

COMPANY UPDATE

21 March 2025

Sweden

Consumer Discretionary & Staples

Research analysts:

Rikard Engberg

Raketech

Share price: SEK3.28

Fair value range: SEK9.0–14.0

Bounce back probable due to market growth

Affiliate market alive and kicking

We believe that the affiliate market will grow at least in line with the international gaming market, which according to H2 Gambling Capital will see a CAGR of 11% during 2024–29e. We contend that affiliate marketing will have at least this growth level. We base this forecast on two assumptions 1) the share of revenue spend on affiliates has been relatively stable at both Betsson and Kindred; and 2) marketing investments tend to grow in line with gaming revenue. We therefore believe that Raketech's negative growth in 2024 was temporary.

Cash flow should be able to support earnouts

We believe that the two main reasons for the Raketech shares' weak performance are 1) operational weakness during 2024, and 2) a perception that the EUR 25.6m earnout to be paid out during 2025–27e will lead to a dilution in the form of an equity raise or a large share of the earnout settled. Given H2 Gambling Capital's estimated 2024–29e growth for the gaming industry, partly driven by increased marketing investments and new markets, we believe it is reasonable to assume that Raketech can return to a growth rate on par with the market.

Return to growth and deleveraging key to stock price development

We believe that the two major catalysts for the Raketech share are 1) a return to growth Y/Y, which we deem likely to happen in Q2(25e); and 2) a deleveraging process of the earnout. Given that we estimate an aggregated free cash flow before earnouts of EUR42m during 2025–27, we find it plausible that the deleveraging will happen without major dilution.

Valuation reflects uncertainty regarding growth and leverage

Raketech currently trades at EV/EBITDA 3.0x LTM, which can be compared to the average of Gentoo and Better Collective of 6.6x. While we believe that a certain discount can be justified due to a lower share of its revenue share agreement, we believe that the deleveraging process and a return to growth Y/Y will act as catalysts for the share price.

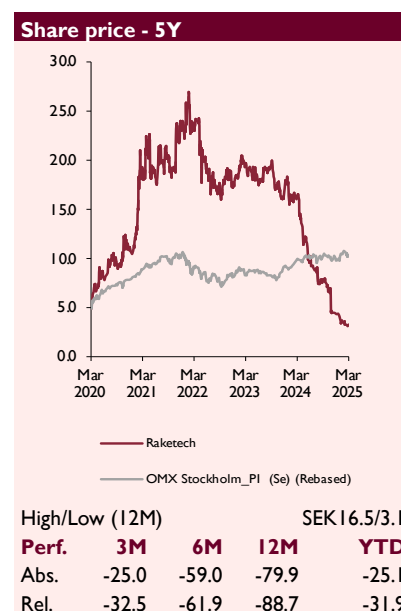
Upcoming events

- Q1 Report: 07 May 2025
- Q2 Report: 23 Jul 2025
- Q3 Report: 06 Nov 2025

Changes in this report			
	From	To	Chg
EPS adj. 2025e	0.07	0.07	0%
EPS adj. 2026e	0.10	0.10	0%
EPS adj. 2027e	0.20	0.20	0%

Key facts	
No. shares (m)	45.2
Market cap. (USDm)	15
Market cap. (SEKm)	148
Net IB Debt. (SEKm)	182
Adjustments (SEKm)	0
EV (2025e) (SEKm)	330
Free float	0.0%
Avg. daily vol. ('000)	89
Risk	High Risk
Fiscal year end	December
Share price as of (CET)	20 Mar 2025 13:52

Key figures (EUR)	2024	2025e	2026e	2027e
Sales (m)	61	58	65	71
EBITDA (m)	15	16	18	23
EBIT (m)	-55	4	6	11
EPS	-1.29	0.07	0.10	0.20
EPS adj.	0.03	0.07	0.10	0.20
DPS	0.00	0.00	0.00	0.00
Sales growth Y/Y	-21%	-5%	13%	8%
EPS adj. growth Y/Y	-85%	162%	54%	100%
EBIT margin	-89.9%	7.7%	9.6%	15.4%
P/E adj.	11.7	4.5	2.9	1.5
EV/EBIT	neg.	6.7	2.5	neg.
EV/EBITA	neg.	6.7	2.5	neg.
EV/EBITDA	3.0	1.8	0.9	neg.
P/BV	0.3	0.3	0.3	0.2
Dividend yield	0.0%	0.0%	0.0%	0.0%
FCF yield	-23.0%	59.2%	84.1%	142.6%
Equity/Total Assets	54.7%	62.2%	77.8%	84.4%
ROCE	-39.3%	4.7%	7.8%	15.7%
ROE adj.	1.4%	6.4%	9.1%	16.0%
Net IB debt/EBITDA	1.8	1.0	0.1	-0.7



Source: Carnegie Research, FactSet, Millstream & company data

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Equity story

Near term: 6–12m

We see an operational turnaround as the main catalyst for the share in the near term. A return to growth Y/Y and growing cash flow reduce the risk related to the current earnouts, lowering the cost of capital in our DCF. We also see growth from Raketechn SaaS solution AffiliationCloud as a potential trigger. Given that software companies tend to be valued at a premium to affiliation companies, an increased share of SaaS revenue could lead to multiple expansion for Raketechn.

