Raketech Group Holding

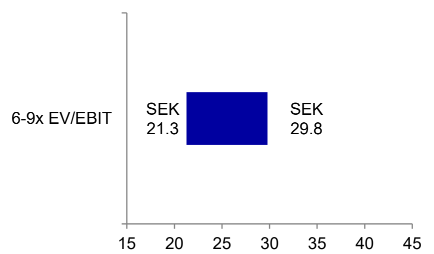
Media
Sweden

KEY DATA

Stock country	Sweden
Bloomberg	RAKE SS
Reuters	RAKE.ST
Share price (close)	SEK 19.32
Free Float	45%
Market cap. (bn)	EUR 0.07/SEK 0.82
Website	www.raketech.com
Next report date	17 Aug 2023

PERFORMANCE

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2023E	2024E	2025E
Sales	5%	3%	3%
EBIT (adj)	5%	3%	3%

Source: Nordea estimates

Nordea IB & Equity - Analysts
Marlon Värnik
Analyst

Klas Danielsson
Analyst

Upside potential to 2023 guidance

With better-than-expected performance in RoW, partly owing to Casumba and the Japanese market, Raketech once again delivered a report and trading update that beat expectations. We expect the momentum to continue, with further support from the Indian Premier League (which started on 31 March) somewhat offsetting the softening seasonal effects typical of Q2 and Q3. For 2023, we now expect 21% organic growth, bringing our full-year revenue forecast to EUR 64.6m – at the upper end of Raketech's 2023 guidance range (EUR 60-65m). We raise 2023E adjusted EBIT by 5% and lift our fair value range to SEK 21.3-29.8 (20.1-28.1), reflecting an EV/EBIT multiple range of 6-9x discounted for 2023E.

Casumba performing well above expectations

We raise our Q2 revenue estimate by 5% after April's strong trading update of EUR 5.9m (36% above our full-year quarterly average), driven mostly by Casumba but also the start of the cricket season in India. We expect a seasonal softening throughout Q2, with revenues of EUR 13.9m (22% organic growth). With the Casinofeber earnout of EUR 1m paid in Q1, and a minor earnout of EUR 0.4m (Infinileads) expected by Raketech to be paid in Q2, we foresee free cash flow improving from Q2 onwards. The earnout for Casumba (EUR 2.6m, expected to be paid in 2024) has been hiked 30% by management, indicating its target-beating performance.

AffiliationCloud adds further estimate upside potential

We expect AffiliationCloud to accelerate sales incentives, spurring growth during the second half of 2023. This provides further upside potential to our estimates, and we do not rule out positive guidance revisions for the full year. For 2024-25, we argue that AffiliationCloud could boost our current revenue estimates by as much as 10%, and potentially our EBIT estimates by 2-3% (~10% EBIT margin). We forecast Tipster to return to growth from Q2, supported further by activity picking up in Q3 with the NFL start on 8 September.

Conservative growth outlook for 2024

With eight-quarter average y/y organic growth of 16%, and further growth-incentive investments underway in Latam, Casinofeber, the US and Asia, we identify further upside potential to our organic growth forecast of 9% for 2024. However, we await further data before revising our estimates. That said, we argue that our multiples-based fair value of SEK 21.3-29.8 (20.1-28.1) is conservative, reflecting 2023E EV/EBIT of 6-9x.

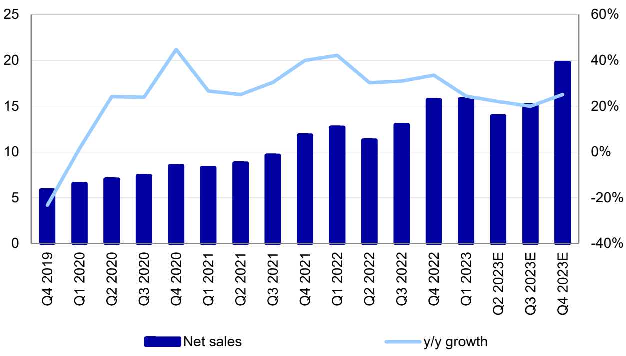
SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	24	29	39	53	65	69	74
EBITDA (adj)	11	12	16	20	24	28	31
EBIT (adj)	7	7	10	12	14	18	20
EBIT (adj) margin	29.7%	23.0%	25.1%	23.5%	22.3%	25.4%	26.5%
EPS (adj, EUR)	0.16	0.15	0.19	0.20	0.25	0.31	0.35
EPS (adj) growth	-2.1%	-2.3%	21.8%	6.2%	24.5%	25.8%	14.3%
DPS (ord, EUR)	0.00	0.00	0.00	0.10	0.12	0.15	0.18
EV/Sales	1.4	1.3	2.9	1.4	1.2	1.0	0.8
EV/EBIT (adj)	4.7	5.5	11.4	6.0	5.4	3.9	3.0
P/E (adj)	5.8	7.0	12.5	8.1	7.0	5.6	4.9
P/BV	0.5	0.6	1.2	0.7	0.7	0.7	0.6
Dividend yield (ord)	0.0%	0.0%	0.0%	6.2%	7.1%	8.9%	10.2%
FCF Yield bef A&D, lease	33.9%	31.0%	14.9%	28.3%	17.7%	21.5%	24.0%
Net debt	-1	-3	12	7	4	-6	-17
Net debt/EBITDA	0.0	-0.3	0.7	0.3	0.2	-0.2	-0.5
ROIC after tax	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company data and Nordea estimates

