



Results due: 14 May

Q1 Profit Warning

We have cut our estimates significantly after Global Gaming issued a profit warning for Q1 2019 on the back of a tougher operating environment in Sweden. We believe the company will return to growth, but the profit outlook is bleak and we expect 2019 to be a lost year. The company withdraws its dividend proposal, wise we argue, as the cash holding will be needed to cushion further losses and accelerate investments when the timing is right.

Key Data (2019E)

Price (SEK)	8.68
Reuters	Global:ST
Bloomberg	Global:FN
Market cap (SEKm)	360
Market cap (USDm)	39
Market cap (EURm)	34
Net debt (SEKm)	(218)
Net gearing	(81%)
Net debt/EBITDA (x)	4.9
Shares fully dil. (m)	41.5
Avg daily turnover (m)	0.0
Free float	0%

The profit warning

Revenue has not met expectations in Q1 due to a combination of factors: the re-regulation in Sweden, stricter compliance and consumer protection measures, the gambling tax and increased competition from the former monopolies. The action programme launched in Q4 has not yet had time to take effect, resulting in a loss for the quarter. Preliminary figures are for revenues of SEK 163m and EBIT of SEK -45m, below our estimates of SEK 230m and SEK 10m respectively and corresponding to a revenue drop of 18% y/y and 31% q/q.

Outlook

We have cut our previous 2019 revenue estimate of SEK 1bn by 24% to SEK 767m and we expect negative EBIT also in Q2. 2019 will likely be a lost year for earnings. We believe the company will be able to grow revenue sequentially in Q2 supported by the launch of new products, continued expansion abroad and a recovery in customer activity in Sweden, and see that continuing over the year. Sustainable profitability is possible, but without a change in market dynamics we do not expect the EBIT margin to expand beyond single digits.

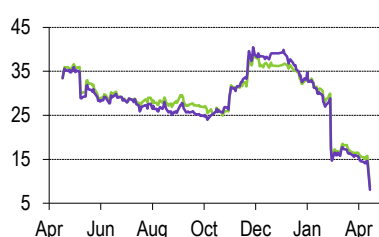
Estimate Revisions (%)

	2019E	2020E	2021E
Revenues	(24)	(24)	(24)
Adj. EBIT	(187)	(73)	(49)
Adj. EPS	(187)	(73)	(49)

Valuation

On our forecasts, Global Gaming trades at 2020 PER 19.9x and 9.6x 2021E. This is not that far off peer valuations. However, according to our estimates, the company has SEK 215m in net cash holding as of Q1/19; hence the cash holding now comprises more than 50% of market capitalization.

Share Price (12M)



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

**Marketing communication
 commissioned by:
 Global Gaming**

Financials (SEK)

Year end: Dec	2017	2018	2019E	2020E	2021E
Revenues (m)	458	916	767	878	966
Adj. EBIT	122	149	(48)	21	43
Pre-tax profit (m)	122	149	(48)	21	43
EPS	2.78	3.01	(1.03)	0.45	0.94
Adj. EPS	2.78	3.01	(1.03)	0.45	0.94
DPS	1.40	0.00	0.00	0.50	0.75
Revenue growth (%)	372.2	100.0	(16.2)	14.5	10.0
Adj. EBIT growth (%)	817.3	21.8	n.m.	n.m.	106.1
Adj. EPS growth (%)	810.1	8.4	n.m.	n.m.	107.3
Adj. EBIT margin (%)	26.6	16.2	(6.2)	2.3	4.4
ROE (%)	65.5	46.2	(14.8)	6.8	13.1
ROCE (%)	73.8	54.9	(16.4)	7.4	14.3
PER (x)	10.9	12.0	n.m.	19.2	9.3
Free cash flow yield (%)	10.1	10.2	(11.7)	5.8	10.9
Dividend yield (%)	4.6	0.0	0.0	5.8	8.6
P/BV (x)	5.41	4.76	1.32	1.24	1.16
EV/Sales (x)	2.38	1.36	0.19	0.14	0.11
EV/Adj. EBITDA (x)	8.9	8.3	(3.2)	4.9	2.1
EV/Adj. EBIT (x)	8.9	8.4	(3.0)	5.9	2.4
Operating cash flow/EV (%)	11.0	12.6	(24.4)	24.7	49.1
Net debt/Adj. EBITDA (x)	(1.26)	(1.74)	4.88	(9.60)	(5.33)

