

Results due: 8 May

A tough start to 2019

We have cut our revenue estimates by 8% and 3% for 2019-20 due to a weaker gambling market in Sweden and the off-boarding of a major platform client. We expect revenues of EUR 32.7m and EBITDA of EUR 1.8m in Q1, down 12% and 60% y/y respectively. The stock trades at a PER of 22.1x for 2020E and 9.0x for 2021E on our estimates. The major drivers for the investment case in 2019 will be deal flow in GiG Core, we argue.

Key Data (2019E)

Price (NOK)	12.92
Reuters	GAMIG.OL
Bloomberg	GIG.NO
Market cap (NOKm)	1,157
Market cap (USDm)	136
Market cap (EURm)	121
Net debt (EURm)	54
Net gearing	67%
Net debt/EBITDA (x)	4.6
Shares fully dil. (m)	895.7
Avg daily turnover (m)	0.0
Free float	54%

Estimate changes

We have cut our revenue estimates 8% and 3% for 2019-20, and more on earnings, mainly from downgrades in the Gaming division where a tougher operating environment in Sweden is affecting growth negatively. We have also adjusted for the off-boarding of a platform customer in GiG Core as of year-end 2018.

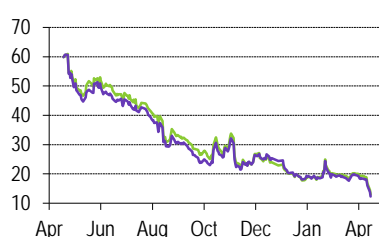
Investment case drivers and outlook

A weak start to the Swedish online gambling market and the off-boarding of a major platform client make 2019 a bump in the road for GiG. We forecast positive EBITDA in 2019 but negative net profit, EBITDA of EUR 12m for the full year could triple to 2021 if GiG can improve operational leverage, driven by a mix of revenue growth in several business areas and a better cost profile. The major drivers for the investment case will be deal flow in GiG Core and the company has commented that it is in negotiation with a tier 1 client.

Valuation

The stock currently trades at a PER of 22.1x for 2020E and 9.0x for 2021E on our updated estimates. Our SOTP valuation of GiG suggests a value of SEK 25 per share and for the DCF valuation using a 10% WACC we get a valuation range of SEK 10-27, which yields a mid-point value of SEK 18 per share. We would argue that an SOTP valuation is the most relevant approach to valuing GiG as the different business areas have different growth and profit outlooks.

Share Price (12M)



Absolute (green) / Relative to Norway (purple).

Marketing communication
commissioned by:
Gaming Innovation Group

Financials (EUR)

Year end: Dec	2017	2018	2019E	2020E	2021E
Revenues (m)	120	151	147	167	180
Adj. EBIT	2	(4)	(3)	11	20
Pre-tax profit (m)	1	(22)	(8)	6	15
EPS	(0.00)	(0.03)	(0.08)	0.06	0.15
Adj. EPS	(0.00)	(0.01)	(0.08)	0.06	0.15
DPS	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	124.6	25.7	(3.0)	13.6	7.8
Adj. EBIT growth (%)	(41.9)	n.m.	n.m.	n.m.	81.1
Adj. EPS growth (%)	n.m.	n.m.	n.m.	n.m.	144.0
Adj. EBIT margin (%)	1.3	(11.6)	(1.9)	6.5	11.0
ROE (%)	(0.4)	(23.0)	(8.0)	6.5	14.3
ROCE (%)	1.1	(10.6)	(1.8)	7.2	12.3
PER (x)	n.m.	n.m.	n.m.	22.1	9.0
Free cash flow yield (%)	n.a.	0.2	(4.3)	5.2	11.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
P/BV (x)	41.34	23.61	1.49	1.40	1.21
EV/Sales (x)	37.78	14.01	1.19	1.01	0.86
EV/Adj. EBITDA (x)	363.4	131.9	14.8	6.6	4.5
EV/Adj. EBIT (x)	2,828.7	(545.1)	(62.1)	15.4	7.9
Operating cash flow/EV (%)	0.2	0.8	5.0	12.3	18.3
Net debt/Adj. EBITDA (x)	4.34	3.03	4.56	1.87	1.00