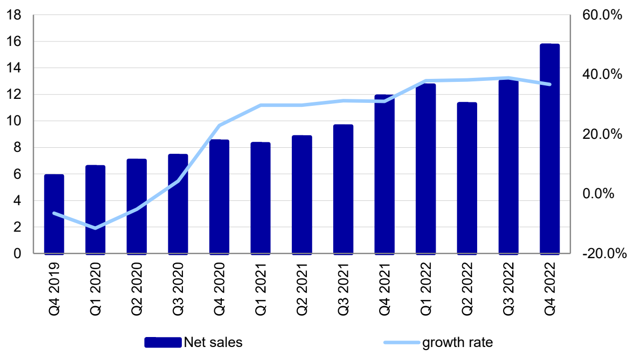
Key charts

NET SALES PER QUARTER (EURm) AND Y/Y GROWTH (%)



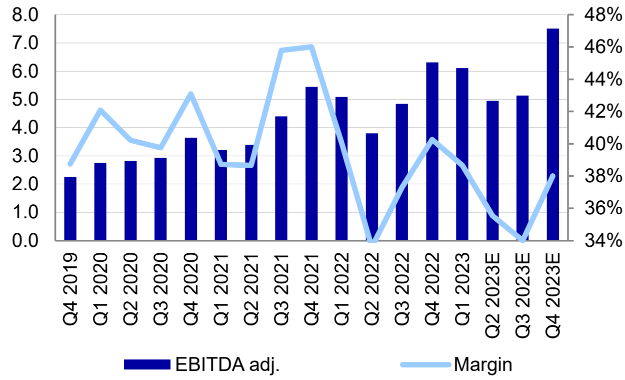
Source: Company data and Nordea estimates

NET SALES (EURm) AND Y/Y GROWTH (%), LAST 12 MONTHS



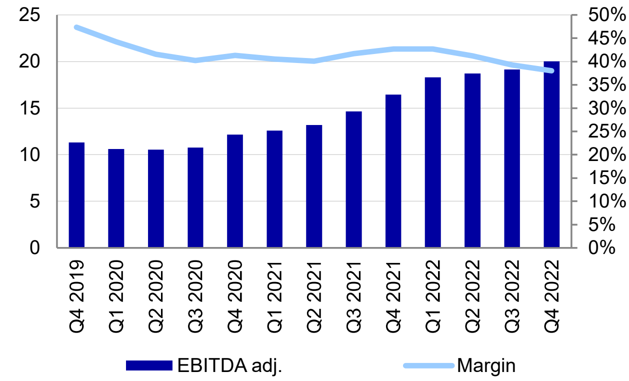
Source: Company data and Nordea estimates

ADJUSTED EBITDA BY QUARTER (EURm) AND MARGIN (%)



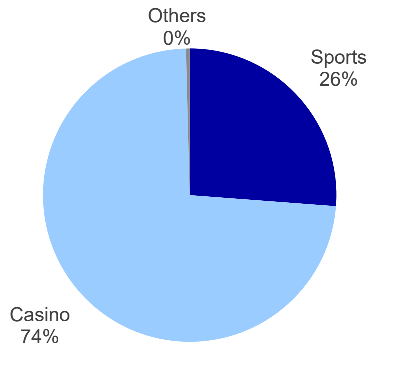
Source: Company data and Nordea estimates

