

Angler Gaming PLC (ANGL)



LUND UNIVERSITY FINANCE SOCIETY EST 1991

About Angler Gaming

Angler Gaming is a Maltese holding company founded through a Betsson AB spin-off in 2012. The Company holds fully owned subsidiaries providing online gambling services within the iGaming industry. The key subsidiaries are PremierGaming PLC with brands such as Pronto Casino and Starfish Media M.V, that offers a ready-to-use B2B gambling platform.

Overweight

Target Price	SEK 88.2
Current Price	SEK 36.2
Upside	143.6%

Market Data, EUR

Exchange	Spotlight Stock Market
Shares (mn)	74.9
MCAP (mn)	277.4
EV (mn)	267.7

Forecast, EURmn	20A	21E	22E
Total revenue	43.5	67.0	88.6
Rev. growth	52.5%	53.9%	32.3%
Gross Profit	19.2	27.1	38.5
Gross Margin	44.2%	40.4%	43.4%
EBITDA	14.1	13.7	21.7
EBITDA Margin	32.4%	20.6%	24.6%
EBIT	14.1	13.6	21.6
EBIT Margin	32.4%	20.3%	24.4%

Key Metrics	20A	21E	22E
EV/EBIT	18.6x	19.3x	12.1x
ND/EBITDA	Neg.	Neg.	Neg.
ROIC	90.1%	86.8%	138.1%
P/E	23.5x	20.8x	13.0x
P/S	6.3x	4.1x	3.1x

Angler Gaming – Betting on the future

Angler Gaming is a Maltese holding company with subsidiaries providing online gambling services within the iGaming industry. The key subsidiaries consists of Starfish Media, providing a ready-to-use B2B gambling platform, as well as PremierGaming that offers online casino products (incl. live casino) to the Northern European market. A revenue CAGR of 28.1% is expected from 2020A to 2025E resulting in an EBIT of approximately EUR 45.0mn in 2025E with an EBIT margin of 29.9%. The intrinsic value of Angler Gaming is calculated using a DCF analysis, in which a price per share of SEK 88.2 is estimated, indicating a potential upside of 143.6%.

Key takeaways

- Product launch provides for higher continuous growth:** Angler Gaming has historically been successful in launching new products and brands. The Company has had a CAGR of 44.7% in number of active customers with an average revenue per active customer of EUR 222.8 during the period 2015A-2019A. The Company has communicated that they are launching a sportsbook in H1 2021, expanding into a new business segment that is estimated to provide for significant growth in revenue. The EBIT margin is expected to decline in the short term to approximately 20.3% in 2021E due to costs associated with the launch but is projected to steadily increase to approximately 30.0% in 2025E.
- Solid financial position:** The Company operates with a solid financial position given that Angler Gaming and all its subsidiaries are debt free. The Company has consistently reported positive cash flows and currently holds a strong cash position of EUR 9.6mn, representing 46.7% of total assets. The financial health of the holding Company and its subsidiaries enables it to further accelerate its acquisition plans, something that the CEO Tomas Kalita has communicated that the Company is currently seeking out to do. It is evidently possible for the Company to take on more debt, using leverage to increase growth through acquiring new brands and products, without unfavorable financial consequences.
- Angler Gaming trades at an unmotivated discount:** Given the price per share of SEK 36.2 compared to the intrinsic value of SEK 88.2 derived from the DCF analysis, Angler Gaming trades at an unreasonably high discount. The sensitivity analysis provides a valuation range between SEK 69.2 to 141.1, indicating a potential upside between 91.2% to 289.8%. Furthermore, the Company trades at a LTM EV/EBIT of 18.6x, compared to peer median of 26.6x. The lower than peer valuation is seen as a result of a somewhat inadequate investor relation from the Company due to lack of communication and transparency. This has led to an increase in market uncertainty regarding aspects such as political risk and regulations. However, the Company is making efforts to improve communication and become more transparent, which is estimated to generate reduced uncertainty and partially contribute to a higher valuation, apart from the projected financial performance.

ANALYST CONTACT INFORMATION

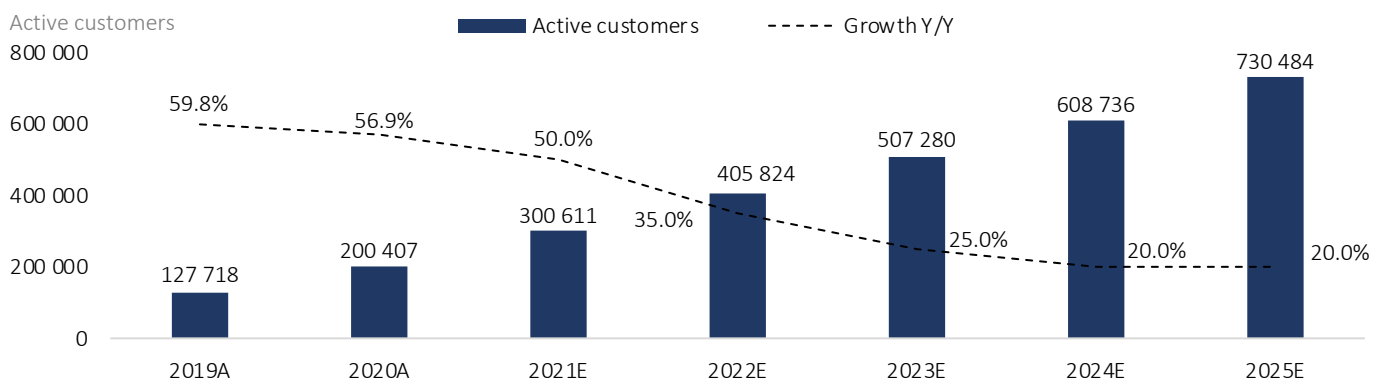
Sam Jonsson Åslund, Financial Analyst

Investment Thesis

New product offering is expected to increase active customers to 730.5tn in 2025E

