

Fractal Gaming Group

Q2 likely marked the trough

- Weaker Q2 than feared...
- ...but tailwinds from new products and the PC refresh cycle to come
- Our 2025 case is still intact: we reiterate BUY at 9x '25e EV/EBIT

Weaker Q2 than feared, but new GPU versions to come

As suggested by recent negative data points - including a profit warning from key competitor Corsair and a deteriorating macro environment for consumer electronics vendors - Fractal reported a weak Q2, with sales coming in -11% vs. cons and -42% organically y-o-y. Although the latter was partly the result of particularly tough comps, the market softened markedly in Q2 while the tailwind from its recent product launches is more gradual than immediate (scheduled launches from July to mid-Q4). Moreover, the PC refresh tailwind has yet to benefit the industry cycle, partly because Nvidia's important GPU launches are not expected until early 2025. This means that we expect another soft quarter in Q3e (org. sales -12% y-o-y) before we see momentum gradually picking up in Q4e and 2025e. However, we still expect Q3e sales to show sequential growth as Q2 was further exacerbated by inventory destocking (low-quality miss), which we do not expect to weigh on Q3 sales.

Another round of estimate cuts

We lower '24e sales by 6%, leading to a 24% cut on EBIT. However, we make smaller changes to 2025e (EBIT -14%) as we continue to believe that the mid-term growth tailwinds (PC refresh cycle, new product launches) are still in place.

We stick to BUY on the prospect of a better 2025

Continued weakness in Q3e combined with risks of further delays in Q4e are unlikely to lift the share in the near-term. However, we firmly expect the belated tailwind from the PC refresh cycle to gradually kick in, which bodes well for strong growth in 2025e. When balancing this with the 2025e EV/EBIT multiple of 9x, we maintain BUY but cut our TP to SEK 45 (47).

Analyst(s): simon.granath@abgsc.se, +46 8 566 286 32
daniel.thorsson@abgsc.se, +46 8 566 286 82

SEKm	2022	2023	2024e	2025e	2026e
Sales	486	773	691	811	897
EBITDA	34	137	91	122	138
EBITDA margin (%)	7.0	17.8	13.2	15.1	15.4
EBIT adj.	15	116	68	97	111
EBIT adj. margin (%)	3.2	15.0	9.8	12.0	12.3
Pretax profit	14	114	70	99	113
EPS	0.37	3.08	1.88	2.69	3.06
EPS adj.	0.37	3.08	1.88	2.69	3.06
Sales growth (%)	1.5	59.2	-10.7	17.4	10.7
EPS growth (%)	-327.7	nm	-39.1	42.9	13.9

Source: ABG Sundal Collier, Company Data

Reason: Post-results comment

BUY



HOLD



SELL



IT

Estimate changes (%)

	2024e	2025e	2026e
Sales	-6.4	-4.5	-5.1
EBIT	-24.2	-14.0	-14.8
EPS	-25.1	-13.7	-14.6

Source: ABG Sundal Collier

FRACTL-SE/FRACTL SS

Share price (SEK)	14/8/2024	33.90
Target price	(47.0)	45.0

MCap (SEKm)	1,156
MCap (EURm)	100
No. of shares (m)	29.1
Free float (%)	30.8
Av. daily volume (k)	12

Next event Q3 Report 24 October 2024

Performance



— FRACTL-SE — OMX Stockholm All Share Index

	2024e	2025e	2026e
P/E (x)	18.0	12.6	11.1
P/E adj. (x)	18.0	12.6	11.1
P/BVPS (x)	2.34	1.97	1.79
EV/EBITDA (x)	10.4	7.3	6.3
EV/EBIT adj. (x)	13.9	9.2	7.8
EV/sales (x)	1.37	1.10	0.97
ROE adj. (%)	13.9	17.0	17.0
Dividend yield (%)	0.0	4.0	4.5
FCF yield (%)	4.9	5.4	6.9
Le. adj. FCF yld. (%)	4.6	5.1	6.6
Net IB debt/EBITDA (x)	-0.5	-0.8	-0.9
Le. adj. ND/EBITDA (x)	-0.6	-0.9	-1.0

Company description

Fractal Gaming Group (Fractal) was founded in 2007 and offers PC gaming products. The company has positioned itself as a premium brand that focuses on design, performance and quality. Its primary target group comprises committed/competitive gamers. While Fractal outsources manufacturing, logistics and sales distribution to third parties, development and design processes are done in-house. It is present in 50+ countries through its broad network of distributors and resellers. Fractal's main product is PC cases, but it also sells power supply units (PSUs), fans and water cooling products.