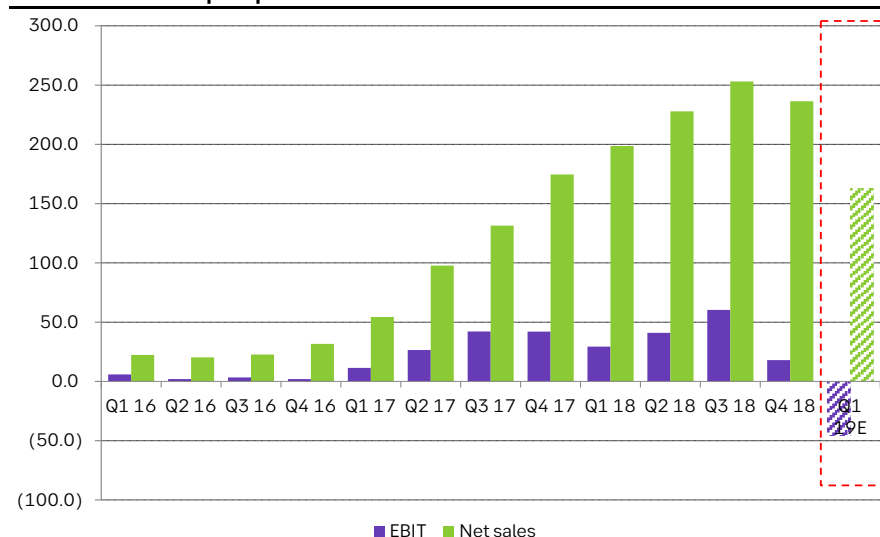
Source for all data on this page: SEB (estimates) and SIX/Thomson Reuters (prices)

Q1 profit warning

On Monday the 15 April Global Gaming issued a profit warning and the statement that it will withdraw its earlier dividend proposal of SEK 3 per share. As a result of the re-regulation in Sweden, stricter compliance and consumer protection measures in combination with the gambling tax and increased competition from the former monopolies, revenue has not met expectations in Q1. The company underlines that the tougher operating environment is affecting all operators, but given the company's large exposure to Sweden, it is very serious for them and they have not yet been able to adjust their expenses for this new environment resulting in a loss.

For Q1 the preliminary revenue figure is to SEK 163m and EBIT SEK -45m, this is below our forecast of SEK 230m and EBIT of SEK 10m and corresponds to a revenue drop of 18% y/y, 31% q/q and a EBIT margin of -28%.

Revenue and EBIT per quarter



Source: SEB, Global Gaming

Further to the comments provided by the company, we also believe that Global Gaming is losing market share, also considering the above mentioned factors. Many of the other large online brands have introduced PayNPlay solutions via either Trustly or Swish, encroaching on Global Gamings earlier USP. Slow progress in the company's technical integrations also provides some explanation to the revenue shortfall in Q1: the company has had issues adapting to the Swedish license regime and the brand SpellLandet has not been re-launched yet.

There is no immediate liquidity risk for Global Gaming: even after accounting for about SEK 45m cash outflow the company should have roughly SEK 215m in net cash position. Cancellation of the dividend could still prove to be a wise choice as it secures the company's continued operation and provides it with the financial flexibility to increase investments again once the market climate improves. We believe that many other smaller operators are not as well capitalized as Global Gaming and the tougher operating environment may be the purge that drives consolidation in the industry. As a consequence customers will flow from smaller operators to the larger resourceful well-known brands over time.

Action programme to balance expenses and revenue

In connection with the report for the fourth quarter 2018, the company issued an action programme to adjust expenses to a slower growth environment. These efforts have not had time to take effect thoroughly in Q1 as many of the marketing campaigns set in motion in 2018 and early 2019 were still running. Although we should anticipate effects from the programme in Q2, the full effect should be seen first in H2. The main pillars in the programme include:

- In Sweden the company will alter the marketing mix from its previous focus on brand-building marketing to conversion and performance driven marketing, for example through social media, reducing absolute spend and increasing ROI.
- Reduce pace of hiring. The company still needs more staff and capacity, but will carefully balance further recruitment against its impact on growth and earnings.
- The company will continue to pursue ongoing cost optimisation in its continued development, without impairing the customer experience.
- Given tougher operating environment in Sweden following the regulation that came into effect on 1 January 2019, the company will purposefully work to spread the risks with more products and more markets.

Estimate update

We have cut our previous 2019 revenue estimate of SEK 1bn by 24% to SEK 767m. We believe the company will be able to grow revenue sequentially in Q2 supported by the launch of Evolution Gaming Live Casino, continued expansion abroad and recovery in customer activity in Sweden and see that continuing over the year.

Backing out revenue indications derived from Swedish tax authority, we would estimate that Swedish revenue in March amounted to roughly SEK 53m which is an acceleration from January and February supporting our expectation of a bounce back in growth as soon as in Q2. Based on the March run rate and adding revenue contribution from abroad, the company should be able to generate around SEK 190m in Q2.