Source for all data on this page: SEB (estimates) and SIX/Thomson Reuters (prices)

Estimate update

We believe 2019 will become a bump in the road for GIG, mostly explained by a weak start to the year from the Swedish re-regulation. We have cut our revenue estimates by 8% for 2019, 3% for 2020, and 0% for 2021. We expect positive EBITDA in 2019 but negative net profit. We estimate that EUR 12m EBITDA for the full year could triple to 2021 if the company gets better operational leverage driven by acceleration in revenue growth in several business segments at the same time as the cost profile improves.

Main estimate changes:

- **GIG Gaming:** We have cut our revenue estimate by 5% for 2019. This is mainly explained by weak development in the Swedish market. Incremental recovery in growth throughout the year should be possible as the market stabilizes and geographical expansion continues. We model negative EBITDA for 2019, EBITDA breakeven in 2020 with a swing to profitability in 2021. The negative contribution from the smaller underperforming brands in portfolio should diminish during 2019 which is beneficial for the growth profile and we raise our revenue estimates 5% and 9% for 2020-21.
- **GIG Media:** We have cut our revenue estimates 8% for 2019, 7% for 2020 and 7% for 2021 due to tougher operating conditions in Sweden, including absorption of the new gambling tax. We model a margin decline to 50% as of Q1 2019, down from 54% FY 2018.
- **GiG Sport & Games:** We have raised both revenue growth and cost assumptions.
- **GiG Core:** We have cut our revenue estimates 21% for 2019, 22% for 2020 and 19% for 2021, accounting for a major customer being off-boarded at year end 2018. We expect the revenue loss should be re-couped during the year, driven by new contracts.

Deal flow in Core, Sport & Games and earnings recovery in Gaming will be the most important triggers for the investment case and estimate upgrades.

Estimate update

Group P&L	Q1/19E	Updated forecasts			2019E	Old		2019E	Revisions (%)	
		2019E	2020E	2021E		2020E	2021E		2020E	2021E
Revenues	32.7	146.8	166.8	179.8	160.4	171.2	179.2	-8%	-3%	0%
Gross profit	25.6	115.7	132.7	144.4	129.3	139.6	147.1	-11%	-5%	-2%
EBITDA	1.8	11.8	25.5	34.4	25.7	36.2	38.8	-54%	-30%	-11%
EBIT	-1.9	-2.8	10.9	19.8	4.0	16.0	21.0	-170%	-32%	-6%
Net results	-2.7	-6.5	5.7	13.6	3.6	15.1	18.5	-281%	-62%	-27%
GiG Core										
Revenue	5.4	25.2	30.0	33.8	31.8	38.2	42.0	-21%	-22%	-19%
EBITDA	-0.3	2.8	8.4	10.1	9.6	11.5	12.6	-70%	-27%	-19%
Margin (%)	-5.0%	11.2%	28.1%	30.0%	30.0%	30.0%	30.0%			
GiG Sport & Games										
Revenue	0.4	2.6	4.0	5.8	2.7	3.3	4.0	-6%	23%	44%
EBITDA	-0.7	-2.5	0.0	2.1	-2.2	1.0	1.3	13%	-100%	64%
margin (%)	-170.0%	-97.5%	0.1%	37.0%	-81.5%	30.3%	32.5%			
GiG Gaming										
Revenue	21.6	97.3	110.0	116.5	102.5	104.6	106.7	-5%	5%	9%
EBITDA	-1.1	-4.5	-0.2	4.0	1.0	5.2	5.3	-554%	-104%	-25%
margin (%)	-5.0%	-4.7%	-0.2%	3.4%	1.0%	5.0%	5.0%			
GiG Media										
Revenue	8.0	33.7	36.3	38.2	36.4	38.9	41.1	-8%	-7%	-7%
EBITDA	4.0	16.8	18.2	19.1	18.2	19.5	20.5	-8%	-7%	-7%
margin (%)	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%			

