Mr Green

Results Analysis | Leisure | Sweden | 27 April 2018

Evoke synergy could offset Swedish tax impact

We expect Mr Green to continue to generate profitable growth set in motion by the turnaround. The company has a strong brand, is good at efficient and data driven marketing, and is seeking to expand geographically. We forecast 22.5% revenue CAGR towards 2020 and we expect the company to be in a good position to continue to drive consolidation in the market. We also view Mr Green as a potential takeover target.

Financial forecasts

We have cut our EPS estimates by 23% for 208 and 5% for2020, while our 2019 estimate is unchanged. We underestimated the negative impact of consolidating the currently loss-marking Evoke Gaming and higher gambling taxes due to the expansion into locally regulated market. In the long-term, the case remains intact and we forecast 22.5% revenue CAGR towards 2020. We expect the synergies from Evoke should be able to offset the impact of the Swedish gambling tax in 2019.

Results analysis

The Q1 report showed 38% revenue growth, of which 25% was organic, 9.2% acquired and fx 3.6%. In Q1 16.5% of revenues were derived from Sweden. EBITDA margin was 12%, of which the negative contribution from Evoke was 1.7pp. Moreover, management is more confident of Evoke synergy potential and increased its target to ERU 4m from EUR 2.5-3.5m. Management guided that Q2 showed a strong start, but that the market should expect higher marketing for the FIFA world cup and further expansion in Denmark.

Equity valuation

The shares are trading at 6.9x our 2018 EV/EBITDA estimates, which is a low valuation vs peers, but not against history. The mid-point of our DCF is an equity value of SEK 80 share using a cost of equity of 8%. A +/- 2pp change in our revenue growth assumptions leads to a range of SEK 73-89 per share.

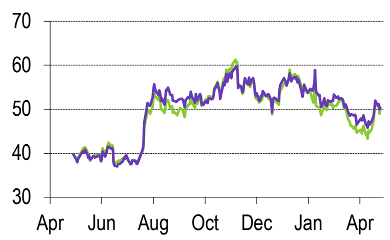
Key Data (2018E)

Price (SEK)	49.95
Reuters	MRG.ST
Bloomberg	MRG:SS
Market cap (SEKm)	2,040
Market cap (USDm)	235
Market cap (EURm)	195
Net debt (SEKm)	(339)
Net gearing	(30%)
Net debt/EBITDA (x)	(1.4)
Shares fully dil. (m)	40.8
Avg daily turnover (m)	0.0
Free float	0%

Estimate Revisions (%)

	2018E	2019E	2020E
Revenues	2	1	(0)
Adj. EBIT	(24)	(0)	(5)
Adj. EPS	(23)	(0)	(5)

Share Price (12M)



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

Marketing communication.

Financials (SEK)

Year end: Dec	2016	2017	2018E	2019E	2020E
Revenues (m)	925	1,192	1,632	1,936	2,187
Adj. EBIT	35	116	141	166	190
Pre-tax profit (m)	29	116	141	166	190
EPS	0.92	2.84	3.25	3.82	4.38
Adj. EPS	1.34	2.84	3.25	3.82	4.38
DPS	0.00	1.30	1.45	1.60	1.75
Revenue growth (%)	16.6	28.9	36.9	18.6	13.0
Adj. EBIT growth (%)	(51.2)	231.7	21.8	17.5	14.6
Adj. EPS growth (%)	(28.0)	112.3	14.4	17.5	14.6
Adj. EBIT margin (%)	2.1	9.7	8.6	8.6	8.7
ROE (%)	4.9	12.6	12.4	13.5	14.1
ROCE (%)	2.3	10.1	9.5	9.7	9.5
PER (x)	23.3	19.1	15.4	13.1	11.4
Free cash flow yield (%)	5.6	10.4	15.8	16.3	18.3
Dividend yield (%)	0.0	2.4	2.9	3.2	3.5
P/BV (x)	1.57	2.15	1.84	1.69	1.54
EV/Sales (x)	1.15	1.64	1.04	0.82	0.66
EV/Adj. EBITDA (x)	11.6	10.5	6.9	5.7	4.7
EV/Adj. EBIT (x)	30.5	16.8	12.1	9.6	7.6
Operating cash flow/EV (%)	12.1	16.8	25.9	28.8	34.6
Net debt/Adj. EBITDA (x)	(0.73)	(1.43)	(1.37)	(1.65)	(1.90)

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

Estimates and Valuation

Earnings revision

(SEK)	2018E	2019E	2020E
Revenues (m)			
Old	1,608	1,916	2,195
New	1,632	1,936	2,187
Change (%)	2	1	(0)
Operating profit (m)			
Old	185	166	200
New	141	166	190
Change (%)	(24)	(0)	(5)
Pre-tax profit (m)			
Old	185	166	200
New	141	166	190
Change (%)	(24)	(0)	(5)
EPS (reported)			
Old	4.25	3.82	4.59
New	3.25	3.82	4.38
Change (%)	(23)	(0)	(5)
EPS (adjusted)			
Old	4.25	3.82	4.59
New	3.25	3.82	4.38
Change (%)	(23)	(0)	(5)

Source: SEB

In the quarter Mr Green management released data on geographical footprint, which was previously not disclosed. The company generated 16.5% of revenues from Sweden, less than 5% from Norway, and 13% of revenue are from locally regulated markets, which includes revenue from the four countries in which the company has licenses – the UK, Denmark, Italy, and Ireland (sport). The company pays VAT/or tax in countries corresponding to 43% of revenues, leaving 44% of revenues currently untaxed. After the license system implementation in Sweden in 2019, Mr Green looks set to have 75% locally taxed revenues.

