

# Rovio

## Company report

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**Atte Riikola**  
+358 44 593 4500  
atte.riikola@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report "Pidämme ostotarjouksen läpimenoa epätodennäköisenä" published on 1/23/2023 at 7:55 am

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# We find it unlikely that the bid is successful

We feel that Playtika's bid for Rovio looks good in the short term considering the weak sentiment of the mobile gaming market but would leave the long-term potential on the table. We also expect Rovio's Board to focus on the potential of the growth areas that the company is nurturing under its wings and that will materialize in the next few years, and thus refuse the offer. We do not believe that Playtika can make a sufficiently higher offer that would make Rovio ignore the risks associated with Playtika's questionable reputation. In the short term, we also consider a significantly higher bid from another party unlikely. We believe that after the share price hike Rovio's share valuation (2023e EV/EBIT 10x) appropriately emphasizes the relation between the challenging short-term operating environment and the growth potential as the company's strategy progresses. Thus, we reiterate our EUR 7.5 target price for Rovio but lower our recommendation to Reduce (was Buy). We expect that the refusal of the bid we anticipate will cause pressure for the share in the short term.

## Success of the bid in the hands of the Hed family – we find it unlikely that the offer is accepted

The mobile gaming company Playtika listed in Israel and the US [announced](#) on Thursday that they had made a non-binding proposal to acquire Rovio for EUR 9.05 per share in cash. This would mean a premium of about 60% compared to Rovio's closing price on January 19. On Friday, Rovio [announced](#) that they had received the bid nearly simultaneously with its release, and Playtika's announcement has not been coordinated with the Board of Rovio in any manner. Rovio commented in the release that the Board of Directors will evaluate the proposal and determine whether and how to proceed. Further information will be released as soon as possible once a decision is made. Playtika's release indicated that the company had already made a bid to Rovio's Board on November 16, 2022 at a price of EUR 8.5 per share, which Rovio's Board has clearly rebuffed behind the scenes. In the end, the success of the bid is up to the Hed family that holds about 39% of Rovio's shares. In the past, the Heds have not been willing to give up Rovio, and we feel the EUR 0.55 increase to Playtika's previous offer is unlikely to be sufficient to change their mind on the matter. Playtika's reputation among Finnish game developers is not particularly good either after the Seriously acquisition that eventually led to the closure of the studio in Finland and dismissal of employees. Thus, we believe the offered price is too low relative to this risk, where angry birds are plucked bare, and eventually game IPs and their development and maintenance are transferred abroad.

## Offered price looks good in the short term but would leave long-term potential on the table

With the bid price, Rovio's 2022-2023 EV/EBIT ratios would be around 13x, EV/EBITDA 11x-10x and EV/S about 1.6x with our estimates. The ratios are at a premium to mobile game peers, whose valuations have, however, in many places, been pushed down heavily in the past good 12 months. We feel that the average industry EBITDA multiple of some 5x is low and currently reflects the dark sentiment surrounding the mobile gaming market. Only considering the short-term situation and the valuation levels of the peers we feel the offered price is good if the fairly stable performance we estimate for Rovio would materialize. However, there are plenty of new game candidates in Rovio's development pipeline for coming years, some of which can prove to be new hit games. The company has invested in new game studios and is also increasing the size of its top game teams. If these growth investments are successful, Rovio's revenue and earnings also have the potential to reach a clearly better level than our current estimates. Considering this, the bid does not seem particularly attractive, although the success of future games is, naturally, subject to considerable uncertainty.