Long term: 5Y+

We believe that the long-term equity story in Raketechn rests on the shift from offline to online gambling. As the online market grows, driven by behavioural and regulatory shifts, so do the marketing investments from operators. Given that affiliation is roughly 30% of marketing spend among operators, affiliate companies such as Raketechn should benefit from this trend.

Key risks:

- High earnouts can lead to dilution.
- Changing, unstable regulations will decrease investments in marketing from operators.
- Changes in Google algorithms can affect the ranking of Raketechn assets, leading to a decline in revenue.

Company description

Raketechn is a leading online affiliate services and content marketing company, specialising in the delivery of comparative services for sports and gaming, online guides, communities, and social media. The company was founded in 2010 and went public in 2018.

Key industry drivers

- Shift from offline to online gambling
- New markets are opening up due to regulation
- Increased share of marketing budgets online

Industry outlook

- Latin America and North America are showing high structural growth
- European market is stable, local reregulation can hurt customer intake in short run

Largest shareholders

Provobis Holding AB	10.3%
Avanza Pension	9.5%
Tobias Persson Rosenqvist	8.1%

Cyclicality

Cyclicality: N/A

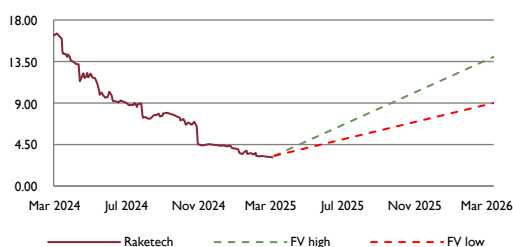
Key peers

We believe that other listed affiliates such as Gentoo Media, Better Collective, Catena Media and Gambling.com are key peers.

Valuation and methodology

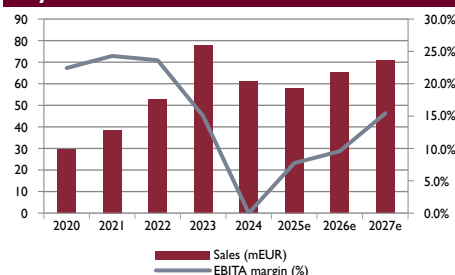
We have used a DCF for the valuation of Raketechn. We estimate that the growth after our last estimate year of 2026e will reflect the long-term growth of the gaming industry. We have classified the earn-outs to be a part of net debt and settled in cash. We believe that the EBITDA margin will normalise at 18% in the extended estimate period.

Fair value range 12m

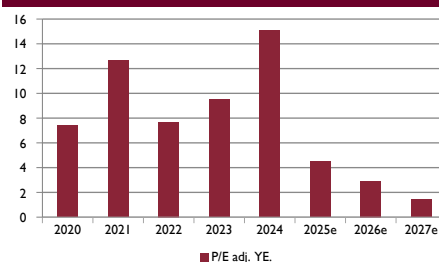


Higher end of range uses a WACC of 15%; a clear sign of operational turnaround leading to higher cash flow is the main driver behind this scenario. Lower end uses a WACC of 22%, reflecting the uncertainty linked to future earn-outs and a failure to achieve an operational turnaround.

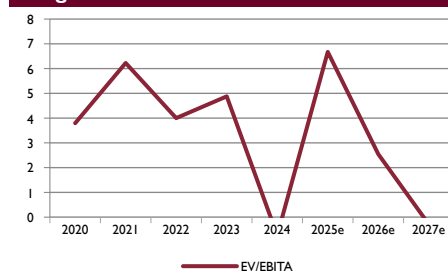
Key metrics



PE 12m forward



Long term valuation trend

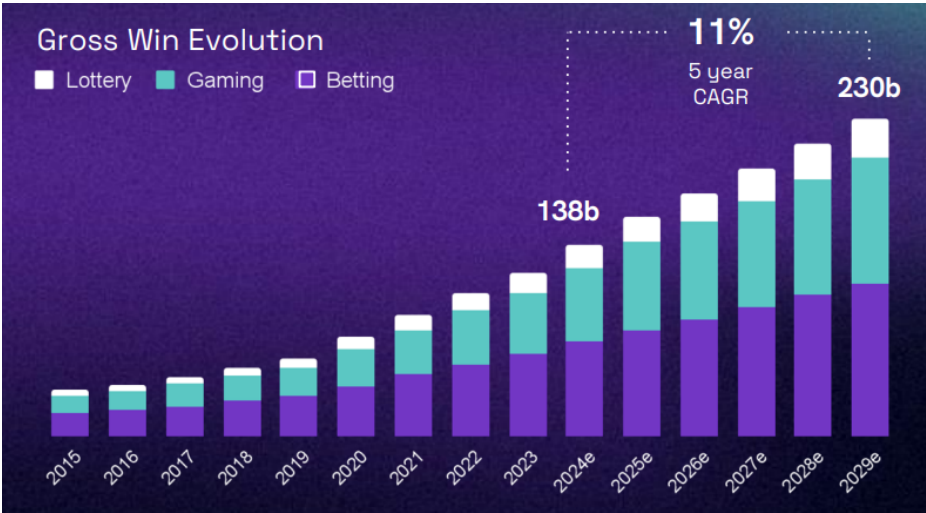


Source: Carnegie Research & company data

A growth market for years to come

The research agency H2 Gambling Capital estimates that the market size for igaming globally in 2024 was USD138bn and that it will record a CAGR of 11% 2024–2029e. We believe that the two main drivers behind the estimated growth within the igaming industry are 1) the shift from offline to online gaming (currently only 27% of all gambling is conducted online); and 2) new markets opening up due to regulation of igaming, causing a shift from grey markets to regulated markets. This tends to increase online gaming as it makes it more acceptable and makes payments and the like easier for the consumer.