Angler Gaming has previously communicated that the Company aims to expand into new verticals through launching a sportsbook offer during H1 2021. The expansion is estimated to provide the Company with higher income streams through contributing to the projected growth in number of active customers from 200.4tn in 2020A to 730.5tn in 2025E, a CAGR of 29.5%. This will be generated through existing customers expanding their customer engagement to the new product, as well as the acquisition of new customers attracted to the offer. Furthermore, new sportsbook customers are expected to find previously existing offers from Angler Gaming, resulting in them moving over their activity from competitors. From 2015A-2017A the CAGR in active customers were 16.7% and increased to approximately 58.4% during 2018A-2020A, after the launch of PremierGaming. This indicates on the significant effects new product launches can have on the Company and it is something that isn't reflected correctly in today's valuation.

Growth in number of active customers from 200.4tn in 2020A to 730.5tn in 2025E



Source: Analyst estimates

An overlooked opportunity

The low valuation of Angler Gaming relative to peers has primarily been due to a lack of communication from the Company. It has resulted in investor speculations of high political risk exposure through potential regulations having negative impact on the Company. It is assumed that the market has exaggerated these risks, and thus that a great investment opportunity has been overlooked. The Company has started to focus more on Investor relations and communication, which is estimated to result in the market gaining a deeper understanding of the risks as well as the Company in general, attracting more capital due to reduced uncertainty and leading to a higher valuation. The Company has proven to be able to adapt to regulatory changes through the establishment of adequate organizational functions such as compliance and KYC-processes. This can be seen through the acquisition of a Swedish gambling license in Angler Gaming's subsidiary PremierGaming, which generated approximately 19.3% of the revenue in 2020A.

Potential expansion through acquisitions with cash position of 46.7% of total assets

Another potential trigger for Angler Gaming is adding more subsidiaries through acquisitions. The CEO Thomas Kalita has announced that the Company is actively searching for target companies to acquire, which would result in an expansion of both product offerings as well as markets and active customers. Angler Gaming is debt free with EUR 9.6mn cash and cash equivalents, which stands for 46.7% of total assets. The 2020A EBIT Margin of 32.4% and positive cashflow provides for a strong and healthy financial position that enables potential acquisitions and implementations of new brands. Acquisitions has not been included in the estimates in this report but are seen as highly likely and something that could provide even higher growth and profitability in the long-term perspective. The valuation and relatively small size of Angler Gaming also makes it a potential acquisition target for other companies.

Overview of the Company

The spin-off holding company

Angler Gaming plc is a Maltese holding Company with investments in iGaming companies, providing online gambling experiences to customers around the world. The Company focuses on small, flexible and innovative companies with an emphasis on valuable customer databases. Angler Gaming was founded in 2012 as a spin-off from Betsson AB (publ). The Company received EUR 3.0mn in share capital on a debt-free basis, along with a gaming platform and 30 customer databases of Betsson's non-core markets. The Company had 37 employees including management at the start of 2020.

Subsidiaries and brands

Beneath the parental Company Angler Gaming lies several subsidiaries and brands. The subsidiary PremierGaming Ltd (Malta) was founded in 2017 and focuses on the Northern European market with the brands Pronto Casino, Pronto Live Casino, Slothino and Premier Live Casino. The subsidiary accounted for approximately 19.3% of Angler Gaming's revenue in 2020A. Furthermore, PremierGaming is preparing to launch a sportsbook offering during the second quarter of 2021E.

The subsidiary Starfish Media N.V (Curaçao) provides a gambling platform to businesses seeking to implement their own brands with a ready-to-use casino solution. The subsidiary has been operating since 2012 and has recently received increased attention from the parental company. Continuous investments are done to improve its operations and offering. Starfish Media currently provide the platform to Casino Estrella, Lucky 31, Dublinbet and Casinoextra. This subsidiary is estimated to generate most of Angler Gaming's revenue today. Beneath Starfish Media lies the subsidiary Starpay Ltd (Cyprus), that is primarily used for transactions between the parental company and the subsidiaries.

Another subsidiary is Delta Services Ltd (Malta) that provides the Group with managerial and administrative support- and consultancy services. Delta Services Ltd fully owns the Companies Hipponut Ltd (Bulgaria) and DSL Sofia (Bulgaria) that was registered in 2019 for online trading and associated purposes. During 2019 the subsidiary Starspay Ltd (UK) was established in London to provide the overall organization with better software development.