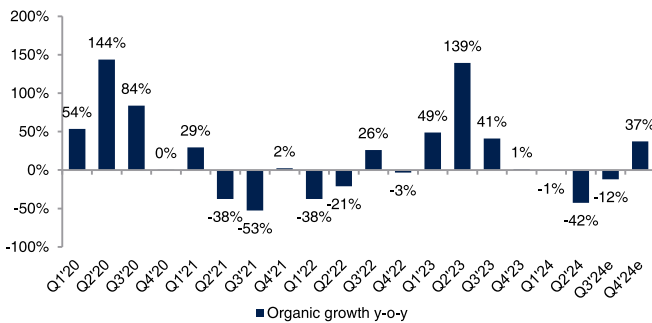
[Sustainability information](#)

Product offering



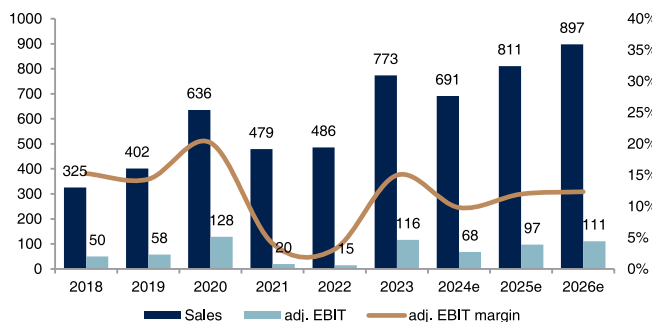
Source: ABG Sundal Collier, company data

Organic growth, quarterly



Source: ABG Sundal Collier, company data

Sales, adj. EBIT (SEKm) and adj. EBIT margin

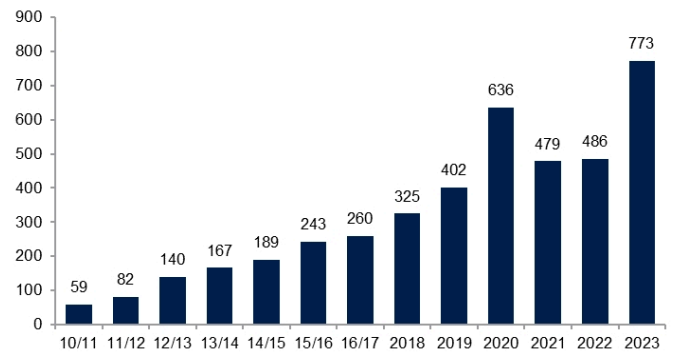


Source: ABG Sundal Collier, company data

Risks

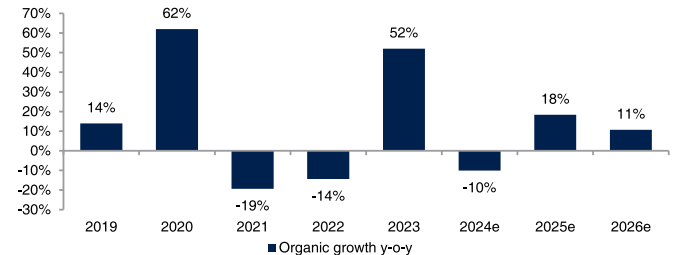
Increasing competition could result in lower organic growth and gross margin pressure. Although current trends seem favourable, future market growth is uncertain. Furthermore, Fractal uses third parties for the manufacturing of its products (mainly in China), which exposes the company to several risks. For instance, its production may be interrupted, or affected by international disputes. All of Fractal's sales and COGS are denominated in USD, which means it has exposure to the USD/SEK exchange rate. Finally, if the concept of cloud gaming would become widely adopted, the demand for Fractal's high-performance PC gaming hardware could be reduced.