Source: SEB

Interim financial forecasts

(EURm)	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19E	Q2/19E	Q3/19E	Q4/19E	2017	2018	2019E	2020E	2021E
GiG Media													
Revenue	8.2	8.7	8.4	8.7	8.0	8.3	8.6	8.9	22.4	34.0	33.7	36.3	38.2
EBITDA	4.4	4.7	4.3	4.9	4.0	4.1	4.3	4.4	14.9	18.3	16.8	18.2	19.1
GiG Core													
Revenue	6.8	6.3	6.8	7.2	5.4	6.0	6.5	7.3	21.0	27.1	25.2	30.0	33.8
EBITDA	1.5	1.1	1.7	1.6	-0.3	0.3	1.0	1.8	10.0	5.9	2.8	8.4	10.1
GiG Sports & Games													
Revenue	0.2	0.6	0.2	0.5	0.4	0.6	0.7	0.9	1.1	1.5	2.6	4.0	5.8
EBITDA	-1.7	-1.4	-2.1	-1.8	-0.7	-0.6	-0.7	-0.5	-3.2	-7.0	-2.5	0.0	2.1
GiG Gaming													
Revenue	25.4	24.2	24.4	25.8	21.6	23.7	24.9	27.1	86.0	99.8	97.3	110.0	116.5
EBITDA	0.1	-2.8	1.4	0.8	-1.1	-2.0	-1.1	-0.3	-9.0	-0.5	-4.5	-0.2	4.0
Eliminations													
Revenue	-3.34	-2.90	-2.57	-2.30	-2.65	-2.89	-3.05	-3.31	-9.9	-11.1	-11.9	-13.5	-14.6
EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	0.0	0.0	0.0
Group													
Revenue	37.3	36.9	37.3	39.9	32.7	35.7	37.6	40.8	120.4	151.4	146.8	166.8	179.8
COGS	-6.9	-6.4	-6.3	-7.8	-7.2	-7.5	-7.9	-8.5	-20.5	-27.4	-31.1	-34.1	-35.4
Gross profit	30.5	30.5	30.9	32.1	25.6	28.1	29.7	32.3	99.9	124.0	115.7	132.7	144.4
Marketing cost	-11.9	-13.2	-10.6	-11.6	-8.7	-11.2	-11.1	-11.8	-47.1	-47.2	-42.9	-46.8	-47.8
Marketing cost/revenue (%)	-32%	-36%	-29%	-29%	-27%	-32%	-30%	-29%	-39%	-31%	-29%	-28%	-27%
Other OPEX	-14.3	-15.7	-15.3	-15.4	-15.1	-15.3	-15.3	-15.3	-40.3	-60.7	-61.0	-60.4	-62.2
Other OPEX/revenue (%)	-38%	-43%	-41%	-39%	-46%	-43%	-41%	-37%	-33%	-40%	-42%	-36%	-35%
EBITDA	4.3	1.7	5.0	5.0	1.8	1.6	3.3	5.2	12.5	16.1	11.8	25.5	34.4
EBITDA (%)	12%	5%	14%	13%	5%	4%	9%	13%	10%	16%	28%	31%	131%
EBIT	-0.4	-3.2	0.0	-14.1	-1.9	-2.1	-0.4	1.6	1.6	-17.7	-2.8	10.9	19.8
EBIT (%)	N.A.	N.A.	0%	N.A.	N.A.	N.A.	N.A.	4%	1%	5%	19%	23%	123%
NI	0.9	-4.5	-2.6	-16.6	-2.7	-2.8	-1.4	0.4	-0.4	-22.8	-6.5	5.7	13.6
EPS	-0.02	0.00	0.00	-0.02	0.00	0.00	0.00	0.00	0.00	-0.25	-0.07	0.06	0.15

Source: SEB

Valuation

The stock currently trades at a PER of 22.1x for 2020E and 9.0x for 2021E on our updated estimates. Our SOTP valuation of GiG suggests a value of SEK 25 per share, on the assumption that the company delivers on our estimates. As the businesses are in different stages of their life cycles and have different growth and earnings potential, we argue that an SOTP valuation is the fairest method to value Gaming Innovation Group.