Overview of the igaming market



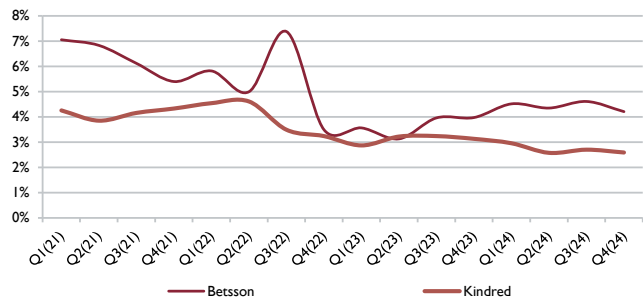
Source: H2 Gambling Capital

We have studied a number of international operators such as Betsson, Kindred, Entain and Flutter and concluded that these companies tend to spend 20–30% of their revenue in marketing, leading us to believe that marketing investments will grow in line with the revenue going forward.

In many countries such as The Netherlands, UK, Brazil and the Nordic countries there are regulations on what type of marketing that can be made by operators; we therefore see a potential for the spend on affiliation marketing to increase as this tends to be a channel where investments can be made.

To get a better understanding of how operators have chosen to spend on marketing, we looked at the Swedish operators Betsson and Kindred during Q1(21)–Q4(24). For Kindred the average affiliate spend as a share of revenue has been 3.5% for Betsson it has been 5.0%. We believe the lower rate from Kindred is linked to FDJs recent acquisition of the company.

Affiliate spend as % of revenue (%)



Source: Carnegie Research, Company data

Affiliate spend as % of Marketing spend (%)

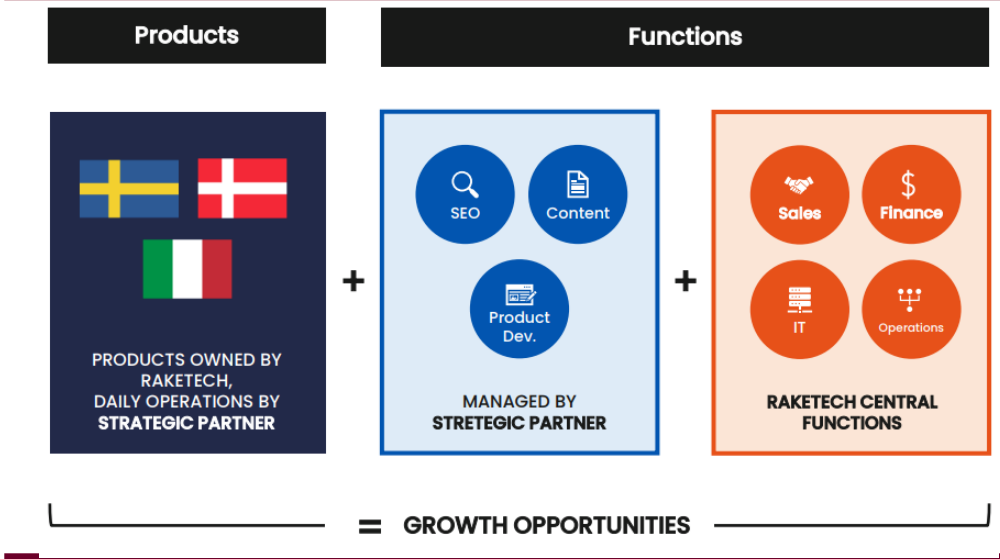


Source: Carnegie Research, Company data

Given that the level of affiliate spend has been relatively constant during 2021–24, we believe it is plausible to assume that the growth for affiliates will at least be in line with the igaming market. We therefore believe that it is plausible to assume that Rakotech will return to a Y/Y growth during 2025–27e.

Rakotech started to see growth in some market such as the Nordics during Q4(24) and excluding the Casumba assets and affiliate assets in Japan, the segment affiliation marketing grew by 3% Q/Q. We believe that the new partnership structure within affiliate marketing that Rakotech launched during 2024 will return the assets to growth. Nearly 50% of the affiliate marketing revenues are in partnership with founders of acquired assets.

New partnership structure



Source: Company data

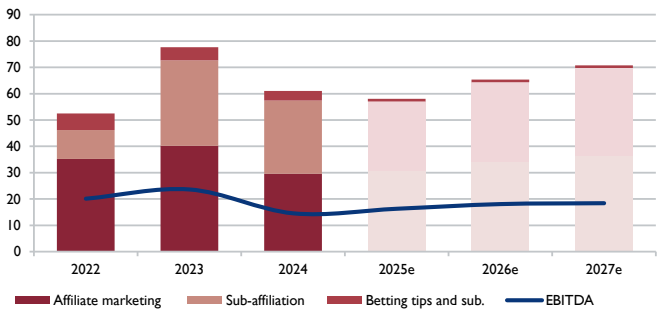
We believe that this structure will result in a high operational leverage as it streamlines costs and increases the focus on acquired assets.