Risk assessment

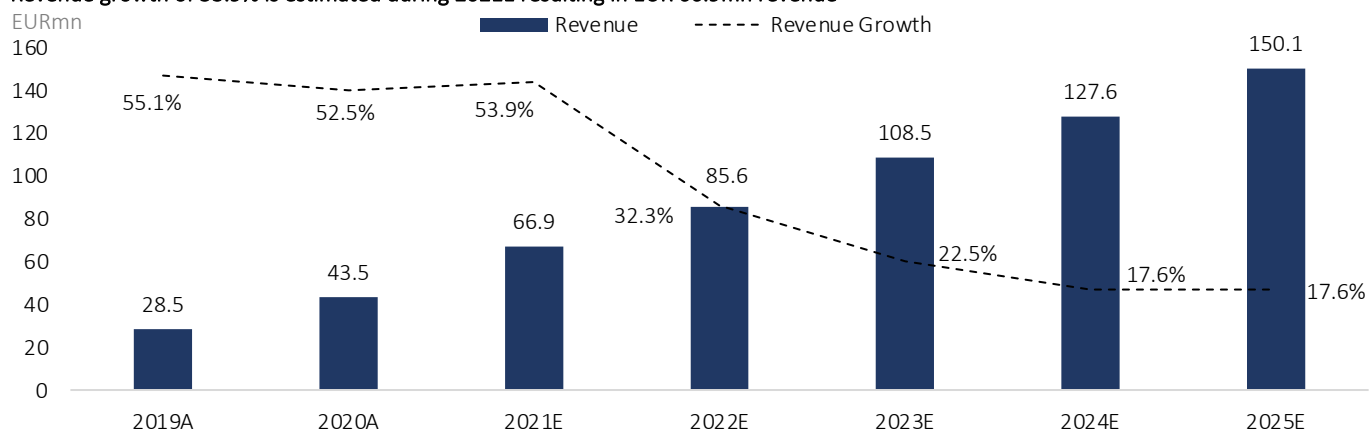
Angler Gaming operates in a highly competitive industry with relatively low barriers to entry. Additionally, the lack of IR-activity has resulted in the Company not clearly communicating what markets they operate on. It is estimated that a high percentage of revenue is generated from non-regulated markets, which implies on a political and regulatory risk for the Company. However, the subsidiary PremierGaming operates with a Swedish license on a regulated market, meaning that Angler Gaming has proven to be able to meet the requirements if more regulations are to come. Another risk is that the Company could potentially postpone the sportsbook launch as a result of Covid-19, which could result in lower revenue and earnings growth than expected in the short-term.

Financial Forecast Breakdown

Strong growth in active customers is expected to generate 150.1mn in revenue during 2025E

During the historical period, Angler Gaming has consistently been able to generate and maintain high revenue growth. The Company had 200.4tn active customers during 2020A, up from 31.6tn in 2015A. The high growth in active customers is expected to continue, generating a 50.0% growth in 2021E to 300.6tn active customers. The revenue growth will mainly be driven by the launch of a new sportsbook, more B2B-customers within Starfish Media and continued growth in PremierGaming on the Nordic markets. With a six-year average revenue per active customer of EUR 222.8, a total revenue of EUR 66.7mn is expected in 2021E, up 53.9% from 2020A. This revenue growth is later expected to stabilize during 2022E-2025E, resulting in an expected revenue of EUR 150.1mn in 2025E and a revenue CAGR of 22.4% during the period 2021E-2025E.

Revenue growth of 53.9% is estimated during 2021E resulting in EUR 66.9mn revenue



Source: Analyst estimates

Temporarily increasing costs ahead

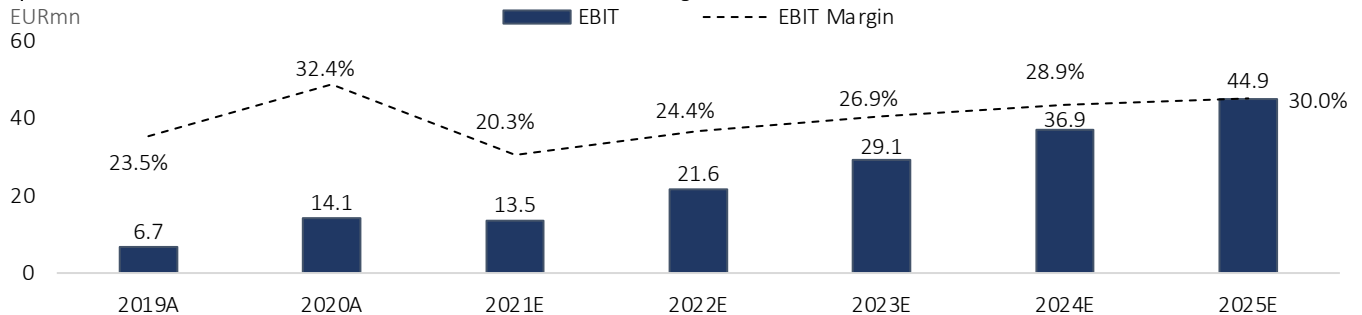
COGS has been stable around 55.0% of revenue over the last three years and is estimated to stay at that level during the coming years, resulting in a gross margin between 40.4-46.5%. Personnel costs has been stable around 3.7% of revenue and no direct change is forecasted. Administrative costs as well as marketing and sales expenses are estimated to increase during 2021E-2022E due to higher costs associated with the new sportsbook launch. However, they are later expected to decrease to historical levels. Depreciation and amortization is difficult to estimate for the Company due to a lack of communication regarding future CapEx needs and historical volatility. The post mainly consists of amortization of software and the somewhat high historical levels are due to amortization of bingo assets and acquired customer databases, that are now fully amortized. Therefore, a conservative estimate is applied using the highest D&A cost that the Company has reported during the period 2015A-2020A of EUR 0.2mn. This provides room for a potentially higher level of D&A due to further expansion going forward.