## Recommendation

**Reduce**  
(previous Buy)

**EUR 7.50**  
(previous EUR 7.50)

**Share price:**  
7.70



## Key figures

	2021	2022e	2023e	2024e
<b>Revenue</b>	286.2	320.6	324.1	349.1
<b>growth-%</b>	5%	12%	1%	8%
<b>EBIT adj.</b>	43.7	40.6	40.1	43.5
<b>EBIT-% adj.</b>	15.3 %	12.7 %	12.4 %	12.4 %
<b>Net Income</b>	30.1	28.5	31.6	34.1
<b>EPS (adj.)</b>	0.47	0.46	0.41	0.44
<b>P/E (adj.)</b>	14.0	16.7	18.6	17.3
<b>P/B</b>	2.5	2.6	2.3	2.1
<b>Dividend yield-%</b>	1.8 %	1.6 %	1.6 %	1.6 %
<b>EV/EBIT (adj.)</b>	7.7	10.4	10.0	8.7
<b>EV/EBITDA</b>	6.6	8.8	7.9	7.2
<b>EV/S</b>	1.2	1.3	1.2	1.1

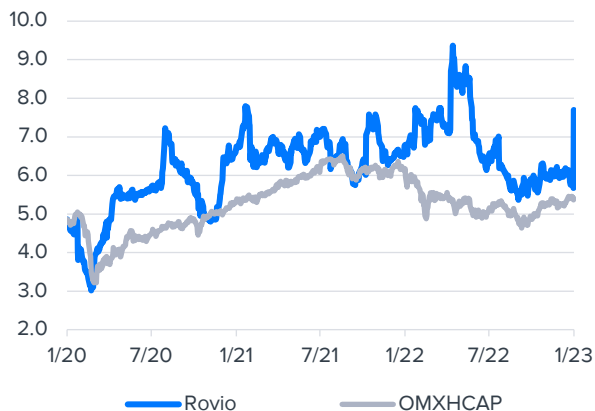
Source: Inderes

## Guidance

(Unchanged)

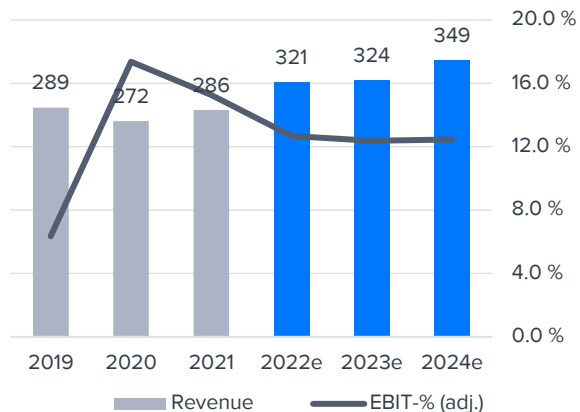
“Reported revenue is expected to be significantly higher and the revenue at comparable fx to be somewhat higher year-on-year. The adjusted operating profit is expected to be lower year-on-year.”

## Share price



Source: Millstream Market Data AB

## Revenue and EBIT %



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Growth through new game releases
- Diversification of the game portfolio with new game brands
- Accelerating growth and diversifying the portfolio through acquisitions
- Strong balance sheet and good cash flow enable investment for growth
- Opportunity for a new global hit game



## Risk factors

- Faster-than-expected decline in popularity of current top games
- Delays with future game projects or failing to create new successful games
- Easing of the demand spike brought on by the COVID pandemic and weakening economic environment
- Challenges of Apple's IDFA change for user acquisition
- Decline in popularity of the Angry Birds brand
- Rapidly changing market trends, intensifying competition and increased user acquisition costs
- Risks associated with acquisitions

Valuation	2022e	2023e	2024e
Share price	7.70	7.70	7.70
Number of shares, millions	76.1	76.3	76.6
Market cap	586	588	589
EV	424	402	379
P/E (adj.)	16.7	18.6	17.3
P/E	20.6	18.6	17.3
P/FCF	44.8	17.5	17.0
P/B	2.6	2.3	2.1
P/S	1.8	1.8	1.7
EV/Sales	1.3	1.2	1.1
EV/EBITDA	8.8	7.9	7.2
EV/EBIT (adj.)	10.4	10.0	8.7
Payout ratio (%)	32.1%	29.0%	27.0%
Dividend yield-%	1.6%	1.6%	1.6%

