

Results due: 18 February 2020

Hopes for a trend change in Q4

2019 was a testing year for GiG, but we believe Q4 could mark a reversal for the declining revenue trend and support a potential turnaround. Although we see reason for optimism, we have cut our revenue estimates by 5% for 2020 and 6% for 2021, as we recognise that it is still a challenging market environment. We have updated our DCF valuation range to SEK 14-30 and our SOTP suggests a value of SEK 17 per share on our 2020 forecasts.

Key Data (2019E)

Price (SEK)	6.00
Reuters	GIGSEK.ST
Bloomberg	GIGSEK:SS
Market cap (SEKm)	537
Market cap (USDm)	56
Market cap (EURm)	50
Net debt (EURm)	51
Net gearing	76%
Net debt/EBITDA (x)	3.9
Shares fully dil. (m)	895.7
Avg daily turnover (m)	0.0
Free float	54%

Revisions to the growth outlook for 2020-21

We have cut our revenue estimates by 5% for 2020 and 6% for 2021, but we still expect significant improvement in 2020 EBITDA following scope for stabilisation in revenue and cost efficiency initiatives materialising, although the recovery is delayed slightly. We estimate EBITDA of EUR 13m for full year 2019 which in our forecast is set to almost double by 2021.

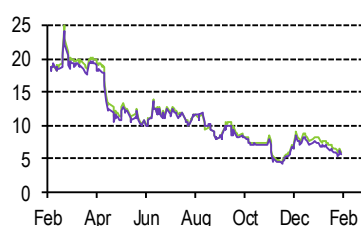
We expect sequential uptick in revenue and EBITDA in Q4

The main events in the quarter included entry into the Croatian market by the acquisition of Top Games, while Hard Rock's sportsbook went live in Iowa. For Q4 we forecast EUR 31.6m in revenue and EUR 4.0m in EBITDA. Gaming turned a corner in Q3 with sequential growth, which we expect to have continued in Q4. The main estimate risk, in our view, now relates to Media, which showed weaker revenues q/q in Q3. We note that main peer Raketech issued a profit warning for Q4 and XL Media for 2020, and although the business showed good resilience during 2019, the market weakness could impact GiG's operation too.

Estimate Revisions (%)

	2019E	2020E	2021E
Revenues	(0)	(5)	(6)
Adj. EBIT	11	195	(13)
Adj. EPS	9	53	(17)

Share Price (12M)



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

Marketing communication
commissioned by:
Gaming Innovation Group

Valuation summary

The stock currently trades at an EV/EBIT of 7.8x and PER of 8.5x for 2021 on our updated estimates which reflect a successful turnaround scenario. Our SOTP valuation of GiG based on 2020E suggests a value of SEK 17 per share and for the DCF valuation using a 10% WACC we get a valuation range of SEK 14-30, with mid-point value of SEK 22 per share.

Financials (EUR)

Year end: Dec	2017	2018	2019E	2020E	2021E
Revenues (m)	120	151	125	132	144
Adj. EBIT	2	(4)	(13)	2	12
Pre-tax profit (m)	1	(22)	(20)	(3)	7
EPS	(0.00)	(0.25)	(0.23)	(0.03)	0.07
Adj. EPS	(0.00)	(0.07)	(0.19)	(0.03)	0.07
DPS	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	124.6	25.7	(17.3)	5.3	9.3
Adj. EBIT growth (%)	(41.9)	n.m.	n.m.	n.m.	671.6
Adj. EPS growth (%)	n.m.	n.m.	n.m.	n.m.	n.m.
Adj. EBIT margin (%)	1.3	(11.6)	(12.7)	1.2	8.2
ROE (%)	(0.4)	(23.0)	(26.2)	(4.0)	9.6
ROCE (%)	1.1	(10.8)	(11.2)	1.2	9.0
PER (x)	n.m.	n.m.	n.m.	n.m.	7.7
Free cash flow yield (%)	n.a.	2.4	(3.1)	11.7	16.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
P/BV (x)	41.30	2.31	0.75	0.78	0.71
EV/Sales (x)	37.75	1.66	0.81	0.73	0.60
EV/Adj. EBITDA (x)	363.1	15.7	7.6	4.4	3.1
EV/Adj. EBIT (x)	2,825.9	(64.7)	(7.8)	62.3	7.4
Operating cash flow/EV (%)	0.2	6.5	11.3	19.7	27.1
Net debt/Adj. EBITDA (x)	4.34	3.08	3.85	2.08	1.31

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

Estimate update

2019 was challenging for GiG but Q3 marked a turning point for the Gaming segment and we see prospects for the company to return to growth in 2020 with improved EBITDA further supported by cost efficiencies. The staff headcount was 706 at the beginning of the year vs 656 as of the end of Q3, and the transfer to a hybrid IT infrastructure is estimated to lead to annual cost savings of EUR 3.5m once fully migrated during 2020 and the halt of the casino slot development in late Q3 at EUR 0.75m per quarter.