2024 a lost year

There are two main reasons for Rakotech’s 2024 the revenue drop:

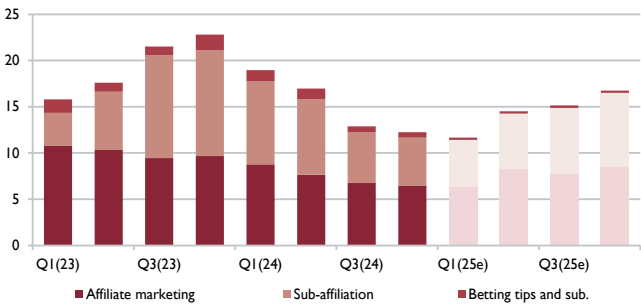
- Loss in traffic from Casumba Assets:** The primary reason for Rakotech’s 2024 revenue drop was that the Casumba affiliate dropped in ranking during a major Google update late in Q1(24). Previously the asset had been one of the strongest for Rakotech as seen by its earnout growth. This revenue loss highlights the need for diversification within the affiliation space. While the site has regained some of its ranking, we believe that it will take time for it to return to previous levels. We believe that most of the lost revenue within the affiliate marketing segment (EUR3.2m Y/Y) was linked to the Casumba asset.
- Problems within affiliate networks:** Rakotech’s sub-affiliation segment saw rapid growth during 2023. This segment has most of its revenue within CPA deals; i.e., a single payment rather than a revenue share agreement. This makes it possible to grow this revenue quickly, but the volatility will be higher than with revenue share. During H2(24), the company noticed problems among its customers within paid marketing. This decreased the growth rate during H2(24). Given the rapid rise of the segment during 2023, we believe that it will be able to bounce back. We base this assumption on the continuous growth of the igaming market, which likely will drive marketing investments.

Sales and EBITDA (EURm)



Source: Carnegie Research, Company data

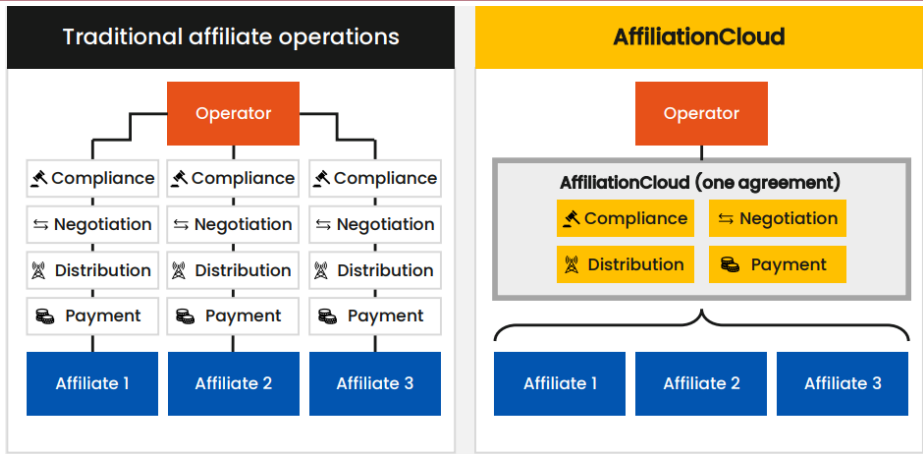
Segments (EURm)



Source: Carnegie Research, Company Data

On a positive note, the AffiliationCloud segment of sub-affiliation grew sequentially each month during 2024. AffiliationCloud is Rakotech’s platform that aggregates affiliates for operators, decreasing administration and compliance for the operator.

AffiliationCloud



Source: Company data

We believe the reason for the AffiliationCloud platform's strong growth is related to the increased regulatory requirements for operators. Operators are liable for breaches in marketing laws conducted by affiliates. It therefore makes sense for operators to choose a solution with one counterparty ensuring compliance rather than having a relationship with multiple affiliates.

The centralisation of affiliate relations makes it attractive for smaller affiliates to connect to AffiliationCloud as they otherwise would not be able to conduct business with tier-one operators. This creates benefits of scale for Raketech, increasing the value of the network for every new customer. There are a number of operators that have chosen to work exclusively with AffiliationCloud and these include one major US operator and a number of local Nordic operators.

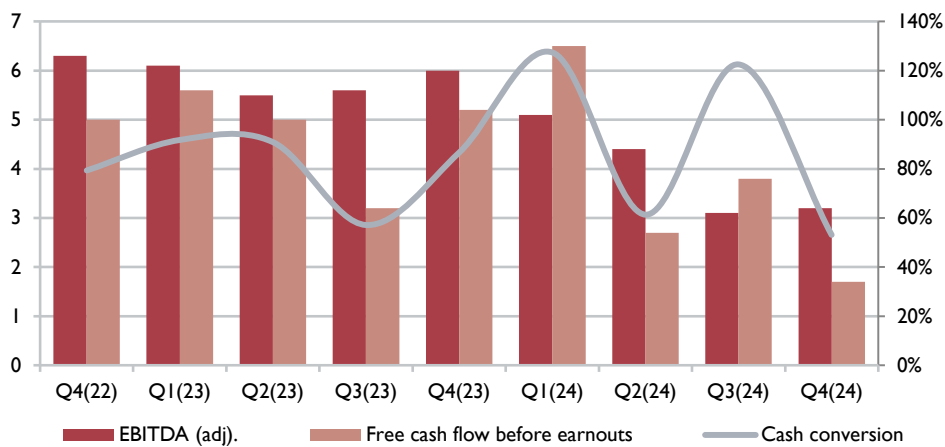
Given that AffiliationCloud revenue will be pure business-to-business revenue, we believe over time it can be valued at a higher multiple than the affiliate marketing revenues (which are B2C and more closely linked to net gaming revenue).