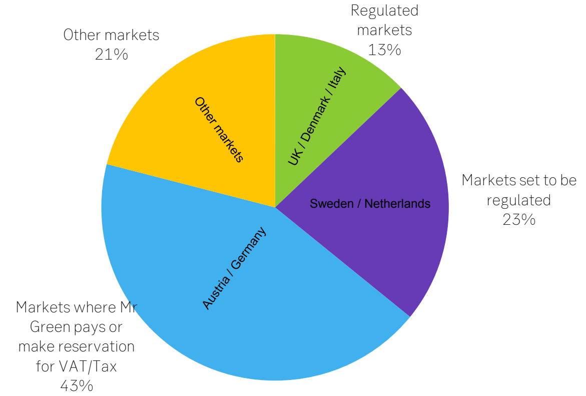
Mr Green consolidated Evoke Gaming in the quarter, the unit contributed SEK 20m (EUR 2m) to the top line, but burdened EBITDA by 3.8m, impacting margin -1.7%. After working with the unit through the quarter management is now more confident about synergies and raised its target to EUR 4m from EUR 2.5m-3.5m, with start in Q2 2018 and reaching full impact in H1 2019. According to our calculation, the Evoke synergy alone should be able to offset the negative impact from the Swedish gambling tax in 2019.

Synergy to offset Swedish gambling tax impact, SEKm

	2017	2018	2019
Group Sales	1192	1632	1936
- from Sweden	197	245	271
- % of total	16.50%	15.0%	14.0%
Total growth	29%	37%	19%
Swedish growth	n.a.	24%	11%
Tax 18% on GGR			
in SEKm			-49
Shift to suppliers 20%			-10
Effect on COS			-39
Evoke Synergy target		**EUR 4m i.e ~SEK 40m**	
Evoke Synery offset effect from Swedish tax impact.			

Source: SEB

Sales by region, as of Q1 2018



Source: SEB, Major markets in respective region are outlined in the chart

Low valuation vs peers but not vs history

Capitalisation and valuation summary

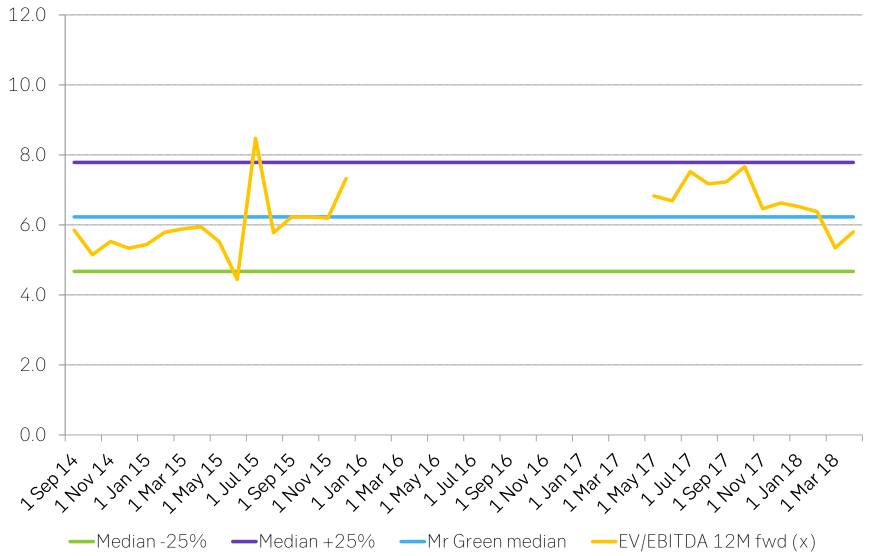
(SEKm)	2017	2018E	2019E	2020E
Market cap	2.040	2,040	2,040	2,040
Net debt/(cash)	(266)	(339)	(442)	(556)
EV	1,774	1,701	1,598	1,484
EV/Sales (x)	1.5	1.0	0.8	0.7
EV/EBITDA (x)	9.6	6.9	5.7	4.7
PER (x)	16.7	14.6	13.6	11.4

Source: SEB

We believe EV based multiples are probably the best comparable multiple given that it is balance sheet neutral and the company has net cash position and EBITDA is closer to underlying cash flow given that the company amortises on acquired intangibles and investments from the platform development. Looking at EV/EBITDA, the historical valuation range suggests an average valuation of 6.1x forward estimates. Mr Green is trading on 5.8x, which is slightly lower than historically.

Valued just below historical average median EV/EBITDA

12-month forward EV/EBITDA estimates (x)



Source: SEB

Operator peer group

	Mkt cap (SEK)	Performance (%) -1M	-3M	-12M	PER 2018E	2019E	2020E	EV/EBITDA 2018E	2019E	2020E	EV/Sales 2018E	2019E	2020E	Sales CAGR 2017-20	EBIT margin (%) 2018E	2019E	2020E
Mr Green	2,040	10%	-10%	24%	15.4	13.1	11.4	6.9	5.7	4.7	1.0	0.8	0.7	22.4	8.6	8.6	8.7
LeoVegas	8,270	9%	-23%	106%	27.6	17.9	10.5	16.7	11.7	7.3	2.2	1.6	1.2	43.4	8.5	10.0	13.9
Kindred	26,774	1%	-10%	29%	16.6	19.9	18.5	11.4	12.5	11.4	2.5	2.1	1.8	18.4	16.6	12.3	11.8
Betsson	8,482	-2%	-6%	-19%	9.2	10.6	10.7	7.0	7.3	7.0	1.8	1.6	1.4	10.7	19.4	15.5	13.9
Paddy Power Betfair	71,476	-2%	-13%	-20%	16.7	15.5	14.6	11.7	10.9	10.2	3.1	2.8	2.7	7.6	22.1	22.0	22.4
888	11,945	0%	-2%	0%	18.7	17.0	16.0	12.0	11.0	9.8	2.2	2.0	1.9	6.3	14.4	14.9	14.9
GVC	63,218	0%	-1%	21%	13.4	11.7	10.9	7.8	7.1	6.9	1.8	1.6	1.6	56.7	16.4	17.5	18.9
Average		2%	-10%	20%	16.8	15.1	13.2	10.5	9.5	8.2	2.1	1.8	1.6	23.6	15.1	14.4	14.9

Source: SEB

We derive a DCF-based value per share of SEK 80 using a cost of equity of 8.0% and a steady-state EBIT margin of 8.9%. Deducting or adding 2pp to our revenue growth assumptions, we derive an equity value of SEK 67-94 per share. Adding or deducting 0.5pp to our cost of equity assumptions would imply an equity value of SEK 76-85 per share.