ADJUSTED EBITDA (EURm) AND MARGIN (%), LTM



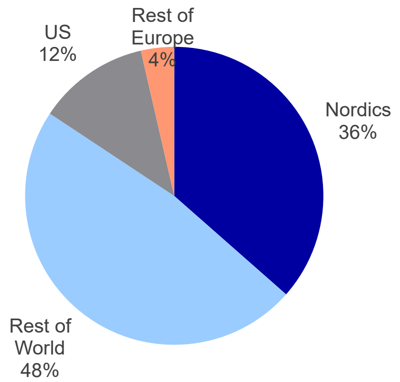
Source: Company data and Nordea estimates

VERTICAL SPLIT, Q1 2023



Source: Company data and Nordea

DETAILED MARKET OVERVIEW, Q1 2023



Source: Company data and Nordea

Detailed estimates

RAKETECH: QUARTERLY ESTIMATES

EURm	Q1 2023	Q2 2023E	Q3 2023E	Q4 2023E
Revenue	**15.8**	**13.9**	**15.1**	**19.8**
Other operating income	0.0	0.0	0.0	0.0
Total revenue	**15.8**	**13.9**	**15.1**	**19.8**
Direct costs	-4.3	-3.8	-4.4	-5.7
Personnel expenses	-2.3	-2.8	-3.0	-3.2
Depreciation and amortisation	-2.3	-2.3	-2.3	-2.4
Other operating expenses	-3.1	-2.4	-2.6	-3.4
Adjusted EBIT	**3.8**	**2.7**	**2.8**	**5.1**
Non-recurring items	0.0	0.0	0.0	0.0
Reported EBIT	**3.8**	**2.7**	**2.8**	**5.1**
Net financials	-0.8	-0.8	-0.8	-0.8
Profit before tax	**3.0**	**1.9**	**2.0**	**4.4**
Income tax	-0.2	-0.2	-0.2	-0.4
Profit after tax	**2.8**	**1.8**	**1.9**	**4.0**
EPS adj. (EUR)	**0.07**	**0.04**	**0.04**	**0.09**
Key ratios & assumptions				
Revenue growth, y/y	24%	22%	20%	25%
EBITDA adj.	**6.1**	**5.0**	**5.1**	**7.5**
EBITDA adj. growth	20%	31%	6%	19%
EBIT adj. growth	**20%**	**35%**	**-5%**	**21%**
EPS adj. growth	24%	33%	-19%	45%
EBITDA adj. margin	**38.7%**	**35.6%**	**34.0%**	**38.0%**
EBIT adj. margin	24.3%	19.1%	18.5%	26.0%
Tax rate	6.8%	8.0%	8.0%	8.0%

Source: Company data and Nordea estimates

RAKETECH: ANNUAL ESTIMATES

EURm	2022	2023E	2024E	2025E
Revenue	**52.6**	**64.6**	**69.2**	**74.0**
Other operating income	0.0	0.0	0.0	0.0
Total revenue	**52.6**	**64.6**	**69.2**	**74.0**
Direct costs	-15.8	-18.3	-18.0	-19.2
Personnel expenses	-8.7	-11.3	-11.9	-11.8
Depreciation and amortisation	-7.7	-9.3	-10.4	-11.1
Other operating expenses	-8.1	-11.4	-11.4	-12.2
Adjusted EBIT	**12.4**	**14.4**	**17.5**	**19.6**
Non-recurring items	0.0	0.0	0.0	0.0
Reported EBIT	12.4	14.4	17.5	19.6
Net financials	-2.3	-3.1	-3.0	-3.0
Profit before tax	10.0	11.4	14.5	16.6
Income tax	-1.7	-0.9	-1.2	-1.3
Profit after tax	**8.3**	**10.5**	**13.4**	**15.3**
EPS adj. (EUR)	**0.2**	**0.2**	**0.3**	**0.4**
Key ratios & assumptions				
Revenue growth, y/y	35%	23%	7%	7%
EBITDA adj.	**20.0**	**23.7**	**27.9**	**30.7**
EBITDA adj. growth		18%	18%	10%
EBIT adj. growth		**17%**	**22%**	**12%**
EPS adj. growth		**21%**	**30%**	**14%**
EBITDA adj. margin	**38.0%**	**36.7%**	**40%**	**42%**
EBIT adj. margin	24%	22%	25%	27%
Tax rate	17%	8%	8%	8%

Source: Company data and Nordea estimates

Estimate revisions

Casumba performance the main catalyst for positive revisions

We expect 5% higher revenues for 2023 due to Casumba's better-than-expected performance and the solid start to Q2. We make minor estimate revisions for opex, for which we expect slightly higher other operating expenses (EUR 0.3m) due to Latam expansion and consultant fees. Given Raketech's scalability, we lift our adjusted EBITDA estimates by 7% for 2023 and by 3% for 2024-25. We are at the upper end of the 2023 guidance range, and argue that there is potential for even further upside to our estimates in the second half of 2023.