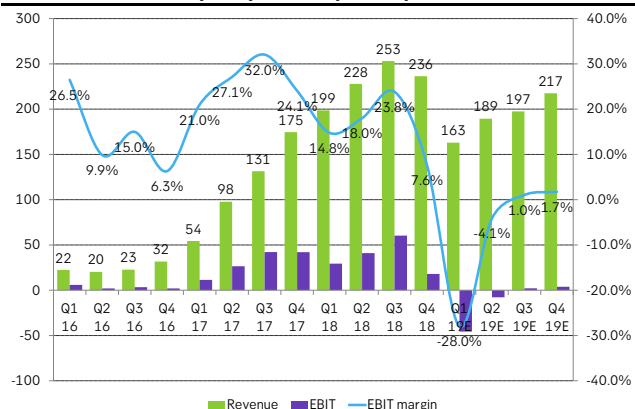
Estimated revenue split per month

(SEKm)	January	February	March Est.	Whereof abroad - 20%	Group total
Tax	8.0	6.0	9.5		
Revenue	44.4	33.4	52.6	32.6	163

Source: SEB

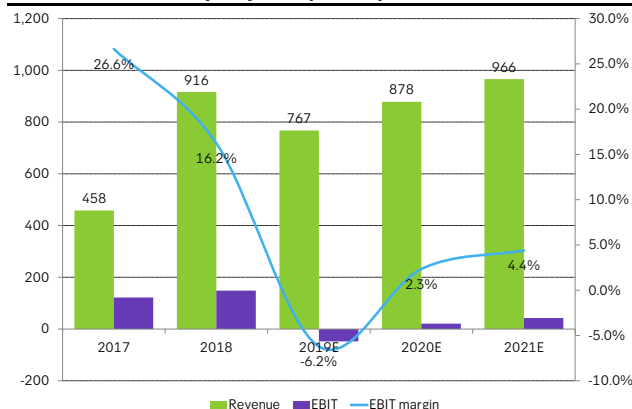
We expect another loss making quarter for the company in Q2 as we foresee some continued inertia in the cost base and revenue level being too low to handle increased cost pressure from the new Swedish gambling tax. From Q3 the company should be set to return to profitable growth; however 2019 will likely be a lost year in terms of earnings, and we have a difficult time seeing the company achieving double digit EBIT margin without any structural change in market dynamics – such as a decrease in competition, decreased customer acquisition costs – or rapid expansion abroad.

Revenue and EBIT per quarter, (SEKm)



Source: SEB,

Revenue and EBIT per year, (SEKm)



Source: SEB

Estimate update

(EURm)	Old Estimates				New Estimates				Changes			
	Q1/19E	2019E	2020E	2021E	Q1/19E	2019E	2020E	2021E	Q1/19E	2019E	2020E	2021E
Revenues	230	1,006	1,149	1,264	163	767	878	966	-29%	-24%	-24%	-24%
Direct costs	-119	-514	-573	-630	-86	-397	-442	-476	-28%	-23%	-23%	-24%
Personnel expenses	-28	-123	-151	-177	-28	-117	-128	-138	0%	-5%	-15%	-22%
Other operating expenses	-9	-39	-41	-44	-16	-57	-52	-49	81%	47%	27%	12%
EBITDA	11	57	80	89	-45	-45	25	48	-509%	-178%	-69%	-46%
Adjusted EBITA	11	57	80	89	-45	-45	25	48	-509%	-178%	-69%	-46%
D&A	0	-2	-4	-6	-1	-3	-4	-6		48%	7%	-2%
Total opex and Amortization	-100	-347	-500	-551	-122	-415	-411	-441	22%	20%	-18%	-20%
of which non-recurring items	0	0	0	0	0.0	0.0	0.0	0.0				
EBIT	10	55	76	83	-46	-48	21	43	-557%	-187%	-73%	-49%
Adjusted EBIT	10	55	76	83	-46	-48	21	43	-557%	-187%	-73%	-49%
Financial items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
Pretax profit	10	55	76	83	-45.7	-47.6	20.6	42.5	-557%	-187%	-73%	-49%
Taxes	-4	-5	-7	-7	4.6	4.8	-1.9	-3.6	-214%	-195%	-73%	-48%
Net profit	7	49	69	76	-41.1	-42.9	18.8	38.9	-687%	-187%	-73%	-49%
Adjusted net profit	7	49	69	76	-41.1	-42.9	18.8	38.9	-687%	-187%	-73%	-49%
EPS reported	0.2	1.2	1.7	1.8	-0.99	-1.03	0.45	0.94	-595%	-186%	-73%	-48%
EPS adjusted	0.2	1.2	1.7	1.8	-0.99	-1.03	0.45	0.94	-595%	-186%	-73%	-48%