Source: Inderes

# Rovio is a strategically suitable acquisition for Playtika, but the culture is a question mark

Playtika has faced considerable challenges in recent years when Apple's IDFA changes hit the company's Social Casino genre hard as user acquisition became more difficult. The company has tried to shift its focus toward casual games that are Rovio's forte, where the challenges in user acquisition are not as bad due to the wider target audience. Thus the Angry Birds IP that is strong in mobile games would suit Playtika's strategy well. Playtika's 2022 revenue is expected to be about USD 2.6 billion, so by acquiring Rovio the company would be able to somewhat boost its otherwise rather gloomy growth outlook for the coming years. Playtika has previously been shopping in Finland and acquired Seriously, known for its Best Fiends bug games in 2019, and the interior design game developer Reworks in 2021. Last year, Playtika announced it would close the Seriously studio in Helsinki and transfer the games operations to Israel

and Poland. We believe that the decision was driven by cultural differences between Playtika's and Seriously's studio management and Playtika's desire to monetize games more aggressively. Therefore we believe that Playtika's reputation among Finnish game studios is bad at the moment.

# Valuation

## Valuation turned neutral with the share price increase

Rovio's share rose by 36% to EUR 7.7 with the bid, which is still well below the EUR 9.05 proposed in the offer. Thus, the market currently quite clearly expects the bid to fail.

With the relatively stable earnings we estimate for the next few years, the valuation of Rovio's share seems quite neutral and appropriately emphasizes the relation between the challenging short-term operating environment and the growth potential as the company's strategy progresses. The EV/EBIT ratios for 2022-2023 are around 10x and with strong cash flow, they will fall to 9x-8x in 2024-2025.

Measured with the P/E ratio (2022e-2023e: 17x-19x) Rovio's valuation is elevated considering the stable growth profile but it ignores the company's strong net cash. If we assume that EUR 110 million of our year-end projected net cash of around EUR 162 million would be "excess", Rovio's cash-adjusted P/E ratio would be around 14x-15x for the next couple of years. We find these levels to be relatively neutral.

We believe the clearest upside in the valuation multiples has been lost in the short term and a price increase would require support from a stronger growth outlook. Rovio also has conditions for this, e.g., through games under development, further development of AB Journey, better performance of live games than we expect, and acquisitions enabled by the strong balance sheet. The abundant cash flows of Rovio's current game portfolio also give the company plenty of time to create new successful games. However, with the current valuation, the company must be reasonably successful in future

game releases, as before the price boost from the bid the share price contained hardly any growth outlook. Thus, the risk/return ratio of the share has turned from attractive to neutral. In the short term, we also expect that the failure of the bid we anticipate will cause some pressure on the share. However, the bid partly serves as a good reminder of the value hidden in Rovio, and we do not expect the share to return to pre-bid levels that we considered excellent buying opportunities for the share.

Valuation	2022e	2023e	2024e
Share price	7.70	7.70	7.70
Number of shares, millions	76.1	76.3	76.6
Market cap	586	588	589
EV	424	402	379
P/E (adj.)	16.7	18.6	17.3
P/E	20.6	18.6	17.3
P/FCF	44.8	17.5	17.0
P/B	2.6	2.3	2.1
P/S	1.8	1.8	1.7
EV/Sales	1.3	1.2	1.1
EV/EBITDA	8.8	7.9	7.2
EV/EBIT (adj.)	10.4	10.0	8.7
Payout ratio (%)	32.1 %	29.0 %	27.0 %
Dividend yield-%	1.6 %	1.6 %	1.6 %

