Corporate Research

Gaming Innovation Group

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	Results Analysis	Leisure	Norway	05 May 2021

Path remains outlined

Quarterly results were close to our expectation and we view it as another indication that the company remains on its path of operational improvement and towards its long-term financial targets. We have raised our 2021-23 EBITDA estimates by 7-9%, mainly due to stronger growth trajectory in Media Services. Our DCF value range is updated to SEK 27-40 and our SOTP value is SEK 30 per share.

Strong start to Q2, according to trading update, and long-term targets remain

The company reiterated its financial targets of double-digit organic growth and >40% EBITDA margin by 2025, which in our view appear credible. We estimate 11% normalised revenue CAGR in 2021-23 and the EBITDA margin to expand to 37.1%. The trading update for Q2 underlined that April showed 35% y/y growth, and we update our estimate to 33.5% for the full second quarter

Media Services sees strong growth, Platform Services margin expansion

Media Services' revenues were higher than our expectation at EUR 10.0 (SEB EUR 9.5m) and the company reported good momentum, with a new record in FTD, +56% y/y and +31% q/q. As the majority of FTD is referred via revenue share (45%) and hybrid contracts (50%), it bodes well for growth in the coming quarter. GiG had 10 platform brands in the Platform Services integration pipeline at quarter-end, in addition to two awaiting launch in the short-term. With the mix of white label having almost been fully phased out, not inhibiting growth in Platform Services anymore, we expect normalised EBITDA margin expansion to accelerate with the growth momentum and we forecast doubled digit in Q2.

Valuation update summary

We have updated our valuation assumptions, and our SOTP derives a value of SEK 30, while recent strengthening of the share price suggests that investors have started to recognise and discount the turnaround efforts. Our updated DCF analysis yields a mid-point value of SEK 33 using a 10% CoE.

Financials (EUR)

Year end: Dec	2019	2020	2021E	2022E	2023E
Revenues (m)	123	83	86	99	108
Adj. EBIT	(30)	(7)	11	18	21
Pre-tax profit (m)	(64)	(12)	7	13	16
EPS	(0.72)	(0.14)	0.08	0.12	0.15
Adj. EPS	(0.23)	(0.12)	0.07	0.12	0.15
DPS	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	(18.7)	(32.5)	3.6	14.6	9.3
Adj. EBIT growth (%)	n.m.	n.m.	n.m.	61.6	16.3
Adj. EPS growth (%)	n.m.	n.m.	n.m.	72.7	23.8
Adj. EBIT margin (%)	(24.4)	(8.3)	13.1	18.5	19.7
ROE (%)	n.m.	(95.0)	101.5	67.4	47.6
ROCE (%)	(23.6)	(8.6)	18.5	26.0	25.7
PER (x)	n.m.	n.m.	29.2	16.9	13.7
Free cash flow yield (%)	(3.2)	(0.7)	5.8	7.7	7.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
P/BV (x)	3.14	29.67	17.20	8.53	5.25
EV/Sales (x)	1.13	1.79	2.57	2.10	1.78
EV/Adj. EBITDA (x)	9.8	11.7	9.1	7.0	5.9
EV/Adj. EBIT (x)	(4.6)	(21.7)	19.6	11.3	9.0
Operating cash flow/EV (%)	6.9	5.0	8.6	11.7	13.6
Net debt/Adj. EBITDA (x)	4.89	3.32	1.32	0.60	0.08

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

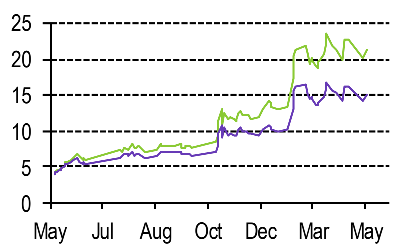
Key Data (2021E)

Price (SEK)	21.40
Reuters	GIGSEK.ST
Bloomberg	GIGSEK.SS
Market cap (SEKm)	1,926
Market cap (USDm)	227
Market cap (EURm)	189
Net debt (EURm)	32
Net gearing	293%
Net debt/EBITDA (x)	1.3
Shares fully dil. (m)	900.0
Avg daily turnover (m)	0.0
Free float	54%

Estimate Revisions (%)

	2021E	2022E	2023E
Revenues	5	5	5
Adj. EBIT	25	16	14
Adj. EPS	119	25	20

Share Price (12M)



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

Marketing communication commissioned by: Gaming Innovation Group

Estimates update

Reported results were close to expectation, normalised revenue was EUR 15.4m vs SEB at EUR 15.0m, corresponding to growth of 44% y/y. Media Services performed slightly stronger than we had forecasted. The main negative deviation on EBITDA vs our estimate (EUR 4.6m vs SEB at EUR 4.9m, 29.6% margin vs 32.9%) stemmed from higher losses in Sport Betting Services (EUR -0.4m vs SEB EUR 0.0m). We have raised our assumed growth trajectory for Media and we now account for a longer period of losses in Sports Betting Services. In summary, we raise our revenue estimates by 5% and EBITDA by 7-9% for 2021-2023.

The company reported that April generated revenue 40% better than the same period last year, in the comparable group structure. This was higher than our 18% estimate and on our updated forecast we expect the quarter to close with 33.4% growth. Overall, it appears that the company remains on its trajectory of improved operational performance. The company has started the process to refinance the SEK 400m bond which matures in 2022. The long-term financial targets were reiterated:

- Growth: annual double-digit organic growth.
- Profitability: EBTIDA margin >40% by 2025.
- Leverage: Cash generated from the business will be used to lower leverage ratio while pursuing growth opportunities.

