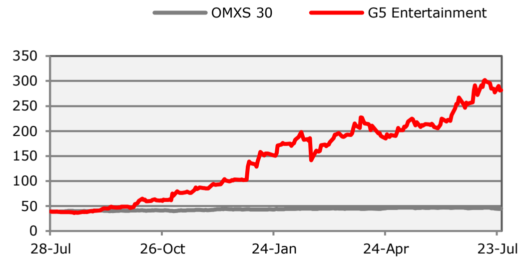
Summary

G5 Entertainment (G5EN.ST)

Match 3 a good match for G5

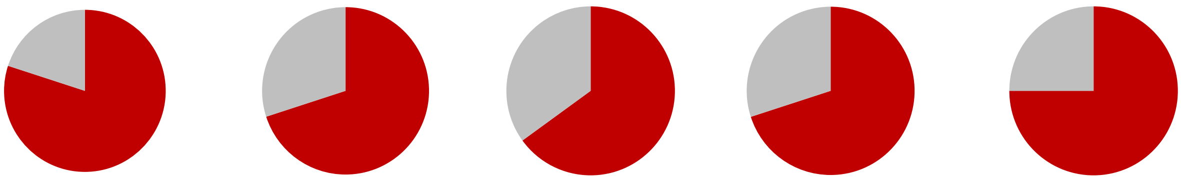
- G5 reported a revenue of SEK 276 million as the company communicated earlier. EBIT was SEK 32 million versus our estimated SEK 23 million.
- The company is preparing the launch of its first Match 3 game which is an important strategic bet for the company in a genre of high potential. We expect that the game will generate a revenue boost in Q2-Q3 2018. The game is expected to have a soft launch in Q3 2017.
- We have made some changes in our estimates. EBIT-margins is expected to be stronger than in our previous projections due to lower royalty costs in the coming years. Our new fair value range indicates a valuation between SEK 130-500 per share, with a base case of SEK 325 per share (previous 260).

List:	
Market Cap:	2,728 MSEK
Industry:	Gaming
CEO:	Vladislav Suglobov
Chairman:	Petter Nylander



Redeye Rating (0 – 10 points)

Management	Ownership	Profit outlook	Profitability	Financial strength



8.0 points	7.0 points	6.5 points	7.0 points	7.5 points

Key Financials

	2015	2016	2017E	2018E	2019E
Revenue, MSEK	384	517	1,106	1,308	1,596
Growth	*48%*	*34%*	*114%*	*18%*	*22%*
EBITDA	57	81	196	283	375
EBITDA margin	*15%*	*16%*	*18%*	*22%*	*24%*
EBIT	20	38	137	201	278
EBIT margin	*5%*	*7%*	*12%*	*15%*	*17%*
Pre-tax earnings	20	38	137	201	278
Net earnings	15	33	111	161	215
Net margin	*4%*	*6%*	*10%*	*12%*	*13%*
Dividend/Share	0.00	0.75	1.00	1.50	2.00
EPS adj.	2.68	4.13	13.05	19.00	25.32
P/E adj.	0.0	0.0	24.9	17.3	12.9
EV/S	-0.1	-0.1	2.4	1.9	1.5
EV/EBITDA	-0.6	-0.7	13.6	8.9	6.3

Share information	
Share price (SEK)	310.0
Number of shares (m)	8.8
Market Cap (MSEK)	2,772
Net cash (MSEK)	67

Analysts:
Tomas Otterbeck
tomas.otterbeck@redeye.se

Kristoffer Lindström
kristoffer.lindstrom@redeye.se

Redeye Rating: Background and definitions

The aim of a Redeye Rating is to help investors identify high-quality companies with attractive valuation.

Company Qualities

The aim of Company Qualities is to provide a well-structured and clear profile of a company's qualities (or operating risk) – its chances of surviving and its potential for achieving long-term stable profit growth.

We categorize a company's qualities on a ten-point scale based on five valuation keys; 1 – Management, 2 – Ownership, 3 – Profit Outlook, 4 – Profitability and 5 – Financial Strength.

Each valuation key is assessed based a number of quantitative and qualitative key factors that are weighted differently according to how important they are deemed to be. Each key factor is allocated a number of points based on its rating. The assessment of each valuation key is based on the total number of points for these individual factors. The rating scale ranges from 0 to +10 points.

The overall rating for each valuation key is indicated by the size of the bar shown in the chart. The relative size of the bars therefore reflects the rating distribution between the different valuation keys.