Sum of the parts valuation

(EURm)	2018	2019E	2020E	EV/EBITDA SEB 2019E	EV/Sales 2019E	EV Contribution 2019E
GiG Media						
Revenues	34.0	33.5	35.8			
EBITDA	18.3	16.8	18.2	8.0x		134.6
GiG Core						
Revenues	27.1	25.2	30.0			
EBITDA	5.9	2.8	8.4		4.0x	100.9
GiG Sports & Games						
Revenues	1.5	2.6	4.0			
EBITDA	-7.0	-2.5	0.0		4.0x	10.2
GiG Gaming						
Revenues	99.8	97.3	110.0			
EBITDA	-0.5	-4.5	-0.2		0.5x	48.6
Group Eliminations						
EBITDA	0.0	-0.8	-0.9	10.0x		-7.9
Enterprise Value						286
NIBD YE 2019E						49
Equity value						238
NOS						90
Equity value / share (EUR)						2.65
EURSEK						9.4
Equity value / share (SEK)						24.9

Source: SEB

Peer group valuation

	Mkt cap. (SEKbn)	2019	PER 2020	2021	EV/EBITDA			EV/EBIT			EV/sales			Div.Yield (%)		NIBD/EBITDA	
					2019	2020	2021	2019	2020	2021	2019	2020	2021	2018	2019	2018	2019
Operators																	
Kindred	21.3	13.5	11.9	11.3	8.2	7.2	6.6	11.5	9.9	9.1	1.7	1.4	1.3	6.9%	7.1%	0.2	(0.1)
LeoVegas	2.9	28.8	11.8	6.5	8.9	5.7	3.3	25.1	10.5	4.9	0.8	0.7	0.5	3.1%	4.3%	1.0	0.9
Betsson	10.0	9.5	9.2	8.7	8.7	8.3	7.9	8.7	8.3	7.9	1.8	1.6	1.4	5.3%	5.9%	0.4	0.2
JackpotJoy	6.1	6.9	6.4	5.8	8.3	8.0	7.6	10.3	9.7	10.8	2.5	2.3	2.2	0.0%	5.1%	2.7	2.2
Global Gaming	0.4	(8.4)	19.2	9.3	(3.2)	4.9	2.1	(3.0)	5.9	2.4	0.2	0.1	0.1	0.0%	0.0%	(1.7)	4.9
Paddy Power Betfair	56.5	19.5	17.8	15.2	13.5	12.4	10.7	17.7	16.2	13.1	2.6	2.3	2.1	3.1%	3.0%	(0.5)	0.2
888 Holding	6.4	12.9	11.8	10.6	6.8	6.2	5.6	9.1	8.1	7.3	1.1	1.0	1.0	9.0%	8.0%	(1.6)	(1.1)
William Hill	16.4	14.7	11.8	9.1	7.1	6.4	5.6	11.4	9.4	8.0	1.0	1.0	0.9	7.5%	5.5%	0.8	2.3
GVC	41.2	10.7	8.8	6.9	8.4	7.4	6.4	11.2	9.8	8.2	1.6	1.5	1.5	5.3%	5.6%	2.5	2.9
Average		12.0	12.1	9.3	7.4	7.4	6.2	11.3	9.8	8.0	1.5	1.3	1.2	0.0	0.0	0.4	1.4
Suppliers																	
Evolution Gaming	26.9	24.2	21.3	18.5	18.2	15.0	12.7	22.0	18.2	15.4	8.1	6.7	5.7	2.4%	2.0%	(0.7)	(0.9)
Kambi	56.6	42.3	23.2	16.4	17.2	11.2	10.3	32.1	17.4	15.8	4.8	3.8	3.5	0.0%	0.0%	(1.5)	(1.6)
NetEnt	7.2	11.6	10.6	10.0	7.6	7.0	6.5	9.7	8.8	8.1	3.7	3.4	3.2	6.2%	7.9%	(0.6)	(0.7)
Playtech	15.5	9.2	7.8	6.8	4.6	4.3	3.9	7.4	6.7	6.3	1.1	1.0	1.0	7.8%	6.8%	1.4	1.2