Revenue and EBITDA, new GiG, normalised and reported

New GiG - B2B	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21E	Q3/21E	Q4/21E	2020	2021E	2022E	2023E
Revenue reported	11.2	16.7	17.9	17.3	18.3	21.3	22.7	23.7	63.0	86.0	98.6	107.7
Revenue normalised	**10.7**	**13.2**	**14.2**	**14.2**	**15.2**	**17.6**	**18.2**	**19.1**	**52.3**	**70.3**	**80.5**	**86.9**
growth y/y	-13.0%	16.3%	40.2%	38.2%	44.0%	33.4%	28.3%	28.3%	19.3%	36.4%	14.5%	8.0%
EBITDA	**0.6**	**2.8**	**3.2**	**4.1**	**4.6**	**5.9**	**6.7**	**7.2**	**10.8**	**24.3**	**29.5**	**28.9**
margin normalised	5.6%	21.2%	22.5%	29.2%	29.6%	33.6%	36.8%	37.5%	20.6%	34.5%	36.7%	37.1%

Source: SEB

Estimate revisions

	New estimates			Old estimates			Difference (%)		
(SEKm)	**2021E**	**2022E**	**2023E**	**2021E**	**2022E**	**2022E**	**2021E**	**2022E**	**2022E**
Net sales	86.0	98.6	107.7	82.0	93.7	102.8	5%	5%	5%
Gross Profit	81.9	93.7	102.4	77.9	89.1	97.7	5%	5%	5%
EBITDA	24.3	29.5	32.3	22.7	27.1	29.7	7%	9%	9%
EBIT	11.3	18.3	21.3	9.0	15.8	18.7	25%	16%	14%
PTP	6.4	12.5	15.5	3.3	10.1	13.0	92%	25%	20%
EPS	0.08	0.12	0.15	0.03	0.10	0.13	147%	25%	20%
Normalized revenue	70.3	80.5	86.9	64.5	73.3	79.3	9%	10%	10%
EBITDA adj.	24.3	29.5	32.3	22.7	27.1	29.7	7%	9%	9%
Margins									
EBITDA margin	28.3%	30.0%	30.0%	27.7%	28.9%	28.9%	0.6%	1.1%	1.0%
EBITDA normalized margin	34.5%	36.7%	37.1%	35.2%	36.9%	37.5%	-0.7%	-0.2%	-0.3%
EBIT margin	13.1%	18.5%	19.7%	11.0%	16.8%	18.2%	2.1%	1.7%	1.5%
Revenue									
Media Services	44.3	47.8	50.1	39.0	41.3	43.3	14%	16%	16%
Platform Services	40.6	49.4	56.1	41.8	50.9	57.8	-3%	-3%	-3%
Sport Betting Services	1.1	1.4	1.5	1.2	1.5	1.7	-8%	-9%	-9%
EBITDA									
Media Services	20.7	22.4	23.6	18.5	19.6	20.6	12%	15%	15%
Platform Services	3.9	7.0	8.6	4.0	7.2	8.8	-2%	-2%	-3%
Sport Betting Services	-0.4	0.1	0.2	0.2	0.3	0.4	-322%	-69%	-59%

Source: SEB

Valuation

SOTP indicates value of SEK 30

Valuation summary

Share price (SEK)	21		
Market Capitalization (SEKbn)	1.8		
SOTP valuation	30		
Mid-point DCF value (SEK)	33		
	Low	High	Mid-point
DCF valuation range	27	40	33
Implied multiples at SOTP SEK 30.0	**2021E**	**2022E**	**2023E**
EV/EBITDA	12.2x	10.1x	9.2x
EV/EBIT	26.3x	16.3x	14.0x
PER	36.6x	23.9x	19.3x

Source: SEB

Sum-of-the-parts valuation, base case value of SEK 30

Our SOTP calculation based on 2021E derives a value of SEK 30 per share. The increase in value compared with the last update stems from positive estimate revisions. Strong share price performance over the past six months suggests that investors have started to recognize the positive trend, where our SOTP previously suggested that a successful turnaround in Core was not discounted.

Sum-of-the-parts valuation

(EURm)	2020	2021E	2022E	EV/EBITDA SEB 2021E	EV/Sales 2021E	EV Contribution 2021E
GiG Media Services						
Revenues	34.4	44.3	47.8			
EBITDA	17.6	20.7	22.4	**10.0x**		**207.3**
GiG Platform Services						
Revenues	19.1	24.8	31.3			
EBITDA	-2.4	3.9	7.0		**3.5x**	**87.0**
GiG Sport Betting Services						
Revenues	0.7	1.2	1.4			
EBITDA	-3.6	0.2	0.1		**3.0x**	**3.3**
Enterprise Value						**298**
NIBD (ex. leases) as of last Q						33
Equity value						**264**
Shares (m)						90
Equity value / share (EUR)						**2.94**
EURSEK						10.2
Equity value / share (SEK)						**30.3**

Source: SEB

We use, in our view, quite conservative multiples in our SOTP valuation, although still reasonable when compared against listed peers. In a more bullish scenario, with higher risk appetite, there would be room to argue for higher multiples. For example, based on 2022E, using a multiple of 12x for Media (Better Collective trades at 18.8x) and valuing the combined Platform and Sport Betting Services at combined EUR 100m, would imply a share price of SEK 38, according to our sensitivity analysis.