Management

Our Management rating represents an assessment of the ability of the board of directors and management to manage the company in the best interests of the shareholders. A good board and management can make a mediocre business concept profitable, while a poor board and management can even lead a strong company into crisis. The factors used to assess a company's management are: 1 – Execution, 2 – Capital allocation, 3 – Communication, 4 – Experience, 5 – Leadership and 6 – Integrity.

Ownership

Our Ownership rating represents an assessment of the ownership exercised for longer-term value creation. Owner commitment and expertise are key to a company's stability and the board's ability to take action. Companies with a dispersed ownership structure without a clear controlling shareholder have historically performed worse than the market index over time. The factors used to assess Ownership are: 1 – Ownership structure, 2 – Owner commitment, 3 – Institutional ownership, 4 – Abuse of power, 5 – Reputation, and 6 – Financial sustainability.

Profit Outlook

Our Profit Outlook rating represents an assessment of a company's potential to achieve long-term stable profit growth. Over the long-term, the share price roughly mirrors the company's earnings trend. A company that does not grow may be a good short-term investment, but is usually unwise in the long term. The factors used to assess Profit Outlook are: 1 – Business model, 2 – Sale potential, 3 – Market growth, 4 – Market position, and 5 – Competitiveness.

Profitability

Our Profitability rating represents an assessment of how effective a company has historically utilised its capital to generate profit. Companies cannot survive if they are not profitable. The assessment of how profitable a company has been is based on a number of key ratios and criteria over a period of up to the past five years: 1 – Return on total assets (ROA), 2 – Return on equity (ROE), 3 – Net profit margin, 4 – Free cash flow, and 5 – Operating profit margin or EBIT.

Financial Strength

Our Financial Strength rating represents an assessment of a company's ability to pay in the short and long term. The core of a company's financial strength is its balance sheet and cash flow. Even the greatest potential is of no benefit unless the balance sheet can cope with funding growth. The assessment of a company's financial strength is based on a number of key ratios and criteria: 1 – Times-interest-coverage ratio, 2 – Debt-to-equity ratio, 3 – Quick ratio, 4 – Current ratio, 5 – Sales turnover, 6 – Capital needs, 7 – Cyclicality, and 8 – Forthcoming binary events.

Higher EBIT than expected in Q2

G5 reported a revenue of SEK 276 million as communicated earlier. EBIT was SEK 32 million versus our estimated SEK 23 million, which means the company's EBIT margin is 12% during the quarter compared to an 8% EBIT margin in Q1. The margin improvement can be explained in a weaker dollar and a higher share of revenues from fully owned games.

The result in Q2 was as follows:

Detailed estimate, quarter

mSEK	Q1'17	Q2'17E	Q2'17	Diff
Net sales	**235**	**277**	**276**	
Distributor cost	-70	-83	-83	
Royalty	-51	-61	-59	3%
Gross profit	**113**	**133**	**133**	
UAC	-60	-69	-70	-1%
Other OPEX	-19	-24	-18	25%
EBITDA	**34**	**40**	**45**	**13%**
D&A	-13	-16	-13	19%
EBIT	**21**	**23**	**32**	**39%**
Net sales growth (Y/Y)	132%	165%	164%	
Net sales growth (Q/Q)	28%	18%	18%	
EBIT margin	9%	8%	12%	

Source: Redeye Research

According to the data source Thinkgaming the same three games namely Hidden City, The Secret Society and Mahjong Journey stand for most of the revenue during the quarter.

In our initial report published at the beginning of June, we described the company's potential main drivers for future growth. Three of this drivers were continued expansion in Asia, higher penetration in the smartphone segment and a strategic bet in Match 3 puzzle games.

In the Q2 report, the Asian market share of total revenues was stable at 23% (previous quarter 22% vs. y-o-y 10%). In the earnings call, the company also stated that a higher percentage of the revenue came from smartphones.

Top grossing ranking for Hidden City

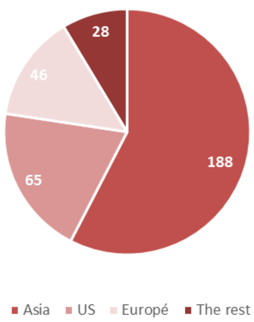
Margin text

The absolute biggest contributor to revenues is still Hidden City. 53% of total revenues came from the US in Q2. Therefore the most important trend to follow is Hidden City's top grossing ranking in the US. Since March the trend has been relative stable on both iPad and iPhone. The game has been pending around 45-55 on iPad and 110-170 on iPhone amongst the top grossing games in the US on IOS (according to App Annie).