Financial Forecast Breakdown

Expansion is reflected in EBIT with a decrease from 32.4% in 2020A to 20.3% in 2021E

As a result of rising short-term costs, the EBIT margin is expected to decrease from 32.4% in 2020A to around 20.3% in 2021E. It is later expected to incrementally increase again and reach previous levels around 30.0% in 2025E. The rising EBIT margin will be generated as a result of costs associated with the sportsbook launch only being temporary as well as the Company operating with a scalable business model.

Sportsbook launch is estimated to result in short term lower EBIT margin of 20.3% 2021E



Source: Analyst estimates

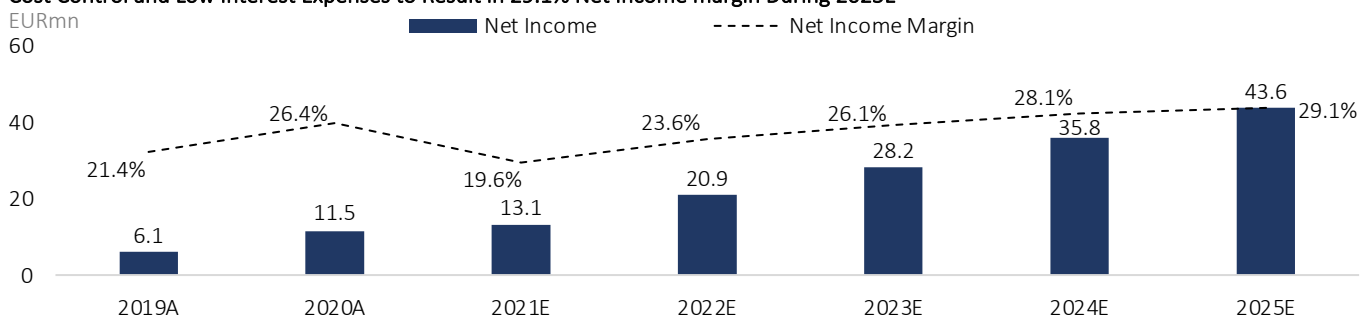
Implementing control systems to reduce interest expenses

Angler Gaming reported unusually high interest expenses during 2020A. The Company has previously communicated that this post mainly consists of currency costs, and they have recently implemented systems to reduce and gain more control over these costs. Furthermore, the strong cash position of the Company indicates that they can operate without external financing. Although it is a challenging cost to estimate, this implies lower interest costs going forward. A historical average excluding the outlier in 2020A is used to estimate the net interest post during the period 2021E-2025E.

A continuously low tax rate is estimated

The theoretical marginal tax rate has historically been reported at around 2.6% and the same tax rate is therefore applied to future estimates. The low tax rate is derived from most of the Company's subsidiaries operating in low-tax regions, which isn't expected to change going forward.

Cost Control and Low Interest Expenses to Result in 29.1% Net Income margin During 2025E



Source: Analyst estimates

Net income

Given the projections now presented, Angler Gaming is estimated to generate net income of EUR 13.1mn and a net income margin of 19.6% in 2021E. This results in a net income growth of 13.9% from the reported EUR 11.5mn net income during 2020A. The net income CAGR is estimated to 35.1% during the forecast period 2021E-2025E, resulting in a net income of EUR 43.6mn in 2025E.

Valuation

Fair value is estimated at SEK 88.2 resulting in a potential upside of 143.6%

The fair value of Angler Gaming is derived using both a DCF analysis as well as a peer comparison. The DCF is built on estimates over the coming ten-year period, from 2021E to 2030E. The forecast period results in a discounted present value of EUR 219.7mn. The terminal value is calculated using a terminal growth rate of 1.5%, resulting in a present value of EUR 438.3mn. Given the Company has no debt and a solid cash position, the equity value is calculated as EUR 648.4mn. A total of 74 984 955 shares outstanding gives a fair value of price per share at EUR 8.7. Applying a EUR/SEK rate of 10.2, the price per share is estimated at SEK 88.2 indicating a potential upside of 143.6%.

To calculate the WACC, a beta value of approximately 0.7 and risk-free rate of 2.5% is used. Furthermore, the market risk premium is set to 7.7%¹. This results in a WACC of approximately 8.0%. A sensitivity analysis has been performed to provide a valuation range given different terminal growth rates and WACC. The result is a valuation range between SEK 69.2 to 141.1.

