.3	-32.2	-35.4	-33.0	-30.5	-31.4	-33.7
EBITDA	11.8	8.7	16.9	13.4	11.1	14.3	12.2	5.7	10.9	13.0	14.9	12.4
Adj. EBITDA	12.4	8.7	17.2	16.5	13.6	15.0	15.6	9.6	10.9	13.0	14.9	12.4
- margin	18.5%	12.6%	24.1%	20.9%	16.0%	19.2%	20.1%	12.5%	14.3%	16.7%	18.5%	15.0%
D&A	-2.2	-2.5	-2.9	-5.3	-3.6	-3.8	-3.6	-3.7	-3.0	-3.0	-3.1	-3.0
EBIT	9.6	6.2	14.0	8.1	7.5	10.5	8.6	2.0	7.9	10.0	11.7	9.4
Adj. EBIT	10.2	6.2	14.3	13.1	10.0	11.2	12.1	5.9	7.9	10.0	11.7	9.4
- margin	15.2%	9.0%	20.1%	16.6%	11.8%	14.3%	15.6%	7.7%	10.3%	12.9%	14.6%	11.4%
Net financials	0.9	0.1	0.6	1.1	0.2	2.0	1.6	-1.8	0.0	0.0	0.0	0.0
PTP	10.5	6.3	14.6	9.2	7.7	12.5	10.2	0.2	7.9	10.0	11.7	9.4
Taxes	-3.0	-1.1	-3.1	-3.0	-2.2	-2.8	-2.6	-0.1	-1.7	-2.2	-2.6	-2.1
- tax rate	29%	17%	21%	33%	29%	22%	25%	50%	22%	22%	22%	22%
Net profit	7.5	5.2	11.5	6.2	5.5	9.7	7.6	0.1	6.1	7.8	9.1	7.4
EPS, diluted	0.10	0.07	0.16	0.08	0.07	0.13	0.10	0.00	0.08	0.11	0.12	0.10

Segment details**Games**

Revenue	64.9	66.4	68.6	76.5	82.3	75.9	74.2	74.4	73.9	75.4	77.4	80.6
- growth y/y	3.5%	-0.7%	6.9%	18.8%	26.8%	14.3%	8.2%	-2.8%	-10.2%	-0.6%	4.3%	8.4%
- growth q/q	0.8%	2.3%	3.3%	11.5%	7.6%	-7.8%	-2.2%	0.2%	-0.6%	2.0%	2.6%	4.1%
UAC, EURm	17.3	21.3	18.1	20.6	31.3	20.9	21.3	23.3	23.5	20.1	20.5	21.6
- % of revenue	26.7%	32.1%	26.4%	26.9%	38.0%	27.5%	28.7%	31.3%	31.7%	26.6%	26.4%	26.7%

Brand licencing

Revenue	2.2	2.4	2.8	2.4	2.7	2.6	3.2	2.6	2.3	2.2	2.8	2.2
- growth y/y	-43.6%	4.3%	-24.3%	-41.5%	22.7%	8.3%	14.3%	6.3%	-14.3%	-13.9%	-13.2%	-13.2%
- growth q/q	-46.3%	9.1%	16.7%	-14.3%	12.5%	-3.7%	23.1%	-20.3%	-9.3%	-3.2%	24.0%	-20.3%