The last weeks in July in Q3 we see a deterioration for Hidden City amongst the top grossing games. However, this relatively small drop has only lasted for 2-3 weeks so it is too early to tell if this could be a change in the strong momentum for Hidden City or not. Games for iPhone should be seen as more competitive so the volatility can be assumed to be higher.

The world's biggest market

The by far biggest market in the world is Asia when it comes to mobile gaming. Asia is also the region where you can find the current highest growth, with China and Japan as the two biggest revenue drivers. In 2016 SEK 188 billion of the total SEK 327 billion came from Asia which makes Asia almost three times bigger than the US, the second largest market.

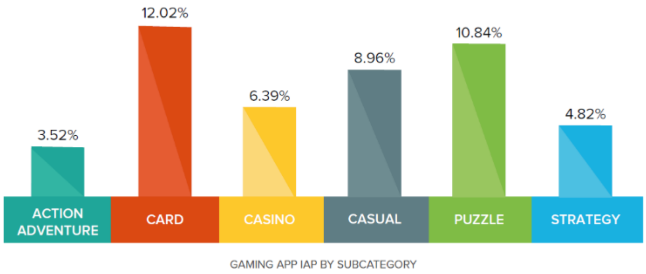


If you look at the two countries were the mobile gaming industries highest growth are, China and Japan, we can see a significant revenue growth in Hidden City since Q1 (according to App Annie). The rate of increase is, however, slower which means the game could have reached a plateau and higher spending in User Acquisition doesn't necessarily mean higher profitability. We, however, believe that a larger user base is a priority for the management and an increased growth is more important than an increased profitability.

Match 3 is a good match for G5

G5 Entertainment is preparing the launch of its first Match 3 game which is an important strategic bet for the company in a genre of high potential. Match 3 games is a type of puzzle game where the player manipulates tiles in order to make them disappear to a matching criterion. The core challenge is the identification of patterns in a seemingly chaotic board. The most popular Match 3 game of all time is Tetris. On mobile devices, the most popular game is Kings Candy Crush series.

Puzzle gamers are the second-most likely to make an in-app purchase (IAP), followed by casual gamers. Casual players are the cheapest to acquire at an average cost of USD 2.40, while the most expensive players are casino gamers, who cost an average of USD 7.28.



Customers who play puzzle games and casual games have a 9% to 11 % likelihood of making an in-app purchase. However, the most loyal players generating the most stable revenue streams over time can be found among card and strategy games.

According to a research made by Sony Interactive the most popular genres amongst women is as follows:

Most poular game genres amongst women

Genre	Popularity	Examples
Match 3	69%	Tetris, Candy Crush
Family/Farm Sim	69%	Sims
Casual Puzzle	42%	Hidden City

Source: Sony Interactive

With a user base of 7.4 million monthly active users (MAU) where a majority is 35+year old females, a target audience which according to research love Match 3 games, is the likelihood of success relatively good. Despite the competition in the field a Match 3 game is a logical bet. G5 has Match 3 mini games in their biggest blockbusters, so they have already tested how their players respond to Match 3 games. This can be seen as a test market where you can tweak the game mechanics without releasing a fully focused puzzle game. If the user analysis shows strong KPI's it is a great opportunity for G5 to release a Match 3 game and cross sell it. If G5 could make their own niche in the Match 3 genre the game could have great potential. Why not bet on a Match 3 game with a Hidden Object and Mystery-adventure mix? By doing so the company could attract their current user base with a majority of Hidden Objects-players and new players more interested in puzzle games.

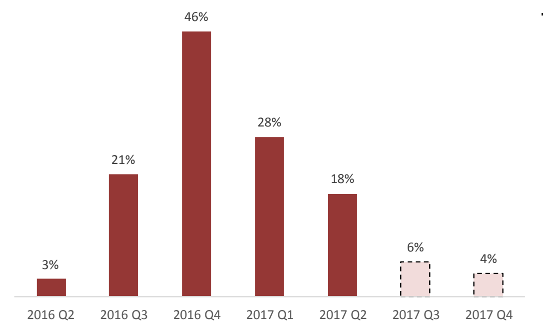
If you look at the market for Match 3 games, it is one of the biggest niches within mobile games. The former Swedish company King is the largest player in this field with "Candy Crush Saga", generating SEK 6.5 billion and "Candy Crush Soda Saga" generating SEK 3.3 billion in 2016. This makes both games the Top 10 highest grossing titles in 2016. Most competitors to King also has a colourful and children friendly approach. With G5's more mature target audience of women over 35 a more story driven mystery and crimes approach could be all that it takes to make another hit for G5.