Long-term sales (SEKm)



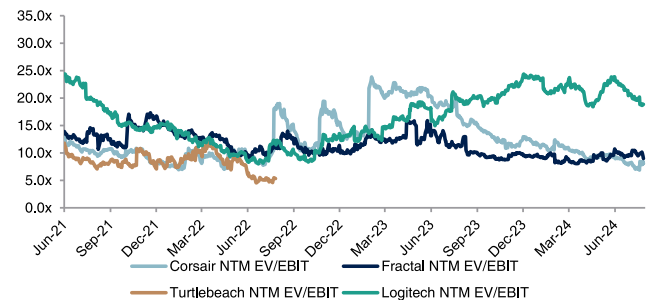
Source: ABG Sundal Collier, company data

Organic growth, yearly



Source: ABG Sundal Collier, company data

EV/EBIT f12m (x)



Source: ABG Sundal Collier, FactSet

Estimate changes

Estimate changes SEKm	Old forecast			New forecast			Estimate changes Δ			Estimate changes %		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Net sales	738	849	946	691	811	897	-47	-38	-48	-6%	-5%	-5%
Gross profit	308	345	376	287	332	356	-21	-14	-19	-7%	-4%	-5%
Capitalised costs	9	11	13	11	13	15	2	2	2	16%	13%	11%
Other income	0	0	0	1	0	0	1	0	0	600%	n.a.	n.a.
Opex	-205	-219	-232	-208	-222	-233	-3	-3	-1	1%	1%	0%
EBITDA	113	138	157	91	122	138	-21	-16	-19	-19%	-11%	-12%
D&A	-23	-25	-27	-23	-25	-27	0	0	0	1%	1%	1%
EBIT	89	113	130	68	97	111	-22	-16	-19	-24%	-14%	-15%
Non-recurring items	0	0	0	0	0	0	0	0	0	n.a.	n.a.	n.a.
Adj. EBIT	89	113	130	68	97	111	-22	-16	-19	-24%	-14%	-15%
Net profit	73	91	104	55	78	89	-18	-12	-15	-25%	-14%	-15%
Assumptions	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Gross margin	41.7%	40.7%	39.7%	41.6%	40.9%	39.7%				-0.1%	0.2%	0.0%
EBITDA margin	15.3%	16.2%	16.6%	13.2%	15.1%	15.4%				-2.1%	-1.2%	-1.2%
EBIT margin	12.1%	13.3%	13.7%	9.8%	12.0%	12.3%				-2.3%	-1.3%	-1.4%
Adj. EBIT margin	12.1%	13.3%	13.7%	9.8%	12.0%	12.3%				-2.3%	-1.3%	-1.4%
EBIT y-o-y	-23%	26%	15%	-41%	43%	14%						
EBITDA y-o-y	-18%	22%	14%	-34%	34%	13%						
Sales y-o-y	-5%	15%	11%	-11%	17%	11%						