We have cut our revenue estimates by 5% for 2020 and 6% for 2021. Although we see prospects for growth to return, we believe achieving double-digit growth may be a challenge as Nordic markets continue to show slow growth and newly won B2B contracts need time to ramp-up. As a result, the earnings recovery trajectory is delayed slightly. In conclusion we estimate that the EUR 13m EBITDA for the full year could almost double by 2021 to EUR 28m through the combination of cost savings and a return to revenue growth.

Main estimate changes

- GiG Gaming:** We have cut our revenue estimate by 1-7% for 2019-21. Data from the Swedish tax authority suggests that smaller operators continued to lose market share in Q4, GiG among them. We still expect a sequential uptick in revenue supported by expansion in new markets. Rizk, which is the flagship brand, accounted for 75% of Gaming revenue in Q3 and has shown a strong trend over the past quarters.
- GiG Media:** We have cut our revenue estimates by 4-5% for 2020-21. We recognise that the main estimate risk pertains to Media which although showed resilience during 2019, could be affected by the tougher affiliate market climate, as underlined by profit warnings by peers Raketech and XLMedia.

Estimate changes

(SEKm)	New estimates				Old estimates				Difference %			
	Q4/19E	2019E	2020E	2021E	Q4/19E	2019E	2020E	2021E	Q4/19E	2019E	2020E	2021E
Net sales	31.6	125.2	131.8	144.1	32.1	125.7	139.5	153.5	-2%	0%	-5%	-6%
Gross Profit	25.0	98.9	104.3	115.2	25.2	99.2	110.9	123.3	-1%	0%	-6%	-7%
EBITDA	4.0	13.3	21.8	28.1	4.3	13.6	26.0	35.0	-6%	-2%	-16%	-20%
EBIT	-2.7	-15.9	1.5	11.9	-4.3	-17.5	-1.6	13.6	-37%	-9%	-195%	-13%
PTP	-3.8	-20.9	-3.0	7.4	-5.4	-22.5	-6.1	9.1	-29%	-7%	-52%	-19%
EPS	-0.04	-0.23	-0.03	0.07	-0.05	-0.25	-0.06	0.09	-29%	-6%	-52%	-19%
Margins												
Gross margin	79.3%	79.0%	79.1%	79.9%	78.6%	78.9%	79.5%	80.3%	1%	0%	0%	-1%
EBITDA margin	12.6%	10.6%	16.5%	19.5%	13.3%	10.8%	18.6%	22.8%	-5%	-2%	-11%	-14%
EBIT margin	-8.5%	-12.7%	1.2%	8.2%	-13.4%	-13.9%	-1.2%	8.9%	-36%	-9%	-201%	-7%
Revenue												
Media	8.1	33.7	32.2	33.8	8.1	33.7	33.7	35.7	0%	0%	-4%	-5%
Core	3.9	16.6	17.6	21.2	4.2	16.9	20.1	24.3	-7%	-2%	-13%	-13%
Sport and Games	0.4	1.2	3.5	5.1	0.5	1.3	4.2	6.0	-12%	-5%	-16%	-15%
Gaming	21.2	81.2	86.9	93.1	21.9	81.9	92.8	99.9	-4%	-1%	-6%	-7%
EBITDA												
Media	4.0	18.3	16.1	16.9	4.0	18.2	16.8	17.8	0%	0%	-4%	-5%
Core	-1.0	-5.3	-1.3	1.8	-1.0	-4.4	2.8	5.8	0%	21%	-147%	-69%
Sport and Games	0.0	-5.8	0.1	0.7	0.0	-5.3	0.7	1.8	n.a.	10%	-79%	-61%
Gaming	1.0	6.0	6.9	8.7	1.0	5.1	6.4	10.3	0%	18%	7%	-16%