Our DCF model suggests a mid-point value per share of SEK 80...

DCF summary

DCF valuation (SEKm)		Weighted average cost of capital (%)	
NPV of FCF in explicit forecast period	1,350	Risk free interest rate	2.5
NPV of continuing value	1,514	Risk premium	5.5
Value of operation	**2,864**	**Cost of equity**	**8.0**
Net debt	(392)	**After tax cost of debt**	**2.3**
Share issue/buy-back in forecast period	-		
Value of associated companies	-	**WACC**	**8.0**
Value of minority shareholders' equity	-		
Value of marketable assets	-	**Assumptions**	
DCF value of equity	**3,256**	Number of forecast years	10
DCF value per share (SEK)	**80**	EBIT margin - steady state (%)	8.9
Current share price (SEK)	49.95	EBIT multiple - steady state (x)	11.6
DCF performance potential (%)	126	Continuing value (% of NPV)	52.9

Source: SEB

...and altering sales growth +/- 2pp gives an interval of SEK 73-89

DCF sensitivity analysis

Change in Cost of equity

		7.0	7.5	**8.0**	8.5	9.0
	80	113	106	99	94	89
Equity capital weight (%)	90	101	94	89	84	80
	100	91	85	**80**	76	72

Absolute change in EBITDA margin - all years

		-2%	-1%	**0**	+1%	+2%
	-2%	61	67	73	79	85
Abs. change in	-1%	64	70	77	83	90
sales growth -	**0**	67	74	**80**	87	94
all years	+1%	70	77	84	92	99
	+2%	73	81	89	96	104

Source: SEB

DCF – assumption details

(SEKm)	2018E	2019E	2020E	2021E	2022E	Average year 6	Average year 7-8	Average year 9-10
Sales growth (%)	36.9	18.6	13.0	8.0	6.0	5.0	3.8	2.5
EBITDA margin (%)	15.1	13.5	13.7	14.5	14.5	14.5	14.5	14.5
EBIT margin (%)	8.6	7.8	8.2	8.7	8.8	8.9	8.9	8.9
Gross capital expenditures as % of sales	10.3	6.4	5.9	5.6	5.6	5.6	5.6	5.6
Working capital as % of sales	(16.5)	(15.6)	(15.1)	(15.1)	(15.1)	(15.1)	(15.1)	(15.1)
Sales	1,632	1,936	2,187	2,362	2,503	2,628	2,775	2,901
Depreciation	(106)	(110)	(120)	(137)	(143)	(147)	(155)	(162)
Intangibles amortisation	0	0	0	0	0	0	0	0
EBIT	141	151	180	205	220	234	247	258
Taxes on EBIT	(13)	(14)	(16)	(18)	(20)	(21)	(22)	(23)
Increase in deferred taxes	0	0	0	0	0	0	0	0
NOPLAT	**128**	**138**	**164**	**187**	**200**	**213**	**225**	**235**
Gross capital expenditure	(168)	(123)	(128)	(132)	(140)	(147)	(155)	(162)
Increase in working capital	62	33	27	26	21	19	14	9
Free cash flow	**129**	**158**	**183**	**218**	**224**	**232**	**239**	**243**
ROIC (%)	8.1	7.5	7.8	9.0	9.8	10.5	11.2	11.8
ROIC-WACC (%)	0.1	(0.5)	(0.2)	1.0	1.8	2.5	3.2	3.8
Share of total net present value (%)	0.0	5.1	5.5	6.1	5.8	5.5	10.1	8.9

Source: SEB

We expect the synergies from cost savings in both opex and CoS Evoke, together with re-negotiation with suppliers, in Evoke to offset the impact of the Swedish tax obligation and margins may well be flat in 2018-19.

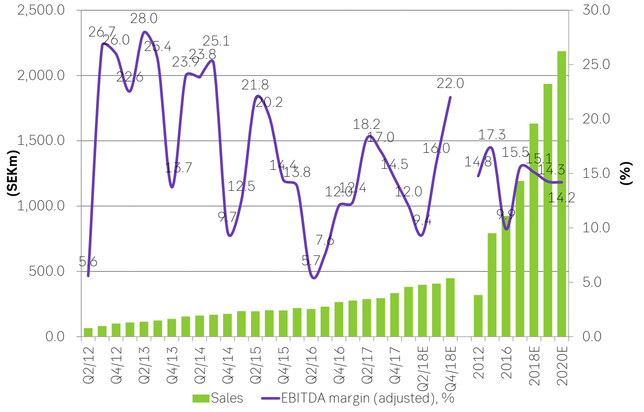
Our forecasts include a drop, this is due to the inclusion of the Dutch license system which is scheduled for Q3 2019 and with a 29% tax, impacting EBITDA margin -0.8%.