Source: ABG Sundal Collier

Forecasts, quarterly

P/L, SEKm	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24e	Q4'24e
Net sales	169	104	85	121	118	95	131	142	196	245	190	143	192	144	163	192
COGS	-110	-70	-59	-81	-70	-66	-81	-89	-116	-148	-111	-85	-110	-85	-96	-113
Gross profit	59	34	26	40	47	29	50	52	79	97	79	57	82	59	67	78
Other income	1	-1	0	0	0	1	0	0	2	0	0	1	0	1	0	0
Capitalised costs	4	2	2	2	2	4	2	2	2	2	2	3	3	3	3	2
Opex	-53	-33	-30	-39	-38	-37	-40	-41	-41	-52	-46	-49	-49	-56	-50	-53
adj. opex	-31	-33	-30	-39	-38	-37	-40	-41	-41	-52	-46	-49	-49	-56	-50	-53
EBITDA	11	2	-3	2	11	-3	12	13	42	48	35	13	37	7	20	28
Adj. EBITDA	32	2	-3	2	11	-3	12	13	42	48	35	13	37	7	20	28
Depreciation & amortisation	-3	-3	-3	-4	-4	-5	-5	-5	-5	-5	-5	-6	-6	-6	-6	-6
EBITA	8	-1	-6	-2	7	-7	7	8	37	43	30	7	31	1	14	22
EBIT	8	-1	-6	-2	7	-7	7	8	37	43	30	7	31	1	14	22
Non-recurring items	-21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adj. EBIT	29	-1	-6	-2	7	-7	7	8	37	43	30	7	31	1	14	22
Net financials	-2	0	-1	-2	0	2	1	-4	-2	2	1	-3	3	-1	0	0
Pretax profit	6	-2	-7	-3	7	-5	8	4	34	45	30	4	34	0	14	22
Tax	-1	0	1	1	-2	1	-2	-1	-7	-9	-6	-1	-7	0	-3	-5
Minority	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net profit	4	-1	-6	-2	5	-4	6	3	27	35	24	3	27	-1	11	17
Metrics	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24e	Q4'24e
Gross margin	35%	33%	31%	33%	40%	31%	38%	37%	40%	40%	42%	40%	43%	41%	41%	41%
EBITDA margin	6%	2%	-3%	2%	10%	-3%	9%	9%	21%	20%	19%	9%	19%	5%	12%	14%
Adj. EBITDA margin	19%	2%	-3%	2%	10%	-3%	9%	9%	21%	20%	19%	9%	19%	5%	12%	14%
EBITA margin	5%	-1%	-7%	-1%	6%	-8%	6%	6%	19%	17%	16%	5%	16%	1%	9%	11%
EBIT margin	5%	-1%	-7%	-1%	6%	-8%	6%	6%	19%	17%	16%	5%	16%	1%	9%	11%
Adj. EBIT margin	17%	-1%	-7%	-1%	6%	-8%	6%	6%	19%	17%	16%	5%	16%	1%	9%	11%
Sales growth y-o-y	12%	-45%	-53%	6%	-31%	-8%	54%	17%	66%	157%	45%	1%	-2%	-41%	-14%	34%
Organic	29%	-38%	-53%	2%	-38%	-21%	26%	-3%	49%	139%	41%	1%	-1%	-42%	-12%	37%
FX	-17%	-7%	-1%	4%	7%	13%	28%	21%	18%	18%	4%	-1%	-1%	1%	-2%	-3%
Adj. EBIT growth y-o-y	-4%	-102%	-116%	-134%	-75%	477%	-221%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Adj. ROIC	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sales breakdown	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24e	Q4'24e
Sales in USDm	20	12	10	14	13	10	12	13	19	23	18	13	19	13	15	18
Cases (SEKm)	128	79	66	103	105	83	108	129	177	227	171	130	180	128	143	170
Other (SEKm)	41	25	19	18	13	13	23	13	18	19	19	12	13	15	20	22
Sales breakdown y-o-y	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24e	Q4'24e
Cases	-2%	-50%	-56%	14%	-18%	5%	63%	25%	69%	174%	58%	1%	1%	-43%	-17%	30%
Other	108%	-21%	-41%	-25%	-69%	-50%	21%	-28%	42%	48%	-19%	-6%	-31%	-18%	10%	81%
Gross profit breakdown	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24e	Q4'24e
Cases	48	29	22	35	42	27	42	49	72	92	73	55	78	54	60	70
Cases gross margin	38%	36%	34%	34%	40%	33%	39%	38%	40%	41%	42%	42%	43%	42%	42%	41%
Other	11	5	4	4	5	2	8	3	8	7	7	4	5	6	8	9
Other gross margin	26%	21%	20%	24%	38%	16%	36%	24%	42%	36%	36%	30%	38%	39%	38%	39%