Aspire Global	2.0	10.7	9.7	8.9	6.6	6.2	5.5	7.1	6.8	6.4	1.2	1.1	0.9	2.5%	3.3%	(1.1)	(1.3)
Cherry	8.6	15.7	11.8	8.0	10.4	8.6	6.5	12.6	10.0	7.5	2.6	2.2	1.6	n.a.	n.a.	1.4	0.6
Catena Media	3.2	12.2	9.3	7.8	9.0	7.4	6.6	11.7	9.4	8.3	3.9	3.6	3.3	n.a.	n.a.	2.5	2.7
Raketech	0.8	6.7	5.9	5.2	4.3	3.2	1.9	5.3	3.9	2.3	2.2	1.7	1.0	n.a.	n.a.	0.0	(0.7)
Better Collective	3.0	20.1	17.6	15.6	11.1	9.4	7.7	14.3	12.1	9.9	4.9	4.2	3.4	n.a.	n.a.	(0.6)	(0.6)
XL Media	1.4	6.0	5.8	5.5	3.0	2.8	2.7	3.5	3.4	3.3	1.3	1.2	1.2	13.3%	10.5%	(1.0)	(1.1)
Net Gaming	6.2	5.1	5.5	-	2.9	3.2	-	-	-	-	1.8	1.6	-	n.a.	n.a.	n.a.	n.a.
Average		15.3	11.9	10.3	8.9	7.3	6.5	12.8	9.8	8.5	3.2	2.8	2.4	0.1	0.1	(0.0)	(0.2)
GiG	1.2	n.a.	22.1	9.0	14.8	6.6	4.5	n.a.	15.4	7.9	1.2	1.0	0.9	n.a.	n.a.	3.0	4.6

Source: SEB, Reuters

Our DCF model with 10% WACC yields a mid-point value of SEK 18 and a range of SEK 10-27 if we adjust our base case EBITDA margin and growth forecasts by +/- 2pp.

DCF Summary

DCF valuation (EURm)		Weighted average cost of capital (%)	
NPV of FCF in explicit forecast period	1,168	Risk free interest rate	5.0
NPV of continuing value	1,014	Risk premium	5.0
Value of operation	2,181	Cost of equity	10.0
Net debt	563	After tax cost of debt	4.5
Share issue/buy-back in forecast period	-	WACC	10.0
Value of associated companies	-	Assumptions	
Value of minority shareholders' equity	-	Number of forecast years	10
Value of marketable assets	-	EBIT margin - steady state (%)	11.0
DCF value of equity	1,619	EBIT multiple - steady state (x)	9.1
DCF value per share (EUR)	18	Continuing value (% of NPV)	46.3
Current share price (EUR)	15.73		
DCF performance potential (%)	15		

Source: SEB

DCF Sensitivity analysis

		Cost of equity (%)				
		9.0	9.5	10.0	10.5	11.0
Equity capital weight (%)	80	28.5	26.6	24.8	23.2	21.7
	90	24.4	22.6	21.1	19.6	18.3
	100	21.1	19.5	18.1	16.8	15.6
		Relative change in EBITDA margin - all years				
		-20%	-10%	0	+10%	+20%
Rel. change in sales growth - all years	-20%	10.0	13.5	17.0	20.5	24.0
	-10%	10.3	13.9	17.5	21.1	24.7
	0	10.7	14.4	18.1	21.8	25.4
	+10%	11.1	14.8	18.6	22.4	26.2
	+20%	11.4	15.3	19.2	23.1	26.9