Financial projections

The Q/Q growth is slowing down

Since the revenue blow out that started a year ago with a peak in Q4 2016, we see falling growth rates. We believe this trend will continue. The small drop for G5's biggest blockbuster Hidden City shown in the last week makes us continue to have a cautious approach to short term growth rates the next two quarters.

G5 Entertainment Growth rates (Q/Q)



Source: G5 Entertainment & Redeye Research

Margin text

New estimates: Higher EBIT-margins

The margin improvement during Q2 can be explained in a weaker dollar and a higher share of revenues from fully owned games. At the same time User Acquisition (UA) costs were historically high as a percentage of total revenue namely 26%. We expect the EBIT-margin will continue on this levels or higher in 2017-2018 as the revenue share of fully owned game will likely continue to grow and the UA-costs as a percentage of revenue will reduce somewhat.

In Q3 2018 when the soft launch of the new fully owned Match 3 game is expected to end EBIT-margins can reach levels around 17%.

Detailed estimate, quarter

mSEK	Q1'17	Q2'17E	Q3'17E	Q4'17E	2017E	2018E
Net sales	**235**	**276**	**293**	**303**	**1 106**	**1 317**
Distributor cost	-70	-83	-88	-91	-332	-391
Royalty	-51	-59	-59	-61	-229	-241
Gross profit	**113**	**133**	**146**	**152**	**545**	**685**
UAC	-60	-70	-73	-73	-277	-307
Other OPEX	-23	-18	-18	-18	-76	-111
EBITDA	**34**	**45**	**56**	**61**	**196**	**267**
D&A	-13	-13	-15	-15	-56	-99
EBIT	**21**	**32**	**39**	**44**	**137**	**168**
Net sales growth (Y/Y)	*132%*	*165%*	*132%*	*64%*	*114%*	*19%*
Net sales growth (Q/Q)	*27%*	*18%*	*6%*	*4%*		
EBIT margin	*9%*	*12%*	*14%*	*15%*	*12%*	*15%*

Source: Redeye Research

Investment Thesis

Exceptional growth

Global revenues emanating from mobile games in 2016 were USD 36.7 billion, thereby growing 18 percent over the previous year. However, the growth rate of G5 Entertainment was almost twice that pace, namely 34.5 percent. Revenues in the mobile games industry are expected to grow by a CAGR of 17 percent over the next three years and reach USD 58 billion in 2020. If G5 continues to outperform in line with the company's impressive track record, we can look forward to exceptional growth in the coming years. (NEWZOO 2016 Global Mobile Market Report)

Dominant in their niche

With over 500 games releases on the Apple App store each day, competition is fierce. However, G5 has found its niche within the target group of women aged 35 years and older. According to research, this target group is loyal, affluent and women usually make more in-app purchases than men. G5's focus is primarily casual puzzles, often combined with atmospheric exploration and to some extent interactive drama. All of these elements in a game are popular among women. The company's "Hidden Object" games are the company's big cash cows. This genre of games is estimated to generate around 80 percent of total company revenue. The genre is best explained as casual puzzles with a framework of storytelling and mystery which appeal to the female audience. G5 Entertainment has in the past few years become the dominant player in their niche of Hidden Objects games and their titles are the highest grossing in the genre.

The growth saga continues

We expect G5 to maintain high revenue growth of 37 percent CAGR over the next four years. The biggest contribution comes from our expectation of a strong 2017 with an estimated revenue growth of roughly 100 percent. Our financial projections in our Base Case scenario relies on a number of factors that should support continued high growth.