SOTP sensitivity

EV/EBITDA Media Services	Value of Platform Services + Sports Betting Services EURm						
	70	85	100	115	130	145	160
6.0x	19.4	21.1	22.8	24.5	26.2	27.9	29.6
7.0x	22.0	23.7	25.4	27.1	28.8	30.5	32.2
8.0x	24.5	26.2	27.9	29.6	31.3	33.0	34.7
9.0x	27.1	28.8	30.5	32.2	33.9	35.6	37.3
10.0x	29.6	31.3	33.0	34.7	36.4	38.1	39.8
11.0x	32.2	33.9	35.6	37.3	39.0	40.7	42.4
12.0x	34.7	36.4	38.1	39.8	41.5	43.2	44.9
13.0x	37.3	39.0	40.7	42.4	44.1	45.8	47.5
14.0x	39.8	41.5	43.2	44.9	46.6	48.3	50.0

Source: SEB

DCF – mid-point value of SEK 33

For reference, our DCF model with 10% CoE yields a mid-point value of SEK 33 and a range of SEK 27-40 if we adjust our base case EBITDA margin and growth forecasts by +/- 2pp. Based on the current share price of c. SEK 21 the market is assigning an implied cost of equity of c. 14-15%, which although is quite high in the current market environment is down vs the 20-25% we estimated during a part of 2020 and a sign that investors have lowered the risk premium for GiG as proof has been given for the turnaround and improved earnings outlook.

DCF Summary

DCF valuation (SEKm)		**Weighted average cost of capital (%)**	
NPV of FCF in explicit forecast period	1,508	Risk free interest rate	5.0
NPV of continuing value	1,780	Risk premium	5.0
Value of operation	**3,287**	**Cost of equity**	**10.0**
Net debt	328	**After tax cost of debt**	**8.9**
Share issue/buy-back in forecast period	-		
Value of associated companies	-	**WACC**	**9.9**
Value of minority shareholders' equity	-		
Value of marketable assets	-	**Assumptions**	
DCF value of equity	**2,959**	Number of forecast years	10
DCF value per share (SEK)	**32.9**	EBIT margin - steady state (%)	27.0
Current share price (SEK)	21	EBIT multiple - steady state (x)	9.2
DCF performance potential (%)	57	Continuing value (% of NPV)	54.1

Source: SEB

DCF Sensitivity

		Cost of equity (%)				
		9.0	9.5	**10.0**	10.5	11.0
Equity capital weight (%)	70	49.6	46.7	44.1	41.7	39.6
	80	42.7	40.2	37.8	35.7	33.8
	90	37.3	35.0	**32.9**	31.0	29.2
	100	32.9	30.8	28.9	27.2	25.6

		Absolute change in EBITDA margin - all years				
		-2%	-1%	**0**	+1%	+2%
Abs. change in sales growth - all years	-2%	27.1	28.2	29.4	30.6	31.7
	-1%	28.6	29.9	31.1	32.3	33.5
	0	30.3	31.6	**32.9**	34.2	35.5
	+1%	32.0	33.4	34.8	36.1	37.5
	+2%	33.9	35.3	36.7	38.2	39.6

Source: SEB

DCF – assumption details

(SEKm)	2021E	2022E	2023E	2024E	2025E	Average year 6	Average year 7-8	Average year 9-10
Sales growth (%)	3.6	14.6	9.3	10.0	10.0	8.0	5.5	3.3
EBITDA margin (%)	28.3	30.0	30.0	29.0	30.0	31.0	32.5	34.5
EBIT margin (%)	13.1	18.5	19.7	21.6	22.6	23.6	25.1	26.8
Gross capital expenditures as % of sales	10.6	9.7	10.4	10.0	10.0	10.0	10.0	10.0
Working capital as % of sales	(13.7)	(13.7)	(13.7)	(13.7)	(13.7)	(13.7)	(13.7)	(13.7)
Sales	86	99	108	119	130	141	153	165
Depreciation	(8)	(8)	(8)	(9)	(10)	(10)	(11)	(13)
Intangibles amortisation	(5)	(3)	(3)	0	0	0	0	0
EBIT	11	18	21	26	29	33	38	44
Taxes on EBIT	(2)	(2)	(3)	(3)	(3)	(4)	(4)	(5)
Increase in deferred taxes	0	0	0	0	0	0	0	0
NOPLAT	**15**	**19**	**22**	**23**	**26**	**30**	**34**	**39**
Gross capital expenditure	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Increase in working capital	3	2	1	1	2	1	1	1
Free cash flow	**16**	**19**	**20**	**21**	**24**	**27**	**31**	**36**
ROIC (%)	22.5	25.3	24.1	24.9	28.2	31.0	34.4	37.3
ROIC-WACC (%)	12.6	15.4	14.2	15.1	18.3	21.2	24.5	27.4
Share of total net present value (%)	0.0	0.5	0.5	0.5	0.5	0.5	1.0	1.0

Source: SEB

Forecasts per segment

(EURm)	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21E	Q3/21E	Q4/21E	2019	2020	2021E	2022E	2023E
Media Services													
Revenue	8.2	8.6	8.6	9.0	10.0	11.2	11.4	11.7	33.1	34.4	44.3	47.8	50.1
EBITDA	4.5	4.8	4.0	4.3	4.6	5.3	5.4	5.5	18.1	17.6	20.7	22.4	23.6
margin	55%	55%	47%	48%	46%	47%	47%	47%	55%	51%	47%	47%	47%
Platform Services													
Revenue	4.3	8.2	9.1	8.1	8.1	9.8	10.9	11.7	17.2	29.7	40.6	49.4	56.1
EBITDA	-1.6	-0.9	-0.1	0.2	0.3	0.7	1.3	1.6	-5.1	-2.4	3.9	7.0	8.6
margin reported	-37%	-11%	-1%	2%	4%	7%	12%	14%	-30%	-8%	10%	14%	15%
Revenue normalized	3.8	4.7	5.7	4.9	5.2	6.1	6.5	7.1	17.0	19.1	24.8	31.3	35.2
margin normalized	-42%	-20%	-2%	4%	6%	11%	20%	23%	-30%	-13%	16%	22%	24%
Sport Betting Services													
Revenue	0.2	0.1	0.2	0.2	0.2	0.3	0.3	0.3	1.0	0.7	1.1	1.4	1.5
EBITDA	-1.7	-0.9	-0.7	-0.3	-0.4	0.0	0.0	0.0	-6.8	-3.6	-0.4	0.1	0.2
margin	-708%	-671%	-350%	-150%	-200%	-10%	5%	5%	-654%	-520%	-36%	6%	10%
GiG Gaming													
Revenue	20.0	2.9	0.0	0.0					79.0	22.9			
EBITDA	1.2	-0.8	0.0	0.0					8.0	0.4			
margin	6%	-28%	0%	0%					10%	2%			
Eliminations													
Revenue	-1.58	-0.3	0.0	0.0					-7.3	-1.9			
EBITDA	0.0	0.0	0.0	0.0					0.0	0.0			