DCF	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal
EBIT	13 587 918.7	21 608 412.4	29 180 993.0	36 916 211.6	44 953 666.2	51 945 726.6	56 208 944.5	59 214 426.8	63 965 936.8	68 456 113.7	
Taxes	-349 793.4	-558 326.2	-755 213.3	-956 329.0	-1 165 302.8	-1 347 096.4	-1 457 940.1	-1 536 082.6	-1 659 621.9	-1 776 366.5	
NOPAT	13 238 125.3	21 050 086.2	28 425 779.6	35 959 882.5	43 788 363.4	50 598 630.2	54 751 004.4	57 678 344.2	62 306 314.9	66 679 747.3	
D&A	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	
CapEx	-19 954.1	-20 056.3	-18 101.1	-20 904.0	-24 132.9	-51 780.0	-56 958.0	-62 084.2	-67 050.9	-71 744.5	
Change in NWC	7 203 944.7	7 249 655.5	6 677 583.6	6 398 609.0	7 524 764.1	7 541 865.9	5 782 097.2	5 724 276.2	5 546 187.6	5 241 147.3	
Free Cash Flow	5 834 778.6	13 600 926.4	21 550 646.9	29 360 921.5	36 060 018.3	42 825 536.3	48 732 501.3	51 712 535.8	56 513 628.4	61 187 407.5	949 711 113.4
Discount factor	0.9256	0.8567	0.7930	0.7339	0.6793	0.6288	0.5820	0.5387	0.4986	0.4615	0.4615
PV of FCF	5 400 572.5	11 651 969.5	17 088 604.0	21 549 211.3	24 496 445.2	26 927 458.0	28 361 335.3	27 856 030.6	28 176 822.2	28 236 853.3	438 274 058.0

A supporting peer valuation indicates a potential upside of 198.3%

The peer comparison shows that Angler Gaming has had significantly higher revenue-CAGR of 60.6%, during the historic period 2015A-2020A, while the comparable mean has been 22.4%. Angler Gaming is currently valued at EV/S 6.0x and EV/EBIT 18.6x on 2020A. However, the valuation is lower than peers. With an EBIT-margin higher than most competitors, promising growth ahead due to sportsbook launch and overall momentum, the lower valuation is not justified even if Angler Gaming operates in unregulated markets. Applying a below median EV/EBIT of 18.0x to 2025E results in a price per share of SEK 108.0 and a potential upside of 198.3% given an estimated EBIT of SEK 458.5mn.

Peer Table SEKmn (FY 2020) Company Name:	Market Data		Financials					Valuation		
	Market Cap	Enterprise Value	Revenue	Revenue CAGR 2015A-2020A	Gross Margin	EBIT	EBIT Margin	EV/S (LTM)	EV/EBIT (LTM)	EV/EBIT 2022E
Betsson	9933.9	12255.4	6389.6	11.4%	64.2%	1125.2	17.6%	1.9x	10.9x	11.0x
LeoVegas	4098.6	4993.9	3952.1	36.1%	67.7%	232.3	5.9%	1.3x	21.5x	10.4x
Kambi	14012.3	13785.0	1200.4	19.80%	63.4%	328.7	27.4%	11.5x	41.9x	24.2x
Better Collective	9849.9	9862.8	930.1	n/a	77.6%	311.0	33.4%	10.6x	31.7x	18.3x
Median	9 891.9	11 059.1	2 576.3	19.8%	66.0%	319.9	22.5%	6.3x	26.6x	14.7x
Angler Gaming	2 774.4	2 676.7	443.8	60.6%	44.2%	143.9	32.4%	6.0x	18.6x	11.0x

¹ <https://www.pwc.se/riskpremiestudien>

Management and Board

Thomas Kalita, CEO & Member of the board

Thomas Kalita has previously held positions such as CEO of operational subsidiaries, Product Director and Marketing Director at Betsson AB. Kalita's principal education consists of a M.Sc. in Business Administration and Economics from Stockholm University.

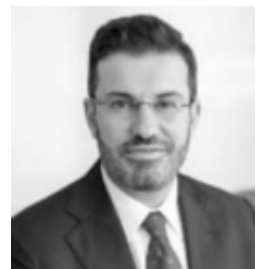
Ownership: 4 000 000 shares (5.30%) via a Knojtt Ltd.



James Sciclunda, Chairman of the board

James Sciclunda has held the position of Chief of Regulatory and Corporate Affairs with the Betclik Group. He has also been General Counsel of Betclik and Expext, two of Betclik Group's brands. Sciclunda holds a LLM in international Business Law from University College London, Doctor of Laws Degree and a B.o.A in Law & Sociology from the University of Malta.

Ownership: 0 shares (0%).



Michael Bennett, Member of the board

Michael Bennett was CEO of Angler Gaming from 2012 until mid 2016 and has accumulated 50 years of senior management in relevant industries. He has previously been a board of director of some eighteen companies within the UK Ladbrokes group.

Ownership: 125 648 shares (0.17%) privately.



Ralf Feldt, Member of the board

Ralf Feldt has previously worked as an iGaming consultant with several American and Europe iGaming companies, including BetCris, NetEnt, Cherry and Betsson. Ralf has obtained a Bachelor's Degree in Communication of Marketing and in Public Relations.

Ownership: 60 000 shares (0.08%) privately.



Olga Finkel, Member of the board

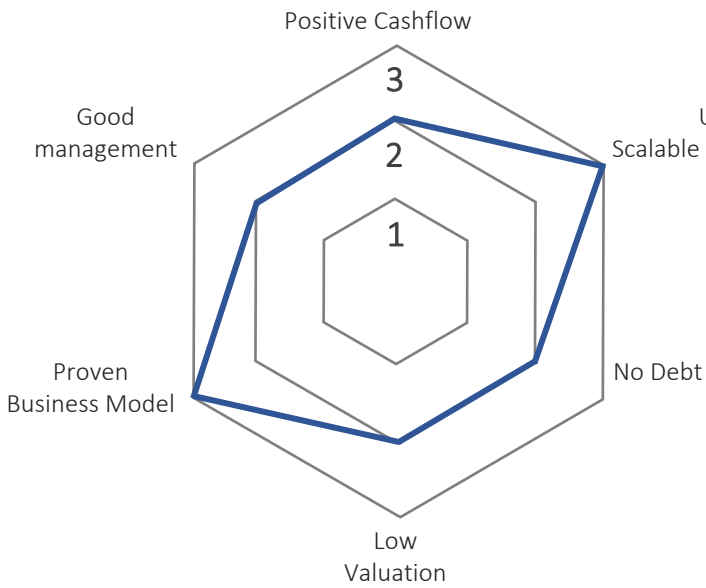
Olga Finkel is Co-managing Partner at WH Partners and a lecturer in gaming law at the University of Malta.