Consolidated P&L

Year end: 31 December (SEKm)	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18E	Q2/18E	Q3/18E	Q4/18E	2017	2018E	2019E	2020E
Sales	**276.1**	**287.8**	**295.1**	**333.0**	**381.0**	**397.1**	**406.5**	**447.6**	**1,192.0**	**1,632.1**	**1,935.8**	**2,186.7**
COGS	(91.1)	(87.3)	(93.7)	(104.1)	(132.2)	(135.0)	(136.2)	(147.7)	(376.3)	(551.1)	(707.4)	(816.0)
Gross profit	**185.0**	**200.5**	**201.4**	**228.9**	**248.7**	**262.1**	**270.3**	**299.9**	**815.8**	**1,081.0**	**1,228.4**	**1,370.7**
External expenses	(150.8)	(148.1)	(151.1)	(180.5)	(202.9)	(224.8)	(205.3)	(201.4)	(630.5)	(834.3)	(952.4)	(1,060.5)
of which												
Marketing costs	(100.0)	(92.5)	(94.9)	(116.4)	(127.5)	(150.9)	(134.1)	(134.3)	(403.8)	(546.8)	(638.8)	(710.7)
Other costs	(50.7)	(55.6)	(56.2)	(64.1)	(75.4)	(73.9)	(71.1)	(67.1)	(226.6)	(287.6)	(313.6)	(349.9)
Personnel expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
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
EBITDA	**34.2**	**52.4**	**50.3**	**48.4**	**45.8**	**37.3**	**65.0**	**98.5**	**185.3**	**246.7**	**276.0**	**310.1**
Depreciation & amort.	(14.7)	(16.9)	(18.3)	(19.7)	(24.5)	(26.0)	(27.0)	(28.0)	(69.5)	(105.7)	(110.3)	(120.3)
EBIT	**19.5**	**35.5**	**32.0**	**28.7**	**21.3**	**11.3**	**38.0**	**70.4**	**115.8**	**141.0**	**165.7**	**189.9**
EBIT excl. Non-recurring items	**19.5**	**35.5**	**32.0**	**28.7**	**21.3**	**11.3**	**38.0**	**70.4**	**115.8**	**141.0**	**165.7**	**189.9**
Net financials	0.0	(0.0)	(0.3)	(0.1)	(0.1)	(0.3)	(0.3)	(0.4)	0.0	(1.0)	(1.0)	(1.0)
Pre-tax profit	**19.5**	**35.5**	**31.8**	**28.6**	**21.2**	**11.0**	**37.7**	**70.0**	**115.8**	**140.0**	**164.7**	**188.9**
Total taxes	(0.7)	(2.5)	(1.4)	(1.7)	(1.1)	(0.7)	(2.3)	(4.2)	(6.3)	(8.2)	(9.9)	(11.3)
Net profit (reported)	**18.9**	**33.0**	**30.4**	**26.9**	**20.2**	**10.4**	**35.5**	**65.8**	**109.5**	**131.8**	**154.8**	**177.5**
EPS reported	0.52	0.91	0.74	0.66	0.49	0.25	0.87	1.61	2.68	3.23	3.79	4.35
Sales growth (%)	26.4	36.3	28.4	25.7	38.0	38.0	37.7	34.4	28.9	36.9	18.6	13.0
Gross profit growth (%)	21.6	42.2	32.1	32.9	34.5	30.7	34.2	31.0	32.0	32.5	13.6	11.6
EBIT growth (%)	16.2	n.a.	n.a.	424.2	8.9	(68.2)	18.6	145.4	506.4	21.8	17.5	14.6
EBIT growth excl. Non-recurring costs (%)	16.2	n.a.	703.9	66.7	8.9	(68.2)	18.6	145.4	231.7	21.8	17.5	14.6
Pre-tax profit growth (%)	(27.6)	n.a.	n.a.	409.4	8.6	(68.9)	18.9	145.1	293.1	20.9	17.6	14.7
EPS growth (%)	(0.2)	(7.9)	(31.4)	0.7	(0.1)	(0.7)	0.2	1.4	n.a.	n.a.	n.a.	n.a.
COGS growth (%)	37.4	24.3	21.0	12.3	45.1	54.6	45.3	41.9	22.7	46.5	28.4	15.4
External expenses growth (%)	23.6	14.8	11.9	28.5	34.6	51.8	35.8	11.6	19.8	32.3	14.2	11.4
Total SG&A cost growth (%)	23.6	14.8	11.9	28.5	34.6	51.8	35.8	11.6	19.8	32.3	14.2	11.4
Total opex growth (%)	22.2	14.5	14.1	29.1	37.5	52.0	37.2	14.6	20.1	34.3	13.1	11.1
Gross margin (%)	67.0	69.7	68.2	68.7	65.3	66.0	66.5	67.0	68.4	66.2	63.5	62.7
EBITDA margin (%)	12.4	18.2	17.0	14.5	12.0	9.4	16.0	22.0	15.5	15.1	14.3	14.2
EBIT margin (%)	7.1	12.3	10.9	8.6	5.6	2.8	9.3	15.7	9.7	8.6	8.6	8.7
Pre-tax margin (%)	7.1	12.3	10.8	8.6	5.6	2.8	9.3	15.6	9.7	8.6	8.5	8.6
Net margin (%)	4.3	9.6	7.1	5.4	2.9	0.3	6.5	12.7	8.5	7.5	7.5	7.7
SG&A expenses	(150.8)	(148.1)	(151.1)	(180.5)	(202.9)	(224.8)	(205.3)	(201.4)	(630.5)	(834.3)	(952.4)	(1,060.5)
Operating expenses incl depr	**(165.4)**	**(165.0)**	**(169.4)**	**(200.2)**	**(227.5)**	**(250.8)**	**(232.3)**	**(229.4)**	**(700.0)**	**(940.0)**	**(1,062.8)**	**(1,180.8)**