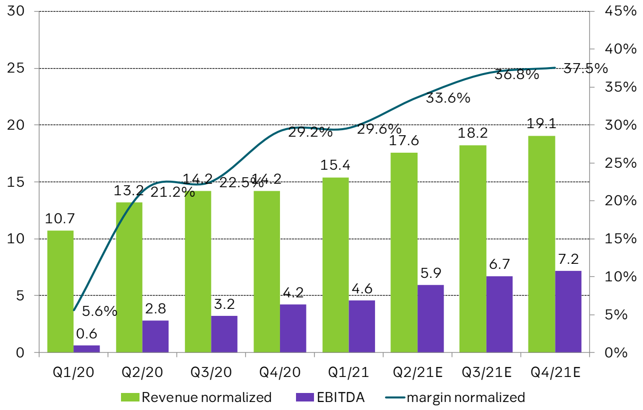
Source: SEB

Interim financial forecasts

(EURm)	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21E	Q3/21E	Q4/21E	2019	2020	2021E	2022E	2023E
Revenue	31.1	16.7	17.9	17.3	18.3	21.3	22.7	23.7	123.0	83.0	86.0	98.6	107.7
Revenue normalised	**10.7**	**13.2**	**14.2**	**14.2**	**15.4**	**17.6**	**18.2**	**19.1**	**43.9**	**52.3**	**70.3**	**80.5**	**86.9**
COGS	-6.8	-0.8	-0.9	-0.8	-0.8	-1.1	-1.1	-1.2	-24.1	-9.3	-4.2	-4.9	-5.3
Gross profit	**24.3**	**15.9**	**17.0**	**16.4**	**17.5**	**20.3**	**21.5**	**22.6**	**98.9**	**73.7**	**81.9**	**93.7**	**102.4**
Marketing cost	-8.9	-4.5	-4.5	-4.2	-4.7	-4.7	-5.1	-5.4	-31.1	-22.1	-19.9	-22.5	-24.9
Marketing cost/revenue	-28.6%	-27.0%	-25.3%	-24.3%	-25.6%	-22.1%	-22.4%	-22.7%	-25.3%	-26.7%	-23.1%	-22.8%	-23.1%
Other OPEX	-12.9	-8.5	-9.3	-8.1	-8.2	-9.7	-9.8	-10.0	-53.7	-38.8	-37.7	-41.7	-45.2
Other OPEX/revenue	-41.4%	-51.1%	-51.9%	-47.0%	-45.0%	-45.3%	-43.1%	-42.2%	-43.6%	-46.8%	-43.8%	-42.3%	-42.0%
EBITDA	**2.5**	**2.8**	**3.2**	**4.1**	**4.6**	**5.9**	**6.7**	**7.2**	**14.1**	**12.7**	**24.3**	**29.5**	**32.3**
EBITDA (%)	8.1%	17.0%	17.8%	23.9%	24.9%	27.7%	29.6%	30.1%	11.5%	15.3%	28.3%	30.0%	30.0%
EBITDA normalised (%)	**n.a.**	**21.2%**	**22.5%**	**29.2%**	**29.6%**	**33.6%**	**36.8%**	**37.5%**	**8.0%**	**20.6%**	**34.5%**	**36.7%**	**37.1%**
EBIT	-2.9	-2.2	-1.6	-0.1	1.3	2.3	3.5	4.2	-55.7	-6.8	11.3	18.3	21.3
EBIT (%)	N/A	N/A	N/A	N/A	7.3%	10.8%	15.4%	17.6%	-45.3%	-8.3%	13.1%	18.5%	19.7%
NI	**-2.6**	**-5.2**	**-2.7**	**-3.7**	**2.1**	**0.8**	**1.8**	**2.4**	**-64.7**	**-14.1**	**7.2**	**11.2**	**13.8**
EPS	-0.03	-0.06	-0.03	-0.04	0.02	0.01	0.02	0.03	-0.72	-0.16	0.08	0.12	0.15

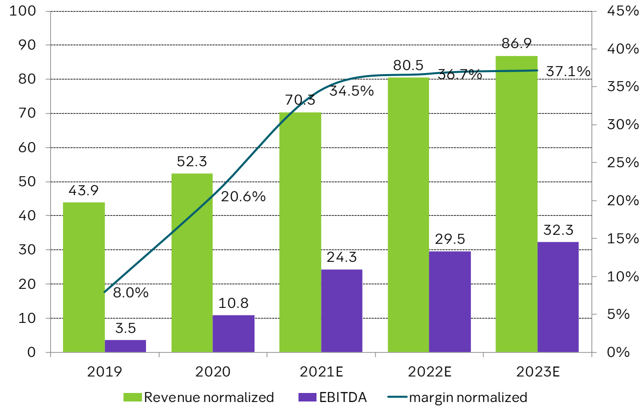
Source: SEB

Revenue & EBITDA, normalised per quarter (EURm)



