

Revenue miss, total gross bookings in line

Next Games' net sales in Q4 amounted to EUR 7.7m, below our and consensus estimates (EUR 8.2m/8.1m Evli/cons.). Gross bookings amounted to EUR 8.2m (Evli EUR 8.2m). EBIT amounted to EUR -1.8m, in line with our and consensus estimates (EUR -1.7m/-1.8m Evli/cons.). Next Games expects moderate growth in 2020 and profitable publishing operations EBITDA.

- Net sales in Q4 were EUR 7.7m (EUR 11.3m in Q4/18), below our and consensus estimates (EUR 8.2m/8.1m Evli/Cons.). Net sales in Q4 declined -48% y/y. Compared to our estimates, revenue was lower than expected due to lower revenue despite gross bookings being in line with our estimates (Act./Evli EUR 8.2m/8.2m).
- Operating profit in Q4 amounted to EUR -1.8m (EUR --1.6m in Q4/18), in line with our and consensus estimates (EUR -1.7m/-1.8m Evli/cons.), at a margin of -24%. The EBITDA of publishing operations in H2 amounted to EUR 1.5m
- Adj. EBIT amounted to EUR -1.0m (Q4/18: -0.5m), below our estimate of EUR -0.7m.
- TWD: NML - DAU 183k (Q4/18: 253k), MAU 651k (Q4/18: 728k), ARPDAU EUR 0.25 (Q4/18: 0.25).
- TWD: OW - DAU 114k (Q4/18: 223k), MAU 591k (Q4/18: 759k), ARPDAU EUR 0.38 (Q4/18: 0.28).
- Guidance: Next Games expects moderate growth in 2020, weighted towards the end of the year. Publishing operations EBITDA is expected to be profitable. Revenue from already published games expected to continue on a flat or declining trend.
- Changes to reporting: R&D now includes costs relating to unpublished products, costs relating to developing live games included in sales and marketing expenses

 Rating 🟡 HOLD

Q4/19	Act.	Evli	Cons.	Q4/18
Net sales	7.7	8.2	8.1	11.3
EBIT	-1.8	-1.7	-1.8	-1.6
EBIT adj.	-1.0	-0.7		-0.5

Deviation	Act.	Evli	Cons.	Q4/18
Net sales		-6%	-5%	-32%
EBIT		-5%	-2%	-13%
EBIT adj.		-39%	-	-90%

**Consensus by Bloomberg*

 Share price, EUR (Last trading day's closing price) 0.82

 Target price, EUR 0.9

 Latest change in 11-Jan-19

 Latest report on company 26-Feb-20

 Research paid by issuer: YES

 No. of shares outstanding, 27,909

 No. of shares fully diluted, 27,909

 Market cap, EURm 23

 Free float, % 45.0

 Exchange rate 0.000

 Reuters code NXTGMS.HE

 Bloomberg code NXTGMS FH

 Average daily volume, EURm 0.04

 Next interim report 28-Feb-20

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🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2017	32.5	-5.1	-15.6%	-4.7	-0.34	-30.1	4.4	-28.1	-2.8	0.00
2018	35.2	-16.9	-48.0%	-13.9	-0.97	-1.1	0.5	-1.1	-70.6	0.00
2019E	35.2	-7.3	-20.9%	-7.4	-0.25	-3.2	0.6	-2.8	-32.5	0.00
2020E	42.9	-8.2	-19.2%	-9.1	-0.25	-3.3	0.7	-3.6	-40.0	0.00
2021E	66.0	-0.6	-0.9%	-1.3	-0.04	-22.5	0.5	-53.6	-5.6	0.00

Market cap, EURm	23	BV per share 2019E, EUR	-8.6	CAGR EPS 2018-21, %	-66.5
Net debt 2019E, EURm	-2	Price/book 2019E	1.0	CAGR sales 2018-21, %	23.3
Enterprise value, EURm	21	Dividend yield 2019E, %	0.0	ROE 2019E, %	-30.3
Total assets 2019E, EURm	39	Tax rate 2019E, %	4.9	ROCE 2019E, %	-24.5
Goodwill 2019E, EURm	3	Equity ratio 2019E, %	61.0	PEG, P/E 19/CAGR	0.0

All the important disclosures can be found on the last pages of this report.

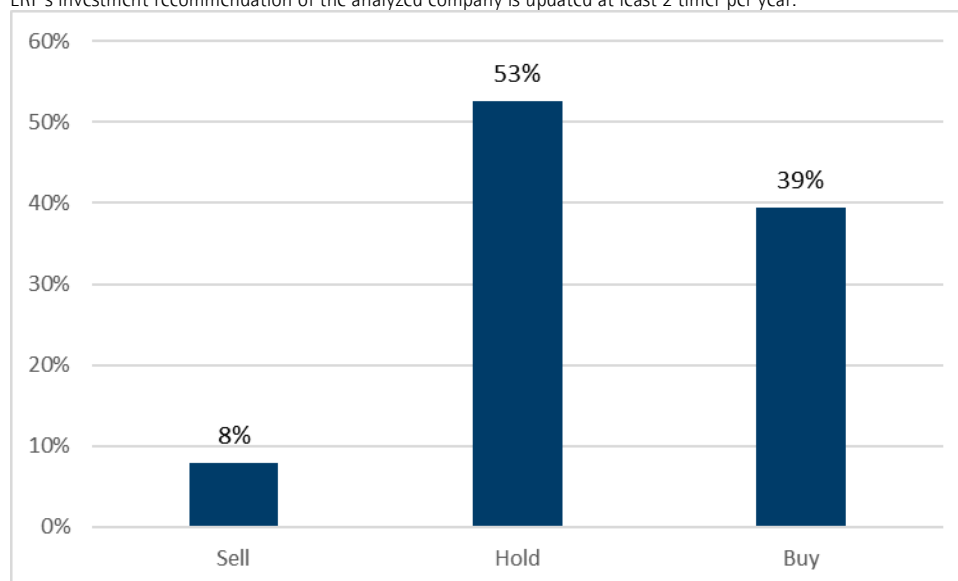
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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