Source: Company data and Nordea estimates

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

GAME KPIs	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Bookings									
Gross bookings - TOP 5	201	213	228	223	229	264	256	236	215
Gross bookings - All	249	253	263	259	272	300	307	328	347
Rolling 12M - TOP5	201	213	228	223	229	264	256	236	215
Rolling 12M - All	249	253	263	259	272	300	307	328	347
User amount									
DAU - TOP 5	4.6	3.7	3.7	3.5	3.2	3.3	3.2	2.9	2.6
DAU - All	10.4	8.1	6.4	4.9	5.0	6.7	8.1	7.8	7.6
MAU - TOP 5	23.8	19.6	18.8	18.9	17.4	18.8	19.0	17.2	15.5
MAU - All	76.8	58.9	43.2	31.4	32.1	46.2	58.7	55.1	52.7
Engagement									
DAU/MAU - TOP 5	19%	19%	20%	18%	18%	18%	17%	17%	17%
DAU/MAU - All	14%	14%	15%	15%	15%	14%	14%	14%	14%
Retention									
MAU retention - TOP5	0%	82%	96%	101%	92%	108%	101%	90%	90%
MAU retention - All	0%	77%	73%	73%	102%	144%	127%	94%	96%
Conversion									
MUP - TOP 5	0.5	0.5	0.4	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	0.5	0.5
Conversion rate (TOP5)	2.0%	2.3%	2.2%	2.1%	2.3%	2.2%	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%	1.0%
Monetisation									
ARPPU - TOP 5	0.12	0.16	0.17	0.18	0.20	0.21	0.22	0.22	0.22
ARPPU - All	0.07	0.09	0.11	0.15	0.15	0.13	0.10	0.12	0.13
MARPPU - TOP 5	32.9	36.0	39.2	41.7	41.1	45.0	50.2	51.2	52.0
MARPPU - All	32.9	35.7	38.7	41.7	41.2	44.3	44.6	50.7	56.0

Source: Company data and Nordea estimates

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

GAME KPIs	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Bookings												
Gross bookings - TOP 5	55	57	56	61	67	61	71	65	65	64	64	63
Gross bookings - All	64	67	67	74	81	72	72	74	74	75	77	81
Rolling 12M - TOP5	224	223	224	229	241	245	259	264	262	265	258	256
Rolling 12M - All	261	260	262	272	288	294	300	300	293	296	301	307
User amount												
DAU - TOP 5	3.1	3.1	3.2	3.2	3.6	3.3	3.1	3.2	3.4	3.3	3.2	3.1
DAU - All	4.2	4.2	4.9	6.5	7.3	6.7	6.3	6.3	7.9	8.4	8.1	8.0
MAU - TOP 5	16.6	17.1	17.9	18.1	20.8	18.1	17.4	18.9	19.8	19.2	18.7	18.4
MAU - All	25.6	26.0	32.0	44.8	53.3	45.8	42.1	43.7	57.4	61.6	58.6	57.3
Engagement												
DAU/MAU - TOP 5	19%	18%	18%	18%	17%	18%	18%	17%	17%	17%	17%	17%
DAU/MAU - All	16%	16%	15%	15%	14%	15%	15%	14%	14%	14%	14%	14%
Retention												
MAU retention - TOP5	94%	103%	105%	101%	115%	87%	96%	109%	105%	97%	97%	98%
MAU retention - All	94%	102%	123%	140%	119%	86%	92%	104%	131%	107%	95%	98%
Conversion												
MUP - TOP 5	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
MUP - All	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.5	0.6	0.6	0.6	0.6
Conversion rate (TOP5)	2.4%	2.3%	2.2%	2.3%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Conversion rate (All)	1.8%	1.8%	1.5%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Monetisation												
ARPDau - TOP 5	0.20	0.20	0.19	0.21	0.21	0.20	0.22	0.22	0.21	0.22	0.22	0.22
ARPDau - All	0.17	0.17	0.15	0.12	0.12	0.12	0.13	0.13	0.10	0.10	0.10	0.11
MARPPU - TOP 5	40.7	41.7	40.6	41.4	41.9	45.4	46.3	46.3	49.2	50.0	50.8	51.0
MARPPU - All	41.1	42.5	40.2	40.9	41.5	44.7	45.6	45.5	43.9	41.7	44.9	47.8