- **Big gets bigger** - the company's dominant position in its niche breeds further success
- **EBIT-margin increases** - driven by investments in in-house developed games with lower royalty cost
- **Geographic expansion** - the player base in Asia is expected to continue to grow
- **The potential of the mobile phone** - Revenues from the mobile phone segment is expected to increase

Big gets bigger
G5 has found its niche and has a dominant position in the "hidden objects" gaming genre. In such a competitive market as the mobile games industry where for example Apple's Appstore every day receives 500 new games it becomes crucial to find a niche that you can dominate. G5 has in the past two years found their niche with an unusually loyal and cost-effective target audience. When a company reaches a critical mass the positive spiral will likely continue, which is the case for G5. And the positive momentum has good chances to continue, if you as a company can produce more quality content to your audience. Many skeptics thought for example that Supercell and King would lose its momentum and that interest would cool down from users after 1-2 years. So was not the case and their most successful game is still several years later at the top of the "Top Grossing lists".

EBIT margin increases
After great success with the hidden-objects games "The Secret Society" and "Hidden City" both of which are licensed titles, the company will now begin to spend more money on proprietary games, both on marketing and development. With a user base built up in these two games at around 25 million users, the company has a golden opportunity to cross-promote similar proprietary games. For example, we see potential in the new proprietary game "Twin Moons Society" which has started to climb the charts in the last months. Twin Moons is a game which in many ways can be seen as a further development of Hidden City. One of the benefits with In-house developed games is that the company does not have to pay any royalties to the developer, which means that the profitability will increase when the proportion of revenue from proprietary gaming increases.

Risk: Worth adding is that G5 has not yet managed to develop a blockbuster game in the same calibre as Hidden City, which means that the company has a challenge in front of them. G5, however, has in recent years become much better at UA (User Acquisition), which combined with the large user base and increased expertise regarding monetization will likely lead to increased success in self-developed games. G5 has also decided to reduce the share of licensed games which means that the company virtually do not start any new partnerships at all at the moment.

Geographical expansion
At the year-end of 2016 the CEO announced that revenues from Asia increased from 10 percent to 15 percent of total company revenue. As the revenue of the entire industry of mobile gaming in China has doubled in a year, which is four times the growth that the United States turned over the same period, means a stronger position for G5 in China can lead to great growth potential.

However, it is unusual for the mobile games to be equally successful in different markets globally, due to game elements that work well in the Western world often doesn't work as well in China and Japan, and vice versa.

In China Apple's App Store has a low market share particularly in comparison with Apples position in the West. Rather App Stores from more local players, with Tencent as a leader, has a strong market share.

Reaching out to audiences in Japan and China can therefore be costly for a player like G5 and the risk that the games do not get the same impact as in the West can also be considered to be significant. However G5's games in Asia has grown considerably with targeted marketing efforts during the year, which shows that the company could take further market share in the area.

The potential of the mobile phone

The majority of the revenue from G5's games derive from the iPad (thinkgaming). This is due to the game elements that historically, and in the current situation, are best suited for a larger screen. In order to grow in the segment of the mobile phone, the company has increased their efforts in the past year and optimized their content better for a smaller screen. The company’s efforts paid off in 2016 when the mobile phones share of revenue increased. Part of the success for "Hidden City" can therefore be explained by the company´s adjustments of content to be better suited for the mobile phone. As self-developed games to a certain degree will take over the coming years, they have also been enhanced for playing on the mobile phone. For this reason, we believe that the share of revenues from the mobile phone will increase the coming years, which likely will be a major part of the company's overall growth.

Valuation

Base Case scenario

DCF-valuation

The required rate of return used in the DCF-valuation is set to 8.7% which is derived using Redeye's rating model. The long history of strong revenue growth from the company in combination with high ownership from the management is two important factors for the relatively low WACC for a company active in a market that is often characterized by high risk. Despite a history of low diversification in the portfolio, the track record speaks for itself, meaning the management have delivered stable revenue growth with only 1-2 games generating the majority of revenues.

In our base-case scenario, we assume that the revenue growth will continue its strong momentum in 2017 reaching over SEK 1 billion in total, which is more than double the revenue in 2016. The average EBIT-margin will be 9%.

The games portfolio will have a setback at the beginning of 2018 were MAU will decrease from high levels. A transformation will begin in 2018 where own games will start to take a larger share of revenues from the games portfolio due to successful cross selling and heavy investments in UA. Royalty costs as a percentage of total sales will, therefore, decrease in 2018 which means an EBIT-margin increase.

This trend will continue in the coming years with an average EBIT-margin around 15% and a CAGR of 16% 2018-2022.

This leads to a DCF-based value of **SEK 325 per share** in our Base Case scenario.