RAKETECH: ESTIMATE REVISIONS

	New estimates			Old estimates			Difference		
EURm	**2023E**	**2024E**	**2025E**	**2023E**	**2024E**	**2025E**	**2023E**	**2024E**	**2025E**
Revenue	**64.6**	**69.2**	**74.0**	**61.8**	**67.3**	**72.1**	**5%**	**3%**	**3%**
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
Total revenue	**64.6**	**69.2**	**74.0**	**61.8**	**67.3**	**72.1**	**5%**	**3%**	**3%**
Direct costs	-18.3	-18.0	-19.2	-17.9	-17.5	-18.7	2%	3%	3%
Personnel expenses	-11.3	-11.9	-11.8	-11.3	-11.5	-11.5	0%	3%	3%
Depreciation and amortisation	-9.3	-10.4	-11.1	-8.3	-10.1	-10.8	11%	3%	3%
Other operating expenses	-11.4	-11.4	-12.2	-10.5	-11.1	-11.9	8%	3%	3%
Adjusted EBIT	**14.4**	**17.5**	**19.6**	**13.7**	**17.1**	**19.1**	**5%**	**3%**	**3%**
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
Reported EBIT	**14.4**	**17.5**	**19.6**	**13.7**	**17.1**	**19.1**	**5%**	**3%**	**3%**
Interest payable on borrowings	-3.1	-3.0	-3.0	-3.0	-3.0	-3.0	-	-	-
Finance costs	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
Finance income	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
Other non-operating income	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
Profit before tax	**11.4**	**14.5**	**16.6**	**10.7**	**14.1**	**16.1**	**6%**	**3%**	**3%**
Income tax	-0.9	-1.2	-1.3	-0.9	-1.1	-1.3	-	-	-
Profit after tax	**10.5**	**13.4**	**15.3**	**9.9**	**13.0**	**14.8**	**6%**	**3%**	**3%**
EPS adj. (EUR)	**0.25**	**0.31**	**0.35**	**0.23**	**0.31**	**0.35**	**5%**	**1%**	**1%**
Key ratios									
Sales growth	**23%**	**7%**	**7%**	**17%**	**9%**	**7%**	**5pp**	**-2pp**	**0pp**
EBIT adj. growth	17%	22%	12%	11%	24%	12%	5pp	-3pp	0pp
EBITDA adj.	**23.7**	**27.9**	**30.7**	**22.1**	**27.2**	**29.9**	**7%**	**3%**	**3%**
EBITDA adj. margin	**36.7%**	**40.4%**	**41.5%**	**35.7%**	**40.4%**	**41.5%**	**1.0pp**	**0.0pp**	**0.0pp**
EBIT adj. margin	22.3%	25.4%	26.5%	22.2%	25.4%	26.5%	0.1pp	0.0pp	0.0pp
Tax rate	7.7%	8.0%	8.0%	8.0%	8.0%	8.0%	-0.3pp	0.0pp	0.0pp