Ownership: 0 shares (0%).

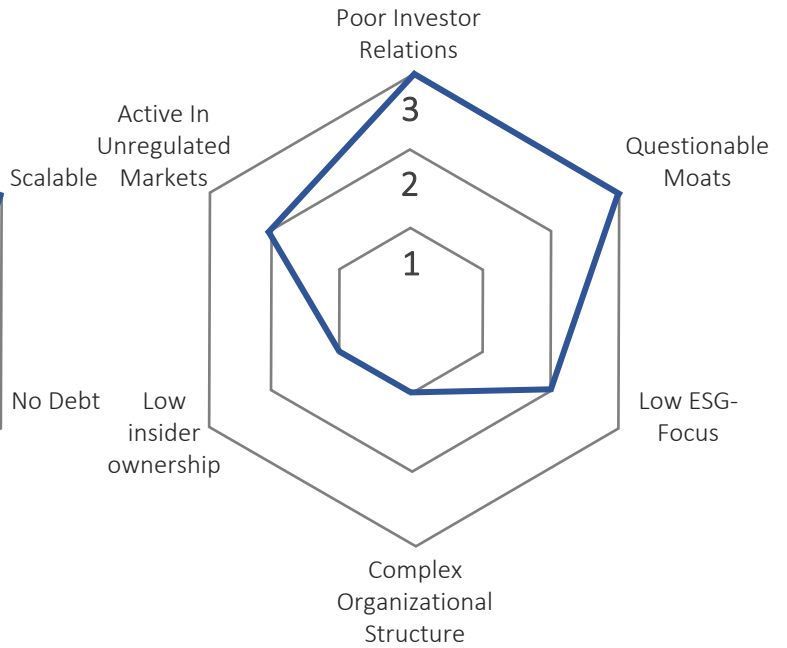


SWOT Analysis

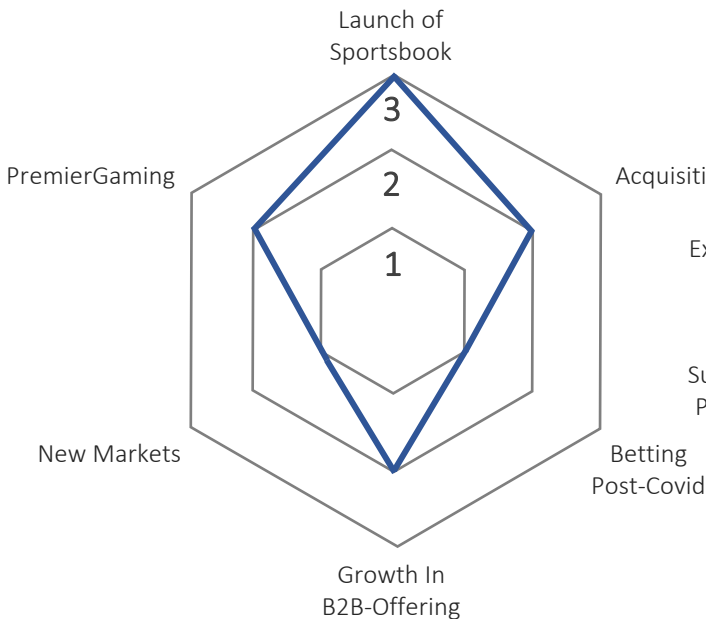
STRENGTHS



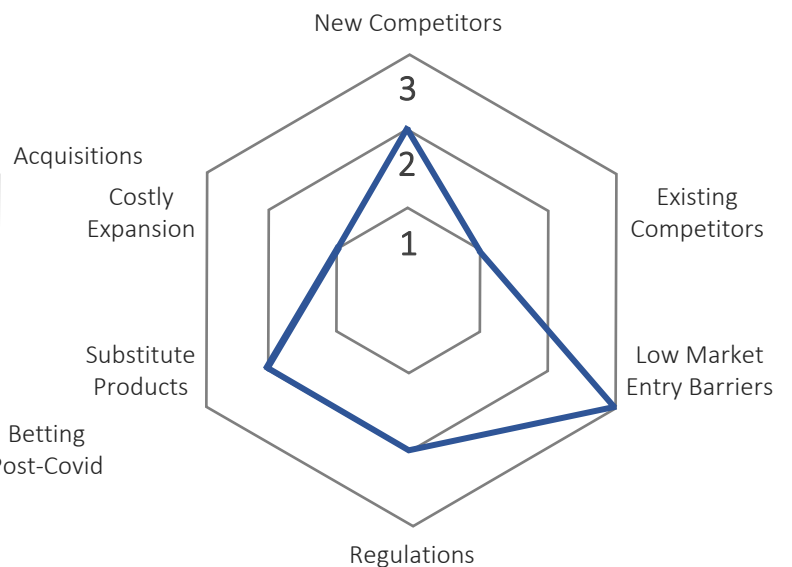
WEAKNESSES



OPPORTUNITIES



THREATS



Appendix

Table 1 – Income Statement

Company: Angler Gaming PLC	Historicals										Estimates					
EUR	2015A	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net Sales	4 068 105.0	7 015 618.0	12 518 116.0	18 394 136.0	28 526 661.0	43 509 845.0	66 962 577.6	88 591 490.2	108 524 575.5	127 624 900.8	150 086 883.3	172 599 915.8	189 859 907.4	206 947 299.0	223 503 083.0	239 148 298.8
Extra Ordinary Income			2 080 030.0			117 843.0										
Revenue	4 068 105.0	7 015 618.0	14 598 146.0	18 394 136.0	28 526 661.0	43 509 845.0	66 962 577.6	88 591 490.2	108 524 575.5	127 624 900.8	150 086 883.3	172 599 915.8	189 859 907.4	206 947 299.0	223 503 083.0	239 148 298.8
Growth	304.4%	72.5%	108.1%	26.0%	55.1%	52.5%	53.9%	32.3%	22.5%	17.6%	17.6%	15.0%	10.0%	9.0%	8.0%	7.0%
COGS	-2 954 188.0	-4 312 225.0	-6 329 337.0	-10 400 346.0	-16 390 699.0	-24 275 776.0	-39 908 104.3	-50 140 677.3	-60 337 084.0	-69 680 161.8	-80 443 001.4	-92 340 955.0	-102 524 350.0	-113 821 014.5	-122 926 695.6	-131 531 564.3
Gross Profit	1 113 917.0	2 703 393.0	8 268 809.0	7 993 790.0	12 135 962.0	19 234 069.0	27 054 473.3	38 450 812.9	48 187 491.5	57 944 739.0	69 643 881.9	80 258 960.8	87 335 557.4	93 126 284.6	100 576 387.3	107 616 734.5
Gross Margin	27.4%	38.5%	56.6%	43.5%	42.5%	44.2%	40.4%	43.4%	44.4%	45.4%	46.4%	46.5%	46.0%	45.0%	45.0%	45.0%
Direct Wages Costs	-242 843.0	-547 518.0	-737 717.0	-695 404.0	-995 703.0	-1 602 953.0	-2 445 276.8	-3 197 045.9	-3 959 183.7	-4 640 717.1	-5 449 733.5	-6 213 597.0	-6 834 956.7	-7 450 102.8	-8 046 111.0	-8 609 338.8
Administrative Expenses	-586 578.0	-498 813.0	-575 332.0	-916 693.0	-980 016.0	-1 647 576.0	-3 348 128.9	-3 543 659.6	-3 798 360.1	-4 466 871.5	-5 253 040.9	-6 040 997.1	-6 645 096.8	-7 243 155.5	-7 822 607.9	-8 370 190.5
ICT & Hosting Expenses	-115 512.0	n/a	-51 997.0	-57 804.0	-273 651.0	n/a	-127 817.3	-177 183.0	-217 049.2	-255 249.8	-300 173.8	-345 199.8	-379 719.8	-413 894.6	-447 006.2	-478 296.6