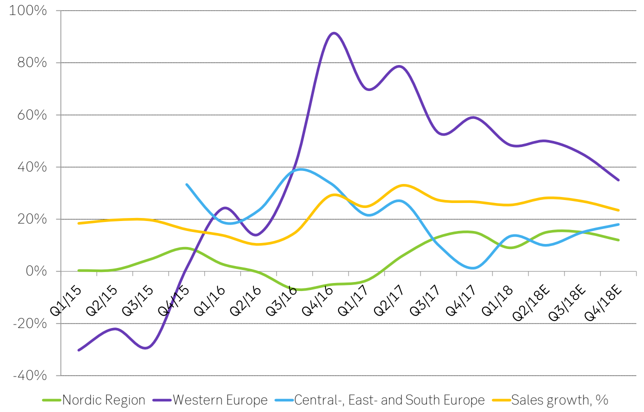
Source: SEB

EBITDA and Austrian tax provision, EURm



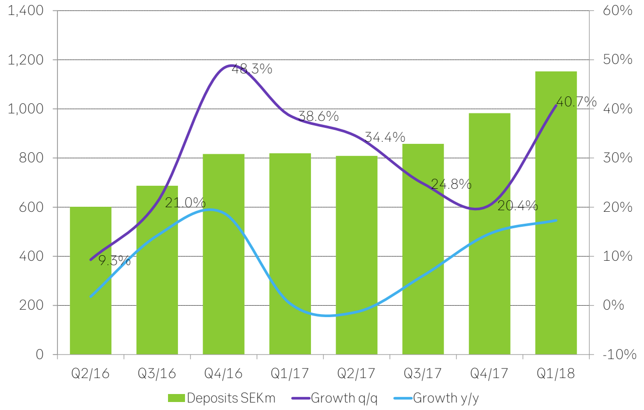
Source: SEB

Sales growth and mobile channel growth



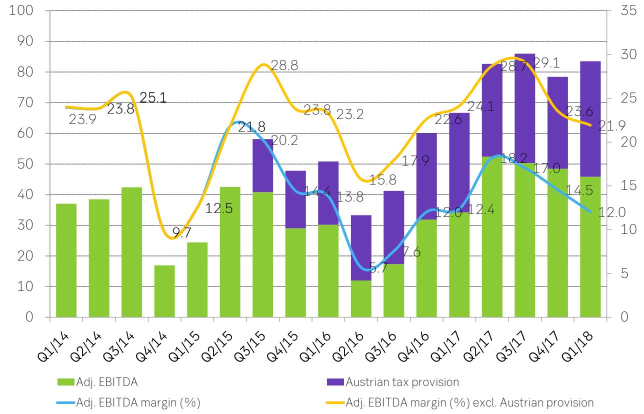
Source: SEB

Deposits SEKm and deposit growth



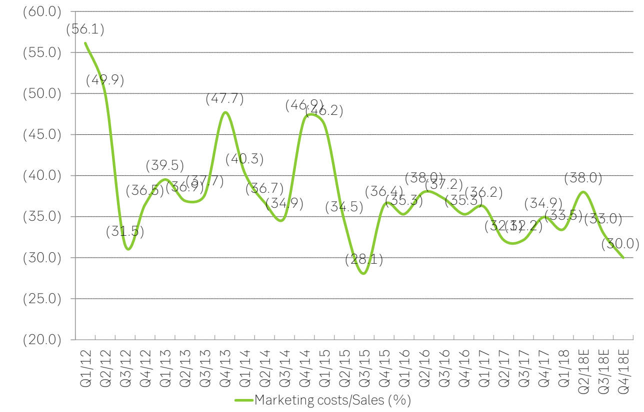
Source: SEB

EBITDA adjusted for Austrian tax



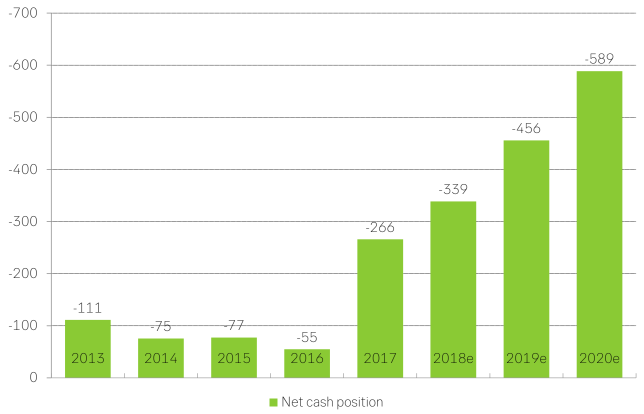
Source: SEB

Marketing cost of sales



Source: SEB

Net cash position SEKm

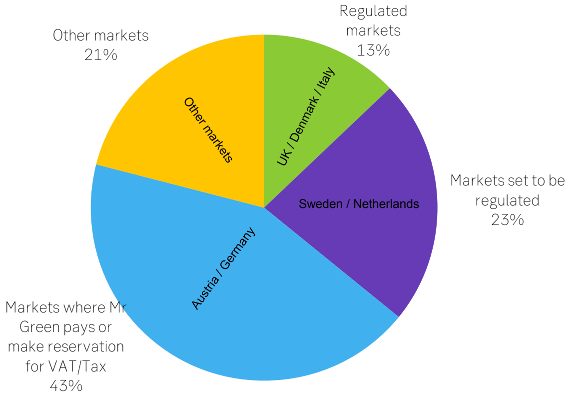


Source: SEB

Overview

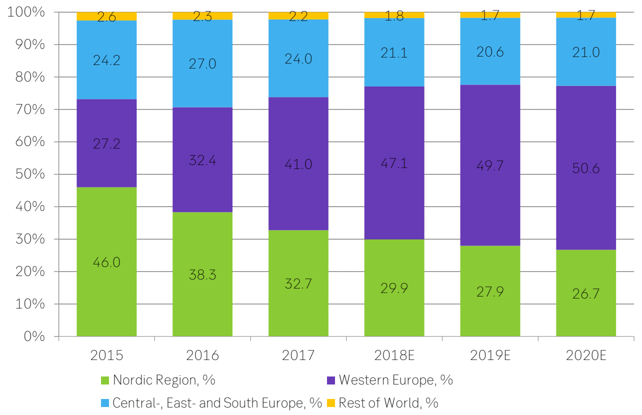
Investment considerations	In our view, Mr Green is one of the strongest brands in the online gambling industry. In order to fully leverage its strong brand, Mr Green has heavily invested in its product offering. Driven by its updated product offering and new marketing, the company's top line growth has improved. We expect Mr Green to further leverage its top class brand in 2018-20 and maintain its top line momentum, while spending less on marketing relative to sales.
Company profile	Mr Green, an online gaming B2C operator widely known for its jingle ("you can bet your dollar count with Mr Green..") and the mysterious man in the green suit, aims to offer entertainment and a superior gaming experience, while providing a safe and responsible gaming environment. The company was founded in 2007 as an online casino and in 2016 launched a sportsbook and a new live casino. Mr Green now operates in 13 countries and has licences in Malta, Denmark, Italy, the UK and Ireland. The company's product offering consists of over 700 premium casino games, of which around 450 are available on smartphones and tablets.
Valuation approach	We ague EV based measures are the best comparable multiples given that the company has a net cash position. We also use a DCF valuation approach.
Investment risks	The gaming industry is highly competitive, visibility is limited and player churn is high. Forecasting is difficult and earnings volatility is high. Furthermore, legal matters remain uncertain as shown Austria: other European countries may take similar decisions to enforce legislation that could prove unfavourable for Mr Green.