Source: Nordea estimates

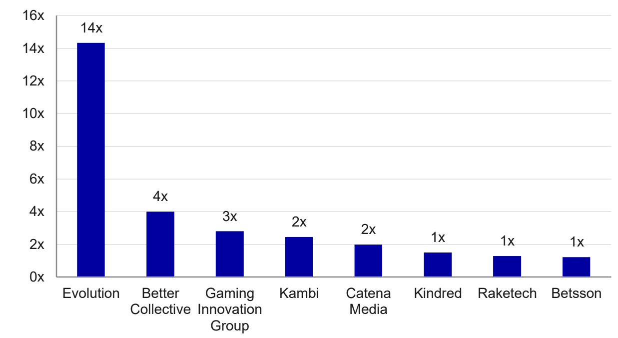
Valuation

ONLINE GAMBLING: PEER VALUATION

Nordic	Mcap. SEKm	EV/Sales 2023E	2024E	EV/EBITDA 2023E	2024E	EV/EBIT adj. 2023E	2024E	P/E adj. 2023E	2024E	EPS growth 2023E	2024E	Yield 2023E	ROE 2023E	Sales CAGR 2022-2024	EBIT CAGR 2022-2024	EBIT margin 2023E
Supplier/ platform																
Evolution	304,782	14.3x	11.9x	20.8x	17.2x	23.2x	18.8x	25.9x	22.6x	23%	15%	1.9%	28%	15%	16%	64%
Kambi	5,815	2.4x	2.4x	6.8x	6.8x	13.4x	14.3x	18.4x	19.7x	9%	-7%	0.0%	15%	7%	-1%	17%
Operators																
Betsson	12,810	1.2x	1.1x	5.4x	4.8x	7.1x	6.0x	10.8x	9.6x	8%	9%	4.6%	18%	8%	10%	18%
Kindred	25,326	1.5x	1.4x	9.2x	7.5x	12.7x	9.3x	14.8x	10.9x	86%	33%	4.0%	20%	9%	36%	14%
Affilates																
Catena Media	2,140	2.0x	1.8x	5.0x	4.4x	6.9x	5.8x	10.3x	8.2x	-26%	27%	0.0%	13%	-1%	-2%	32%
Gaming Innovation Group	3,370	2.8x	2.4x	6.4x	5.2x	11.9x	8.1x	14.8x	8.5x	130%	74%	0.0%	26%	18%	51%	30%
Better Collective	11,962	4.0x	3.5x	12.3x	10.2x	14.8x	12.0x	18.2x	14.3x	14%	27%	2.9%	14%	10%	15%	29%
Raketech	792	1.3x	1.2x	3.5x	2.9x	5.4x	4.4x	6.5x	5.0x	26%	30%	6.7%	11%	9%	12%	26%
Median	**8,889**	**2.2x**	**2.1x**	**6.6x**	**6.0x**	**12.3x**	**8.7x**	**14.8x**	**10.2x**	**18%**	**27%**	**2.4%**	**17%**	**9%**	**14%**	**28%**
International																
888	4,405	1.0x	1.0x	5.1x	4.5x	7.8x	6.7x	5.8x	3.3x	18%	79%	0.0%	29%	1%	13%	14%
Bet-at-home	384	0.0x	0.0x	0.5x	N.A.	N.A.	0.1x	N.A.	10.0x	N.A.	N.A.	0.0%	N.A.	13%	34%	35%
Entain (prev. GVC)	108,970	2.4x	2.3x	11.2x	10.2x	15.9x	12.7x	24.0x	16.0x	0%	54%	1.3%	11%	5%	14%	18%
IGT	57,717	2.7x	2.6x	6.7x	6.5x	12.4x	11.7x	18.0x	16.5x	-	-	2.9%	21%			
Flutter (PaddyPower)	361,986	3.6x	3.3x	20.8x	16.4x	29.3x	21.9x	41.3x	27.5x	67%	49%	0.0%	7%	0%	2%	23%
Playtech	22,234	1.3x	1.2x	5.3x	4.8x	7.8x	7.0x	11.7x	10.4x	5%	14%	0.0%	9%	4%	28%	22%
Rank Group	4,657	0.8x	0.7x	-	4.7x	-	11.6x	-	14.4x	-87%	571%	0.0%	0%	12%	28%	15%
Scientific Games	54,828	3.1x	2.9x	8.5x	7.7x	17.2x	13.7x	39.9x	21.4x	-	72%	0.0%	14%	4%	6%	18%
Tabcorp	16,430	1.1x	1.1x	7.3x	6.7x	21.0x	17.7x	28.8x	25.9x	74%	14%	2.0%	3%	5%	0%	6%
XLMedia	430	0.5x	0.4x	1.9x	1.8x	3.3x	3.0x	5.1x	5.0x	-	3%	0.0%				
DraftKings Inc	99,988	3.1x	2.5x	-	-	-	-	-	-	38%	51%	0.0%	-89%	1%		
Gan Ltd	702	0.3x	0.3x	5.2x	2.5x	-	-	-	-	46%	36%	0.0%	-19%	1%	25%	6%
Penn National	46,329	2.3x	2.2x	7.6x	7.3x	13.0x	12.2x	18.4x	16.0x	-1%	18%	0.0%	7%			
Median	**22,234**	**1.3x**	**1.2x**	**6.7x**	**6.5x**	**13.0x**	**11.7x**	**18.4x**	**16.0x**	**18%**	**49%**	**0.0%**	**7%**	**8%**	**10%**	**18%**

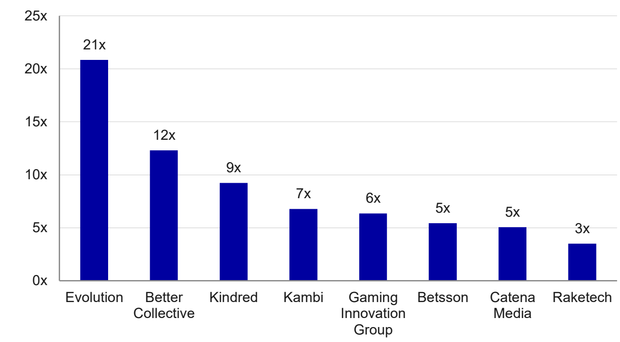
Source: Company data, Refinitiv and Nordea estimates