Source: ABG Sundal Collier, company data

Forecasts, yearly

P/L, SEKm	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Net sales	325	402	636	479	486	773	691	811	897
COGS	-202	-253	-395	-321	-307	-460	-404	-479	-541
Gross profit	123	149	241	158	179	313	287	332	356
Other income	9	4	11	0	1	3	1	0	0
Capitalised costs	2	5	6	9	9	9	11	13	15
Opex	-79	-94	-131	-155	-155	-187	-208	-222	-233
adj. opex	-79	-94	-118	-134	-155	-187	-208	-222	-233
EBITDA	55	64	126	12	34	137	91	122	138
Adj. EBITDA	55	64	139	33	34	137	91	122	138
Depreciation & amortisation	-5	-6	-10	-14	-19	-22	-23	-25	-27
EBITA	50	58	115	-2	15	116	68	97	111
EBIT	50	58	115	-2	15	116	68	97	111
Non-recurring items	0	0	-13	-21	0	0	0	0	0
Adj. EBIT	50	58	128	20	15	116	68	97	111
Net financials	-8	-3	-7	-5	-2	-2	2	2	2
Pretax profit	41	55	109	-6	14	114	70	99	113
Tax	-11	-12	-25	2	-3	-24	-15	-21	-24
Minority	0	0	0	0	0	0	0	0	0
Net profit	31	43	84	-5	11	90	55	78	89
Metrics	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Gross margin	37.9%	37.1%	37.9%	33.0%	36.9%	40.5%	41.6%	40.9%	39.7%
EBITDA margin	16.8%	16.0%	19.8%	2.6%	7.0%	17.8%	13.2%	15.1%	15.4%
Adj. EBITDA margin	16.8%	16.0%	21.8%	7.0%	7.0%	17.8%	13.2%	15.1%	15.4%
EBITA margin	15.2%	14.4%	18.2%	-0.3%	3.2%	15.0%	9.8%	12.0%	12.3%
EBIT margin	15.2%	14.4%	18.2%	-0.3%	3.2%	15.0%	9.8%	12.0%	12.3%
Adj. EBIT margin	15.2%	14.4%	20.2%	4.1%	3.2%	15.0%	9.8%	12.0%	12.3%
Sales growth y-o-y	n.a.	23.4%	58.3%	-24.7%	1.5%	59.2%	-10.7%	17.4%	10.7%
Organic	n.a.	13.9%	62.0%	-19.3%	-14.4%	52.1%	-10.1%	18.3%	10.7%
FX	n.a.	9.8%	-3.7%	-5.4%	15.9%	7.2%	-0.5%	-1.0%	0.0%
Adj. EBIT growth y-o-y	n.a.	16.2%	123%	-84.8%	-22%	657.5%	-41.5%	43.1%	14.2%
Adj. ROIC	n.a.	92.5%	105%	12.7%	6.2%	49.2%	28.9%	37.7%	38.1%
Sales breakdown	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sales in USDm	38	43	69	56	48	73	66	78	86
Cases (SEKm)	273	340	528	375	424	706	620	720	770
Other (SEKm)	52	61	108	104	61	68	70	91	127
Sales breakdown y-o-y	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Cases	n.a.	25%	55%	-29%	13%	66%	-12%	16%	7%
Other	n.a.	17%	76%	-4%	-41%	10%	4%	29%	40%
Gross profit breakdown	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Cases	112	126	204	134	161	291	260	297	308
Cases gross margin	41%	37%	39%	36%	38%	41%	42%	41%	40%
Other	11	23	37	24	18	25	27	35	48
Other gross margin	21%	38%	34%	23%	30%	36%	39%	39%	38%