Marketing and Sales Expenses	-232 385.0	-372 901.0	-214 420.0	-1 691 251.0	-3 126 426.0	-1 874 582.0	-7 365 883.5	-9 745 063.9	-10 852 457.5	-11 486 241.1	-13 507 819.5	-15 533 992.4	-17 087 391.7	-18 625 256.9	-20 115 277.5	-21 523 346.9
EBITDA	-63 401.0	1 284 161.0	6 689 343.0	4 632 638.0	6 760 166.0	14 108 958.0	13 767 366.7	21 787 860.4	29 360 441.0	37 095 659.6	45 133 114.2	52 125 174.6	56 388 392.5	59 993 874.8	64 145 384.8	68 635 561.7
EBITDA Margin	-1.6%	18.3%	45.8%	25.2%	23.7%	32.4%	20.6%	24.6%	27.1%	29.1%	30.1%	30.2%	29.7%	28.7%	28.7%	28.7%
Depreciation & Amortization	-157 774.0	-135 063.0	-179 448.0	-118 642.0	-59 895.0	-5 820.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0
EBIT	-221 175.0	1 149 098.0	6 509 895.0	4 513 996.0	6 700 271.0	14 103 138.0	13 587 918.7	21 608 412.4	29 180 993.0	36 916 211.6	44 953 666.2	51 945 726.6	56 208 944.5	59 214 426.8	63 965 936.8	68 456 113.7
EBIT Margin	-5.4%	16.4%	44.6%	24.5%	23.5%	32.4%	20.29%	24.4%	26.9%	28.9%	29.95%	30.10%	29.61%	28.61%	28.62%	28.62%
Interest Income	344.0	62.0	479.0	4 235.0	4 324.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest Expenses	-102 068.0	-10 696.0	-77 905.0	-39 264.0	-441 699.0	-2 285 352.0	-134 326.4	-134 326.4	-134 326.4	-134 326.4	-134 326.4	-134 326.4	-134 326.4	-134 326.4	-134 326.4	-134 326.4
EBT	-322 899.0	1 138 464.0	6 432 469.0	4 478 967.0	6 262 896.0	11 817 786.0	13 453 592.3	21 474 086.0	29 046 666.6	36 781 885.2	44 819 339.8	51 811 400.2	56 074 618.1	59 080 100.4	63 831 610.4	68 321 787.3
EBT Margin	-7.9%	16.2%	44.1%	24.3%	22.0%	27.2%	20.1%	24.2%	26.8%	28.8%	29.9%	30.0%	29.5%	28.5%	28.6%	28.6%
Tax Expense			-116 227.0	-105 649.0	-161 324.0	-311 776.0	-349 793.4	-558 326.2	-755 213.3	-956 329.0	-1 165 302.8	-1 347 096.4	-1 457 940.1	-1 536 082.6	-1 659 621.9	-1 776 366.5
Net Income	-322 899.0	1 138 464.0	6 316 242.0	4 373 318.0	6 101 572.0	11 506 010.0	13 103 798.9	20 915 759.8	28 291 453.2	35 825 556.1	43 654 037.0	50 464 303.8	54 616 678.0	57 544 017.8	62 171 988.5	66 545 420.9
Net Income Margin	-7.9%	16.2%	43.3%	23.8%	21.4%	26.4%	19.6%	23.6%	26.1%	28.1%	29.1%	29.2%	28.8%	27.8%	27.8%	27.8%