Source: SEB

Interim financial estimates

(EURm)	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19E	Q2/19E	Q3/19E	Q4/19E	2017	2018	2019E	2020E	2021E
Revenues	199	228	253	236	163	189	197	217	458	916	767	878	966
Direct costs	-87	-92	-90	-94	-86	-99	-102	-111	-191	-363	-397	-442	-476
Gross profit	111	136	163	143	77	90	96	107	267	553	370	436	490
Personnel expenses	-13	-18	-21	-26	-28	-29	-30	-30	-29	-77	-117	-128	-138
Marketing costs	-64	-69	-69	-94	-85	-63	-57	-65	-86	-295	-270	-260	-282
Other expenses	-8	-10	-12	-14	-16	-13	-13	-14	-22	-43	-57	-52	-49
Activated development costs	0	0	1	3	4	4	4	4	0	5	15	16	18
Other operating expenses/income	2	1	-2	7	3	4	4	4	-8	7	14	13	10
Total opex	-82	-95	-103	-124	-122	-98	-93	-102	-145	-403	-415	-411	-441
of which non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	29	41	61	19	-45	-7	3	5	122	150	-45	25	48
Adjusted EBITDA	29	41	61	19	-45	-7	3	5	122	150	-45	25	48
D&A costs	0	0	0	-1	-1	-1	-1	-1	0	-1	-3	-4	-6
Total opex and D&A	-82	-95	-103	-125	-123	-98	-94	-103	-145	-405	-418	-416	-447
of which non-recurring items	0	0	0	0	0	0	0	0	0	0	0	0	0
EBIT	29	41	60	18	-46	-8	2	4	122	149	-48	21	43
Adjusted EBIT	29	41	60	18	-46	-8	2	4	122	149	-48	21	43
Financial items	0	0	0	0	0	0	0	0	0	0	0	0	0
Pretax profit	29	41	60	18	-46	-8	2	4	122	149	-48	21	43
Taxes	-4	-12	-6	-2	5	1	0	-1	-14	-24	5	-2	-4
Net profit	26	29	54	16	-41	-7	2	3	108	125	-43	19	39
Adjusted net profit	26	29	54	16	-41	-7	2	3	108	125	-43	19	39
EPS reported (EUR)	0.6	0.7	1.3	0.4	-1.0	-0.2	0.1	0.1	2.6	3.0	-1.0	0.5	0.9
EPS adjusted (EUR)	0.6	0.7	1.3	0.4	-1.0	-0.2	0.1	0.1	2.6	3.0	-1.0	0.5	0.9
Revenue growth (%)	265.7	133.2	92.6	35.4	-17.9	-16.9	-22.0	-8.0	372.2	100.0	-16.2	14.5	10.0
Revenue growth, sequential (%)	13.7	14.7	11.1	-6.6	-31.0	16.2	4.2	10.2	n.m	n.m	n.m	n.m	n.m
Gross profit growth (%)													
EBITDA growth (%)	157.9	55.5	43.6	-55.7	-253.1	-117.4	-95.4	-74.9	812.7	22.6	-129.8	-155.7	94.3
EBITDA growth, adjusted (%)	157.9	55.5	43.6	-55.7	-253.1	-117.4	-95.4	-74.9	812.7	22.6	-129.8	-155.7	94.3
EBIT growth (%)	157.0	54.7	43.2	-57.1	-255.9	-119.1	-96.6	-78.9	817.3	21.8	-132.1	-143.3	106.1
Gross margin (%)	56.0	59.7	64.5	60.3	47.4	47.7	48.5	49.0	58.3	60.4	48.3	49.7	50.7
EBITDA margin (%)	14.8	18.1	23.9	7.9	-27.6	-3.8	1.4	2.2	26.7	16.4	-5.8	2.8	5.0
EBITDA margin, adjusted (%)	14.8	18.1	23.9	7.9	-27.6	-3.8	1.4	2.2	26.7	16.4	-5.8	2.8	5.0
EBIT margin (%)	14.8	18.0	23.8	7.6	-28.0	-4.1	1.0	1.7	26.6	16.2	-6.2	2.3	4.4
EBIT margin, adjusted (%)	14.8	18.0	23.8	7.6	-28.0	-4.1	1.0	1.7	26.6	16.2	-6.2	2.3	4.4
Marketing cost growth (%)	590.2	310.8	234.6	138.1	33.5	-8.9	-16.5	-30.4	986.1	243.2	-8.4	-3.5	8.1
Personnel expenses growth (%)	145.1	181.0	161.7	175.5	124.4	63.9	39.6	15.7	53.7	167.5	50.9	9.8	8.1
Other expenses growth (%)	225.0	106.5	145.8	33.3	109.0	39.6	13.8	1.8	5,475	93.3	32.8	-9.3	-5.4
D&A cost growth (%)			200.0	250.0	552.0	231.5	150.1	27.4		333.3	127.4	44.7	37.1
Total opex and D&A growth (%)	368.0	234.9	193.4	94.1	50.2	3.3	-9.0	-17.4	303.3	178.7	3.3	-0.5	7.6
Marketing costs / revenues (%)	-32.0	-30.1	-27.1	-39.7	-52.0	-33.0	-29.0	-30.0	-18.7	-32.2	-35.2	-29.6	-29.1
Personnel expenses / revenues (%)	-6.3	-7.8	-8.4	-11.0	-17.2	-15.3	-15.0	-13.8	-6.3	-8.4	-15.2	-14.6	-14.3
Other expenses / revenues (%)	-3.9	-4.2	-4.7	-5.9	-10.0	-7.0	-6.8	-6.6	-4.9	-4.7	-7.5	-5.9	-5.1
D&A cost / revenues (%)	-0.1	-0.1	-0.1	-0.3	-0.4	-0.4	-0.4	-0.4	-0.1	-0.1	-0.4	-0.5	-0.6
Total opex and D&A costs / revenues (%)													
Effective tax rate (%)	-11.9	-29.5	-10.1	-10.6	-10.0	-10.0	6.0	-18.7	-11.2	-15.9	-10.0	-9.0	-8.5
nr of shares fully diluted	40.9	40.9	40.9	40.9	41.5	41.5	41.5	41.5	40.9	41.5	41.5	41.5	41.5