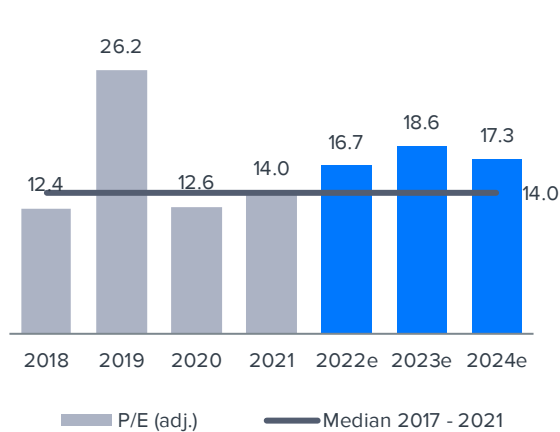
Source: Inderes

# Valuation table

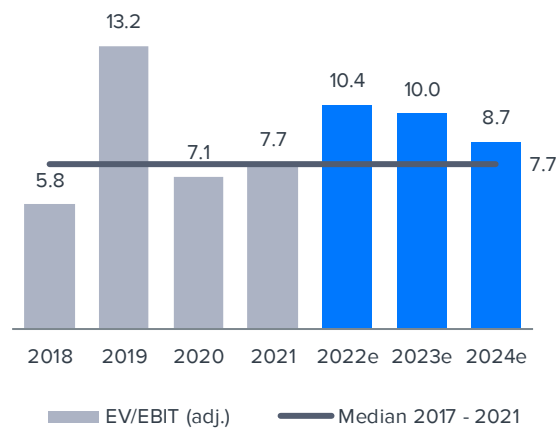
Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	9.03	3.82	4.42	6.31	6.58	7.70	7.70	7.70	7.70
Number of shares, millions	79.2	78.9	79.6	73.5	74.3	76.1	76.3	76.6	76.8
Market cap	715	301	352	464	489	586	588	589	591
EV	627	181	242	335	336	424	402	379	355
P/E (adj.)	29.5	12.4	26.2	12.6	14.0	16.7	18.6	17.3	16.2
P/E	34.7	12.3	26.6	14.4	16.2	20.6	18.6	17.3	16.2
P/FCF	14.6	8.2	neg.	8.6	23.6	44.8	17.5	17.0	16.4
P/B	5.1	1.9	2.1	2.8	2.5	2.6	2.3	2.1	1.9
P/S	2.4	1.1	1.2	1.7	1.7	1.8	1.8	1.7	1.7
EV/Sales	2.1	0.6	0.8	1.2	1.2	1.3	1.2	1.1	1.0
EV/EBITDA	10.4	3.8	7.5	5.6	6.6	8.8	7.9	7.2	6.5
EV/EBIT (adj.)	17.5	5.8	13.2	7.1	7.7	10.4	10.0	8.7	7.6
Payout ratio (%)	34.6 %	28.9 %	54.2 %	27.5 %	29.6 %	32.1 %	29.0 %	27.0 %	25.3 %
Dividend yield-%	1.0 %	2.4 %	2.0 %	1.9 %	1.8 %	1.6 %	1.6 %	1.6 %	1.6 %

Source: Inderes

### P/E (adj.)



### EV/EBIT



### EV/Sales



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
G5 Entertainment	149	133	17.5	7.0	5.2	4.0	1.1	1.0	22.6	8.4	3.3	3.6	3.1
MAG Interactive	46	41	16.8		5.5	11.6	1.3	1.1	24.8				1.4
Stillfront	719	1048	7.7	6.8	4.7	4.3	1.6	1.5	6.3	5.7			0.6
Playtika	3401	4481	10.6	9.5	5.4	5.1	1.9	1.8	16.1	12.3			
MTG	966	607	9.2	8.4	5.2	5.0	1.2	1.2	14.1	19.4			0.7
<b>Rovio (Inderes)</b>	<b>586</b>	<b>424</b>	<b>10.4</b>	<b>10.0</b>	<b>8.8</b>	<b>7.9</b>	<b>1.3</b>	<b>1.2</b>	<b>16.7</b>	<b>18.6</b>	<b>1.6</b>	<b>1.6</b>	<b>2.6</b>
<b>Average</b>			<b>12.3</b>	<b>7.9</b>	<b>5.2</b>	<b>6.0</b>	<b>1.4</b>	<b>1.3</b>	<b>16.8</b>	<b>11.5</b>	<b>3.3</b>	<b>3.6</b>	<b>1.5</b>
<b>Median</b>			<b>10.6</b>	<b>7.7</b>	<b>5.2</b>	<b>5.0</b>	<b>1.3</b>	<b>1.2</b>	<b>16.1</b>	<b>10.3</b>	<b>3.3</b>	<b>3.6</b>	<b>1.0</b>
<b>Diff-% to median</b>			<b>-1%</b>	<b>31%</b>	<b>69%</b>	<b>58%</b>	<b>4%</b>	<b>8%</b>	<b>4%</b>	<b>80%</b>	<b>-53%</b>	<b>-56%</b>	<b>144%</b>