Strong cash flow despite challenging year

Raketech had a challenging year in 2024 with a 45.9% decline in revenue. At the start of 2024, the company began to adjust the cost base to account for lower revenue (in Q1(24), Raketech had OPEX of EUR7m; in Q4(24), OPEX was EUR5m). We believe that OPEX of EUR5m per quarter will be the cost base going forward, highlighting strong operational leverage when revenue growth returns (which we forecast to occur in Q2–Q4(25e) given the strong market growth of igaming).

In 2022–24, Raketech had an average cash conversion ratio of 86% to EBITDA, highlighting its strong cash flow profile. We argue that the company will be able to have a similar cash conversion profile during 2025–27e.

EBITDA, FCF before earnouts (EURm) and cash conversion (%)

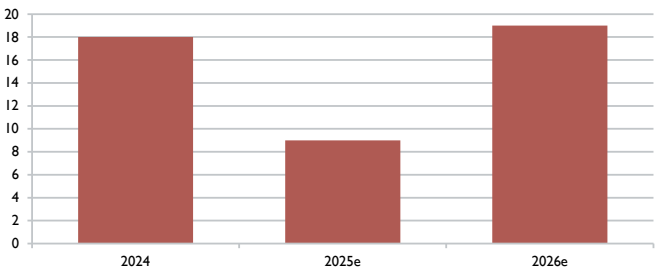


Source: Company data

Earnout worries have been a spectre for the share price

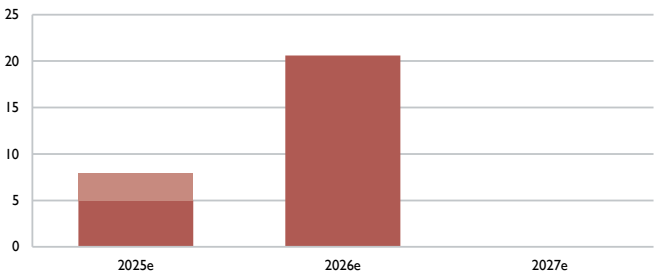
In addition to Raketech’s weak 2024 operational performance, we believe the market has been worried about the Casumba acquisition earnout, which at the start of 2024 was equivalent to EUR41m in fixed consideration and EUR5m based on profit share up until July 2024. At year-end 2023, up to EUR8m could be settled in shares, as determined by the Raketech board.

Earnout payment schedule at year end 2023 (EURm)



Source: Carnegie Research

Earnout payment schedule year end 2024 (EURm)



Source: Carnegie Research, Company data *EUR3m settled in Jan 2025

As of Q1(25), EUR25.6 was left to settle on the earnout, of which EUR6.4m could be settled by the board in shares. Given the historic cash conversion ratio of 86% to EBITDA, we believe that Raketech will be able to settle the remaining part of the earnout without a major dilution to shareholders. We also believe that parts of the coming earnout can be settled using the company’s EUR5m credit facility.

In sum, we believe that Raketechn will be able to enter 2027 debt free with a free cashflow generation per year on par with the current market cap. While the company historically has allocated capital in questionable ways (especially given the underperformance of the earnout development assets in 2024), we believe that a debt-free Raketechn with a changed revenue profile will be able to return significant cash to shareholders from 2027e and forwards.

Fair value range of SEK 9–14 per share

Valuation and risks

In our valuation of Raketechn we have looked beyond the current turbulence following the Google update of spring 2024 and focus on the long-term value creation, using a DCF. We believe that Raketechn will benefit from a continued shift from offline to online gambling and that affiliate companies will remain an important part of the value chain. To reflect market concerns regarding the coming earnout related to Casumba, we have chosen a 15% WACC at the high end of the value range and 22% at the low end. The 22% WACC highlights a scenario where a large part of the earnout will have to be settled in shares, leading to increased dilution.