Source: Company data and Nordea estimates

GAMES ESTIMATES BY TITLE (EURm), ANNUAL

	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
AB2									
Gross bookings	78.7	117.3	108.4	106.5	107.9	116.0	110.4	102.4	92.2
- % of total	32%	46%	41%	41%	40%	39%	36%	31%	27%
UAC	31.5	39.9	16.3	17.7	19.7	23.6	19.9	14.9	9.7
AB Dream Blast									
Gross bookings	0.0	0.5	57.5	63.2	61.6	68.2	87.3	80.1	73.7
- % of total	0%	0%	22%	24%	23%	23%	28%	24%	21%
UAC	0.0	11.5	60.8	28.0	28.3	35.0	32.5	20.0	14.7
AB Match									
Gross bookings	10.1	26.2	24.4	13.4	8.8	7.5	5.8	3.8	2.5
- % of total	4%	10%	9%	5%	3%	3%	2%	1%	1%
UAC	5.3	6.9	4.0	0.4	0.0	0.0	0.0	0.0	0.0
AB Friends									
Gross bookings	32.7	31.3	25.9	28.1	34.2	35.6	35.2	33.9	32.4
- % of total	13%	12%	10%	11%	13%	12%	11%	10%	9%
UAC	7.4	8.3	3.3	0.6	0.0	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	5.2	4.1	3.2
- % of total	0%	0%	0%	3%	6%	2%	2%	1%	1%
UAC	0.0	0.0	0.0	8.7	14.3	1.7	0.0	0.0	0.0
Sugar Blast									
Gross bookings	0.0	0.0	2.7	9.9	9.2	6.6	5.5	4.7	3.8
- % of total	0%	0%	1%	4%	3%	2%	2%	1%	1%
UAC	0.0	0.0	6.2	3.5	2.1	0.0	0.0	0.0	0.0
Darkfire Heroes									
Gross bookings	0.0	0.0	0.0	0.0	2.0	0.8	0.6	0.4	0.2
- % of total	0%	0%	0%	0%	1%	0%	0%	0%	0%
UAC	0.0	0.0	0.0	0.0	5.5	0.0	0.0	0.0	0.0
AB Journey									
Gross bookings	0.0	0.0	0.0	0.0	3.1	26.9	17.2	15.9	14.6
- % of total	0%	0%	0%	0%	1%	9%	6%	5%	4%
UAC	0.0	0.0	0.0	0.0	3.2	22.0	7.9	5.6	4.4
Moomin: Puzzle and Design									
Gross bookings	0.0	0.0	0.0	0.0	0.0	0.0	13.1	39.2	33.9
- % of total	0%	0%	0%	0%	0%	0%	4%	12%	10%
UAC	0.0	0.0	0.0	0.0	0.0	0.0	12.6	27.4	15.3
Hypercasual (Ruby Games)									
Gross bookings	0.0	0.0	0.0	0.0	5.1	15.8	15.6	15.3	15.9
- % of total	0%	0%	0%	0%	2%	5%	5%	5%	5%
UAC	0.0	0.0	0.0	0.0	0.0	14.3	12.0	7.7	8.0
Other									
Gross bookings	127.1	78.0	44.2	30.3	24.1	15.3	11.5	28.7	74.3
- % of total	51%	31%	17%	12%	9%	5%	4%	9%	21%
UAC	25.4	12.1	9.0	0.0	4.2	0.2	0.7	17.5	44.6

Source: Company data and Nordea estimates

GAMES ESTIMATES BY TITLE (EURm), QUARTERLY

	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
AB2												
Gross bookings	25.2	26.6	26.6	29.5	30.3	28.4	28.7	28.6	27.8	27.7	27.6	27.4
- % of total	39%	40%	40%	40%	38%	39%	40%	39%	38%	37%	36%	34%
UAC	4.5	4.8	4.8	5.6	5.9	5.7	6.0	6.0	5.4	5.0	4.8	4.7
AB Dream Blast												
Gross bookings	15.4	15.0	15.0	16.2	14.9	14.1	17.6	21.6	22.5	22.0	21.6	21.2
- % of total	24%	23%	22%	22%	18%	19%	24%	29%	30%	29%	28%	26%
UAC	7.0	7.0	6.8	7.5	6.7	5.9	10.2	12.2	13.0	7.7	6.5	5.3
AB Match												
Gross bookings	2.4	2.2	2.1	2.1	2.0	1.9	1.8	1.8	1.7	1.5	1.4	1.2
- % of total	4%	3%	3%	3%	2%	3%	2%	2%	2%	2%	2%	2%
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
AB Friends												
Gross bookings	8.1	8.3	8.5	9.3	9.3	9.1	8.4	8.8	8.8	8.8	8.8	8.7
- % of total	13%	12%	13%	13%	12%	13%	12%	12%	12%	12%	11%	11%
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
Small Town Murders												
Gross bookings	3.9	4.7	4.1	2.8	2.2	1.8	1.6	1.4	1.4	1.3	1.3	1.2
- % of total	6%	7%	6%	4%	3%	2%	2%	2%	2%	2%	2%	1%
UAC	3.7	5.0	4.2	1.4	1.1	0.4	0.2	0.1	0.0	0.0	0.0	0.0
Sugar Blast												
Gross bookings	2.5	2.5	2.2	2.0	1.8	1.7	1.6	1.5	1.4	1.4	1.4	1.3
- % of total	4%	4%	3%	3%	2%	2%	2%	2%	2%	2%	2%	2%
UAC	1.0	0.9	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Darkfire Heroes												
Gross bookings	0.0	1.1	0.6	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1
- % of total	0%	2%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
UAC	1.0	3.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AB Journey												
Gross bookings	0.0	0.0	0.0	3.1	10.1	7.3	5.1	4.4	4.4	4.3	4.3	4.2
- % of total	0%	0%	0%	4%	13%	10%	7%	6%	6%	6%	6%	5%
UAC	0.0	0.0	0.0	3.2	11.3	5.1	3.1	2.5	2.5	2.2	1.7	1.5
Moomin: Puzzle and Design												
Gross bookings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	4.1	8.4
- % of total	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	5%	10%
UAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	4.6	7.5
Hypercasual (Ruby Games)												
Gross bookings	0.0	0.0	1.0	4.1	6.1	4.5	2.5	2.7	2.9	4.8	4.1	3.8
- % of total	0%	0%	1%	6%	8%	6%	3%	4%	4%	6%	5%	5%
UAC	0.0	0.0	0.6	2.9	6.1	3.8	1.9	2.4	2.5	4.8	2.9	1.9
Other												
Gross bookings	6.7	6.2	6.6	4.6	3.9	3.4	4.9	3.0	2.9	2.8	2.7	3.0
- % of total	10%	9%	10%	6%	5%	5%	7%	4%	4%	4%	3%	4%
UAC	0.1	0.6	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.7