SWEDISH ONLINE GAMBLING: EV/SALES, 2023E



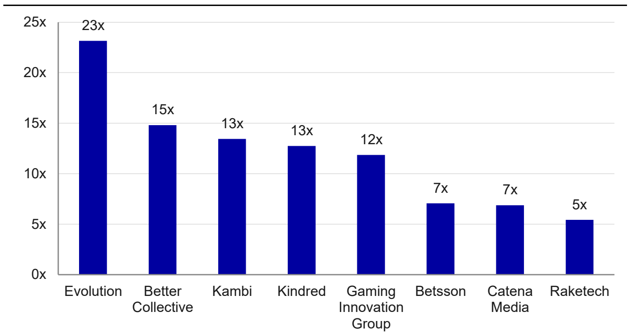
Source: Company data, Refinitiv and Nordea estimates

SWEDISH ONLINE GAMBLING: EV/EBITDA, 2023E



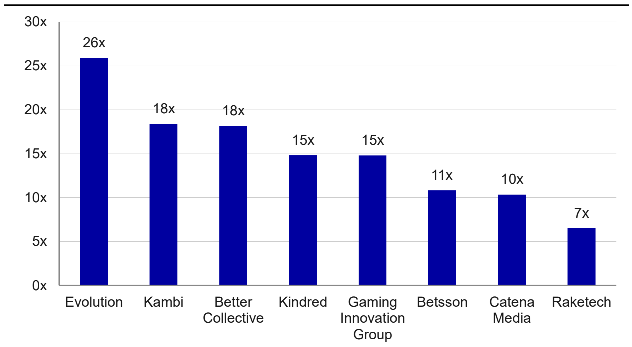
Source: Company data, Refinitiv and Nordea estimates

SWEDISH ONLINE GAMBLING: EV/EBIT, 2023E



Source: Company data, Refinitiv and Nordea estimates

SWEDISH ONLINE GAMBLING: P/E, 2023E



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	**2**	**10**	**17**	**26**	**24**	**29**	**39**	**53**	**65**	**69**	**74**
Revenue growth	n.a.	399.0%	64.3%	49.1%	-6.5%	23.0%	31.0%	36.7%	22.7%	7.1%	7.0%
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	0	8	9	13	13	12	16	20	24	28	31
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	0	8	9	13	12	12	16	20	24	28	31
Amortisation and impairments	0	0	-1	-2	-4	-5	-7	-8	-9	-10	-11
EBIT	0	8	9	11	8	7	9	12	14	18	20
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net financials	0	0	-3	-6	-1	-1	-2	-2	-3	-3	-3
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	**0**	**8**	**6**	**5**	**7**	**6**	**8**	**10**	**11**	**15**	**17**
Reported taxes	0	0	0	0	0	0	-1	-2	-1	-1	-1
Net profit from continued operations	0	8	6	5	7	6	7	8	10	13	15
Discontinued operations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Minority interests	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net profit to equity	0	8	6	5	7	6	7	8	10	13	15
EPS, EUR	**n.a.**	**0.20**	**0.15**	**0.12**	**0.19**	**0.15**	**0.18**	**0.20**	**0.25**	**0.31**	**0.35**
DPS, EUR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.12	0.15	0.18
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	0.12	0.15	0.18
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	3.6%	77.3%	55.3%	50.4%	52.7%	40.9%	41.9%	38.0%	36.7%	40.4%	41.5%
EBITA	3.6%	77.3%	55.1%	50.0%	51.9%	40.0%	41.8%	37.9%	36.6%	40.2%	41.3%
EBIT	3.6%	76.9%	51.4%	43.7%	35.1%	22.5%	24.3%	23.5%	22.3%	25.4%	26.5%
Adjusted earnings											
EBITDA (adj)	0	8	10	14	11	12	16	20	24	28	31
EBITA (adj)	0	8	10	14	11	12	16	20	24	28	31
EBIT (adj)	0	8	9	13	7	7	10	12	14	18	20
EPS (adj, EUR)	n.a.	0.20	0.16	0.16	0.16	0.15	0.19	0.20	0.25	0.31	0.35
Adjusted profit margins in percent											
EBITDA (adj)	3.6%	77.3%	56.4%	56.3%	47.4%	41.3%	42.7%	38.0%	36.7%	40.4%	41.5%
EBITA (adj)	3.6%	77.3%	56.2%	56.0%	46.5%	40.4%	42.5%	37.9%	36.6%	40.2%	41.3%
EBIT (adj)	3.6%	76.9%	52.5%	49.7%	29.7%	23.0%	25.1%	23.5%	22.3%	25.4%	26.5%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	69.6%	29.8%	25.2%	20.4%	23.7%	20.3%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	176.2%	14.9%	16.1%	13.0%	17.2%	20.6%
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	145.1%	3.1%	7.0%	5.3%	15.9%	24.2%
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-2.4%	5.3%	15.5%	10.2%	18.8%
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	46.1%	40.4%	33.0%	28.2%	24.5%	23.7%	24.5%
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	54.5%	51.7%	46.9%	43.3%	40.4%	39.2%	39.6%

