

Revenue miss, EBIT negative as expected

Next Games Q1 revenue and EBIT amounted to EUR 9.8m (Evli EUR 12.0m) and EUR -2.4m (Evli EUR -2.1m) respectively. Next Games expects to achieve annual savings of approx. EUR 6.5m from its cost savings program. The company's cash position was at EUR 4.8m at the end of the quarter.

- Next Games' revenue in Q1 amounted to EUR 9.8m, below our estimates of EUR 12.0m. Revenue growth y/y on was 104%.
- EBIT in Q1 amounted to EUR -2.4m, slightly below our estimate of EUR -2.1m. The adjusted operating profit amounted to EUR -1.3m. As a result of the company's cost savings program, annual savings of approx. EUR 6.5m compared to H2/18 averages are to be achieved.
- **TWD: No man's land:** DAU during Q1 was 225k (Q4/18: 253k). MAU during Q1 was 669k (Q4/18: 728k). ARPDau was EUR 0.22 during Q1 (Q4/18: 0.25).
- **TWD: Our world:** DAU during Q1 was 211k (Q4/18: 223k). MAU during Q1 was 982k (Q4/18: 759k). ARPDau was EUR 0.26 during Q1 (Q4/18: 0.28).
- The company's cash position at the end of the quarter amounted to EUR 4.8m and has according to the company began to stabilize.
- Next Games expects to get at least two games into testing phase during 2020.

Rating 🟡 HOLD

Q1/19	Act.	Evli	Year ago	Q4/18
Net sales	9.8	12.0	4.8	11.3
EBIT	-2.4	-2.1	-2.5	-1.6

Deviation	Act.	Evli	Year ago	Q4/18
Revenue		-18%	105%	-13%
EBIT		-14%	4%	-48%

 Share price, EUR (Last trading day's closing price) 1.35

 Target price, EUR 1.5

Latest change in recommendation	11-Jan-19
Latest report on company	18-Feb-19
Research paid by issuer:	YES
No. of shares outstanding, '000's	18,503
No. of shares fully diluted, '000's	18,503
Market cap, EURm	25
Free float, %	48.6
Exchange rate	0.000
Reuters code	NXTGMS.HE
Bloomberg code	NXTGMS FH
Average daily volume, EURm	0.0
Next interim report	26-Apr-19
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+ BUY 🟡 HOLD - SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2017	32	-5	-15.6%	-6	-0.34	-30.1	4.4	-24.4	-28.1	0.00
2018	35	-17	-48.0%	-17	-0.97	-1.1	0.5	-1.3	-1.1	0.00
2019E	57	-5	-9.2%	-6	-0.25	-5.4	0.5	6.3	-5.0	0.00
2020E	69	5	6.7%	4	0.18	7.6	0.4	2.9	5.4	0.00
2021E	79	11	14.5%	11	0.48	2.8	0.2	1.7	1.5	0.00
Market cap, EURm	25		BV per share 2019E, EUR		1.0		CAGR EPS 2018-21, %		0.0	
Net debt 2019E, EURm	1		Price/book 2019E		1.4		CAGR sales 2018-21, %		31.0	
Enterprise value, EURm	26		Dividend yield 2019E, %		0.0		ROE 2019E, %		-22.7	
Total assets 2019E, EURm	41		Tax rate 2019E, %		20.0		ROCE 2019E, %		-18.5	
Goodwill 2019E, EURm	3		Equity ratio 2019E, %		44.5		PEG, P/E 19/CAGR		0.0	

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

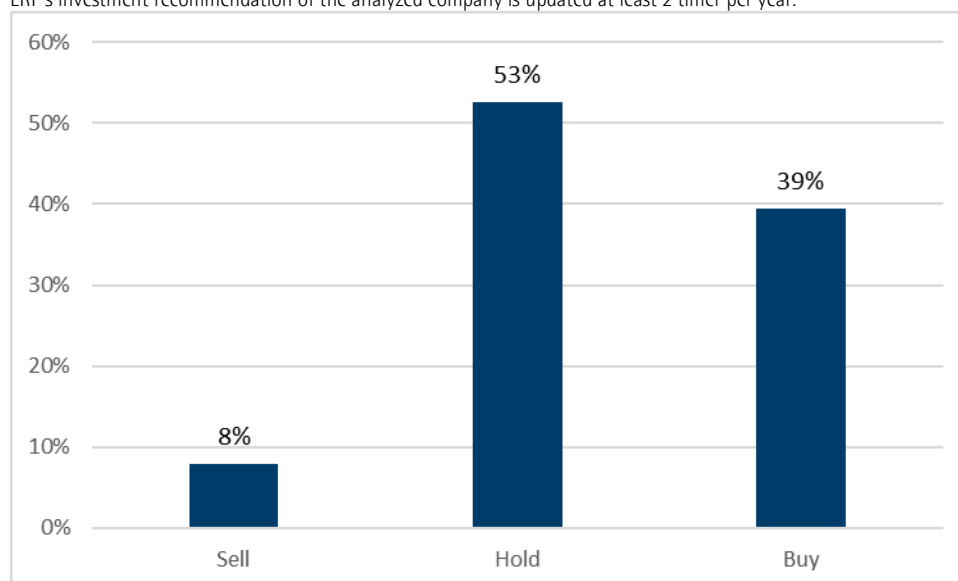
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Investment recommendations are defined as follows:

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

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Name(s) of the analyst(s): Salokivi

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