Source: Company data and Nordea estimates

Valuation

We use DCF and peer multiples in setting our fair value range for Rovio

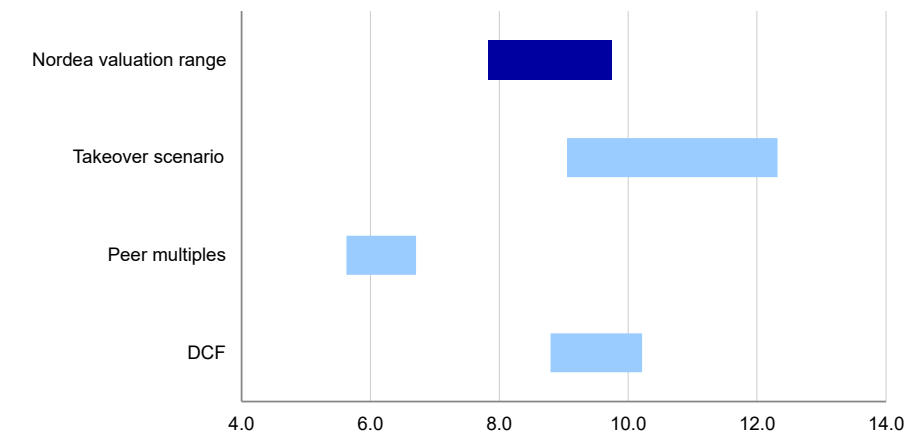
Valuation range of EUR 7.8-9.7

In setting our valuation range for Rovio, we use the average of our DCF valuation, peer multiples-based valuation and takeover scenarios. Our updated fair value range stands at EUR 7.8-9.7 (6.5-7.8). We derive a DCF-based fair value range of EUR 8.8-10.2 per share by applying a WACC range of 7.8-9.8%. Our peer valuation applies a 15% range to the median EV/sales, EV/EBITDA, EV/EBIT and P/E multiples of Western mobile gaming peers. We note that peer multiples have been subject to derating in the recent past. We apply a 20% discount to median multiples, as Rovio's growth profile is weaker than that of the peer group. Our peer valuation derives a EUR 5.6-6.7 per share fair value for Rovio.