Source: ABG Sundal Collier, company data

Fractal Gaming Group

Income Statement (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sales	-	325	402	636	479	486	773	691	811	897
COGS	-	-202	-253	-395	-321	-307	-460	-404	-479	-541
Gross profit	0	123	149	241	158	179	313	287	332	356
Other operating items	0	-70	-85	-115	-146	-145	-176	-196	-209	-218
EBITDA	0	54	64	126	12	34	137	91	122	138
Depreciation and amortisation	0	-4	-6	-10	-14	-19	-22	-23	-25	-27
of which leasing depreciation	-	0	-2	-2	-2	-3	-3	-3	-3	-3
EBITA	0	50	58	115	-2	15	116	68	97	111
EO Items	-	0	0	-13	-21	0	0	0	0	0
Impairment and PPA amortisation	0	0	0	0	0	0	0	0	0	0
EBIT	-	50	58	115	-2	15	116	68	97	111
Net financial items	0	-8	-3	-7	-5	-2	-2	2	2	2
Pretax profit	0	41	55	109	-6	14	114	70	99	113
Tax	-	-11	-12	-25	2	-3	-24	-15	-21	-24
Net profit	0	31	43	84	-5	11	90	55	78	89
Minority interest	-	0	0	0	0	0	0	0	0	0
Net profit discontinued	-	0	0	0	0	0	0	0	0	0
Net profit to shareholders	0	31	43	84	-5	11	90	55	78	89
EPS	-	-	-	2.88	-0.16	0.37	3.08	1.88	2.69	3.06
EPS adj.	-	-	-	3.22	0.38	0.37	3.08	1.88	2.69	3.06
Total extraordinary items after tax	0	0	0	-10	-16	0	0	0	0	0
Leasing payments	-	-1	-2	-2	-2	-3	-4	-3	-3	-3
<i>Tax rate (%)</i>	--	26.0	22.3	22.8	25.4	21.3	20.9	21.3	21.0	21.0
<i>Gross margin (%)</i>	--	37.9	37.1	37.9	33.0	36.9	40.5	41.6	40.9	39.7
<i>EBITDA margin (%)</i>	--	16.5	16.0	19.8	2.6	7.0	17.8	13.2	15.1	15.4
<i>EBITA margin (%)</i>	--	15.2	14.4	18.2	-0.3	3.2	15.0	9.8	12.0	12.3
<i>EBIT margin (%)</i>	--	15.2	14.4	18.2	-0.3	3.2	15.0	9.8	12.0	12.3
<i>Pre-tax margin (%)</i>	--	12.7	13.7	17.1	-1.3	2.8	14.7	10.1	12.2	12.6
<i>Net margin (%)</i>	--	9.4	10.6	13.2	-1.0	2.2	11.6	7.9	9.6	9.9
Growth Rates y-o-y	-	-	-	-	-	-	-	-	-	-
<i>Sales growth (%)</i>	--	--	23.4	58.3	-24.7	1.5	59.2	-10.7	17.4	10.7
<i>EBITDA growth (%)</i>	--	--	19.6	96.2	-90.2	176.4	304.1	-33.7	34.3	12.9
<i>EBITA growth (%)</i>	--	--	16.2	100.3	-101.4	-1,056.3	657.5	-41.5	43.1	14.2
<i>EBIT growth (%)</i>	--	--	16.2	NM	-101.4	-1,056.3	NM	-41.5	43.1	14.2
<i>Net profit growth (%)</i>	--	--	39.9	96.4	-105.6	-327.7	739.3	-39.1	42.9	13.9
<i>EPS growth (%)</i>	--	--	--	--	-105.6	-327.7	nm	-39.1	42.9	13.9
Profitability	-	-	-	-	-	-	-	-	-	-
<i>ROE (%)</i>	--	33.7	21.1	33.8	-1.7	3.9	27.8	13.9	17.0	17.0
<i>ROE adj. (%)</i>	--	33.7	21.1	37.8	4.1	3.9	27.8	13.9	17.0	17.0
<i>ROCE (%)</i>	--	42.2	23.5	38.8	-0.4	3.8	29.3	17.3	21.4	21.4
<i>ROCE adj. (%)</i>	--	42.2	23.5	43.1	5.2	3.8	29.3	16.5	20.5	20.6
<i>ROIC (%)</i>	--	33.0	19.3	31.6	-0.3	3.0	23.9	14.2	19.5	20.8
<i>ROIC adj. (%)</i>	--	33.0	19.3	35.1	4.0	3.0	23.9	14.2	19.5	20.8
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
<i>EBITDA adj.</i>	0	54	64	139	33	34	137	91	122	138
<i>EBITDA adj. margin (%)</i>	--	16.5	16.0	21.8	7.0	7.0	17.8	13.2	15.1	15.4
<i>EBITDA lease adj.</i>	0	52	62	137	31	31	133	88	119	135
<i>EBITDA lease adj. margin (%)</i>	--	16.1	15.5	21.5	6.5	6.3	17.3	12.7	14.7	15.0
<i>EBITA adj.</i>	0	50	58	128	20	15	116	68	97	111
<i>EBITA adj. margin (%)</i>	--	15.2	14.4	20.2	4.1	3.2	15.0	9.8	12.0	12.3
<i>EBIT adj.</i>	0	50	58	128	20	15	116	68	97	111
<i>EBIT adj. margin (%)</i>	--	15.2	14.4	20.2	4.1	3.2	15.0	9.8	12.0	12.3
<i>Pretax profit Adj.</i>	0	41	55	122	15	14	114	70	99	113
<i>Net profit Adj.</i>	0	31	43	94	11	11	90	55	78	89
<i>Net profit to shareholders adj.</i>	0	31	43	94	11	11	90	55	78	89
<i>Net adj. margin (%)</i>	--	9.4	10.6	14.8	2.3	2.2	11.6	7.9	9.6	9.9

