

EVOLUTION GAMING

Sweden

Internet services—Casinos & Gaming

BUY

September 3, 2015

Company description

Evolution Gaming Group, founded in 2006, is a Sweden-based company active in the Internet services sector. It develops, produces, markets and licenses fully integrated business-to-business (B2B) live casino solutions for gaming operators. Its solutions allow a live table gaming by streaming of professional croupier services to end users via the online casino and gaming platforms. The Company has offices and production studios in the UK, Sweden, Malta, Italy, Spain and Latvia. It currently has about 1'500 employees.

The shares of Evolution Gaming Group were listed on Nasdaq First North Premier on 20 March 2015.

Recent developments

August 27, 2015: The Company released its interim report January-June 2015. The revenues for the Q2 2015 increased by 55%, at the same time EBITDA grew 89% corresponding to a margin of 43% (one of the financial objectives for the group is to maintain a sustainable EBITDA margin of at least 35%). This growth, clearly above all listed peers, reflects the company's dominant position in the fastest growing online gaming industry. We highlight the strong growth driven by increasing engagement by operators and more end users who discover live casino, particularly using mobile devices: in the second quarter, 24% of the operators' gaming revenues via the Evolution platform were generated by mobile devices compared to 11% last year.

June 17, 2015: For the sixth year in a row, Evolution Gaming has been named Live Casino Supplier of the Year in the EGR (eGaming Review) B2B Awards.

Upcoming events:

October 23, 2015: Interim report January-September 2015.
February 2016: Year-end report 2015.

Investment conclusion

The outlook for H2 remain strong, with:

- physical tables in Belgium added in Q3 (through the agreement with Casino de Spa; the Belgian presence is well in line with the Company's growth strategy of being the first Live Casino provider in regulated markets);
- new deals including land-based giant Genting after the Company has signed on Aug. 24 an exclusive agreement with Genting Alderney, the online division of the world leading casino operator.

The share price has more than doubled since the IPO in March and increased 27.5% on the HI release in Aug 27. Based on the company's current strong market position and given the structural growth potential, we remain positive and continue to have a buy recommendation.

Performance



	1m	3m	Since IPO (20.03.15)
Absolute perf.	68.7%	79%	166.3%
Nasdaq OMX First North All-shares Index perf	3.0%	2.1%	11.0%

Market data

Share price (SEK), as of Sep 3, 2015:	213
52-wk range:	80–214
Mkt cap (SEK m):	7'500
Nb of shares issued:	35,97m
Bloomberg ticker:	EVO:SS
Isin:	SE0006826046

Financial summary (In mio EUR) & Valuation

	2013	2014	2015e	2016e
Revenues	38.8	48.5	69.5	85
Oper. income	7.9	13.1	19.7	25.7
Profit	7.2	12.1	19.2	26.8
EPS	-	-	0.53	0.74
DPS	-	-	0.31	0.45
Div. yield (%)	-	-	1.5%	2.2%
P/E	-	-	39.2	30.1

Source: Bloomberg

Equity rating—Bloomberg consensus

		Nb of analysts
Buy	100%	3
Hold	0%	0
Sell	0%	0

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Equity notes — September 2015