The lower end of the range in our takeover scenario corresponds to Playtika's offer price of EUR 9.05 per share, which implies 10x 2023E EV/EBITDA. At the upper end, we apply a multiple of 14x, which prudently compares to the 18x paid for Zynga by Take-Two in 2022 and to 23x paid for Glu Mobile by EA in 2021. This gets us to a takeover valuation range of EUR 9.05-12.3 per share. We believe that Rovio is likely to be an attractive asset for many due to its strong IP, and as companies could look to M&A as a means of user acquisition after Apple's privacy changes. Potentially, interested parties aside from Playtika could include, but not be limited to, EA, Take-Two, Sony, Netflix and Disney, we believe. We argue that a sale to Playtika is unlikely to be accepted given Playtika's questionable reputation as a buyer and its historical cultural clashes with its prior Finnish acquisitions (Seriously, Reworks).

VALUATION APPROACHES (EUR PER SHARE)

Our valuation range is EUR 7.8-9.7



Source: Nordea estimates

DETAILED VALUATION OUTCOMES (EUR PER SHARE)

Method	Low	Mid	High
DCF	8.8	9.4	10.2
Peer multiples	5.6	6.4	6.7
EV/sales	6.2	6.8	7.5
EV/EBITDA	5.1	5.6	6.0
P/E	5.6	7.1	6.7
EV/EBIT	5.6	6.1	6.7
Takeover scenario	9.1	10.7	12.3
Average	7.8	8.9	9.7

Source: Nordea estimates

DCF valuation yields more upside compared to peer multiples

DCF valuation range of
EUR 8.8-10.2

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	453-592	6.5-7.9
(Net debt)	165	2.2
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	6	0.1
DCF Value	624-763	8.8-10.2

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	2023-28	2029-33	2034-38	2039-43	2044-48	2049-53	Sust.
Sales growth, CAGR	5.06%	3.5%	3.5%	3.0%	2.5%	2.0%	
EBIT-margin, ex. associates	14.7%	12.0%	12.0%	12.0%	12.0%	0.5%	
Capex/depreciation, x	0.8	1.0	1.0	1.0	1.0	1.0	
Capex/sales	2.2%	2.5%	2.5%	2.5%	2.5%	3.5%	
NWC/sales	-3.7%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	
FCFF, CAGR	7.3%	3.8%	3.5%	3.1%	2.6%	-54.9%	2.5%

Source: Company data and Nordea estimates

Peer valuation

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		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Western mobile gaming peers															
G5 Entertainment Ab (Publ)	1.0	1.0	0.9	4.1	3.8	3.7	7.3	6.5	6.9	8.8	8.0	8.7	10.9%	12.1%	9.0%
Mag Interactive Ab (Publ)	0.9	0.9	0.8	9.3	6.5	5.3		112.2	26.2		125.7				
Modern Times Group Mtg Ab	1.2	1.2	1.1	5.5	5.1	4.4	9.2	8.1	6.5	21.0	16.1	14.5	4.8%	6.1%	6.1%
Playtika Holding Corp	1.9	1.8	1.8	5.4	5.0	5.0	10.0	8.9	7.9	12.7	10.7	8.9	13.4%	14.5%	0.0%
Stillfront Group Ab (Publ)	1.8	1.7	1.6	5.0	4.6	4.4	7.7	6.6	6.7	6.7	5.9	6.6	9.5%	12.1%	13.2%
Peer average	1.4	1.3	1.2	5.9	5.0	4.6	8.5	28.5	10.9	12.3	33.3	9.7	9.6%	11.2%	7.1%
Peer median	1.2	1.2	1.1	5.4	5.0	4.4	8.4	8.1	6.9	10.8	10.7	8.8	10.2%	12.1%	7.6%
Rovio Entertainment Oyj (NDA)															
difference	16%	9%	6%	65%	52%	43%	38%	14%	9%	96%	67%	77%	-0.4pp	-0.5pp	-0.1pp
Rovio Entertainment Oyj (consensus)															
difference	47%	53%	67%	97%	111%	143%	68%	65%	198%	93%	74%	113%	-0.5pp	-0.6pp	-0.3pp