Source: SEB

Interim financials

(EURm)	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19E	2017	2018	2019E	2020E	2021E
GiG Media													
Revenue	8.2	8.7	8.4	8.7	9.0	8.6	8.0	8.1	22.4	34.0	33.7	32.2	33.8
EBITDA	4.4	4.7	4.3	4.9	5.2	4.7	4.2	4.2	14.9	18.3	18.3	16.1	16.9
GiG Core													
Revenue	6.8	6.3	6.8	7.2	4.9	4.2	3.6	3.9	21.0	27.1	16.6	17.6	21.2
EBITDA	1.5	1.1	1.7	1.6	-0.5	-1.1	-2.1	-1.6	10.0	5.9	-5.3	-1.3	1.8
GiG Sports & Games													
Revenue	0.2	0.6	0.2	0.5	0.3	0.3	0.2	0.4	1.1	1.5	1.2	3.5	5.1
EBITDA	-1.7	-1.4	-2.1	-1.8	-1.8	-1.5	-1.8	-0.7	-3.2	-7.0	-5.8	0.1	0.7
GiG Gaming													
Revenue	25.4	24.2	24.4	25.8	20.2	19.6	20.2	21.2	86.0	99.8	81.2	86.9	93.1
EBITDA	0.1	-2.8	1.4	0.8	1.1	0.4	2.4	2.1	-9.0	-0.5	6.0	6.9	8.7
Eliminations													
Revenue	-3.34	-2.90	-2.57	-2.30	-1.91	-1.77	-1.85	-2.01	-9.9	-11.1	-7.5	-8.4	-9.2
EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	-0.1	0.0	0.0
Group													
Revenue	37.3	36.9	37.3	39.9	32.4	31.0	30.2	31.6	120.4	151.4	125.2	131.8	144.1
COGS	-6.9	-6.4	-6.3	-7.8	-6.4	-6.6	-6.7	-6.5	-20.5	-27.4	-26.2	-27.5	-29.0
Gross profit	30.5	30.5	30.9	32.1	26.0	24.4	23.6	25.0	99.9	124.0	98.9	104.3	115.2
Marketing cost	-11.9	-13.2	-10.6	-11.6	-8.6	-8.9	-7.1	-7.9	-47.1	-47.2	-32.5	-33.2	-35.3
Marketing cost/revenue		-36%	-29%	-29%	-26%	-29%	-23%	-25%	-39%	-31%	-26%	-25%	-24%
Other OPEX	-14.3	-15.7	-15.3	-15.4	-13.3	-13.0	-13.7	-13.1	-40.3	-60.7	-53.1	-49.3	-51.8
Other OPEX/revenue	-38%	-43%	-41%	-39%	-41%	-42%	-45%	-42%	-33%	-40%	-42%	-37%	-36%
EBITDA	4.3	1.7	5.0	5.0	4.1	2.5	2.7	4.0	12.5	16.1	13.3	21.8	28.1
EBITDA (%)	12%	5%	14%	13%	13%	8%	9%	13%	10%	11%	11%	17%	20%
EBIT	-0.4	-3.2	0.0	-14.1	-2.5	-4.0	-6.7	-2.7	1.6	-17.6	-15.9	1.5	11.9
EBIT (%)	N/A	N/A	0%	N/A	N/A	N/A	N/A	N/A	1%	N/A	N/A	1%	8%
NI	0.9	-4.5	-2.6	-16.6	-2.9	-6.1	-8.4	-3.4	-0.4	-22.6	-20.8	-2.6	6.6
EPS	0.00	0.00	0.00	-0.19	-0.03	-0.07	-0.09	-0.04	0.00	-0.25	-0.23	-0.03	0.07