Source: SEB

DCF – assumption details

(EURm)	2019E	2020E	2021E	2022E	2023E	Average year 6	Average year 7-8	Average year 9-10
Sales growth (%)	(3.0)	13.6	7.8	9.0	7.0	5.0	2.5	2.0
EBITDA margin (%)	8.1	15.3	19.1	19.1	19.1	19.1	19.1	19.1
EBIT margin (%)	(1.9)	6.5	11.0	11.0	11.0	11.0	11.0	11.0
Gross capital expenditures as % of sales	9.5	8.6	8.4	7.6	7.6	7.6	7.6	7.6
Working capital as % of sales	(4.8)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)	(4.6)
Sales	147	167	180	196	210	220	229	238
Depreciation	(15)	(15)	(15)	(16)	(17)	(18)	(19)	(19)
Intangibles amortisation	0	0	0	0	0	0	0	0
EBIT	(3)	11	20	22	23	24	25	26
Taxes on EBIT	0	(1)	(2)	(2)	(3)	(3)	(3)	(3)
Increase in deferred taxes	(0)	(0)	0	0	0	0	0	0
NOPLAT	(3)	10	18	19	21	22	22	23
Gross capital expenditure	(14)	(14)	(15)	(15)	(16)	(17)	(17)	(18)
Increase in working capital	1	1	0	1	1	0	0	0
Free cash flow	(1)	11	18	21	22	23	24	25
ROIC (%)	(1.7)	6.3	10.5	11.5	12.5	13.2	14.0	14.8
ROIC-WACC (%)	(11.7)	(3.7)	0.5	1.6	2.5	3.3	4.0	4.8
Share of total net present value (%)	0.0	4.4	6.6	7.2	6.9	6.6	11.7	10.1

Source: SEB

Overview

Investment considerations

GiG has invested heavily over the past years in creating a fully integrated iGaming conglomerate. We find the business model interesting and rational, but for the time being we believe there are too many moving parts and too much uncertainty.

Company profile

Gaming Innovation Group is an internet gambling (iGaming) conglomerate, aiming to consolidate the online gambling industry. The company offers services throughout the value chain, from fully owned operators (GiG Gaming) to affiliate marketing (GiG Media), software platform solutions (GiG Core) and proprietary games and odds production (GiG Sports & Games).

Valuation approach

To address the structural differences in margins and risk between the different business areas, we use a sum-of-the-parts valuation based on peers that are pure breed operators, game suppliers or affiliates. This is supported by a group DCF valuation.

Investment risks

The main risks are unfavourable regulatory changes and a shift in focus to in-house production of platforms, games, sportsbooks and affiliate services