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

# Income statement

Income statement	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue</b>	<b>272</b>	<b>67.1</b>	<b>68.8</b>	<b>71.4</b>	<b>78.9</b>	<b>286</b>	<b>85.0</b>	<b>78.4</b>	<b>77.4</b>	<b>79.8</b>	<b>321</b>	<b>324</b>	<b>349</b>	<b>348</b>
Games	258	64.9	66.4	68.6	76.5	276	82.3	75.8	74.2	77.1	309	315	343	343
Brand Licensing	14.0	2.2	2.4	2.8	2.4	9.8	2.7	2.6	3.2	2.7	11.2	9.6	6.5	5.5
<b>EBITDA</b>	<b>60.0</b>	<b>11.7</b>	<b>8.7</b>	<b>16.9</b>	<b>13.5</b>	<b>50.8</b>	<b>11.1</b>	<b>14.3</b>	<b>12.2</b>	<b>10.5</b>	<b>48.1</b>	<b>50.8</b>	<b>52.7</b>	<b>54.8</b>
Depreciation	-17.5	-2.2	-2.6	-2.9	-5.4	-13.1	-3.6	-3.8	-3.6	-3.2	-14.2	-10.7	-9.3	-8.3
<b>EBIT (excl. NRI)</b>	<b>47.2</b>	<b>10.1</b>	<b>6.2</b>	<b>14.3</b>	<b>13.1</b>	<b>43.7</b>	<b>10.0</b>	<b>11.3</b>	<b>12.1</b>	<b>7.3</b>	<b>40.6</b>	<b>40.1</b>	<b>43.5</b>	<b>46.5</b>
<b>EBIT</b>	<b>42.5</b>	<b>9.5</b>	<b>6.2</b>	<b>14.0</b>	<b>8.1</b>	<b>37.7</b>	<b>7.5</b>	<b>10.5</b>	<b>8.6</b>	<b>7.3</b>	<b>33.9</b>	<b>40.1</b>	<b>43.5</b>	<b>46.5</b>
Net financial items	-1.8	0.9	-0.1	0.6	1.2	2.5	0.2	2.0	1.7	0.0	3.8	0.4	0.2	0.2
<b>PTP</b>	<b>40.7</b>	<b>10.4</b>	<b>6.0</b>	<b>14.6</b>	<b>9.2</b>	<b>40.3</b>	<b>7.6</b>	<b>12.5</b>	<b>10.3</b>	<b>7.3</b>	<b>37.7</b>	<b>40.5</b>	<b>43.7</b>	<b>46.7</b>
Taxes	-8.6	-3.0	-1.1	-3.0	-3.0	-10.1	-2.2	-2.8	-2.6	-1.6	-9.2	-8.9	-9.6	-10.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>32.1</b>	<b>7.4</b>	<b>4.9</b>	<b>11.6</b>	<b>6.3</b>	<b>30.1</b>	<b>5.5</b>	<b>9.7</b>	<b>7.6</b>	<b>5.7</b>	<b>28.5</b>	<b>31.6</b>	<b>34.1</b>	<b>36.5</b>
<b>EPS (adj.)</b>	<b>0.50</b>	<b>0.11</b>	<b>0.07</b>	<b>0.16</b>	<b>0.14</b>	<b>0.47</b>	<b>0.10</b>	<b>0.14</b>	<b>0.15</b>	<b>0.07</b>	<b>0.46</b>	<b>0.41</b>	<b>0.44</b>	<b>0.47</b>
<b>EPS (rep.)</b>	<b>0.44</b>	<b>0.10</b>	<b>0.07</b>	<b>0.16</b>	<b>0.08</b>	<b>0.41</b>	<b>0.07</b>	<b>0.13</b>	<b>0.10</b>	<b>0.07</b>	<b>0.37</b>	<b>0.41</b>	<b>0.44</b>	<b>0.47</b>
<b>Key figures</b>	<b>2020</b>	<b>Q1'21</b>	<b>Q2'21</b>	<b>Q3'21</b>	<b>Q4'21</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22e</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
<b>Revenue growth-%</b>	-5.8 %	0.8 %	-0.6 %	5.1 %	15.2 %	5.1 %	26.7 %	14.0 %	8.4 %	1.1 %	12.0 %	1.1 %	7.7 %	-0.3 %
<b>Adjusted EBIT growth-%</b>	157%	-22%	-56%	12%	76%	-7%	-1.2 %	82.9 %	-15.6 %	-44.5 %	-7.1 %	-1.3 %	8.4 %	7.1 %
<b>EBITDA-%</b>	22.0 %	17.5 %	12.7 %	23.7 %	17.0 %	17.8 %	13.0 %	18.3 %	15.8 %	13.1 %	15.0 %	15.7 %	15.1 %	15.8 %
<b>Adjusted EBIT-%</b>	17.3 %	15.1 %	8.9 %	20.0 %	16.6 %	15.3 %	11.7 %	14.3 %	15.6 %	9.1 %	12.7 %	12.4 %	12.4 %	13.4 %
<b>Net earnings-%</b>	11.8 %	11.0 %	7.1 %	16.2 %	7.9 %	10.5 %	6.4 %	12.4 %	9.9 %	7.1 %	8.9 %	9.7 %	9.8 %	10.5 %