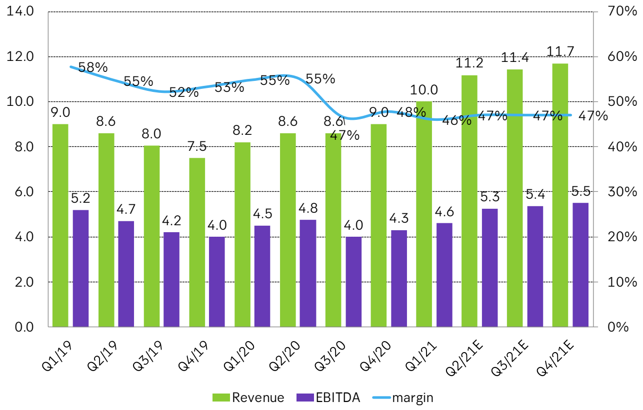
Source: SEB

Revenue & EBITDA, normalised per year (EURm)



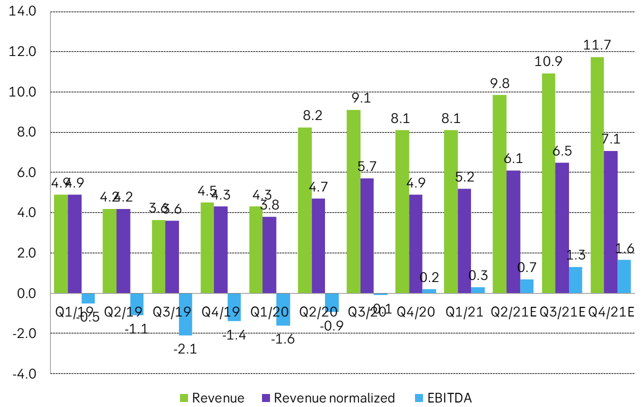
Source: SEB

Media – revenue and EBITDA per quarter (EURm)



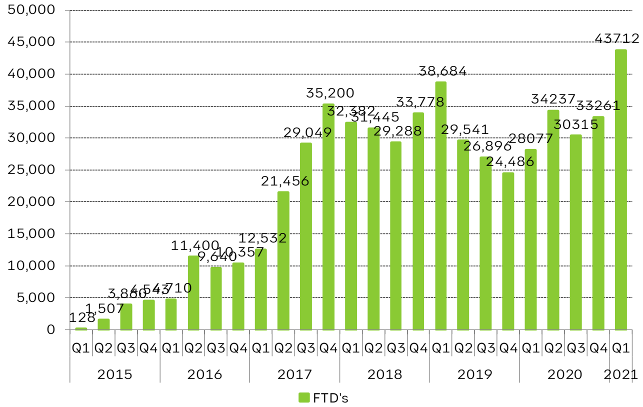
Source: SEB

Core – revenue and EBITDA per quarter (EURm)