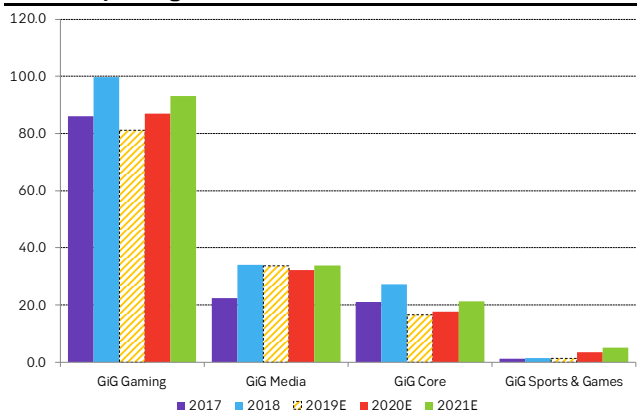
Source: SEB

Gaming split per brand

	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19
Rizk							
Revenue		12.1	14.7	17.9	14.3	14.3	15.2
EBITDA		-0.9	2.1	3.4	2	1.5	2.6
margin		-7%	14%	19%	14%	10%	17%
Other brands							
Revenue		12.1	9.7	7.9	5.9	5.3	5.0
EBITDA		-1.9	-0.8	-2.7	-0.9	-1.1	-0.2
margin		-16%	-8%	-34%	-15%	-21%	-4%
Gaming							
Revenue		24.2	24.4	25.8	20.2	19.6	20.2
EBITDA		-2.8	1.3	0.7	1.1	0.4	2.4
margin		-12%	5%	3%	5%	2%	12%

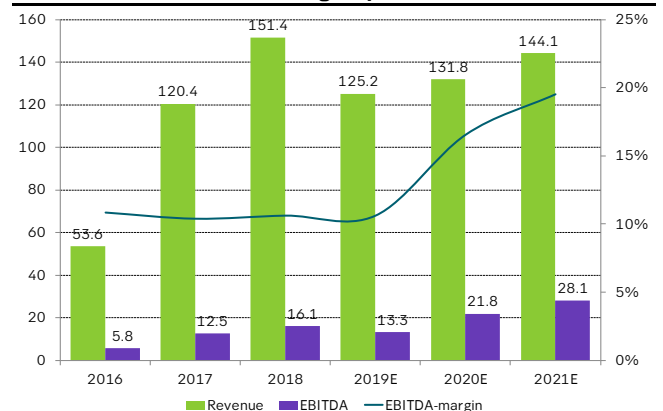
Source: SEB

Revenue per segment



Source: SEB

Revenue and EBITDA for the group



Source: SEB

Valuation

The stock currently trades at an EV/EBIT 7.1x for 2021E on our updated estimates. As 2019 is coming to an end, we switch base for our SOTP valuation to 2020, which suggests a value of SEK 17 per share. We have lowered our EV/EBITDA multiple in Media to 5x from 8x to reflect change in valuation of listed affiliate peers.

SOTP						
(EURm)	2018	2019E	2020E	EV/EBITDA SEB 2020E	EV/Sales 2020E	EV Contribution 2020E
GiG Media						
Revenues	34.0	34.3	31.8			
EBITDA	18.3	18.3	16.1	5.0x		80.5
GiG Core						
Revenues	27.1	16.6	17.6			
EBITDA	5.9	-5.3	-1.3		3.0x	52.8
GiG Sports & Games						
Revenues	1.5	1.2	3.5			
EBITDA	-7.0	-5.8	0.1		4.0x	10.6
GiG Gaming						
Revenues	99.8	81.2	86.9			
EBITDA	-0.5	6.0	6.9		0.5x	43.4
Enterprise Value						187
NIBD YE 2019E						45
Equity value						142
NOS						90
Equity value / share (EUR)						1.59
EURSEK						10.6
Equity value / share (SEK)						16.8