DCF assumptions - Summary (EURm)	2025e	2026e	2027e	4-5	Average year 6-10	11-15	16-20	Terminal period
Total sales growth	-4.9%	12.6%	8.3%	4.5%	4.0%	4.0%	4.0%	2.0%
EBITDA margin	28.1%	27.6%	32.1%	18.0%	18.0%	18.0%	18.0%	18.0%
Depreciation % of sales	-20.3%	-18.1%	-16.7%	-16.7%	-16.7%	-16.7%	-16.7%	-16.7%
EBIT margin	7.7%	9.6%	15.4%	1.3%	1.3%	1.3%	1.3%	1.3%
Amortisations % of sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT margin	7.7%	9.6%	15.4%	1.3%	1.3%	1.3%	1.3%	1.3%
Capex % of sales	-1.5%	-1.4%	-1.3%	-11.5%	-11.5%	-11.5%	-11.5%	-11.5%
Paid tax rate	-2.4%	-2.4%	-2.4%	-15.0%	-15.0%	-15.0%	-15.0%	-15.0%
NWC to sales	11.0%	9.0%	7.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Sales	58	65	71	76	87	106	129	142
EBITDA	16	18	23	14	16	19	23	26
Capex	-1	-1	-1	-9	-10	-12	-15	-24
Taxes	0	0	0	0	0	0	0	0
Other	-2	1	1	-1	0	0	0	9
Free cash flow	13	17	22	3	5	6	8	12
Discounted FCF	12	13	14	1	1	1	0	0
Share of total discounted FCF	24%	25%	26%	6%	12%	5%	2%	0%
Valuation	(curr.)m	Per share (LOW)	Per share (HIGH)	WACC assumptions				
EV (discounted FCF)	52	1.1	1.6	Risk free interest rate				
- Net debt (2025)	-16	-0.4	-0.4	Debt risk premium				
+ Associates	0	0.0	0.0	Equity risk premium				
- Minority interest	0	0.0	0.0	Equity beta				
- Outstanding warrants	0	0.0	0.0	Cost of Equity				
Other debt adjustments	0	0.0	0.0	Tax rate				
ESG penalty	0	0.0	0.0	After tax cost of debt				
Equity value at YE (25)	35	0.8	1.2	Equity weight				
Time adjustment	1	0.0	0.0	WACC				
Dividend	0	0.0	0.0					
Current equity value (SEK)	36	9	14					

Source: Carnegie Research

Sensitivity Table fair value range (SEK)

	WACC (%)					
	9	10%	12%	15%	20%	22%
Avg. EBITDA margin	14%	10	9	8	7	7
	16%	13	12	10	8	8
	18%	17	15	12	10	9
	20%	21	18	14	11	10
	22%	25	20	16	12	11
	24%	28	23	18	13	12

Source: Carnegie Research

Risks

While the igaming industry has shown a strong resilience for downturns in the general economy, highlighting the structural growth from the shift from offline to online gambling, we have highlighted three key risks for Raketech:

Technological risks

Raketech is dependent on its assets ranking high in Google search results. As Google is constantly changing its algorithms this can affect the ranking of Raketech's assets. This was clearly seen during 2024 as Raketech's assets that were top ranked in Japan lost in ranking, resulting in less traffic from these assets.

Regulatory risk

We believe that the regulation of online gambling will increase over time. In the long run this is positive for Raketech as regulation tends to accelerate the shift from offline to online gambling, however in the short run led to uncertainty. This since operators tend to decrease marketing investments when regulations are unclear or in transition phases.

Counterparty risk

Raketech is dependent on operators investing in marketing or other affiliates in its network producing content that leads to new NDCs. If certain operators are decreasing their marketing this could hurt Raketech as affiliation is one of the easiest forms of marketing to cancel

Interim figures

QUARTERLY DATA (EURm)	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1e	2025Q2e	2025Q3e	2025Q4e
Financial Year End	2023-03-31	2023-06-30	2023-09-30	2023-12-31	2024-03-31	2024-06-30	2024-09-30	2024-12-31	2025-03-31	2025-06-30	2025-09-30	2025-12-31
Sales	15.8	17.6	21.5	22.8	19.0	17.0	12.9	12.3	11.7	14.5	15.1	16.8
EBITDA	6.1	5.9	5.6	6.0	4.3	4.3	3.1	3.0	2.9	4.5	4.2	4.7
EBITA	3.9	2.9	2.2	4.3	1.3	-8.9	0.4	-47.9	0.0	1.5	1.2	1.8
Adjusted EBITA	3.8	2.5	2.3	4.3	2.0	1.6	0.5	0.8	0.0	1.5	1.2	1.8
EBIT	3.9	2.9	2.2	4.3	1.3	-8.9	0.4	-47.9	0.0	1.5	1.2	1.8
Adjusted EBIT	3.8	2.5	2.3	4.3	2.0	1.6	0.5	0.8	0.0	1.5	1.2	1.8
Net Financial Items	-0.8	-1.0	-1.1	-1.3	-0.9	-0.8	-0.3	-0.5	-0.3	-0.3	-0.3	-0.3
EAFI	3.0	1.5	1.2	3.0	1.2	0.8	0.1	-48.3	-0.3	1.2	0.9	1.5
Pre-Tax Profit	3.0	1.9	1.1	1.4	0.4	-9.7	0.0	-48.3	-0.3	1.2	0.9	1.5
Adjusted Pre-Tax Profit	3.0	1.5	1.2	3.0	1.2	0.8	0.1	0.4	-0.3	1.2	0.9	1.5
Net Profit	2.9	1.8	0.8	1.2	0.2	-9.9	-0.1	-46.8	-0.3	1.1	0.8	1.4
Adjusted Net Profit	2.8	1.4	1.0	1.2	1.0	0.6	-0.1	1.7	-0.3	1.1	0.8	1.4
EPS	0.1	0.0	0.0	0.0	0.0	-0.2	0.0	-1.1	0.0	0.0	0.0	0.0
Adjusted EPS	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source; Company data, Carnegie research