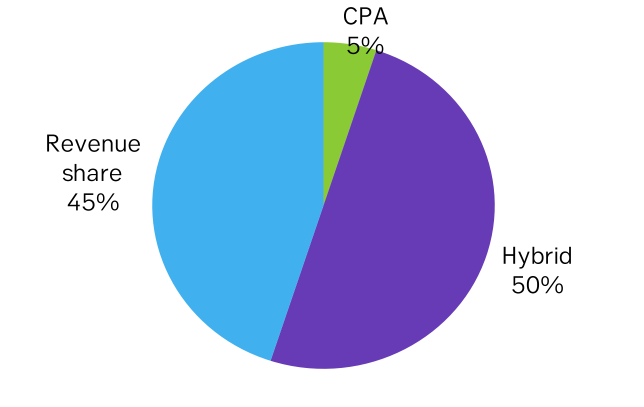
Source: SEB

FTDs



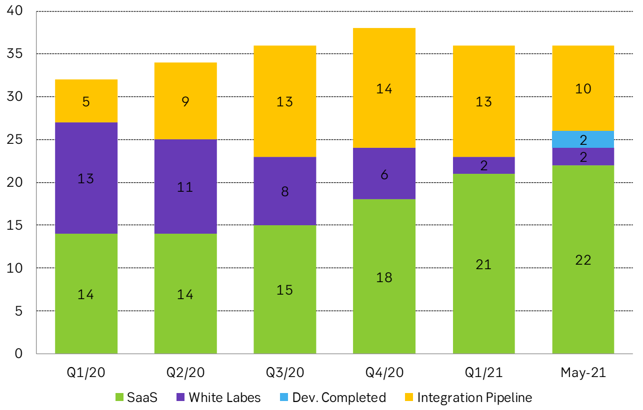
Source: SEB

FTD revenue mix split Q4



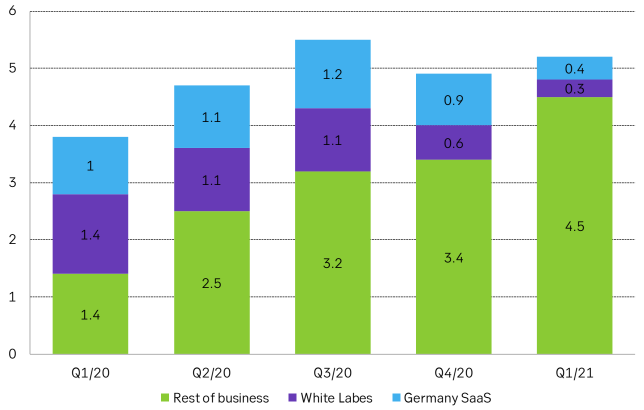
Source: SEB

Platform Services contract overview



Source: SEB

Revenue split per contract type



Source: SEB

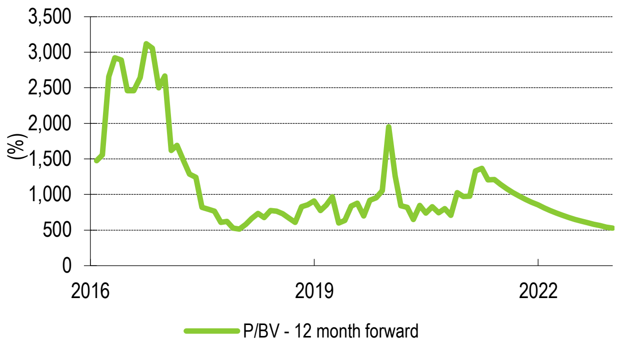
Overview

Investment considerations	Over the past years financial performance has been negatively affected by regulatory implementations in Europe and the company has set in motion efforts to regain growth and recover profitability. Divesting the B2C business to Betsson in April 2020 was a major initiative to release cash and re-focus the operation to B2B. Financial targets for the new company structure include double digit organic growth and to achieve an EBITDA margin in excess of 40% in 2025.
Company profile	Gaming Innovation Group is an internet gambling (iGaming) supplier, aiming to be the key partner for aspiring and existing iGaming companies and with global customer footprint. GiG has invested heavily over the years in creating a broad tool set and market-leading tech platform. The company offers services throughout the value chain via three business segments: Media Services - affiliate marketing and customer acquisition, Platform Services - software and platform solutions, Sports Betting Services - a proprietary Sportsbook product offering.
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 which are pure 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 among the operators. The company is in a turnaround phase, although financial risk has been reduced after the divestment of B2C more improvement is needed for the company to reach its targets and grow cash flow.