Source: Refinitiv and Nordea estimates

WESTERN MOBILE GAMING PEERS: KEY FINANCIALS AND KPIS*

		Price	Mcap	EV	Sales CAGR		EBITDA margin			DAU	MAU	DAU/	ARPDau
	Country	Local	EURm	EURm	19-21	21-24E	2023E	2024E	2025E	(mln)	(mln)	MAU	USD
Western mobile gaming peers													
G5 Entertainment Ab (Publ)	Sweden	191	148	131	-0.6%	2.0%	24.9%	25.5%	25.5%	1.8	6.4	28%	
Mag Interactive Ab (Publ)	Sweden	18	43	37	23.0%		10.0%	13.3%	14.8%	1.2	3.5	34%	0.08
Modern Times Group Mtg Ab	Sweden	89	1,006	636	15.3%	5.2%	22.4%	22.7%	23.9%	0.2	0.6	31%	0.38
Playtika Holding Corp	Israel	10	3,453	4,648	11.3%	1.6%	35.7%	36.4%	36.8%	9.0	30.2	30%	0.78
Stillfront Group Ab (Publ)	Sweden	19	856	1,196	26.8%	5.9%	35.7%	36.8%	36.4%	12.5	65.8	19%	0.14
Peer average					15.2%	3.7%	25.7%	26.9%	27.5%	4.9	21.3	28%	0.34
Peer median					15.3%	3.6%	24.9%	25.5%	25.5%	1.8	6.4	30%	0.26
Rovio Entertainment Oyj (NDA) difference	Finland	8.7	726	587	-0.5%	5.6%	17.0%	16.1%	16.8%	7.3	53.3	14%	0.12
					-16pp	2pp	-7.9pp	-9pp	-9pp	306%	733%	-16pp	-14pp
Rovio Entertainment Oyj (consensus) difference	Finland	8.7	726	587	8.3%	1.2%	17.2%	17.0%	16.4%	n.a.	n.a.	n.a.	n.a.
					-7pp	-2pp	-8pp	-8pp	-9pp	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

Reported numbers and forecasts

INCOME STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	142	192	297	281	289	272	286	318	317	337	354
Revenue growth	-10.3%	34.9%	55.0%	-5.4%	2.8%	-5.8%	5.1%	11.0%	-0.3%	6.2%	5.2%
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	-6	35	60	48	32	60	51	43	51	57	62
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	-6	35	60	48	32	60	51	43	51	57	62
Amortisation and impairments	-15	-18	-29	-16	-14	-18	-13	-15	-12	-11	-10
EBIT	-22	17	31	32	18	43	38	29	39	46	53
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	-5	1	0	-2	3	2	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	-21	16	27	32	18	41	41	31	39	46	53
Reported taxes	3	-5	-6	-8	-5	-9	-10	-8	-9	-10	-12
Net profit from continued operations	-18	11	21	25	13	32	30	23	30	36	41
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	-18	11	21	25	13	32	30	23	30	36	41
EPS, EUR	-0.24	0.14	0.27	0.31	0.17	0.42	0.41	0.31	0.41	0.49	0.56
DPS, EUR	0.00	0.06	0.06	0.09	0.09	0.12	0.12	0.13	0.14	0.15	0.16
of which ordinary	0.00	0.06	0.06	0.09	0.09	0.12	0.12	0.13	0.14	0.15	0.16
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	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	17.8%	13.6%	16.1%	16.8%	17.6%
EBITA	-4.5%	18.5%	20.2%	17.0%	11.2%	22.0%	17.8%	13.6%	16.1%	16.8%	17.6%
EBIT	-15.2%	8.8%	10.6%	11.2%	6.3%	15.6%	13.2%	9.0%	12.3%	13.6%	14.9%

Adjusted earnings

EBITDA (adj)	-6	35	65	48	33	65	57	54	51	57	62
EBITA (adj)	-6	35	65	48	33	65	57	54	51	57	62
EBIT (adj)	-22	17	36	31	18	47	44	39	39	46	53
EPS (adj, EUR)	-0.24	0.14	0.33	0.31	0.17	0.48	0.49	0.46	0.41	0.49	0.56

Adjusted profit margins in percent

EBITDA (adj)	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	19.8%	17.0%	16.1%	16.8%	17.6%
EBITA (adj)	-4.5%	18.5%	21.7%	16.9%	11.3%	23.8%	19.8%	17.0%	16.1%	16.8%	17.6%
EBIT (adj)	-15.2%	8.8%	12.1%	11.1%	6.4%	17.3%	15.3%	12.3%	12.3%	13.6%	14.9%

Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	12.8%	13.9%	8.3%	1.4%	2.4%	3.1%	5.4%
EBITDA	n.m.	n.m.	n.m.	n.m.	13.7%	n.m.	7.5%	-6.3%	1.3%	11.8%	0.8%
EBIT	n.a.	n.a.	n.a.	n.a.	12.7%	n.m.	17.6%	-1.8%	4.4%	20.4%	4.4%
EPS	n.a.	n.a.	n.a.	n.a.	9.0%	n.m.	23.7%	3.0%	6.1%	24.1%	6.2%
DPS	n.m.	n.m.	n.m.	n.m.	17.6%	n.m.	14.9%	16.7%	9.2%	10.8%	5.9%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	6.4%	6.4%	10.5%	11.3%	11.0%	11.2%	12.7%	12.7%
Average EBITDA margin	n.a.	n.a.	n.a.	14.4%	14.1%	17.7%	17.6%	16.2%	16.0%	17.1%	16.4%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	n.a.	n.a.	27.5	12.5	26.1	13.3	13.3	13.3	20.7	17.6	15.3
EV/EBITDA (adj)	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	5.2	8.6	7.3	6.2
EV/EBITA (adj)	n.a.	n.a.	9.7	3.9	7.6	5.2	6.3	5.2	8.6	7.3	6.2
EV/EBIT (adj)	n.a.	n.a.	17.5	5.9	13.5	7.1	8.2	7.2	11.3	9.0	7.3