Source: SEB

Peer valuation

Company	Mkt cap. (SEKbn)	PER			EV/EBITDA			EV/EBIT			EV/sales			Div.Yield (%)	
		2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2018	2019
Operators															
Kindred	10.9	19.2	12.7	11.7	8.9	6.6	6.2	16.2	11.3	10.5	1.3	1.0	0.9	6.9%	6.5%
LeoVegas	2.9	17.4	15.2	9.6	6.5	5.6	3.9	15.1	12.8	7.4	0.9	0.7	0.5	3.1%	4.3%
Betsson	5.7	7.7	6.8	7.4	5.0	3.9	3.7	7.1	5.6	5.5	1.2	1.0	0.8	5.7%	6.9%
JackpotJoy	9.5	7.8	6.3	5.4	8.2	7.1	6.5	11.8	9.2	8.4	2.3	2.2	2.0	0.0%	0.0%
Global Gaming	0.2	(2.2)	(17)	n.a.	(1.3)	(18.3)	97.0	(1.1)	(7.7)	(15.4)	0.3	0.4	0.3	0.0%	0.0%
Paddy Power Betfair	77.9	28.7	26.6	22.9	18.8	17.4	15.2	28.0	25.4	21.3	3.5	3.2	2.9	2.2%	2.2%
888 Holding	5.6	13.4	12.7	11.5	6.8	6.6	6.0	9.9	9.2	8.6	1.1	1.0	0.9	10.3%	6.8%
William Hill	17.4	16.7	14.0	10.9	8.4	8.0	7.0	15.4	13.8	11.2	1.3	1.4	1.3	7.0%	4.6%
GVC	58.6	13.9	11.5	9.5	10.2	9.0	8.0	13.5	12.3	10.5	2.0	2.0	1.9	3.7%	4.0%
Median		13.9	12.7	9.6	8.2	6.6	6.5	13.5	11.3	8.6	1.3	1.0	0.9	3.7%	4.3%
Suppliers															
Evolution Gaming	54.2	33.9	29.5	25.1	26.4	21.9	18.3	30.8	25.7	21.7	13.1	10.7	9.0	2.4%	1.5%
Kambi	4.0	36.1	19.7	20.8	12.4	8.7	9.5	25.0	14.6	17.5	3.8	3.1	2.9	0.0%	0.0%
NetEnt	5.9	13.1	10.6	9.2	9.1	6.8	6.1	14.4	10.6	9.1	4.5	3.6	3.2	6.7%	7.7%
Playtech	12.0	8.4	8.2	7.2	4.4	4.3	4.0	7.4	7.4	6.9	1.1	1.1	1.0	9.8%	5.6%
Aspire Global	1.2	10.9	7.2	6.2	4.6	4.3	3.5	5.5	5.3	4.2	0.8	0.7	0.6	4.1%	4.5%
Catena Media	1.8	7.8	5.7	4.7	7.0	5.6	4.9	10.2	7.6	6.5	3.0	2.7	2.4	n.a.	n.a.
Raketech	0.3	6.6	5.0	5.1	2.6	1.6	0.8	4.3	2.7	1.5	1.1	0.7	0.4	n.a.	n.a.
Better Collective	3.8	20.0	17.4	14.2	11.7	8.7	6.6	14.9	10.8	8.2	5.0	3.9	3.0	n.a.	n.a.
XL Media	0.8	4.6	6.9	3.5	1.8	2.3	1.7	2.4	5.3	1.9	0.7	0.8	0.7	21.7%	13.8%
Net Gaming	0.3	-	-	-	-	-	-	-	-	-	-	-	-	n.a.	n.a.
Median		10.3	8.5	7.0	6.4	5.1	4.5	9.1	7.5	6.7	2.7	2.3	2.0	5.4%	5.0%

Source: SEB

Our DCF model with 10% WACC yields a mid-point value of SEK 22 and a range of SEK 14-30 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	939	Risk free interest rate	5.0
NPV of continuing value	1,538	Risk premium	5.0
Value of operation	2,478	Cost of equity	10.0
Net debt	539	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 (%)	10.0
DCF value of equity	1,938	EBIT multiple - steady state (x)	16.6
DCF value per share (SEK)	22	Continuing value (% of NPV)	62.1
Current share price (SEK)	6.03		
DCF performance potential (%)	259		

Source: SEB

DCF Sensitivity analysis

		Cost of equity (%)					
		80	9.0	9.5	10.0	10.5	11.0
Equity capital weight (%)	80	35	33	30	28	26	
	90	30	28	26	24	22	
	100	25	23	22	20	18	
		Relative change in EBITDA margin - all years					
		-2%	-1%	0	+1%	+2%	
Rel. change in sales growth - all years	-2%	14	17	20	23	26	
	-1%	15	18	21	24	27	
	0	15	18	22	25	28	
	+1%	16	19	22	26	29	
	+2%	16	20	23	26	30	