Source: Inderes



# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>38.6</b>	<b>90.2</b>	<b>85.5</b>	<b>81.9</b>	<b>79.7</b>
Goodwill	0.0	37.5	37.5	37.5	37.5
Intangible assets	18.7	24.8	19.4	16.6	14.3
Tangible assets	9.7	8.1	6.3	5.5	5.7
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	2.0	8.3	12.9	12.9	12.9
Other non-current assets	0.7	3.4	1.0	1.0	1.0
Deferred tax assets	7.5	8.1	8.4	8.4	8.4
<b>Current assets</b>	<b>170</b>	<b>197</b>	<b>206</b>	<b>229</b>	<b>256</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	30.9	36.0	37.8	38.2	41.2
Cash and equivalents	139	161	168	191	215
<b>Balance sheet total</b>	<b>208</b>	<b>287</b>	<b>292</b>	<b>311</b>	<b>336</b>

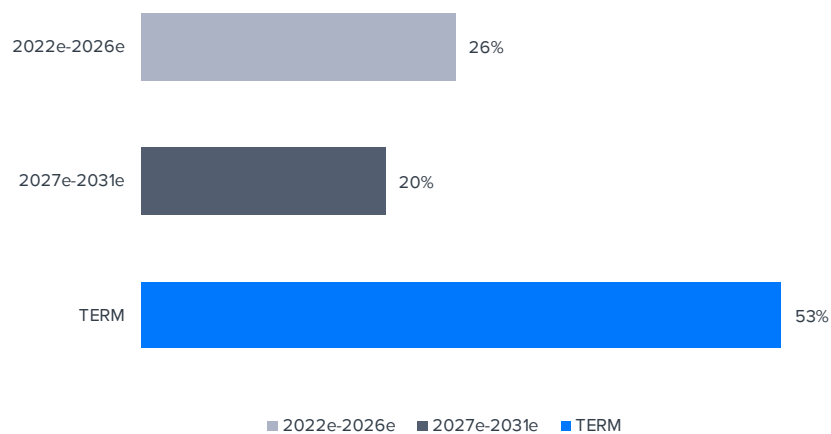
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>165</b>	<b>198</b>	<b>230</b>	<b>252</b>	<b>277</b>
Share capital	0.7	0.7	0.7	0.7	0.7
Retained earnings	161	185	204	227	251
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	4.1	12.2	25.0	25.0	25.0
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>7.7</b>	<b>48.7</b>	<b>22.2</b>	<b>18.6</b>	<b>15.9</b>
Deferred tax liabilities	0.0	3.3	3.5	3.5	3.5
Provisions	0.7	0.3	0.3	0.3	0.3
Long term debt	7.0	4.1	5.0	4.0	4.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	41.0	13.4	10.7	8.0
<b>Current liabilities</b>	<b>35.4</b>	<b>40.8</b>	<b>39.5</b>	<b>39.9</b>	<b>42.9</b>
Short term debt	3.6	3.8	1.0	1.0	1.0
Payables	31.7	37.0	38.5	38.9	41.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>208</b>	<b>287</b>	<b>292</b>	<b>311</b>	<b>336</b>

# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	5.1 %	12.0 %	1.1 %	7.7 %	-0.3 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	13.2 %	10.6 %	12.4 %	12.4 %	13.4 %	13.0 %	12.5 %	12.0 %	12.0 %	12.0 %	12.0 %	12.0 %
<b>EBIT (operating profit)</b>	<b>37.7</b>	<b>33.9</b>	<b>40.1</b>	<b>43.5</b>	<b>46.5</b>	<b>46.2</b>	<b>45.3</b>	<b>44.3</b>	<b>45.2</b>	<b>46.1</b>	<b>47.0</b>	
+ Depreciation	13.1	14.2	10.7	9.3	8.3	7.1	7.2	7.3	7.3	7.4	7.4	
- Paid taxes	-7.5	-9.3	-8.9	-9.6	-10.3	-10.2	-10.0	-9.8	-9.9	-10.1	-10.3	
- Tax, financial expenses	0.6	0.9	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	0.2	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Operating cash flow</b>	<b>44.2</b>	<b>39.4</b>	<b>42.0</b>	<b>43.2</b>	<b>44.6</b>	<b>43.2</b>	<b>42.5</b>	<b>41.9</b>	<b>42.6</b>	<b>43.4</b>	<b>44.2</b>	
+ Change in other long-term liabilities	40.6	-27.6	-2.7	-2.7	-2.7	-2.7	-2.7	0.0	0.0	0.0	0.0	
- Gross CAPEX	-64.1	-9.2	-7.1	-7.2	-7.2	-7.3	-7.4	-7.5	-7.5	-7.5	-7.5	
<b>Free operating cash flow</b>	<b>20.8</b>	<b>2.6</b>	<b>32.2</b>	<b>33.4</b>	<b>34.7</b>	<b>33.2</b>	<b>32.5</b>	<b>34.4</b>	<b>35.1</b>	<b>35.9</b>	<b>36.7</b>	
+/- Other	0.0	10.5	1.3	1.3	1.3	1.3	1.3	0.0	0.0	0.0	0.0	
FCFF	20.8	13.1	33.5	34.7	36.0	34.5	33.8	34.4	35.1	35.9	36.7	548
<b>Discounted FCFF</b>		<b>13.2</b>	<b>31.0</b>	<b>29.4</b>	<b>28.1</b>	<b>24.7</b>	<b>22.2</b>	<b>20.8</b>	<b>19.5</b>	<b>18.3</b>	<b>17.2</b>	<b>257</b>
Sum of FCFF present value		482	469	438	408	380	355	333	312	293	274	257
<b>Enterprise value DCF</b>		<b>482</b>										
- Interesting bearing debt		-7.9										
+ Cash and cash equivalents		161										
-Minorities		0.0										
-Dividend/capital return		-8.9										
<b>Equity value DCF</b>		<b>626</b>										
<b>Equity value DCF per share</b>		<b>8.2</b>										

Cash flow distribution



## Wacc

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	4.0 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	1.10%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>8.8 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.8 %</b>