Source: SEB

Valuation

On our forecasts, Global Gaming trades at 2020 PER 19.2x and 9.3x 2021E. This is not that far off peer valuations and we can probably say that a growth and earnings recovery in line with our estimates is close to what the market is discounting in the share at the current price.

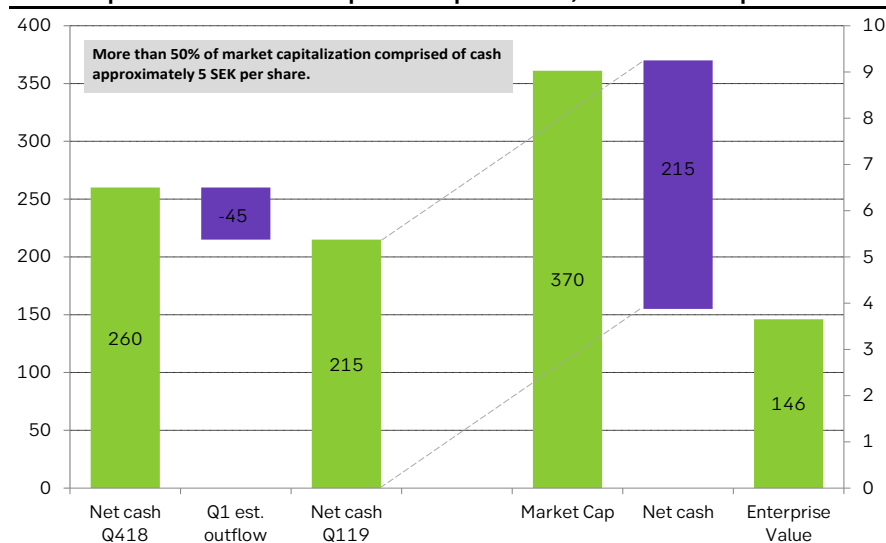
Peer valuation

	Mcap (EURm)	PER			EV/EBIT			EV/EBITDA			EV/Sales			Sales CAGR		EBITDA margin (%)	
		2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E	18-21	2019E	2020E	2021
Operators																	
Kindred group	2,137	13.8	12.2	11.5	11.7	10.2	9.4	8.4	7.4	6.8	1.7	1.5	1.3	15.5	20.4	20.1	19.0
LeoVegas	328	32.7	13.4	7.4	28.1	11.9	5.7	9.9	6.4	3.9	0.9	0.7	0.6	15.8	9.4	11.5	14.3
Betsson	1,018	9.9	9.6	9.1	9.1	8.7	8.2	9.1	8.7	8.2	1.8	1.6	1.5	9.8	20.1	18.8	17.8
Global Gaming	37	-8.7	19.9	9.6	-3.3	6.5	2.7	-3.5	5.4	2.4	0.2	0.2	0.1	1.8	-5.8	2.8	5.0
Paddy Power Betfair	5,571	19.0	17.2	14.7	17.2	15.8	12.8	13.1	12.0	10.4	2.5	2.3	2.0	11.4	19.1	18.8	19.5
888	659	13.0	11.9	10.7	9.2	8.2	7.4	6.9	6.3	5.7	1.1	1.0	1.0	6.1	15.8	16.3	16.9
GVC	4,237	10.8	8.9	7.0	11.3	9.9	8.3	8.5	7.5	6.5	1.6	1.5	1.5	2.4	18.7	20.6	22.9
Jackpot Joy	595	6.9	6.4	5.8	10.2	9.7	10.8	8.3	8.0	7.6	2.5	2.3	2.2	5.0	29.8	29.0	28.9
William Hill	1,698	14.9	12.0	9.2	11.5	9.6	7.7	7.2	6.5	5.6	1.0	1.0	0.9	3.1	14.1	14.9	17.0
Global Gaming	35	-8.4	19.2	9.3	-3.0	5.9	2.4	-3.2	4.9	2.1	0.2	0.1	0.1	1.8	-5.8	2.8	5.0
Median	1,809	13.0	12.0	9.2	11.3	9.7	8.2	8.4	7.4	6.5	1.6	1.5	1.3	7.9	15.7	17.0	17.9
<i>Global Gaming vs Median</i>		<i>-167%</i>	<i>66%</i>	<i>4%</i>	<i>-129%</i>	<i>-33%</i>	<i>-67%</i>	<i>-142%</i>	<i>-27%</i>	<i>-63%</i>	<i>-87%</i>	<i>-90%</i>	<i>-91%</i>				

Source: SEB, Reuters

Looking at cash adjusted valuation multiples the situation become more complex. At SEK 8.7 per share Global Gaming's market capitalization is SEK 360m. Adjusting for an estimated SEK 215m in net cash in Q1 2019 the enterprise value is SEK 145m, which is very low as the current cash holding comprises more than 50% of the company value. In this sense the share is very cheap. Should the share price drop to SEK 5, the enterprise value is zero. But considering that the company is lossmaking and that there is no certainty that it will be able to swing back into profitability the cash might become depleted, given the Q1 cash burn run rate, within four quarters, thus relying on solely current cash adjusted valuation is risky but underlines a large upside in the event of a turnaround. We believe this will add to volatility in the share and contribute to large swings in the share price.