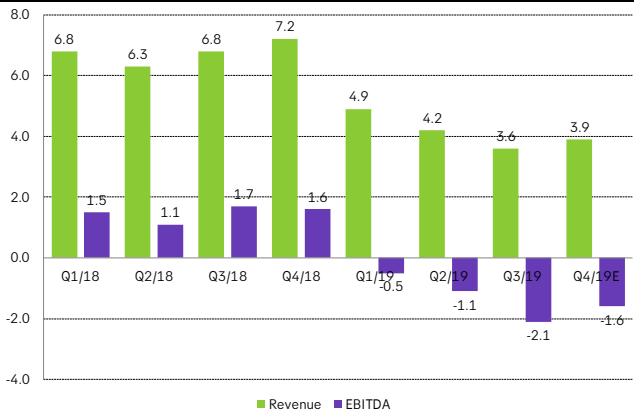
Source: SEB

DCF – assumption details

(SEKm)	2019E	2020E	2021E	2022E	2023E	Average year 6	Average year 7-8	Average year 9-10
Sales growth (%)	(17.3)	5.3	9.3	8.0	6.0	5.0	3.5	2.8
EBITDA margin (%)	10.6	16.5	19.5	19.5	19.4	19.3	19.0	18.4
EBIT margin (%)	(12.7)	1.2	8.2	9.1	9.6	9.9	10.1	10.0
Gross capital expenditures as % of sales	10.5	9.9	10.5	7.6	7.6	7.6	7.6	7.6
Working capital as % of sales	(7.0)	(7.6)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)
Sales	125	132	144	156	165	173	183	194
Depreciation	0	0	0	0	0	0	0	0
Intangibles amortisation	(29)	(20)	(16)	(16)	(16)	(16)	(16)	(16)
EBIT	(16)	2	12	14	16	17	18	19
Taxes on EBIT	(1)	(2)	(3)	(3)	(4)	(4)	(4)	(4)
Increase in deferred taxes	0	0	0	0	0	0	0	0
NOPLAT	12	19	25	27	29	30	31	32
Gross capital expenditure	(13)	(13)	(15)	(12)	(13)	(13)	(14)	(15)
Increase in working capital	3	1	1	1	1	1	0	0
Free cash flow	1	8	11	16	17	17	18	17
ROIC (%)	8.9	15.0	18.5	20.7	22.7	24.4	26.3	28.0
ROIC-WACC (%)	(1.0)	5.0	8.5	10.8	12.7	14.4	16.3	18.0
Share of total net present value (%)	0.0	0.3	0.4	0.5	0.5	0.5	0.8	0.7