VALUATION RATIOS - ADJUSTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E (adj)	n.a.	n.a.	n.a.	11.9	5.8	7.0	12.5	8.1	7.0	5.6	4.9
EV/EBITDA (adj)	n.a.	n.a.	n.a.	5.0	2.9	3.0	6.7	3.7	3.3	2.5	1.9
EV/EBITA (adj)	n.a.	n.a.	n.a.	5.1	3.0	3.1	6.7	3.7	3.3	2.5	1.9
EV/EBIT (adj)	n.a.	n.a.	n.a.	5.7	4.7	5.5	11.4	6.0	5.4	3.9	3.0

VALUATION RATIOS - REPORTED EARNINGS

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	n.a.	n.a.	n.a.	15.9	4.7	7.2	13.1	8.1	7.0	5.6	4.9
EV/Sales	n.a.	n.a.	n.a.	2.83	1.39	1.26	2.87	1.40	1.22	1.00	0.78
EV/EBITDA	n.a.	n.a.	n.a.	5.6	2.6	3.1	6.8	3.7	3.3	2.5	1.9
EV/EBITA	n.a.	n.a.	n.a.	5.7	2.7	3.1	6.9	3.7	3.3	2.5	1.9
EV/EBIT	n.a.	n.a.	n.a.	6.5	4.0	5.6	11.8	6.0	5.4	3.9	3.0
Dividend yield (ord.)	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	6.2%	7.1%	8.9%	10.2%
FCF yield	n.a.	n.a.	n.a.	-7.4%	8.1%	6.6%	-24.2%	18.0%	9.6%	19.5%	24.0%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	-6.4%	33.9%	31.0%	14.9%	28.3%	17.7%	21.5%	24.0%
Payout ratio	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	50.0%	50.0%	50.0%	50.0%

Source: Company data and Nordea estimates

BALANCE SHEET

EURm	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Intangible assets	0	18	46	66	74	81	128	132	136	135	132
of which R&D	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which other intangibles	0	18	46	66	74	81	124	131	135	134	131
of which goodwill	n.a.	n.a.	n.a.	0	n.a.	0	4	1	1	1	1
Tangible assets	0	0	0	0	0	0	0	0	0	1	1
of which leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0
Shares associates	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Interest bearing assets	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	n.a.	0	0	0	0	0	0
Other non-IB non-current assets	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Other non-current assets	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Total non-current assets	0	18	47	66	74	81	128	132	136	135	133
Inventory	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Accounts receivable	1	1	3	4	4	5	6	8	10	10	11
Short-term leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Other current assets	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Cash and bank	0	0	3	8	4	5	3	8	11	20	32
Total current assets	1	1	6	12	8	10	9	16	21	31	43
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	**1**	**19**	**53**	**78**	**82**	**91**	**137**	**148**	**157**	**166**	**176**
Shareholders equity	0	9	16	59	65	71	85	97	103	111	120
Of which preferred stocks	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Of which equity part of hybrid debt	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Minority interest	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Total Equity	n.a.	n.a.	n.a.	n.a.	n.a.	71	85	97	103	111	120
Deferred tax	0	0	0	1	1	2	2	3	3	3	3
Long term interest bearing debt	0	0	28	8	3	0	0	0	0	0	0
Pension provisions	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Other long-term provisions	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Other long-term liabilities	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Non-current lease debt	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Convertible debt	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Shareholder debt	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Hybrid debt	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Total non-current liabilities	0	1	29	13	10	10	20	26	26	26	26
Short-term provisions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts payable	1	9	6	4	2	2	3	4	5	6	6
Current lease debt	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Other current liabilities	0	0	2	3	5	6	15	6	8	8	9
Short term interest bearing debt	0	0	0	0	n.a.	2	15	15	15	15	15
Total current liabilities	1	9	8	7	7	10	32	25	28	29	30
Liabilities for assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Total liabilities and equity	**1**	**19**	**53**	**78**	**82**	**91**	**137**	**148**	**157**	**166**	**176**
Balance sheet and debt metrics											
Net debt	0	0	25	0	-1	-3	12	7	4	-6	-17
of which lease debt	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0	0
Working capital	0	-8	-6	-2	-3	-3	-11	-3	-3	-4	-4
Invested capital	0	10	41	64	71	78	117	130	133	132	129
Capital employed	0	9	44	67	69	73	100	111	118	126	134
ROE	38.1%	n.m.	47.0%	12.2%	11.6%	8.2%	9.2%	9.2%	10.5%	12.5%	13.2%
ROIC	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
ROCE	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net debt/EBITDA	-0.3	0.0	2.6	0.0	0.0	-0.3	0.7	0.3	0.2	-0.2	-0.5
Interest coverage	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Equity ratio	24.3%	46.9%	29.8%	75.2%	79.1%	77.6%	61.9%	65.2%	65.6%	66.9%	68.2%
Net gearing	n.a.	n.a.	n.a.	n.a.	n.a.	-4.3%	13.6%	6.9%	3.6%	-5.0%	-14.1%