VALUATION RATIOS - REPORTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	n.a.	n.a.	33.5	12.4	26.6	15.2	15.9	19.4	20.7	17.6	15.3
EV/Sales	n.a.	n.a.	2.11	0.65	0.86	1.23	1.25	0.89	1.39	1.23	1.09
EV/EBITDA	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	6.5	8.6	7.3	6.2
EV/EBITA	n.a.	n.a.	10.4	3.8	7.7	5.6	7.0	6.5	8.6	7.3	6.2
EV/EBIT	n.a.	n.a.	20.0	5.8	13.7	7.9	9.4	9.8	11.3	9.0	7.3
Dividend yield (ord.)	n.a.	n.a.	0.7%	2.4%	2.0%	1.9%	1.8%	2.1%	1.6%	1.7%	1.9%
FCF yield	n.a.	n.a.	7.2%	13.6%	1.8%	12.7%	6.1%	5.6%	5.3%	5.9%	6.4%
FCF Yield bef A&D, lease adj	n.a.	n.a.	8.3%	13.6%	1.8%	12.6%	7.7%	9.6%	5.9%	6.5%	7.0%
Payout ratio	0.0%	42.0%	18.3%	29.5%	53.1%	25.2%	24.3%	28.5%	33.8%	30.8%	28.6%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	69	74	53	39	29	19	62	61	58	57	58
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	69	74	53	39	29	19	25	21	14	10	7
of which goodwill	0	0	0	0	0	0	38	40	43	47	51
Tangible assets	1	1	1	1	9	10	8	7	7	7	7
of which leased assets	0	0	0	0	8	8	7	5	5	5	5
Shares associates	0	0	0	0	1	2	8	12	12	12	12
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	6	1	3	5	6	8	8	8	8	8	8
Other non-IB non-current assets	2	1	1	1	1	1	3	1	1	1	1
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	77	77	57	45	45	39	90	89	86	85	87
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	19	28	29	23	33	21	28	25	25	27	28
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	13	16	13	11	15	10	9	9	9	10	10
Cash and bank	34	29	91	124	125	139	161	171	195	222	251
Total current assets	66	73	133	158	172	170	197	205	229	258	289
Assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	143	150	190	203	217	208	287	294	315	343	376
Shareholders equity	74	87	140	160	168	165	198	227	248	273	303
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	74	87	140	160	168	165	198	227	248	273	303
Deferred tax	0	0	0	0	0	0	3	3	3	3	3
Long term interest bearing debt	16	3	3	3	2	1	0	0	0	0	0
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	13	12	12	12	12
Non-current lease debt	0	0	0	0	6	6	4	3	3	3	3
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	17	3	3	4	8	7	21	18	18	18	18
Short-term provisions	3	1	1	1	0	1	0	0	0	0	0
Accounts payable	8	8	9	11	15	7	9	12	12	13	13
Current lease debt	0	0	0	0	2	3	3	3	3	3	3
Other current liabilities	33	35	37	29	20	25	29	34	34	36	38
Short term interest bearing debt	8	17	0	0	4	0	28	0	0	0	0
Total current liabilities	53	60	47	40	42	36	69	50	49	52	55
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	143	150	190	203	217	208	287	294	315	343	376
Balance sheet and debt metrics											
Net debt	-10	-10	-88	-120	-110	-129	-126	-165	-189	-216	-245
of which lease debt	0	0	0	0	8	9	7	6	6	6	6
Working capital	-10	1	-4	-5	13	-2	-1	-12	-12	-12	-13
Invested capital	68	78	53	40	58	37	89	77	74	73	74
Capital employed	99	106	143	163	182	175	233	233	254	279	309
ROE	-21.5%	13.3%	18.3%	16.3%	8.1%	19.3%	16.8%	10.8%	12.8%	13.7%	14.3%
ROIC	-31.6%	18.5%	43.9%	53.6%	30.0%	79.7%	55.9%	37.8%	41.2%	49.9%	57.6%
ROCE	-21.5%	16.5%	28.9%	21.1%	11.1%	26.1%	22.8%	17.7%	16.0%	17.2%	17.9%
Net debt/EBITDA	n.m.	-0.3	-1.5	-2.5	-3.4	-2.2	-2.5	-3.8	-3.7	-3.8	-3.9
Interest coverage	n.m.	12.3	6.8	81.5	17.2	34.9	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	51.8%	58.0%	73.8%	78.5%	77.3%	79.4%	68.8%	77.1%	78.6%	79.6%	80.7%
Net gearing	-13.3%	-11.4%	-62.9%	-75.3%	-65.7%	-78.2%	-63.6%	-72.6%	-76.1%	-78.9%	-80.7%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EBITDA (adj) for associates	-6	35	60	48	32	60	51	43	51	57	62
Paid taxes	1	0	-1	-11	-10	-6	-8	-12	-9	-10	-12
Net financials	-1	-2	-1	0	-1	-1	0	-1	0	0	0
Change in provisions	2	-2	0	0	0	1	0	0	0	0	0
Change in other LT non-IB	-6	5	-1	-2	-1	-2	10	1	0	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	5	-1	4	4	3	10	1	4	0	0	0
Funds from operations (FFO)	-5	35	60	39	24	62	53	36	43	47	51
Change in NWC	6	-13	-1	3	-13	1	-9	14	0	1	1
Cash flow from operations (CFO)	1	23	60	43	11	64	44	50	43	47	51
Capital expenditure	0	0	0	-1	-4	-5	-7	-7	-5	-6	-7
Free cash flow before A&D	1	23	60	41	7	59	37	43	37	41	44
Proceeds from sale of assets	0	0	0	0	0	0	0	2	0	0	0
Acquisitions	-44	-23	-9	0	0	0	-8	-20	-4	-4	-4
Free cash flow	-42	0	51	41	7	59	29	25	33	37	40
Free cash flow bef A&D, lease adj	1	23	60	41	7	59	37	43	37	41	44
Dividends paid	0	-5	-5	-7	-7	-7	-9	-9	-10	-10	-11
Equity issues / buybacks	0	0	36	1	0	-31	0	0	0	0	0
Net change in debt	25	-6	-17	0	3	-4	0	0	0	0	0
Other financing adjustments	0	0	-1	-3	0	0	0	0	0	0	0
Other non-cash adjustments	-2	5	-3	1	-1	-3	1	-6	0	0	0
Change in cash	-19	-6	62	33	1	14	22	10	24	27	29
Cash flow metrics											
Capex/D&A	0.0%	0.0%	0.0%	7.9%	27.3%	29.1%	52.7%	49.7%	44.5%	59.2%	77.1%
Capex/Sales	0.0%	0.0%	0.0%	0.5%	1.3%	1.9%	2.4%	2.3%	1.7%	1.9%	2.1%
Key information											
Share price year end (/current)	n.a.	n.a.	9	4	4	6	7	6	9	9	9
Market cap.	n.a.	n.a.	715	303	359	463	483	446	630	630	630
Enterprise value	n.a.	n.a.	627	183	248	334	357	281	441	414	385
Diluted no. of shares, year-end (m)	74.9	74.9	79.2	79.4	81.3	73.4	73.4	73.4	73.4	73.4	73.4

Source: Company data and Nordea estimates

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