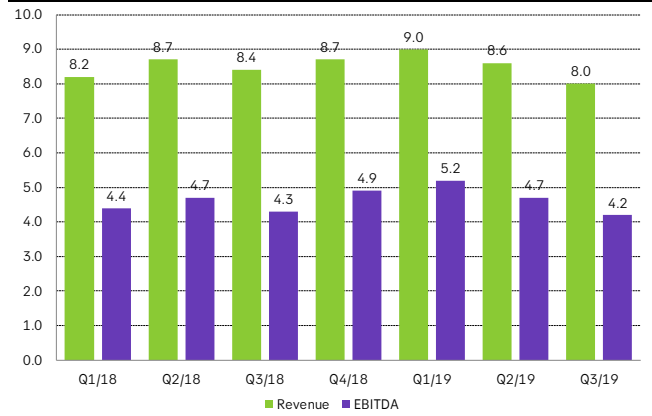
Source: SEB

GiG Core



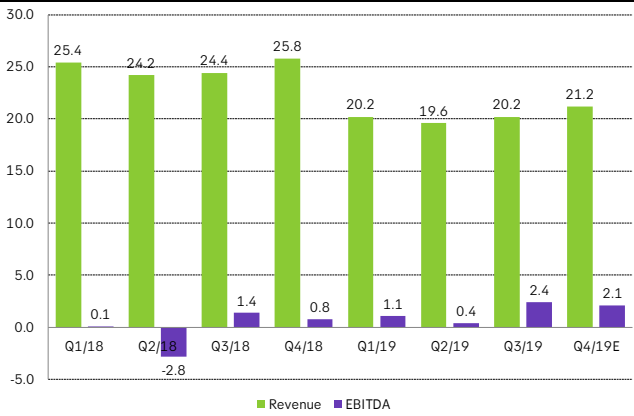
Source: SEB

GiG Media



Source: SEB

GiG Gaming



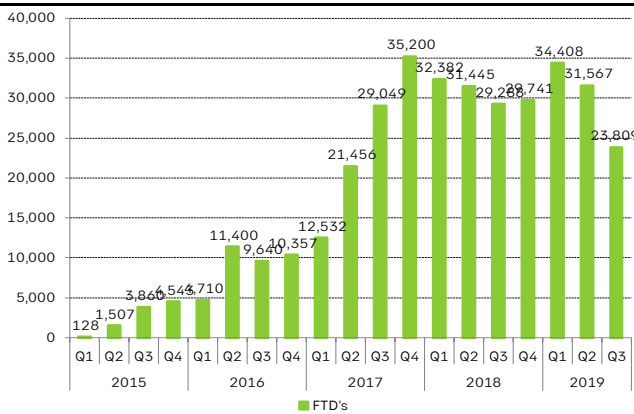
Source: SEB

GiG Sport and Games



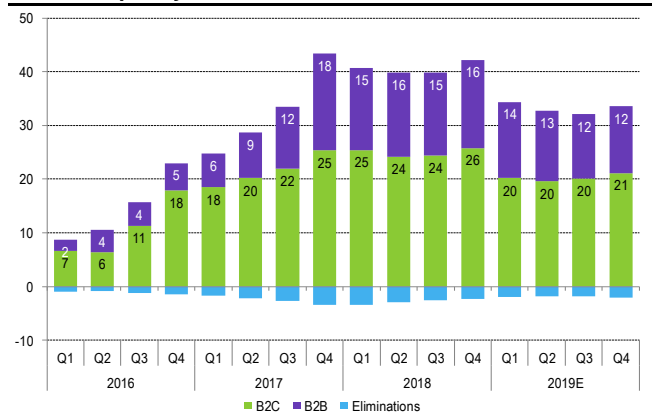
Source: SEB

GiG Media FTDs



Source: SEB

Revenue split by B2B and B2C



Source: SEB

Overview

Investment case

GiG has invested heavily over the past years in creating a fully integrated iGaming conglomerate. We find the business model interesting and rational, although having multiple focus areas can be heavy on resources. Over the past year financial performance have been negatively affected by regulatory implementations in Europe and the company has set in motion efforts to regain growth and recover profitability.

Company profile

Gaming Innovation Group is an internet gambling (iGaming) conglomerate, aiming to be the key partner for aspiring and existing iGaming companies. 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.

Target price 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	125	132	144
Other revenues	0	0	0	0	0	0
Total revenues	54	120	151	125	132	144
Total expenses	(48)	(108)	(135)	(112)	(110)	(116)
Profit before depreciation	6	13	16	13	22	28
Depreciation - Fixed assets	0	0	0	0	0	0
Depreciation - Other assets	0	0	0	0	0	0
Amortisation - Goodwill	0	0	0	0	0	0
Amortisation - Other intangibles	(3)	(11)	(34)	(29)	(20)	(16)
Operating profit	3	2	(18)	(16)	2	12
Net interest expenses	0	(1)	(2)	(5)	(5)	(4)
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)	(20)	(3)	7
Minority interests	0	0	0	0	0	0
Total taxes	(0)	(1)	(1)	0	0	(1)
Reported profit after tax	2	(0)	(23)	(20)	(3)	7
Discontinued operations	0	0	0	0	0	0
Extraordinary items	(0)	0	0	0	0	0
Net Profit	2	(0)	(23)	(20)	(3)	7
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	3	11	34	29	20	16
Restructuring charges	0	0	0	0	0	0
Other adjustments	(3)	(11)	(20)	(26)	(20)	(16)
Tax effect of adjustments	0	0	0	0	0	0
Adjusted profit after tax	1	(0)	(6)	(17)	(3)	7
Margins, tax & returns						
Operating margin	5.2	1.3	(11.6)	(12.7)	1.2	8.2
Pre-tax margin	5.1	0.5	(14.4)	(16.3)	(2.3)	5.1
Tax rate	13.2	175.2	(3.4)	0.6	11.0	11.0
ROE	4.6	(0.4)	(23.0)	(26.2)	(4.0)	9.6
ROCE	5.3	1.1	(10.8)	(11.2)	1.2	9.0
Growth rates y-o-y (%)						
Total revenues	n.a.	124.6	25.7	(17.3)	5.3	9.3
Operating profit	n.m.	(41.9)	n.m.	n.m.	n.m.	671.6
Pre-tax profit	n.m.	(79.9)	n.m.	n.m.	n.m.	n.m.
EPS (adjusted)	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow						
(EURm)	2016	2017	2018	2019E	2020E	2021E
Net profit	2	(0)	(23)	(20)	(3)	7
Non-cash adjustments	2	11	36	29	20	16
Cash flow before work cap	4	10	14	9	18	23
Ch. in working capital / Other	6	(2)	3	3	1	1
Operating cash flow	10	8	16	12	19	24
Capital expenditures	(5)	(67)	(11)	(13)	(13)	(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	(2)	6	9
Net loan proceeds	2	62	2	1	(1)	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	(1)	5	9
Adjustments						
C/flow bef chng in work cap	4	10	14	9	18	23
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	9	18	23
Per share information						
Cash earnings	0.01	0.01	0.15	0.1	0.2	0.25
Operating cash flow	0.02	0.01	0.18	0.13	0.21	0.26
Free cash flow	0.01	(0.06)	0.04	(0.02)	0.07	0.09
Investment cover						
Capex/sales (%)	0.0	0.0	0.0	0.0	0.0	0.0
Capex/depreciation (%)	0	0	0	0	0	0