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	**0**	**8**	**9**	**13**	**13**	**12**	**16**	**20**	**24**	**28**	**31**
Paid taxes	0	0	0	0	0	0	-1	-2	-1	-1	-1
Net financials	0	0	-3	-6	-1	-1	-2	-2	-3	-3	-3
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	4	1	3	10	5	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	0	-1	1	5	-2	-2	-7	0	0	0	0
Funds from operations (FFO)	**0**	**7**	**8**	**14**	**11**	**12**	**16**	**20**	**20**	**24**	**26**
Change in NWC	0	9	-3	-3	0	0	-2	-2	1	0	0
Cash flow from operations (CFO)	**0**	**16**	**5**	**11**	**11**	**12**	**15**	**19**	**20**	**24**	**27**
Capital expenditure	0	-16	-28	-16	0	0	0	0	-7	-8	-9
Free cash flow before A&D	**0**	**0**	**-23**	**-5**	**11**	**12**	**15**	**19**	**13**	**16**	**18**
Proceeds from sale of assets	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	0	0
Acquisitions	0	0	0	-1	-9	-10	-39	-7	-6	-2	0
Free cash flow	0	0	-23	-5	3	3	-24	12	7	15	18
Free cash flow bef A&D, lease adj	0	0	-23	-5	11	12	15	19	13	16	18
Dividends paid	n.a.	n.a.	n.a.	n.a.	n.a.	0	0	0	-4	-5	-7
Equity issues / buybacks	n.a.	n.a.	n.a.	n.a.	n.a.	0	9	0	0	0	0
Net change in debt	0	0	28	-23	-4	-2	15	0	0	0	0
Other financing adjustments	n.a.	n.a.	-2	-4	-1	0	0	0	0	0	0
Other non-cash adjustments	0	0	0	0	0	0	-2	-7	0	0	0
Change in cash	0	0	3	4	-3	1	-2	5	3	9	11
Cash flow metrics											
Capex/D&A	n.m.	n.m.	n.m.	n.m.	0.6%	-0.4%	-1.7%	-2.1%	77.5%	76.2%	78.3%
Capex/Sales	1.1%	n.m.	n.m.	61.8%	0.1%	-0.1%	-0.3%	-0.3%	11.1%	11.4%	11.7%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	2	1	1	2	2	2	2	2
Market cap.	n.a.	n.a.	n.a.	72	34	40	99	67	75	75	75
Enterprise value	n.a.	n.a.	n.a.	72	33	37	111	74	79	69	58
Diluted no. of shares, year-end (m)	37.9	37.9	37.9	37.9	37.4	37.4	42.4	42.1	43.2	43.2	43.2

Source: Company data and Nordea estimates

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As of the publication of this report, the issuer does not hold a position exceeding 5% of the total shares issued in Nordea Abp.

Investment banking transactions and/or services

In view of Nordea's position in its markets, readers should assume that the bank may currently or may in the coming three months and beyond be providing or seeking to provide confidential investment banking and/or ancillary services to the company/ companies.

Issuer Review

This report has not been reviewed by the Issuer prior to publication.

Completion Date

11 May 2023, 22:36 CET

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