PER - 12 month forward

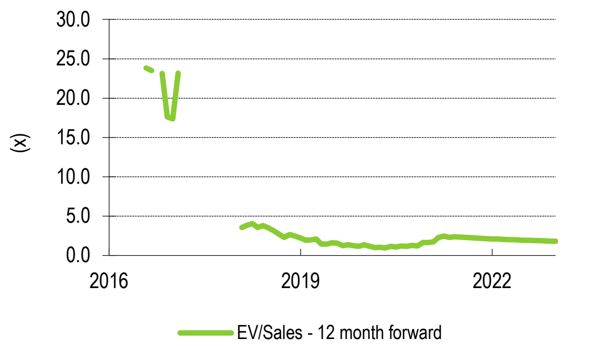
Source: SEB

P/BV - 12 month forward



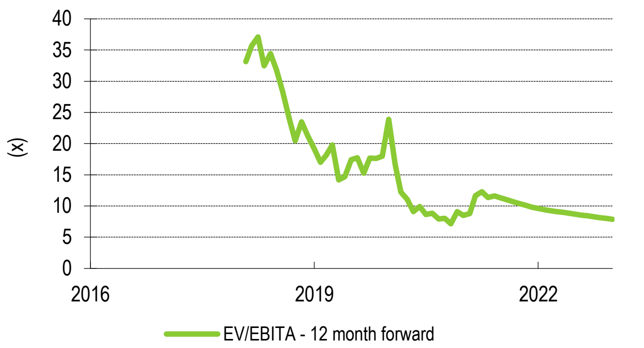
Source: SEB

EV/Sales - 12 month forward



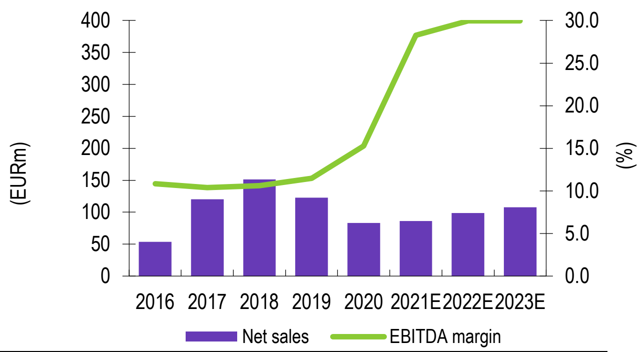
Source: SEB

EV/EBITA - 12 month forward



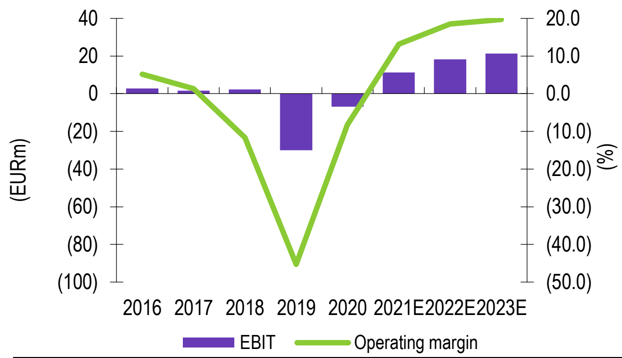
Source: SEB

Net sales & EBITDA margin



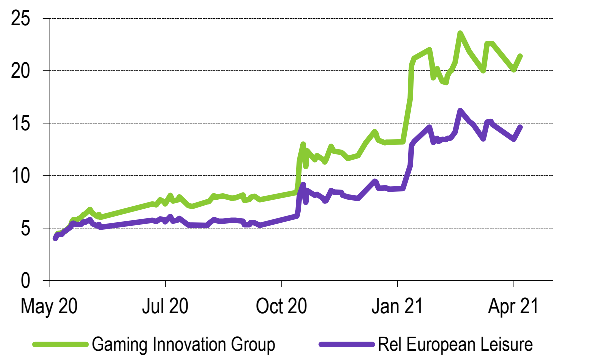
Source: SEB

EBIT & Operating margin



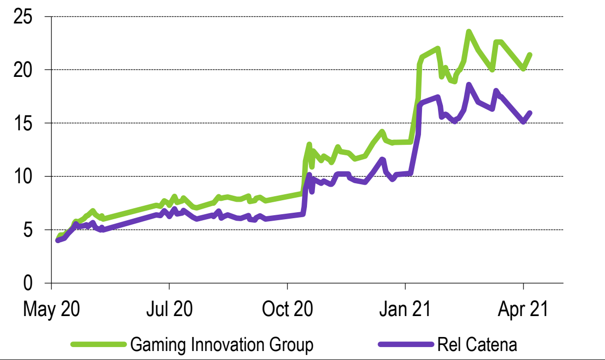
Source: SEB

Comparison with sector index - 1 year



Source: SIX

Comparison with Catena - 1 year



Source: SIX

Profit & loss statement - Gaming Innovation Group								
(EURm)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Net Sales	54	120	151	123	83	86	99	108
Other revenues	0	0	0	0	0	0	0	0
Total revenues	**54**	**120**	**151**	**123**	**83**	**86**	**99**	**108**
Total expenses	(48)	(108)	(135)	(109)	(70)	(62)	(69)	(75)
Profit before depreciation	**6**	**13**	**16**	**14**	**13**	**24**	**30**	**32**
Depreciation - Fixed assets	0	0	0	0	0	0	0	0
Depreciation - Other assets	0	0	0	0	(8)	(8)	(8)	(8)
Amortisation - Goodwill	0	0	0	0	0	0	0	0
Amortisation - Other intangibles	(3)	(11)	(34)	(70)	(12)	(5)	(3)	(3)
Operating profit	**3**	**2**	**(18)**	**(56)**	**(7)**	**11**	**18**	**21**
Net interest expenses	0	(1)	(2)	(8)	(4)	(6)	(6)	(6)
Foreign exchange items	0	0	0	0	0	0	0	0
Other financial items	(1)	0	0	0	0	0	0	0
Value changes - Fixed assets	0	0	0	0	0	0	0	0
Value changes - Financial assets	1	0	(3)	0	(2)	1	0	0
Value changes - Other assets	0	0	0	0	0	0	0	0
Reported pre-tax profit	**3**	**1**	**(22)**	**(64)**	**(12)**	**7**	**13**	**16**
Minority interests	0	0	0	0	0	0	0	0
Total taxes	(0)	(1)	(1)	(1)	(0)	1	(1)	(2)
Reported profit after tax	**2**	**(0)**	**(23)**	**(65)**	**(12)**	**7**	**11**	**14**
Discontinued operations	0	0	0	0	0	0	0	0
Extraordinary items	(0)	0	0	0	0	0	0	0
Net Profit	**2**	**(0)**	**(23)**	**(65)**	**(12)**	**7**	**11**	**14**
Adjustments:								
Discontinued operations	0	0	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0	0	0
Value changes	(1)	0	3	0	2	(1)	0	0
Goodwill/intangibles amortisations	3	11	34	70	12	5	3	3
Restructuring charges	0	0	0	0	0	0	0	0
Other adjustments	(3)	(11)	(20)	(26)	(12)	(5)	(3)	(3)
Tax effect of adjustments	0	0	0	0	0	0	0	0
Adjusted profit after tax	**1**	**(0)**	**(6)**	**(21)**	**(10)**	**6**	**11**	**14**
Margins, tax & returns								
Operating margin	5.2	1.3	(11.6)	(45.3)	(8.3)	13.1	18.5	19.7
Pre-tax margin	5.1	0.5	(14.4)	(52.1)	(14.4)	7.6	12.7	14.4
Tax rate	13.2	175.2	(3.4)	(1.0)	(2.4)	(13.6)	11.0	11.0
ROE	4.6	(0.4)	(23.0)	n.m.	(95.0)	101.5	67.4	47.6
ROCE	5.3	1.1	1.4	(23.6)	(8.6)	18.5	26.0	25.7
Growth rates y-o-y (%)								
Total revenues	n.a.	124.6	25.7	(18.7)	(32.5)	3.6	14.6	9.3
Operating profit	n.m.	(41.9)	n.m.	n.m.	n.m.	n.m.	61.6	16.3
Pre-tax profit	n.m.	(79.9)	n.m.	n.m.	n.m.	n.m.	92.8	23.8
EPS (adjusted)	0.0	0.0	0.0	0.0	0.0	0.0	72.7	23.8

Cash flow								
(EURm)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Net profit	2	(0)	(23)	(65)	(12)	7	11	14
Non-cash adjustments	2	11	36	70	21	9	11	11
Cash flow before work cap	**4**	**10**	**14**	**5**	**9**	**16**	**22**	**25**
Ch. in working capital / Other	6	(2)	3	4	(2)	3	2	1
Operating cash flow	**10**	**8**	**16**	**10**	**7**	**19**	**24**	**26**
Capital expenditures	(5)	(67)	(11)	(12)	(8)	(8)	(10)	(11)
Asset disposals	0	0	0	0	0	0	0	0
L/T financial investments	0	0	(1)	(0)	1	(1)	0	0
Acquisitions / adjustments	0	0	0	0	22	0	0	0
Free cash flow	**5**	**(58)**	**4**	**(2)**	**22**	**10**	**15**	**15**
Net loan proceeds	2	62	2	(0)	(18)	0	0	0
Dividend paid	0	0	0	0	0	0	0	0
Share issue	5	0	0	0	0	0	0	0
Other	(6)	2	(3)	(2)	(6)	0	0	0
Net change in cash	**6**	**6**	**3**	**(4)**	**(1)**	**10**	**15**	**15**
Adjustments								
C/flow bef chng in work cap	4	10	14	5	9	16	22	25
Adjustments	0	0	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0	0	0
Cash earnings	4	10	14	5	9	16	22	25
Per share information								
Cash earnings	0.01	0.01	0.15	0.06	0.1	0.18	0.25	0.28
Operating cash flow	0.02	0.01	0.18	0.11	0.08	0.21	0.27	0.29
Free cash flow	0.01	(0.06)	0.04	(0.03)	0.25	0.11	0.16	0.17
Investment cover								
Capex/sales (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capex/depreciation (%)	0	0	0	0	0	0	0	0