Financial statements

Profit & loss (EURm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Sales	26	24	29	39	53	78	61	58	65	71
COGS	0	-5	-8	-11	-16	-33	-26	-26	-29	-30
Gross profit	26	19	21	27	37	45	35	32	36	41
Other income & costs	-9	-8	-9	-11	-17	-21	-20	-16	-18	-18
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
EBITDA	17	12	12	16	20	24	15	16	18	23
Depreciation PPE	0	0	0	0	0	0	0	0	0	0
Depreciation lease assets	0	0	0	0	0	0	0	0	0	0
Amortisation development costs	0	0	0	0	0	0	0	0	0	0
Amortisation other intangibles	0	-5	-5	-7	-8	-12	-11	-12	-12	-12
Impairments / writedowns	0	0	0	0	0	0	-59	0	0	0
EBITA	17	7	7	9	12	12	-55	4	6	11
Amortization acquisition related	0	0	0	0	0	0	0	0	0	0
Impairment acquisition related	0	0	0	0	0	0	0	0	0	0
EBIT	17	7	7	9	12	12	-55	4	6	11
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
Net financial items	-6	-1	-1	-1	-2	-4	-3	-1	-1	-1
of which interest income/expenses	-6	-1	-1	-2	-2	-4	-1	-1	-1	-1
of which interest on lease liabilities	0	0	0	0	0	0	0	0	0	0
of which other items	0	0	0	0	0	0	-2	0	0	0
Pre-tax profit	10	6	6	8	10	8	-57	3	5	10
Taxes	0	0	0	-1	-2	-1	1	0	0	0
Post-tax minorities interest	0	0	0	0	0	0	0	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Net profit	10	6	6	8	9	7	-56	3	5	9
Adjusted EBITDA	17	12	12	16	20	24	15	16	18	23
Adjusted EBITA	17	7	7	9	12	12	4	4	6	11
Adjusted EBIT	17	7	7	9	12	12	4	4	6	11
Adjusted net profit	10	6	6	8	9	7	1	3	5	9
Sales growth Y/Y	na	-6.5%	23.0%	31.0%	36.7%	47.6%	-21.4%	-4.9%	12.6%	8.3%
EBITDA growth Y/Y	+chg	-30.2%	3.9%	34.6%	24.4%	17.4%	-37.1%	9.7%	10.9%	25.8%
EBITA growth Y/Y	+chg	-57.5%	-6.2%	41.9%	33.0%	-6.3%	-chg	+chg	39.4%	74.5%
EBIT growth Y/Y	+chg	-57.5%	-6.2%	41.9%	33.0%	-6.3%	-chg	+chg	39.4%	74.5%
EBITDA margin	64.7%	48.3%	40.8%	41.9%	38.2%	30.4%	24.3%	28.1%	27.6%	32.1%
EBITA margin	64.7%	29.4%	22.4%	24.3%	23.6%	15.0%	nm	7.7%	9.6%	15.4%
EBIT margin	64.7%	29.4%	22.4%	24.3%	23.6%	15.0%	-89.9%	7.7%	9.6%	15.4%
Tax rate	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
Cash flow (EURm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	17	12	12	16	20	24	15	16	18	23
Paid taxes	0	0	0	-1	-2	-1	0	0	0	0
Change in NWC	-1	-2	0	-2	0	-2	2	-2	1	1
Non cash adjustments	0	0	0	1	0	0	-2	-2	-3	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Total operating activities	16	10	12	15	19	21	14	12	16	23
Capex tangible assets	0	0	0	0	0	0	0	0	0	0
Capitalised development costs	0	0	0	0	-1	-1	-1	-1	-1	-1
Capex - other intangible assets	0	0	-13	-15	-12	-5	-16	-2	-2	-2
Acquisitions/divestments	0	0	3	-14	0	0	0	0	0	0
Other non-cash adjustments	0	0	0	0	0	0	0	0	0	0
Total investing activities	0	0	-10	-29	-13	-6	-16	-3	-3	-3
Net financial items	-6	-1	-1	-1	-2	-4	-3	-1	-1	-1
Lease payments	0	0	0	0	0	0	0	0	0	0
Dividend paid and received	0	0	0	0	0	-4	0	0	0	0
Share issues & buybacks	0	0	0	0	0	0	0	0	0	0
Change in bank debt	0	0	-2	12	0	-5	-8	0	0	0
Other cash flow items	0	0	0	0	0	0	0	-5	-12	-4
Total financing activities	-6	-1	-2	12	-1	-10	-9	-6	-13	-5
Operating cash flow	16	10	12	15	19	21	14	12	16	23
Free cash flow	9	9	-2	0	5	14	-3	8	11	19
Net cash flow	9	9	0	-2	5	5	-9	3	-1	15
Change in net IB debt	9	9	2	-14	5	11	-3	3	-1	15
Capex / Sales	0.0%	0.0%	0.1%	0.1%	0.2%	0.1%	0.5%	0.6%	0.5%	0.5%
NWC / Sales	1.5%	6.7%	8.5%	8.1%	6.9%	5.7%	8.2%	9.6%	9.4%	7.7%

Source: Carnegie Research & company data

Financial statements, cont.