Table 2 – Discounted Cash Flow Analysis

DCF	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal
EBIT	13 587 918.7	21 608 412.4	29 180 993.0	36 916 211.6	44 953 666.2	51 945 726.6	56 208 944.5	59 214 426.8	63 965 936.8	68 456 113.7	
Taxes	-349 793.4	-558 326.2	-755 213.3	-956 329.0	-1 165 302.8	-1 347 096.4	-1 457 940.1	-1 536 082.6	-1 659 621.9	-1 776 366.5	
NOPAT	13 238 125.3	21 050 086.2	28 425 779.6	35 959 882.5	43 788 363.4	50 598 630.2	54 751 004.4	57 678 344.2	62 306 314.9	66 679 747.3	
D&A	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	-179 448.0	
CapEx	-19 954.1	-20 056.3	-18 101.1	-20 904.0	-24 132.9	-51 780.0	-56 958.0	-62 084.2	-67 050.9	-71 744.5	
Change in NWC	7 203 944.7	7 249 655.5	6 677 583.6	6 398 609.0	7 524 764.1	7 541 865.9	5 782 097.2	5 724 276.2	5 546 187.6	5 241 147.3	
Free Cash Flow	5 834 778.6	13 600 926.4	21 550 646.9	29 360 921.5	36 060 018.3	42 825 536.3	48 732 501.3	51 712 535.8	56 513 628.4	61 187 407.5	949 711 113.4
Discount factor	0.9256	0.8567	0.7930	0.7339	0.6793	0.6288	0.5820	0.5387	0.4986	0.4615	0.4615
PV of FCF	5 400 572.5	11 651 969.5	17 088 604.0	21 549 211.3	24 496 445.2	26 927 458.0	28 361 335.3	27 856 030.6	28 176 822.2	28 236 853.3	438 274 058.0

Table 3 – Sensitivity Analysis, WACC & DCF Summary

Sensitivity Analysis (SEK)	WACC					WACC	DCF Summary
	8.2	6.0%	7.0%	8.0%	9.0%		
Terminal Growth Rate	0.5%	98.8	88.0	79.8	74.0	69.2	PV of FCF forecast period 219 745 301.9
	1.0%	106.2	93.2	83.7	77.1	71.7	PV of Terminal value 438 274 058.0
	1.5%	115.2	99.5	88.2	80.6	74.5	Forecast period as % of PV 33.4%
	2.0%	126.5	106.9	93.5	84.6	77.6	Terminal value as % of PV 66.6%
	2.5%	141.1	116.1	99.7	89.2	81.1	Enterprise Value 658 019 359.9
							Net Debt -9 585 253.0
							Equity Value 648 434 106.9
							Shares outstanding 74 984 955.0
							Price per share (EUR) 8.6
							EUR/SEK 10.2
							Price Per Share (SEK) 88.2

Table 4 – Peer table/Comparison

Peer Table SEKmn (FY 2020)	Market Data		Financials					Valuation		
	Market Cap	Enterprise Value	Revenue	Revenue CAGR 2015A-2020A	Gross Margin	EBIT	EBIT Margin	EV/S (LTM)	EV/EBIT (LTM)	EV/EBIT 2022E
Betsson	9933.9	12255.4	6389.6	11.4%	64.2%	1125.2	17.6%	1.9x	10.9x	11.0x
LeoVegas	4098.6	4993.9	3952.1	36.1%	67.7%	232.3	5.9%	1.3x	21.5x	10.4x
Kambi	14012.3	13785.0	1200.4	19.80%	63.4%	328.7	27.4%	11.5x	41.9x	24.2x
Better Collective	9849.9	9862.8	930.1	n/a	77.6%	311.0	33.4%	10.6x	31.7x	18.3x
Median	9 891.9	11 059.1	2 576.3	19.8%	66.0%	319.9	22.5%	6.3x	26.6x	14.7x
Angler Gaming	2 774.4	2 676.7	443.8	60.6%	44.2%	143.9	32.4%	6.0x	18.6x	11.0x

Sources

PWC AB. Riskpremiestudien 2020. Available online: <https://www.pwc.se/riskpremiestudien>

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