Source: ABG Sundal Collier, Company Data

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	0	54	64	126	12	34	137	91	122	138
Net financial items	0	-8	-3	-7	-5	-2	-2	2	2	2
Paid tax	-	-3	-5	-30	-10	-1	-13	-15	-21	-24
Non-cash items	0	1	-2	-6	2	2	1	0	0	0
Cash flow before change in WC	0	43	54	83	-1	33	123	78	104	116
Change in working capital	0	-25	-12	-58	-47	24	23	3	-15	-11

Fractal Gaming Group

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Operating cash flow	-	18	42	25	-48	57	146	81	89	106
Capex tangible fixed assets	-	-7	-12	-16	-15	-20	-15	-18	-20	-20
Capex intangible fixed assets	-	-2	-7	-5	-10	-12	-14	-14	-16	-18
Acquisitions and Disposals	0	0	0	0	0	0	0	0	0	0
Free cash flow	0	9	23	4	-74	25	118	49	53	68
Dividend paid	-	0	-0	-0	0	0	0	0	0	-39
Share issues and buybacks	0	1	0	0	0	0	0	0	0	0
Leasing liability amortisation	-	-1	-2	-2	-2	-3	-4	-3	-3	-3
Other non-cash items	0	-54	-0	-39	-13	2	2	0	0	-0
Balance Sheet (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Goodwill	-	210	210	210	210	210	210	210	210	210
Other intangible assets	0	3	9	14	22	30	39	43	47	53
Tangible fixed assets	-	9	17	25	32	40	42	50	59	67
Right-of-use asset	-	4	3	1	15	12	11	11	11	11
Total other fixed assets	0	0	0	0	1	0	0	0	0	0
Fixed assets	0	227	239	250	279	292	302	314	328	341
Inventories	-	59	107	173	171	127	160	138	162	179
Receivables	-	79	111	98	103	102	112	115	135	149
Other current assets	-	3	0	3	8	12	3	3	3	3
Cash and liquid assets	-	13	15	15	4	4	20	53	103	129
Total assets	0	382	473	539	565	537	597	623	730	802
Shareholders equity	0	181	224	273	267	278	368	422	500	550
Minority	-	0	0	0	0	0	0	0	0	0
Total equity	0	181	224	273	267	278	368	422	500	550
Long-term debt	-	0	0	0	0	0	0	0	0	0
Pension debt	-	0	0	0	0	0	0	0	0	0
Convertible debt	-	0	0	0	0	0	0	0	0	0
Leasing liability	0	4	2	1	15	12	11	11	11	11
Total other long-term liabilities	0	5	8	11	11	10	10	10	10	10
Short-term debt	-	50	30	65	131	110	13	0	0	0
Accounts payable	-	108	166	165	123	93	159	145	170	188
Other current liabilities	0	33	42	24	19	34	38	35	39	42
Total liabilities and equity	0	382	473	539	565	537	597	623	730	802
Net IB debt	0	41	17	51	140	118	3	-43	-92	-118
Net IB debt excl. pension debt	0	41	17	51	140	118	3	-43	-92	-118
Net IB debt excl. leasing	0	37	15	50	126	106	-8	-53	-103	-129
Capital employed	0	235	256	339	412	400	391	433	511	561