Revenues by regulation



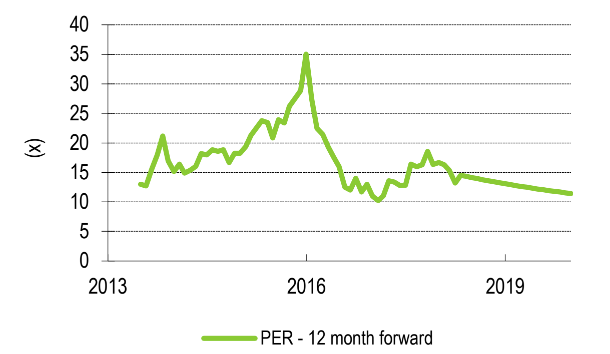
Source: SEB

Historical and forecasted revenues by geography (%)



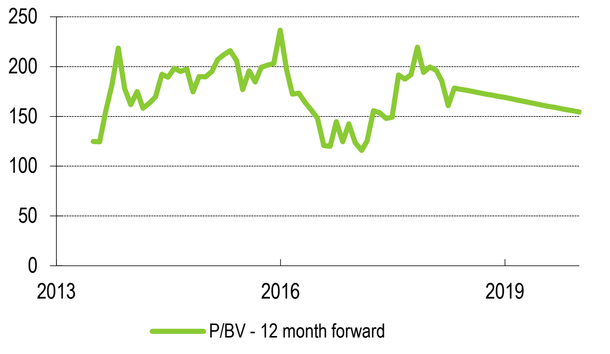
Source: SEB

PER - 12 month forward



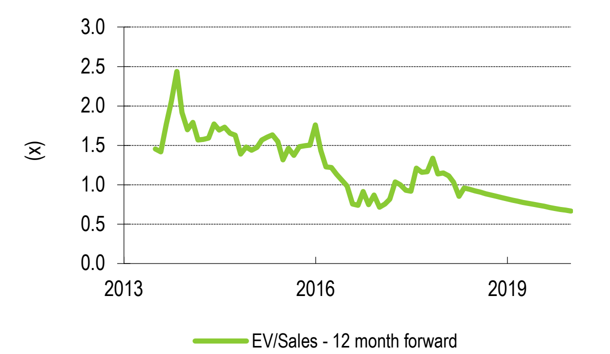
Source: SEB

P/BV - 12 month forward



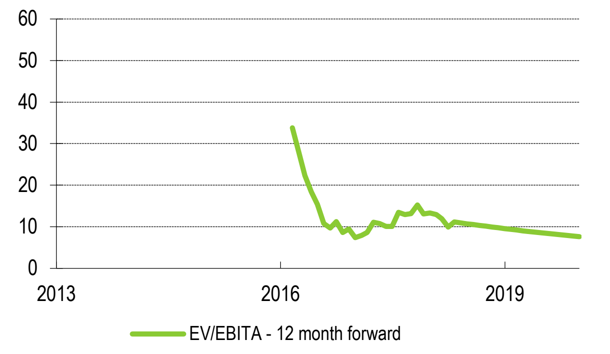
Source: SEB

EV/Sales - 12 month forward



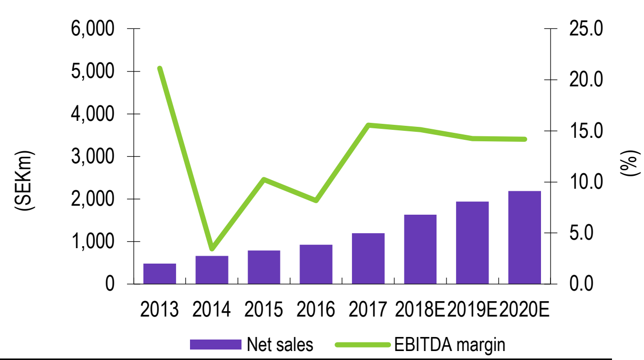
Source: SEB

EV/EBITA - 12 month forward



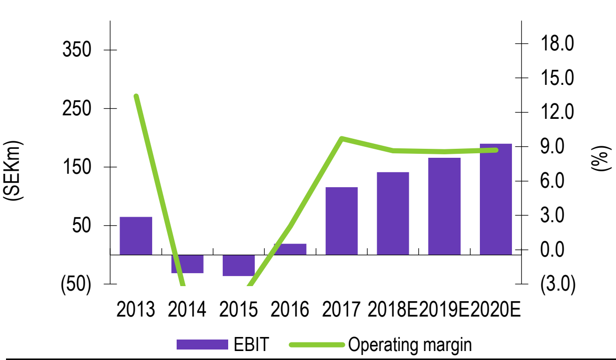
Source: SEB

Net sales & EBITDA margin



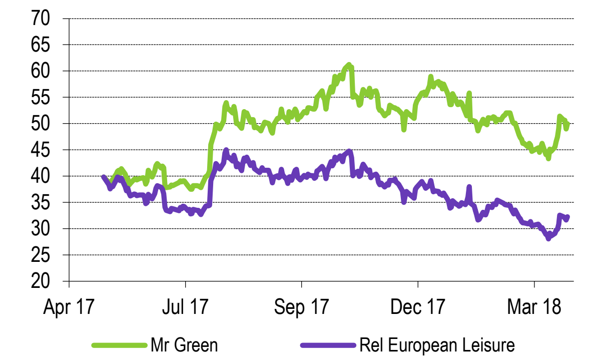
Source: SEB

EBIT & Operating margin



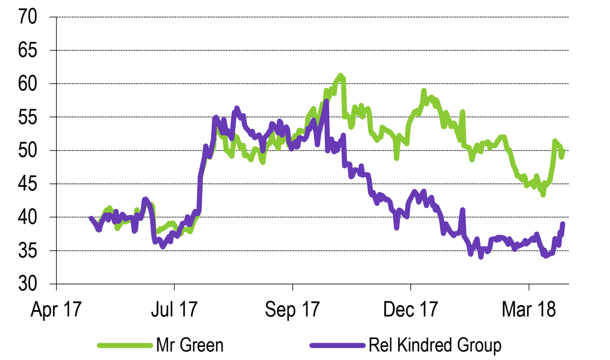
Source: SEB

Comparison with sector index - 1 year



Source: SIX

Comparison with Kindred Group - 1 year



Source: SIX

Profit & loss statement - Mr Green								
(SEKm)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018E**	**2019E**	**2020E**
Net Sales	483	659	793	925	1,192	1,632	1,936	2,187
Other revenues	0	0	0	0	0	0	0	0
Total revenues	**484**	**659**	**793**	**925**	**1,192**	**1,632**	**1,936**	**2,187**
Total expenses	(382)	(637)	(712)	(849)	(1,007)	(1,385)	(1,660)	(1,877)
Profit before depreciation	**102**	**23**	**81**	**76**	**185**	**247**	**276**	**310**
Depreciation - Fixed assets	0	0	0	0	0	0	0	0
Depreciation - Other assets	(37)	(54)	(91)	(56)	(70)	(106)	(110)	(120)
Amortisation - Goodwill	0	0	0	0	0	0	0	0
Amortisation - Other intangibles	0	0	(26)	0	0	0	0	0
Operating profit	**65**	**(31)**	**(36)**	**19**	**116**	**141**	**166**	**190**
Net interest expenses	(2)	0	(0)	10	0	0	0	0
Foreign exchange items	0	0	0	0	0	0	0	0
Other financial items	0	0	0	0	0	0	0	0
Value changes - Fixed assets	0	0	0	0	0	0	0	0
Value changes - Financial assets	0	0	0	0	0	0	0	0
Value changes - Other assets	0	0	0	0	0	0	0	0
Reported pre-tax profit	**63**	**(31)**	**(36)**	**29**	**116**	**141**	**166**	**190**
Minority interests	0	0	0	0	0	0	0	0
Total taxes	(4)	4	2	4	(6)	(8)	(10)	(11)
Reported profit after tax	**59**	**(27)**	**(34)**	**33**	**110**	**133**	**156**	**179**
Discontinued operations	0	0	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0	0
Net Profit	**59**	**(27)**	**(34)**	**33**	**110**	**133**	**156**	**179**