Bear Case Scenario

Due to the low diversification in the games portfolio, the impact of the highly successful Hidden City's decline will affect total revenues dramatically. In the search for the next big hit amongst G5's games, massive UA-spending will, however, continue in 2018. This two things will both lead to a slower revenue growth and lower profitability.

The market will, however, show high growth in the upcoming years. This in combination with the company's strong position in their niche and historically successful UA-strategy's will lead to continued growth with a CAGR of 10% and an EBIT-margin around 7% in the years 2018-2022.

This leads to a DCF-based value of **SEK 130 per share** in our Bear Case scenario.

Bull Case Scenario

The growth saga will continue and the company's bet on own games will be successful. G5's dominant position amongst Hidden Objects games is enhanced even further and Monthly Average Users (MAU) will continue to show high growth rates. The geographical expansion in new markets, especially in Asia, is successful and the penetration amongst smartphone owners is improved. The company will also find success in Match 3 puzzle games in the end of 2018 and beyond.

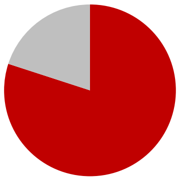
G5 will continue to monetize on their loyal player base with new games and new blockbusters. Royalty-cost will decrease as the proportion of own games in the portfolio increases. G5 will at the same time continue to outgrow the market in general. In this scenario, we estimate a CAGR of 20% and an EBIT-margin of 16-17% in 2018-2022.

This leads to a DCF-based value of **SEK 500 per share** in our Bull Case scenario.

Summary Redeye Rating

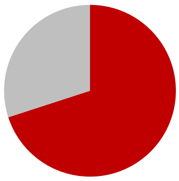
The rating consists of five valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 2 points. The maximum score for a valuation key is 10 points.

Management 8.0p



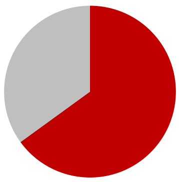
The experienced management has since the smart phones birth delivered high growth and appetizing profitability. The management has been skilled in adapting to the markets driving forces early and started to publish free to play games in 2011, a strategic move that was highly successful.

Ownership 7.0p



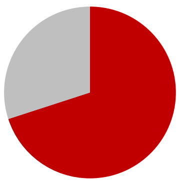
The three founders still has a significant ownership in the company which means 19% of the total capital and votes. The founder and CEO is the largest shareholder of this three. The institutional ownership stands for 14% of the ownership. The ownership amongst The Board of Directors however is relatively low.

Profit outlook 6.5p



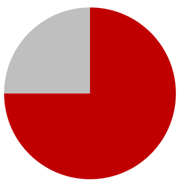
The company has a proven business model with high gross margins around 50% and has shown high organic growth through the years. G5 is expected to grow 100 % in 2017 with a strong position in its niche amongst adult women. The mobile games market is expected to grow with a CAGR of 15% in the years to come and G5 has potential in outgrowing the market as a whole. The company's competitive advantages is however only considered to be temporary in a long term perspective.

Profitability 7.0p



The profitability has the last three years been pending between an EBIT-margin of 5-10% through the quarters. The User Acquisition team can control the profitability in the company relatively well which limits the potential downside in the business.

Financial strength 7.5p



The company has a strong balance sheet with approximately SEK 70 million in cash and cash equivalents. The games portfolio is however not diversified with 1-2 games generating the majority of total revenue.

Income statement	2015	2016	2017E	2018E	2019E
Net sales	384	517	1,106	1,308	1,596
Total operating costs	-327	-436	-911	-1,025	-1,221
EBITDA	**57**	**81**	**196**	**283**	**375**
Depreciation	0	0	0	-1	-1
Amortization	-29	-40	-56	-75	-88
Impairment charges	-8	-3	-3	-7	-8
EBIT	**20**	**38**	**137**	**201**	**278**
Share in profits	0	0	0	0	0
Net financial items	0	0	0	0	0
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	**20**	**38**	**137**	**201**	**278**
Tax	-4	-5	-25	-40	-63
Net earnings	**15**	**33**	**111**	**161**	**215**