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	15	14	19	27
Debtors	13	25	29	23	26	28
Inventories	0	0	0	0	0	0
Other	0	0	0	0	0	0
Current assets	19	37	43	36	45	55
Interest bearing fixed assets	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0
Capitalized development cost	0	0	0	13	26	41
Goodwill	64	69	69	69	69	69
Other intangibles	41	92	70	40	20	4
Fixed tangible assets	0	0	0	0	0	0
Other fixed assets	2	7	8	8	8	8
Fixed assets	108	169	147	131	123	122
Total assets	126	206	190	167	168	178
Creditors	15	29	34	32	36	39
Other trade financing	0	0	0	0	0	0
S/T interest bearing debt	0	0	0	0	0	0
Other	3	0	1	0	0	0
Current liabilities	18	29	35	32	36	39
L/T interest bearing debt	0	66	64	65	64	64
Other long-term liabilities	3	1	2	2	2	2
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	67	68	67	67
Minority interests	0	0	0	0	0	0
Shareholders' equity	105	109	88	67	65	71
Total liabilities and equity	126	206	190	167	168	177
Net debt (m)	(6)	54	50	51	45	37
Working capital (m)	(6)	(4)	(6)	(9)	(10)	(11)
Capital employed (m)	105	175	152	132	129	136
Net debt/equity (%)	(6)	50	56	76	70	52
Net debt/EBITDA (x)	(1.0)	4.3	3.1	3.9	2.1	1.3
Equity/total assets (%)	83	53	46	40	39	40
Interest cover	0.0	1.5	(11.0)	(3.5)	0.3	2.6

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	6.0	6.0	6.0
Share price, high	51.2	61.8	64.6	25.0		
Share price, low	17.5	27.0	20.6	4.5		
Share price, avg	33.1	46.2	42.5	12.5		
EPS (reported)	0.00	(0.00)	(0.25)	(0.23)	(0.03)	0.07
EPS (adjusted)	0.00	(0.00)	(0.07)	(0.19)	(0.03)	0.07
Cash earnings/share	0.01	0.01	0.15	0.10	0.20	0.25
Dividend/share	0.00	0.00	0.00	0.00	0.00	0.00
Enterprise value/share	3.2	5.1	2.8	1.1	1.1	1.0
Book value/share	0.2	0.1	1.0	0.8	0.7	0.8
Adjusted equity/share	0.2	0.1	1.0	0.8	0.7	0.8
PER (adjusted)	n.m.	n.m.	n.m.	n.m.	n.m.	7.7
CEM	533.5	430.0	14.7	5.7	2.9	2.2
Dividend yield	0.0	0.0	0.0	0.0	0.0	0.0
EV/EBITDA	349.2	363.1	15.7	7.6	4.4	3.1
EV/EBITA	349.2	363.1	15.7	7.6	4.4	3.1
EV/EBIT	733.3	2,825.9	(14.3)	(6.4)	62.3	7.4
EV/Sales (x)	37.89	37.75	1.66	0.81	0.73	0.60
Price/Book value	19.37	41.30	2.31	0.75	0.78	0.71
Price/adjusted equity	19.37	41.30	2.31	0.75	0.78	0.71
Free cash flow/Market cap (%)	n.a.	n.a.	2.4	(3.1)	11.7	16.9
Operating cash flow/EV (%)	0.5	0.2	6.5	11.3	19.7	27.1
EV/Capital employed (x)	19.3	25.9	1.7	0.8	0.7	0.6

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	Richard Brown	Phone number
Robin Reed	7.2	7.2		CFO	Tore Formo	
				IR	Anna-Lena Ahnström	

Source for all data on this page: SEB

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