Net cash position and market cap vs enterprise value, SEKm and SEK per share



Source: SEB

Our DCF model with 10% WACC yields a mid-point value of SEK 14 and a range of SEK 10-19 if we adjust our base case EBITDA margin and growth forecasts by +/- 2pp.

DCF Summary

DCF valuation (SEKm)		Weighted average cost of capital (%)	
NPV of FCF in explicit forecast period	163	Risk free interest rate	2.5
NPV of continuing value	189	Risk premium	7.5
Value of operation	352	Cost of equity	10.0
Net debt	(218)	After tax cost of debt	1.8
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 (%)	4.4
DCF value of equity	570	EBIT multiple - steady state (x)	7.9
DCF value per share (SEK)	14	Continuing value (% of NPV)	53.7
Current share price (SEK)	9.00		
DCF performance potential (%)	55		

Source: SEB

DCF sensitivity

		Cost of equity (%)				
		9.0	9.5	10.0	10.5	11.0
Equity capital weight (%)	80	18	17	17	16	15
	90	16	16	15	15	14
	100	15	14	14	13	13
		Absolute change in EBITDA margin - all years				
		-2%	-1%	0	+1%	+2%
Abs. change in sales growth - all years	-2%	10	11	13	15	16
	-1%	10	12	13	15	17
	0	10	12	14	16	17
	+1%	11	13	14	16	18
	+2%	11	13	15	17	19

Source: SEB

DCF – assumption details

(SEKm)	2019E	2020E	2021E	2022E	2023E	Average year 6	Average year 7-8	Average year 9-10
Sales growth (%)	(16.2)	14.5	10.0	8.0	6.0	5.0	3.8	3.0
EBITDA margin (%)	(5.8)	2.8	5.0	5.0	5.0	5.0	5.0	5.0
EBIT margin (%)	(6.2)	2.3	4.4	4.2	4.3	4.3	4.3	4.4
Gross capital expenditures as % of sales	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Working capital as % of sales	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)
Sales	767	878	966	1,043	1,106	1,161	1,229	1,307
Depreciation	0	0	0	(2)	(2)	(2)	(2)	(3)
Intangibles amortisation	(3)	(4)	(6)	(6)	(6)	(6)	(6)	(6)
EBIT	(48)	21	43	44	47	50	53	57
Taxes on EBIT	13	(7)	(15)	(15)	(16)	(17)	(18)	(19)
Increase in deferred taxes	0	0	0	0	0	0	0	0
NOPLAT	(31)	17	34	35	37	39	41	44
Gross capital expenditure	(8)	(9)	(11)	(12)	(13)	(13)	(14)	(15)
Increase in working capital	5	7	6	5	4	3	3	2
Free cash flow	(34)	15	28	30	31	32	33	34
ROIC (%)	(11.7)	6.1	11.1	11.5	12.2	12.8	13.3	13.8
ROIC-WACC (%)	(21.7)	(3.9)	1.1	1.5	2.2	2.8	3.3	3.8
Share of total net present value (%)	0.0	3.9	6.5	6.3	5.9	5.5	9.8	8.5