Source: Inderes

# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	289.1	272.2	286.2	<b>320.6</b>	<b>324.1</b>	EPS (reported)	0.17	0.44	0.41	<b>0.37</b>	<b>0.41</b>
EBITDA	32.3	60.0	50.8	<b>48.1</b>	<b>50.8</b>	EPS (adj.)	0.17	0.50	0.47	<b>0.46</b>	<b>0.41</b>
EBIT	18.1	42.5	37.7	<b>33.9</b>	<b>40.1</b>	OCF / share	0.11	0.86	0.59	<b>0.52</b>	<b>0.55</b>
PTP	17.7	40.7	40.3	<b>37.7</b>	<b>40.5</b>	FCF / share	-0.06	0.74	0.28	<b>0.17</b>	<b>0.44</b>
Net Income	13.2	32.1	30.1	<b>28.5</b>	<b>31.6</b>	Book value / share	2.11	2.25	2.66	<b>3.02</b>	<b>3.30</b>
Extraordinary items	-0.3	-4.7	-6.0	<b>-6.7</b>	<b>0.0</b>	Dividend / share	0.09	0.12	0.12	<b>0.12</b>	<b>0.12</b>
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	217.3	208.5	287.0	<b>291.6</b>	<b>310.7</b>	Revenue growth-%	3%	-6%	5%	<b>12%</b>	<b>1%</b>
Equity capital	168.0	165.4	197.5	<b>229.8</b>	<b>252.3</b>	EBITDA growth-%	-32%	85%	-15%	<b>-5%</b>	<b>6%</b>
Goodwill	0.0	0.0	37.5	<b>37.5</b>	<b>37.5</b>	EBIT (adj.) growth-%	-41%	157%	-7%	<b>-7%</b>	<b>-1%</b>
Net debt	-110.4	-128.3	-152.9	<b>-162.3</b>	<b>-185.6</b>	EPS (adj.) growth-%	-45%	196%	-6%	<b>-2%</b>	<b>-10%</b>
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	11.2 %	22.0 %	17.8 %	<b>15.0 %</b>	<b>15.7 %</b>
EBITDA	32.3	60.0	50.8	<b>48.1</b>	<b>50.8</b>	EBIT (adj.)-%	6.3 %	17.3 %	15.3 %	<b>12.7 %</b>	<b>12.4 %</b>
Change in working capital	-18.2	13.8	0.2	<b>-0.3</b>	<b>0.0</b>	EBIT-%	6.3 %	15.6 %	13.2 %	<b>10.6 %</b>	<b>12.4 %</b>
Operating cash flow	8.8	62.9	44.2	<b>39.4</b>	<b>42.0</b>	ROE-%	8.1 %	19.3 %	16.6 %	<b>13.3 %</b>	<b>13.1 %</b>
CAPEX	-13.1	-9.3	-64.1	<b>-9.2</b>	<b>-7.1</b>	ROI-%	10.5 %	23.7 %	19.8 %	<b>15.4 %</b>	<b>16.3 %</b>
Free cash flow	-4.6	54.0	20.8	<b>13.1</b>	<b>33.5</b>	Equity ratio	80.5 %	82.3 %	70.8 %	<b>81.1 %</b>	<b>83.3 %</b>
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	-65.7 %	-77.6 %	-77.4 %	<b>-70.6 %</b>	<b>-73.6 %</b>
EV/S	0.8	1.2	1.2	<b>1.3</b>	<b>1.2</b>						
EV/EBITDA (adj.)	7.5	5.6	6.6	<b>8.8</b>	<b>7.9</b>						
EV/EBIT (adj.)	13.2	7.1	7.7	<b>10.4</b>	<b>10.0</b>						
P/E (adj.)	26.2	12.6	14.0	<b>16.7</b>	<b>18.6</b>						
P/B	2.1	2.8	2.5	<b>2.6</b>	<b>2.3</b>						
Dividend-%	2.0 %	1.9 %	1.8 %	<b>1.6 %</b>	<b>1.6 %</b>						

Source: Inderes

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Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Date	Recommendation	Target price	Share price
01-03-21	Buy	7.50 €	6.22 €
30-04-21	Accumulate	8.00 €	6.76 €
18-05-21	Buy	8.00 €	6.34 €
13-08-21	Buy	8.00 €	6.16 €
27-09-21	Buy	8.00 €	6.12 €
29-10-21	Accumulate	8.00 €	7.05 €
14-02-22	Accumulate	8.60 €	7.75 €
02-05-22	Accumulate	9.50 €	8.71 €
18-07-22	Buy	8.50 €	6.14 €
12-08-22	Accumulate	7.50 €	6.50 €
06-09-22	Buy	7.50 €	5.64 €
31-10-22	Buy	7.50 €	5.63 €
23-01-23	Reduce	7.50 €	7.70 €



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Itämerentori 2

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