Balance	2015	2016	2017E	2018E	2019E
Assets					
Current assets					
Cash in banks	34	54	111	249	424
Receivables	10	0	22	26	32
Inventories	0	0	0	0	0
Other current assets	29	43	91	108	131
Current assets	**73**	**97**	**224**	**383**	**587**
Fixed assets					
Tangible assets	5	6	9	10	13
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	2	2	-1	-8	-16
Cap. exp. for dev.	0	0	0	0	0
O intangible rights	94	104	166	196	239
O non-current assets	0	0	0	0	0
Total fixed assets	**101**	**112**	**174**	**199**	**237**
Deferred tax assets	2	6	6	6	6
Total (assets)	**177**	**215**	**404**	**588**	**830**
Liabilities					
Current liabilities					
Short-term debt	0	0	7	0	0
Accounts payable	53	67	144	183	223
O current liabilities	0	0	0	0	0
Current liabilities	**53**	**67**	**151**	**183**	**223**
Long-term debt	0	0	0	0	0
O long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	**53**	**67**	**151**	**183**	**223**
Deferred tax liab	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	123	148	253	405	607
Minority interest (BS)	0	0	0	0	0
Minority & equity	**123**	**148**	**253**	**405**	**607**
Total liab & SE	**177**	**215**	**404**	**588**	**830**

Free cash flow	2015	2016	2017E	2018E	2019E
Net sales	384	517	1,106	1,308	1,596
Total operating costs	-327	-436	-911	-1,025	-1,221
Depreciations total	-37	-43	-59	-82	-97
EBIT	**20**	**38**	**137**	**201**	**278**
Taxes on EBIT	-3	-4	-25	-39	-61
NOPLAT	**15**	**33**	**112**	**161**	**215**
Depreciation	37	43	59	82	97
Gross cash flow	**53**	**76**	**170**	**243**	**312**
Change in WC	8	10	7	19	11
Gross CAPEX	-62	-54	-121	-107	-135
Free cash flow	**-1**	**33**	**56**	**154**	**188**

Capital structure	2015	2016	2017E	2018E	2019E
Equity ratio	70%	69%	63%	69%	73%
Debt/equity ratio	0%	0%	3%	0%	0%
Net debt	-34	-54	-104	-249	-424
Capital employed	89	94	149	156	183
Capital turnover rate	2.2	2.4	2.7	2.2	1.9

Growth	2015	2016	2017E	2018E	2019E
Sales growth	48%	34%	114%	18%	22%
EPS growth (adj)	125%	116%	236%	44%	34%

DCF valuation		Cash flow, MSEK	
WACC (%)	8.7 %	NPV FCF (2017-2019)	345
		NPV FCF (2020-2026)	974
		NPV FCF (2027-)	1487
		Non-operating assets	54
		Interest-bearing debt	0
		Fair value estimate MSEK	2860
Assumptions 2017-2023 (%)			
Average sales growth	14.8 %	**Fair value e. per share, SEK**	**325.0**
EBIT margin	15.7 %	Share price, SEK	315.0

Profitability	2015	2016	2017E	2018E	2019E
ROE	13%	24%	56%	49%	42%
ROCE	17%	28%	67%	60%	55%
ROIC	21%	37%	118%	108%	138%
EBITDA margin	15%	16%	18%	22%	24%
EBIT margin	5%	7%	12%	15%	17%
Net margin	4%	6%	10%	12%	13%

Data per share	2015	2016	2017E	2018E	2019E
EPS	1.74	3.77	12.67	18.26	24.41
EPS adj	2.68	4.13	13.05	19.00	25.32
Dividend	0.00	0.75	1.00	1.50	2.00
Net debt	-3.85	-6.14	-11.79	-28.30	-48.19
Total shares	8.80	8.80	8.80	8.80	8.80

Valuation	2015	2016	2017E	2018E	2019E
EV	-33.9	-54.1	2,668.2	2,522.9	2,347.9
P/E	0.0	0.0	24.9	17.3	12.9
P/E diluted	0.0	0.0	24.9	17.3	12.9
P/Sales	0.0	0.0	2.5	2.1	1.7
EV/Sales	-0.1	-0.1	2.4	1.9	1.5
EV/EBITDA	-0.6	-0.7	13.6	8.9	6.3
EV/EBIT	-1.7	-1.4	19.5	12.6	8.5
P/BV	0.0	0.0	10.9	6.8	4.6

Share performance		Growth/year	15/17e
1 month	22.6 %	Net sales	69.7 %
3 month	64.1 %	Operating profit adj	162.8 %
12 month	703.6 %	EPS, just	120.9 %
Since start of the year	208.8 %	Equity	43.3 %