Profit & loss statement - Gaming Innovation Group						
(EURm)	2016	2017	2018	2019E	2020E	2021E
Net Sales	54	120	151	147	167	180
Other revenues	0	0	0	0	0	0
Total revenues	54	120	151	147	167	180
Total expenses	(48)	(108)	(135)	(135)	(141)	(145)
Profit before depreciation	6	13	16	12	25	34
Depreciation - Fixed assets	(3)	(11)	(20)	(15)	(15)	(15)
Depreciation - Other assets	0	0	0	0	0	0
Amortisation - Goodwill	0	0	0	0	0	0
Amortisation - Other intangibles	0	0	(14)	0	0	0
Operating profit	3	2	(18)	(3)	11	20
Net interest expenses	0	(1)	(2)	(5)	(5)	(5)
Foreign exchange items	0	0	0	0	0	0
Other financial items	(1)	0	0	0	0	0
Value changes - Fixed assets	0	0	0	0	0	0
Value changes - Financial assets	1	0	(3)	0	0	0
Value changes - Other assets	0	0	0	0	0	0
Reported pre-tax profit	3	1	(22)	(8)	6	15
Minority interests	0	0	0	0	0	0
Total taxes	(0)	(1)	(1)	1	(1)	(2)
Reported profit after tax	2	(0)	(23)	(7)	5	13
Discontinued operations	0	0	0	0	0	0
Extraordinary items	(0)	0	0	0	0	0
Net Profit	2	(0)	(23)	(7)	5	13
Adjustments:						
Discontinued operations	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0
Value changes	(1)	0	3	0	0	0
Goodwill/intangibles amortisations	0	0	14	0	0	0
Restructuring charges	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0
Tax effect of adjustments	0	0	0	0	0	0
Adjusted profit after tax	1	(0)	(6)	(7)	5	13
Margins, tax & returns						
Operating margin	5.2	1.3	(11.6)	(1.9)	6.5	11.0
Pre-tax margin	5.1	0.5	(14.4)	(5.2)	3.7	8.3
Tax rate	13.2	175.2	(3.4)	11.0	11.0	11.0
ROE	4.6	(0.4)	(23.0)	(8.0)	6.5	14.3
ROCE	5.3	1.1	(10.6)	(1.8)	7.2	12.3
Growth rates y-o-y (%)						
Total revenues	n.a.	124.6	25.7	(3.0)	13.6	7.8
Operating profit	n.m.	(41.9)	n.m.	n.m.	n.m.	81.1
Pre-tax profit	n.m.	(79.9)	n.m.	n.m.	n.m.	144.0
EPS (adjusted)	0.0	0.0	0.0	0.0	0.0	144.0
Cash flow						
(EURm)	2016	2017	2018	2019E	2020E	2021E
Net profit	2	(0)	(23)	(7)	5	13
Non-cash adjustments	2	11	36	15	15	15
Cash flow before work cap	4	10	14	8	20	28
Ch. in working capital / Other	6	(2)	3	1	1	0
Operating cash flow	10	8	16	9	21	28
Capital expenditures	(5)	(67)	(11)	(14)	(14)	(15)
Asset disposals	0	0	0	0	0	0
L/T financial investments	0	0	(1)	0	0	0
Acquisitions / adjustments	0	0	0	0	0	0
Free cash flow	5	(58)	4	(5)	6	13
Net loan proceeds	2	62	2	0	(0)	0
Dividend paid	0	0	0	0	0	0
Share issue	5	0	0	0	0	0
Other	0	(0)	0	0	0	0
Net change in cash	12	4	6	(5)	6	13
Adjustments						
C/flow bef chng in work cap	4	10	14	8	20	28
Adjustments	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0
Cash earnings	4	10	14	8	20	28
Per share information						
Cash earnings	0.01	0.01	0.02	0.09	0.22	0.31
Operating cash flow	0.02	0.01	0.02	0.1	0.23	0.32
Free cash flow	0.01	(0.06)	0.0	(0.06)	0.07	0.15
Investment cover						
Capex/sales (%)	9.4	55.3	7.6	9.5	8.6	8.4
Capex/depreciation (%)	166	610	57	96	99	103