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	0	0	0	0	0	0	0	0
Goodwill/intangibles amortisations	0	0	26	0	0	0	0	0
Restructuring charges	0	0	0	0	0	0	0	0
Other adjustments	5	112	82	16	0	0	0	0
Tax effect of adjustments	(0)	(7)	(6)	(1)	0	0	0	0
Adjusted profit after tax	**64**	**79**	**67**	**48**	**110**	**133**	**156**	**179**
Margins, tax & returns								
Operating margin	13.4	(4.7)	(4.5)	2.1	9.7	8.6	8.6	8.7
Pre-tax margin	13.1	(4.7)	(4.6)	3.2	9.7	8.6	8.6	8.7
Tax rate	6.0	14.4	4.6	(12.4)	5.4	5.9	5.9	5.9
ROE	15.9	(3.6)	(5.0)	4.9	12.6	12.4	13.5	14.1
ROCE	17.4	(4.0)	(4.6)	2.3	10.1	9.5	9.7	9.5
Growth rates y-o-y (%)								
Total revenues	n.a.	36.3	20.2	16.6	28.9	36.9	18.6	13.0
Operating profit	n.m.	n.m.	n.m.	n.m.	506.4	21.8	17.5	14.6
Pre-tax profit	n.m.	n.m.	n.m.	n.m.	293.1	21.8	17.5	14.6
EPS (adjusted)	0.0	23.8	(15.4)	(28.0)	112.3	14.4	17.5	14.6

Cash flow								
(SEKm)	**2013**	**2014**	**2015**	**2016**	**2017**	**2018E**	**2019E**	**2020E**
Net profit	59	(27)	(34)	33	110	133	156	179
Non-cash adjustments	7	156	201	45	190	246	267	296
Cash flow before work cap	**66**	**129**	**167**	**78**	**299**	**379**	**423**	**475**
Ch. in working capital / Other	10	18	8	51	29	62	33	27
Operating cash flow	**77**	**147**	**175**	**129**	**328**	**441**	**456**	**502**
Capital expenditures	(28)	(52)	(64)	(66)	(111)	(118)	(123)	(128)
Asset disposals	0	0	0	0	0	0	0	0
L/T financial investments	0	0	0	0	0	0	0	0
Acquisitions / adjustments	62	(6)	(8)	0	(86)	(50)	0	0
Free cash flow	**111**	**90**	**103**	**62**	**131**	**273**	**333**	**374**
Net loan proceeds	0	(2)	0	0	0	0	0	0
Dividend paid	0	(47)	(47)	0	0	(53)	(59)	(65)
Share issue	0	0	0	0	186	0	0	0
Other	(1)	2	5	14	14	0	0	(0)
Net change in cash	**110**	**44**	**61**	**77**	**331**	**220**	**274**	**309**
Adjustments								
C/flow bef chng in work cap	66	129	167	78	299	379	423	475
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	66	129	167	78	299	379	423	475
Per share information								
Cash earnings	1.85	3.61	4.65	2.17	7.77	9.27	10.4	11.6
Operating cash flow	2.14	4.11	4.89	3.59	8.52	10.8	11.2	12.3
Free cash flow	3.08	2.51	2.87	1.74	3.4	6.69	8.16	9.16
Investment cover								
Capex/sales (%)	0.8	0.8	0.5	0.4	0.6	0.5	0.5	0.5
Capex/depreciation (%)	0	0	0	0	0	0	0	0