Shareholder structure %	Capital	Votes
Avanza Pension	8.2 %	8.2 %
Rite Ventures	7.7 %	7.7 %
Vlad Suglobov	7.1 %	7.1 %
Swedbank Robur Fonder	6.3 %	6.3 %
Alexander Tabunov	6.0 %	6.0 %
Sergey Shults	6.0 %	6.0 %
Tommy Svensk	4.6 %	4.6 %
Nordnet Pensionsförsäkring	3.0 %	3.0 %
Hawk Invest AS	2.0 %	2.0 %
Peter Lindell	1.6 %	1.6 %

Share information	
Reuters code	G5EN.ST
List	
Share price	315.0
Total shares, million	8.8
Market Cap, MSEK	2772.0

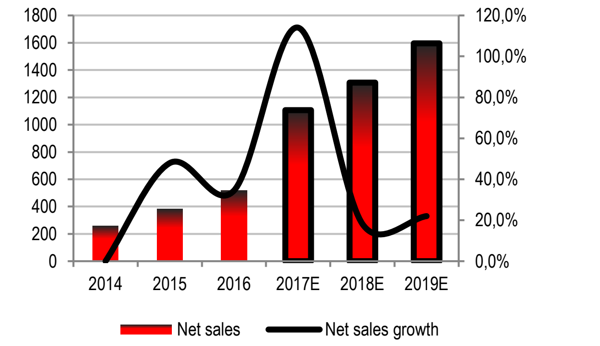
Management & board	
CEO	Vladislav Suglobov
CFO	Stefan Wikstrand
IR	
Chairman	Petter Nylander

Financial information

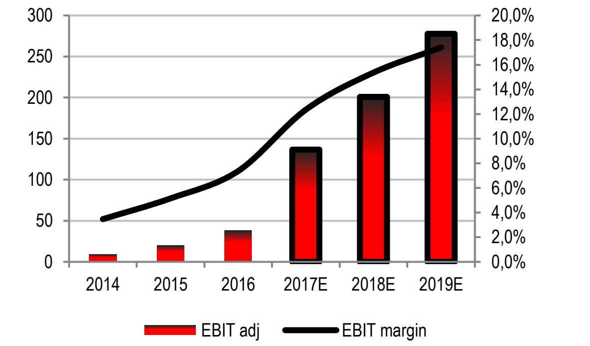
Analysts	Redeye AB
Tomas Otterbeck	Mäster Samuelsgatan 42, 10tr
tomas.otterbeck@redeye.se	111 57 Stockholm

Kristoffer Lindström
kristoffer.lindstrom@redeye.se

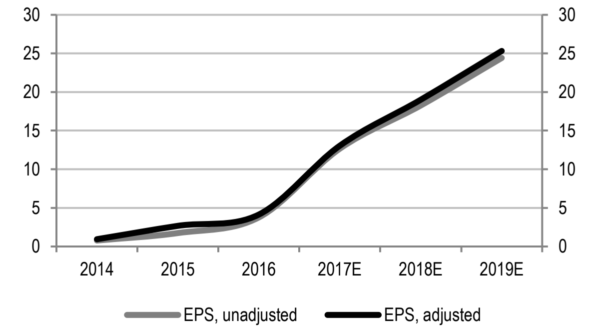
Revenue & Growth (%)



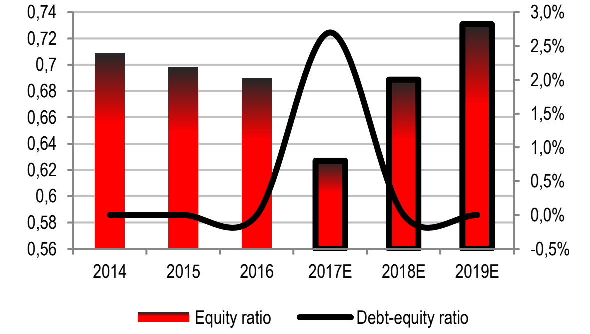
EBIT (adjusted) & Margin (%)



Earnings per share



Equity & debt-equity ratio (%)



Conflict of interests

Tomas Otterbeck owns shares in the company : Yes
Kristoffer Lindström owns shares in the company : No

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.

Company description

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Redeye Rating (2017-07-31)

Rating	Management	Ownership	Profit outlook	Profitability	Financial Strength
7,5p - 10,0p	44	42	17	11	22
3,5p - 7,0p	71	65	99	35	45
0,0p - 3,0p	12	21	12	82	61
Company N	127	128	128	128	128

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