Balance sheet (EURm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Acquired intangible assets	0	0	0	4	1	1	0	0	0	0
Other fixed intangible assets	66	73	81	124	131	139	69	59	49	40
Capitalised development	0	0	0	0	0	0	0	1	1	2
Tangible assets	0	0	0	0	0	0	0	1	1	1
Lease assets	0	0	0	0	0	0	1	1	1	1
Other IB assets (1)	0	0	0	0	0	0	0	0	0	0
Other non-IB assets	0	0	0	0	0	0	0	0	0	0
Fixed assets	66	74	81	128	132	141	70	61	53	44
Inventories (2)	0	0	0	0	0	0	0	0	0	0
Receivables (2)	4	4	5	6	8	12	9	9	9	8
Prepaid exp. & other NWC items (2)	0	0	0	0	0	0	0	0	0	0
IB current assets (1)	0	0	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	0	0	0	0
Cash & cash equivalents (1)	8	4	5	3	8	13	5	8	7	22
Current assets	12	8	10	9	16	25	13	17	16	30
Total assets	78	82	91	137	148	166	84	78	69	74
Shareholders' equity	59	65	71	85	97	99	46	49	53	63
Minorities	0	0	0	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	0	0	0	0	0
Total equity	59	65	71	85	97	99	46	49	53	63
Deferred tax	1	1	2	2	3	3	3	3	3	3
LT IB debt (1)	8	3	0	0	0	0	1	1	1	1
Other IB provisions (1)	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	1	0	0	0
Other non-IB liabilities	4	5	9	18	23	28	21	16	4	0
LT liabilities	13	10	10	20	26	31	26	20	8	4
ST IB debt (1)	0	0	2	15	15	10	0	0	0	0
Payables (2)	4	2	2	3	4	7	4	3	3	4
Accrued exp. & other NWC items (2)	0	0	0	0	0	0	0	0	0	0
Other ST non-IB liabilities	3	5	6	15	6	19	8	6	3	4
Liabilities - assets held for sale	0	0	0	0	0	0	0	0	0	0
Current liabilities	7	7	10	32	25	35	12	9	7	7
Total equity and liabilities	78	82	91	137	148	166	84	78	69	74
Net IB debt (=1)	7	10	12	45	36	43	27	16	2	-17
Net working capital (NWC) (=2)	1	2	2	4	4	5	5	6	6	5
Capital employed (CE)	79	86	98	153	167	188	100	91	69	70
Capital invested (CI)	67	76	84	132	136	146	75	67	57	46
Equity / Total assets	75%	79%	78%	62%	65%	60%	55%	62%	78%	84%
Net IB debt / EBITDA	0.4	0.9	1.0	2.8	1.8	1.8	1.8	1.0	0.1	-0.7
Per share data (EUR)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Adj. no. of shares in issue YE (m)	0.00	38.39	38.24	38.75	42.67	42.32	45.22	45.22	45.22	45.22
Diluted no. of Shares YE (m)	38.39	38.24	38.75	42.67	42.32	42.32	45.22	45.22	45.22	45.22
EPS	0.52	0.15	0.14	0.18	0.21	0.17	-1.29	0.07	0.10	0.20
EPS adj.	0.52	0.15	0.14	0.18	0.21	0.17	0.03	0.07	0.10	0.20
CEPS	0.52	0.27	0.28	0.35	0.38	0.45	0.30	0.32	0.36	0.46
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BVPS	na	1.69	1.85	2.20	2.27	2.35	1.01	1.08	1.18	1.38
Performance measures	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
ROE	33.7%	9.4%	8.2%	9.6%	9.6%	7.1%	-77.9%	6.4%	9.1%	16.0%
Adj. ROCE pre-tax	na	8.6%	7.6%	7.8%	7.9%	6.7%	1.6%	4.7%	7.8%	15.7%
Adj. ROIC after-tax	na	9.6%	8.0%	8.5%	9.1%	8.1%	3.6%	6.2%	9.9%	20.6%
Valuation	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
FCF yield	68.0%	63.9%	-15.0%	-2.9%	35.5%	104.5%	-23.0%	59.2%	84.1%	142.6%
Dividend yield YE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend + buy backs yield YE	0.0%	0.0%	0.0%	0.0%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Sales YE	3.14	1.87	1.81	3.75	1.97	1.42	0.72	0.52	0.24	neg.
EV/EBITDA YE	4.9	3.9	4.4	8.9	5.2	4.7	3.0	1.8	0.9	neg.
EV/EBITA YE	4.9	6.3	8.1	15.4	8.3	9.5	neg.	6.7	2.5	neg.
EV/EBITA adj. YE	4.9	6.3	8.1	15.4	8.3	9.5	11.0	6.7	2.5	neg.
EV/EBIT YE	4.9	6.3	8.1	15.4	8.3	9.5	neg.	6.7	2.5	neg.
P/E YE	3.7	6.0	7.4	12.7	7.7	9.5	nm	4.5	2.9	1.5
P/E adj. YE	3.7	6.0	7.4	12.7	7.7	9.5	15.1	4.5	2.9	1.5
P/BV YE	na	0.53	0.58	1.06	0.70	0.68	0.38	0.28	0.25	0.22
Share price YE (EUR)	1.90	0.91	1.07	2.33	1.59	1.59	0.38	0.30		

Source: Carnegie Research & company data

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