Source for all data on this page: SEB

Balance sheet - Gaming Innovation Group								
(EURm)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Cash and liquid assets	6	12	15	10	12	21	36	51
Debtors	13	25	29	22	16	16	19	21
Inventories	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Current assets	**19**	**37**	**43**	**32**	**27**	**38**	**55**	**72**
Interest bearing fixed assets	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	22	17	18	18	18
Capitalized development cost	0	0	0	0	0	0	2	5
Goodwill	64	69	69	41	16	16	16	16
Other intangibles	41	92	70	41	33	28	25	22
Fixed tangible assets	0	0	0	0	0	0	0	0
Other fixed assets	2	7	8	0	0	0	0	0
Fixed assets	**108**	**169**	**147**	**103**	**66**	**63**	**61**	**61**
Total assets	**126**	**206**	**190**	**136**	**93**	**101**	**116**	**133**
Creditors	15	29	34	33	25	28	32	35
Other trade financing	0	0	0	0	0	0	0	0
S/T interest bearing debt	0	0	0	32	3	0	0	0
Other	3	0	1	0	0	0	0	0
Current liabilities	**18**	**29**	**35**	**66**	**31**	**31**	**35**	**35**
L/T interest bearing debt	0	66	64	33	36	39	39	39
Other long-term liabilities	3	1	2	0	10	10	10	10
Convertible debt	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0
Other provisions	0	0	0	12	12	9	9	11
Deferred tax	0	1	1	1	2	2	2	2
Long term liabilities	**3**	**68**	**67**	**47**	**59**	**59**	**59**	**62**
Minority interests	0	0	0	0	0	0	0	0
Shareholders' equity	**105**	**109**	**88**	**22**	**4**	**11**	**22**	**36**
Total liabilities and equity	**126**	**206**	**190**	**136**	**93**	**101**	**116**	**133**
Net debt (m)	(6)	54	50	69	42	32	18	3
Working capital (m)	(6)	(4)	(6)	(11)	(9)	(12)	(14)	(15)
Capital employed (m)	105	175	152	102	57	65	76	90
Net debt/equity (%)	(6)	50	56	311	1,173	293	79	7
Net debt/EBITDA (x)	(1.0)	4.3	3.1	4.9	3.3	1.3	0.6	0.1
Equity/total assets (%)	83	53	46	16	4	11	19	27
Interest cover	0.0	1.5	(11.0)	(6.7)	(1.9)	2.0	3.2	3.7

Valuation								
(EUR)	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
No of shares, fully dil. (y/e)	629.6	895.7	895.7	895.7	900.0	900.0	900.0	900.0
No of shares, fully dil. avg.	632.1	900.0	895.7	895.7	895.7	900.0	900.0	900.0
Share price, y/e	31.0	49.3	22.9	8.2	11.9	21.4	21.4	21.4
Share price, high	51.2	61.8	64.6	25.0	13.1	23.6		
Share price, low	17.5	27.0	20.6	4.4	2.2	13.0		
Share price, avg	33.1	46.2	42.5	12.5	6.8	18.7		
EPS (reported)	0.00	(0.00)	(0.25)	(0.72)	(0.14)	0.08	0.12	0.15
EPS (adjusted)	0.00	(0.00)	(0.07)	(0.23)	(0.12)	0.07	0.12	0.15
Cash earnings/share	0.01	0.01	0.15	0.06	0.10	0.18	0.25	0.28
Dividend/share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Enterprise value/share	3.2	5.1	2.8	1.6	1.7	2.5	2.3	2.1
Book value/share	0.2	0.1	1.0	0.2	0.0	0.1	0.2	0.4
Adjusted equity/share	0.2	0.1	1.0	0.2	0.0	0.1	0.2	0.4
PER (adjusted)	n.m.	n.m.	n.m.	n.m.	n.m.	29.2	16.9	13.7
CEM	533.5	430.0	14.7	13.5	11.7	11.6	8.4	7.6
Dividend yield	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV/EBITDA	349.2	363.1	15.7	9.8	11.7	9.1	7.0	5.9
EV/EBITA	349.2	363.1	15.7	9.8	31.7	13.5	9.6	7.9
EV/EBIT	733.3	2,825.9	106.9	(4.6)	(21.7)	19.6	11.3	9.0
EV/Sales (x)	37.89	37.75	1.66	1.13	1.79	2.57	2.10	1.78
Price/Book value	19.37	41.30	2.31	3.14	29.67	17.20	8.53	5.25
Price/adjusted equity	19.37	41.30	2.31	3.14	29.67	17.20	8.53	5.25
Free cash flow/Market cap (%)	n.a.	n.a.	2.4	(3.2)	(0.7)	5.8	7.7	7.9
Operating cash flow/EV (%)	0.5	0.2	6.5	6.9	5.0	8.6	11.7	13.6
EV/Capital employed (x)	19.3	25.9	1.7	1.4	2.6	3.4	2.7	2.1

Main shareholders

Name	(%) Votes	Capital
Optimus Invest Ltd (Andre Lavold)	8.3	8.3
Myrlid AS	7.3	7.3
Swedbank Robur	5.7	5.7

Management

Title	Name
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CEO	Richard Brown
CFO	Tore Formo
IR	

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Source for all data on this page: SEB

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The analyst(s) responsible for this research report (jointly with their closely related persons) hold(s) 0 shares in Gaming Innovation Group and do(es) not have holdings in other instruments related to the company.

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