Source for all data on this page: SEB

Balance sheet - Mr Green

(SEKm)	2013	2014	2015	2016	2017	2018E	2019E	2020E
Cash and liquid assets	111	155	190	267	598	818	1,092	1,401
Debtors	4	5	11	18	24	45	53	60
Inventories	0	0	0	0	0	0	0	0
Other	12	6	5	15	20	20	20	20
Current assets	**127**	**166**	**207**	**300**	**642**	**883**	**1,165**	**1,481**
Interest bearing fixed assets	0	0	0	0	0	0	0	0
Other financial assets	23	0	0	0	6	6	6	6
Capitalized development cost	0	0	0	0	0	4	7	3
Goodwill	446	508	499	523	625	625	625	625
Other intangibles	351	406	372	398	457	506	506	506
Fixed tangible assets	0	4	4	5	9	17	27	39
Other fixed assets	0	7	0	0	0	0	0	0
Fixed assets	**820**	**925**	**876**	**926**	**1,097**	**1,159**	**1,171**	**1,179**
Total assets	**947**	**1,091**	**1,082**	**1,226**	**1,738**	**2,042**	**2,337**	**2,660**
Creditors	23	26	33	69	58	112	133	150
Other trade financing	8	42	39	38	80	110	131	148
S/T interest bearing debt	0	0	0	0	0	0	0	0
Other	64	87	152	82	113	113	113	113
Current liabilities	**95**	**156**	**224**	**189**	**251**	**335**	**376**	**410**
L/T interest bearing debt	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0
Other provisions	0	80	113	212	339	479	636	812
Deferred tax	109	118	104	114	117	117	117	117
Long term liabilities	**109**	**197**	**217**	**326**	**456**	**596**	**753**	**929**
Minority interests	0	0	0	0	0	0	0	0
Shareholders' equity	**744**	**738**	**641**	**710**	**1,031**	**1,111**	**1,207**	**1,321**
Total liabilities and equity	**947**	**1,091**	**1,082**	**1,226**	**1,738**	**2,042**	**2,337**	**2,660**
Net debt (m)	(111)	(75)	(77)	(55)	(266)	(339)	(456)	(589)
Working capital (m)	(78)	(145)	(208)	(156)	(207)	(269)	(302)	(330)
Capital employed (m)	744	818	754	922	1,363	1,590	1,844	2,133
Net debt/equity (%)	(15)	(10)	(12)	(8)	(26)	(30)	(38)	(45)
Net debt/EBITDA (x)	(1.1)	(3.3)	(1.0)	(0.7)	(1.4)	(1.4)	(1.7)	(1.9)
Equity/total assets (%)	79	68	59	58	59	54	52	50
Interest cover	37.4	131.1	(554.4)	(1.8)	0.0	0.0	0.0	0.0

Valuation

(SEK)	2013	2014	2015	2016	2017	2018E	2019E	2020E
No of shares, fully dil. (y/e)	35.8	35.8	35.8	35.8	40.8	40.8	40.8	40.8
No of shares, fully dil. avg.	35.8	35.8	35.8	35.8	38.6	40.8	40.8	40.8
Share price, y/e	33.3	33.9	46.9	31.2	54.3	50.0	50.0	50.0
Share price, high	51.3	42.6	47.5	46.9	63.0	59.0		
Share price, low	21.8	24.8	31.8	26.4	28.7	43.3		
Share price, avg	33.1	34.8	37.9	33.7	44.2	51.0		
EPS (reported)	1.65	(0.74)	(0.96)	0.92	2.84	3.25	3.82	4.38
EPS (adjusted)	1.78	2.20	1.86	1.34	2.84	3.25	3.82	4.38
Cash earnings/share	1.85	3.61	4.65	2.17	7.77	9.27	10.4	11.6
Dividend/share	1.30	1.30	0.00	0.00	1.30	1.45	1.60	1.75
Enterprise value/share	30	32	45	30	48	42	39	36
Book value/share	21	21	17.9	19.8	25	27	30	32
Adjusted equity/share	21	21	17.9	19.8	25	27	30	32
PER (adjusted)	18.7	15.4	25.2	23.3	19.1	15.4	13.1	11.4
CEM	18.0	9.4	10.1	14.4	7.0	5.4	4.8	4.3
Dividend yield	3.9	3.8	0.0	0.0	2.4	2.9	3.2	3.5
EV/EBITDA	10.6	50.1	19.8	14.1	10.5	6.9	5.7	4.7
EV/EBITA	16.7	(36.5)	(158.5)	55.7	16.8	12.1	9.6	7.6
EV/EBIT	16.7	(36.5)	(44.5)	55.7	16.8	12.1	9.6	7.6
EV/Sales (x)	2.24	1.73	2.02	1.15	1.64	1.04	0.82	0.66
Price/Book value	1.60	1.65	2.62	1.57	2.15	1.84	1.69	1.54
Price/adjusted equity	1.60	1.65	2.62	1.57	2.15	1.84	1.69	1.54
Free cash flow/Market cap (%)	4.1	7.9	6.6	5.6	10.4	15.8	16.3	18.3
Operating cash flow/EV (%)	7.1	12.9	10.9	12.1	16.8	25.9	28.8	34.6
EV/Capital employed (x)	1.5	1.4	2.1	1.2	1.4	1.1	0.9	0.7

Main shareholders

Name	(%) Votes	Capital
Henrik Bergquist	15.6	15.6
Avanza Pension	14.5	14.5
Hans Fajerson	13.9	13.9
Foreign owners (total)	7.5	7.5

Management

Title	Name
COB	Kent Sander
CEO	Norman Per
CFO	Simon Falk
IR	

Company information

Contact	
Internet	0.0
Phone number	0

Source for all data on this page: SEB

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SEB acted as Joint Bookrunner of the SEK 234m offering of Mr Green in June 2017. It also acted as Joint Bookrunner of SEK 168m secondary share placement on behalf of largest selling shareholders in November 2017. This report has been produced by SEB's Research department, which is separated from its Investment Banking division by information barriers; as such, it is independent and based solely on publicly available information.

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Within the past 12 months, SEB or its affiliates acted as Lead or Co-Lead Manager in a public offering of securities of Mr Green or an affiliate.

SEB or its affiliates is, or has within the last 12 months been or expects in the next 3 months to be, party to an agreement relating to the provision of investment banking services to Mr Green or an affiliate, or has received from it fees or the promise of fees in respect of such services.

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

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