Source for all data on this page: SEB

Balance sheet - Gaming Innovation Group						
(EURm)	2016	2017	2018	2019E	2020E	2021E
Cash and liquid assets	6	12	19	14	20	34
Debtors	13	25	29	29	32	34
Inventories	0	0	0	0	0	0
Other	0	0	0	0	0	0
Current assets	19	37	48	43	52	67
Interest bearing fixed assets	0	0	0	0	0	0
Other financial assets	0	0	(2)	(2)	(2)	(2)
Capitalized development cost	0	0	0	0	0	0
Goodwill	64	69	69	69	69	69
Other intangibles	41	92	78	78	78	78
Fixed tangible assets	0	0	(9)	(9)	(9)	(9)
Other fixed assets	2	7	7	7	7	7
Fixed assets	108	169	145	144	144	144
Total assets	126	206	192	187	196	211
Creditors	15	29	34	35	39	41
Other trade financing	0	0	0	0	0	0
S/T interest bearing debt	0	0	0	0	0	0
Other	3	0	1	1	1	1
Current liabilities	18	29	35	36	39	42
L/T interest bearing debt	0	66	68	68	68	68
Other long-term liabilities	3	1	1	1	1	1
Convertible debt	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0
Other provisions	0	0	(0)	(0)	0	0
Deferred tax	0	1	1	1	1	1
Long term liabilities	3	68	70	70	70	70
Minority interests	0	0	0	0	0	0
Shareholders' equity	105	109	88	81	86	100
Total liabilities and equity	126	206	192	187	196	211
Net debt (m)	(6)	54	49	54	48	34
Working capital (m)	(6)	(4)	(6)	(7)	(8)	(8)
Capital employed (m)	105	175	156	149	154	168
Net debt/equity (%)	(6)	50	56	67	55	34
Net debt/EBITDA (x)	(1.0)	4.3	3.0	4.6	1.9	1.0
Equity/total assets (%)	83	53	46	43	44	47
Interest cover	0.0	1.5	(11.0)	(0.6)	2.3	4.2

Valuation						
(EUR)	2016	2017	2018	2019E	2020E	2021E
No of shares, fully dil. (y/e)	629.6	895.7	895.7	895.7	895.7	895.7
No of shares, fully dil. avg.	632.1	900.0	895.7	895.7	895.7	895.7
Share price, y/e	31.0	49.3	22.9	12.9	12.9	12.9
Share price, high	51.2	61.8	64.6	25.0		
Share price, low	17.5	27.0	20.6	12.9		
Share price, avg	33.1	46.2	42.5	19.5		
EPS (reported)	0.00	(0.00)	(0.03)	(0.08)	0.06	0.15
EPS (adjusted)	0.00	(0.00)	(0.01)	(0.08)	0.06	0.15
Cash earnings/share	0.01	0.01	0.02	0.09	0.22	0.31
Dividend/share	0.00	0.00	0.00	0.00	0.00	0.00
Enterprise value/share	3.4	5.1	2.4	2.0	1.9	1.7
Book value/share	0.2	0.1	0.1	0.9	1.0	1.1
Adjusted equity/share	0.2	0.1	0.1	0.9	1.0	1.1
PER (adjusted)	n.m.	n.m.	n.m.	n.m.	22.1	9.0
CEM	563.1	430.4	150.9	15.3	6.0	4.3
Dividend yield	0.0	0.0	0.0	0.0	0.0	0.0
EV/EBITDA	368.6	363.4	131.9	14.8	6.6	4.5
EV/EBITA	774.0	2,828.7	(545.1)	(62.1)	15.4	7.9
EV/EBIT	774.0	2,828.7	(120.4)	(62.1)	15.4	7.9
EV/Sales (x)	39.99	37.78	14.01	1.19	1.01	0.86
Price/Book value	20.44	41.34	23.61	1.49	1.40	1.21
Price/adjusted equity	20.44	41.34	23.61	1.49	1.40	1.21
Free cash flow/Market cap (%)	n.a.	n.a.	0.2	(4.3)	5.2	11.0
Operating cash flow/EV (%)	0.4	0.2	0.8	5.0	12.3	18.3
EV/Capital employed (x)	20.4	26.0	13.6	1.2	1.1	0.9

Main shareholders			Management		Company information	
Name	(%)	Votes	Capital	Title	Name	Contact
Bryggen Holding AS	13.2	13.2		COB	Helge Nielsen	Internet
Optimizer Invest Ltd.	11.5	11.5		CEO	Robin Reed	Phone number
Robin Reed	7.2	7.2		CFO	Tore Formo	
				IR	Anna-Lena Ahström	

Source for all data on this page: SEB

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