Source: SEB

Overview

Investment considerations

Global Gaming aspires to continue to gain market share by improving its product offering and expanding geographically. The company has launched Ninja Casino in Estonia in late 2018 and will add sportsbetting and more live casino games in 2019. Gross margin is far below that of peers; if the company is able to improve underlying profitability by gaining volume and renegotiating supplier contracts then there is high earnings growth potential.

Company profile

Global Gaming is a Nordic online gambling operator which, via its innovative PayNPlay solution, has been able to break in to the highly competitive Nordic online casino market. The company is transitioning from a start-up to an industrialized online gambling operator and is ramping up a operational hub in Malta, to complement the group main office in Malmö. Global Gaming generates about 90% of revenue from its main brand Ninja Casino as of Q3 2018.

Valuation approach

We take support in a DCF model using 10% WACC. This is higher than, for example, the 7.5% we use for Kindred and motivated by small cap, the short company history and high dependence on single market and single brand. We also take support in comparable multiples such as PER and EV/EBITDA.

Investment risks

Sweden will re-regulate in 2019. Global Gaming has been granted a licence, but it is unclear how market shares will be affected post regulation. We assume 80% revenue exposure to Sweden - this would indicate 14% gross margin decline in 2019. The case relies on how well Global Gaming will be able to recoup that lost margin.

Profit & loss statement - Global Gaming						
(SEKm)	2016	2017	2018	2019E	2020E	2021E
Net Sales	97	458	916	767	878	966
Other revenues	0	0	0	0	0	0
Total revenues	97	458	916	767	878	966
Total expenses	(84)	(336)	(766)	(812)	(853)	(918)
Profit before depreciation	13	122	150	(45)	25	48
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	0	0	(1)	(3)	(4)	(6)
Operating profit	13	122	149	(48)	21	43
Net interest expenses	0	0	0	0	0	0
Foreign exchange items	0	0	0	0	0	0
Other financial items	0	0	0	0	0	0
Value changes - Fixed assets	0	0	0	0	0	0
Value changes - Financial assets	0	0	0	0	0	0
Value changes - Other assets	0	0	0	0	0	0
Reported pre-tax profit	13	122	149	(48)	21	43
Minority interests	0	0	0	0	0	0
Total taxes	(1)	(14)	(24)	5	(2)	(4)
Reported profit after tax	12	108	125	(43)	19	39
Discontinued operations	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0
Net Profit	12	108	125	(43)	19	39
<u>Adjustments:</u>						
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	0	0	0	0	0	0
Goodwill/intangibles amortisations	0	0	1	3	4	6
Restructuring charges	0	0	0	0	0	0
Other adjustments	0	0	(1)	(3)	(4)	(6)
Tax effect of adjustments	0	0	0	0	0	0
Adjusted profit after tax	12	108	125	(43)	19	39
Margins, tax & returns						
Operating margin	13.7	26.6	16.2	(6.2)	2.3	4.4
Pre-tax margin	13.7	26.6	16.2	(6.2)	2.3	4.4
Tax rate	10.5	11.2	15.9	10.0	9.0	8.5
ROE	23.6	65.5	46.2	(14.8)	6.8	13.1
ROCE	26.3	73.8	54.9	(16.4)	7.4	14.3
Growth rates y-o-y (%)						
Total revenues	n.a.	372.2	100.0	(16.2)	14.5	10.0
Operating profit	n.m.	817.3	21.8	n.m.	n.m.	106.1
Pre-tax profit	n.m.	817.3	21.8	n.m.	n.m.	106.1
EPS (adjusted)	0.0	810.1	8.4	0.0	0.0	107.3
Cash flow						
(SEKm)	2016	2017	2018	2019E	2020E	2021E
Net profit	12	108	125	(43)	19	39
Non-cash adjustments	0	0	1	3	4	6
Cash flow before work cap	12	109	126	(40)	23	45
Ch. in working capital / Other	1	11	31	5	7	6
Operating cash flow	13	120	157	(35)	30	50
Capital expenditures	0	0	(4)	(8)	(9)	(11)
Asset disposals	0	0	0	0	0	0
L/T financial investments	0	0	0	0	0	0
Acquisitions / adjustments	0	0	0	0	0	0
Free cash flow	13	120	153	(42)	21	39
Net loan proceeds	0	0	0	0	0	0
Dividend paid	0	(6)	(57)	0	0	(20)
Share issue	0	0	0	0	0	0
Other	1	26	11	0	0	0
Net change in cash	14	140	107	(42)	21	19
Adjustments						
C/flow bef chng in work cap	12	109	126	(40)	23	45
Adjustments	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0
Cash earnings	12	109	126	(40)	23	45
Per share information						
Cash earnings	0.31	2.78	3.04	(0.96)	0.55	1.08
Operating cash flow	0.34	3.07	3.78	(0.83)	0.72	1.21
Free cash flow	0.34	3.07	3.69	(1.02)	0.5	0.95
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 - Global Gaming						
(SEKm)	2016	2017	2018	2019E	2020E	2021E
Cash and liquid assets	14	154	260	218	239	258
Debtors	6	8	102	15	17	19
Inventories	0	0	0	0	0	0
Other	6	24	0	0	0	0
Current assets	26	186	362	233	256	277
Interest bearing fixed assets	0	0	0	0	0	0
Other financial assets	10	6	3	3	3	3
Capitalized development cost	0	0	0	8	17	28
Goodwill	0	0	0	0	0	0
Other intangibles	79	81	89	86	81	75
Fixed tangible assets	0	2	4	4	4	4
Other fixed assets	0	0	0	0	0	0
Fixed assets	89	89	95	99	104	109
Total assets	115	275	457	332	360	386
Creditors	5	22	145	38	43	48
Other trade financing	4	15	0	25	29	32
S/T interest bearing debt	0	0	0	0	0	0
Other	4	8	0	0	0	0
Current liabilities	13	44	145	63	72	79
L/T interest bearing debt	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0
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	1	1	1	1	1	1
Long term liabilities	1	1	1	1	1	1
Minority interests	0	0	0	0	0	0
Shareholders' equity	101	230	311	268	287	306
Total liabilities and equity	115	275	457	332	360	386
Net debt (m)	(14)	(154)	(260)	(218)	(239)	(258)
Working capital (m)	(1)	(12)	(43)	(48)	(55)	(61)
Capital employed (m)	101	230	311	268	287	306
Net debt/equity (%)	(14)	(67)	(84)	(81)	(83)	(84)
Net debt/EBITDA (x)	(1.1)	(1.3)	(1.7)	4.9	(9.6)	(5.3)
Equity/total assets (%)	88	84	68	81	80	79
Interest cover	0.0	#####	0.0	0.0	0.0	0.0
Valuation						
(SEK)	2016	2017	2018	2019E	2020E	2021E
No of shares, fully dil. (y/e)	39.0	40.9	41.5	41.5	41.5	41.5
No of shares, fully dil. avg.	39.0	39.0	41.5	41.5	41.5	41.5
Share price, y/e		30.4	36.2	8.7	8.7	8.7
Share price, high		38.7	40.0	37.2		
Share price, low		27.0	23.2	8.6		
Share price, avg		33.3	31.4	25.6		
EPS (reported)	0.31	2.78	3.01	(1.03)	0.45	0.94
EPS (adjusted)	0.31	2.78	3.01	(1.03)	0.45	0.94
Cash earnings/share	0.31	2.78	3.04	(0.96)	0.55	1.08
Dividend/share	0.15	1.40	0.00	0.00	0.50	0.75
Enterprise value/share		27	30	3.4	2.9	2.5
Book value/share	2.6	5.6	7.6	6.6	7.0	7.5
Adjusted equity/share	2.6	5.6	7.6	6.6	7.0	7.5
PER (adjusted)		10.9	12.0	n.m.	19.2	9.3
CEM		10.9	11.9	(9.0)	15.6	8.1
Dividend yield		4.6	0.0	0.0	5.8	8.6
EV/EBITDA		8.9	8.3	(3.2)	4.9	2.1
EV/EBITA		8.9	8.3	(3.2)	4.9	2.1
EV/EBIT		8.9	8.4	(3.0)	5.9	2.4
EV/Sales (x)		2.38	1.36	0.19	0.14	0.11
Price/Book value		5.41	4.76	1.32	1.24	1.16
Price/adjusted equity		5.41	4.76	1.32	1.24	1.16
Free cash flow/Market cap (%)		10.1	10.2	(11.7)	5.8	10.9
Operating cash flow/EV (%)		11.0	12.6	(24.4)	24.7	49.1
EV/Capital employed (x)		4.7	4.0	0.5	0.4	0.3
Main shareholders						
Name	(%)	Votes	Capital	Management		Company information
				Title	Name	Contact
				COB		Internet
				CEO		Phone number
				CFO		
				IR		

Source for all data on this page: SEB

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