Capital invested	0	222	241	323	407	396	371	380	408	432
Working capital	0	1	10	84	140	114	78	75	90	101
EV breakdown	-	-	-	-	-	-	-	-	-	-
Market cap. diluted (m)	0	0	0	987	987	987	987	987	987	987
Net IB debt adj.	0	41	17	51	140	118	3	-43	-92	-118
Market value of minority	0	0	0	0	0	0	0	0	0	0
Reversal of shares and participations	0	0	0	0	0	0	0	0	0	0
Reversal of conv. debt assumed equity	-	-	-	-	-	-	-	-	-	-
EV	0	41	17	1,038	1,127	1,105	990	945	895	869
Total assets turnover (%)	--	170.5	94.0	125.7	86.7	88.2	136.4	113.2	119.8	117.1
Working capital/sales (%)	--	0.1	1.4	7.4	23.5	26.2	12.4	11.1	10.2	10.6
Financial risk and debt service	-	-	-	-	-	-	-	-	-	-
Net debt/equity (%)	--	22.4	7.5	18.5	52.5	42.3	0.8	-10.1	-18.5	-21.5
Net debt / market cap (%)	--	--	--	5.1	14.2	11.9	0.3	-4.3	-9.4	-12.0
Equity ratio (%)	--	47.5	47.4	50.6	47.3	51.8	61.5	67.8	68.5	68.7
Net IB debt adj. / equity (%)	--	22.4	7.5	18.5	52.5	42.3	0.8	-10.1	-18.5	-21.5
Current ratio	--	0.81	0.98	1.14	1.05	1.04	1.41	1.71	1.92	2.00
EBITDA/net interest	--	6.5	24.8	18.6	2.6	20.0	57.3	53.6	61.2	69.0
Net IB debt/EBITDA (x)	--	0.8	0.3	0.4	11.4	3.5	0.0	-0.5	-0.8	-0.9
Net IB debt/EBITDA lease adj. (x)	--	0.7	0.2	0.4	4.0	3.5	-0.1	-0.6	-0.9	-1.0
Interest coverage	--	6.0	22.3	17.1	0.3	9.0	48.3	39.9	48.5	55.4

Source: ABG Sundal Collier, Company Data

Share Data (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Actual shares outstanding	-	0	0	29	29	29	29	29	29	29
Actual shares outstanding (avg)	0	0	0	29	29	29	29	29	29	29

Fractal Gaming Group

Share Data (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
All additional shares	0	0	0	29	0	0	0	0	0	0
Issue month	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Assumed dil. of shares from conv.	-	0	0	0	0	0	0	0	0	0
As. dil. of shares from conv. (avg)	-	0	0	0	0	0	0	0	0	0
Conv. debt not assumed as equity	-	0	0	0	0	0	0	0	0	0
No. of warrants	-	0	0	0	0	0	0	0	0	0
Market value per warrant	-	0	0	0	0	0	0	0	0	0
Dilution from warrants	-	0	0	0	0	0	0	0	0	0
Issue factor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Actual dividend per share	-	-	-	0.00	0.00	0.00	0.00	0.00	1.34	1.53
Reported earnings per share	-	-	-	2.88	-0.16	0.37	3.08	1.88	2.69	3.06

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Shares outstanding adj.	0	0	0	29	29	29	29	29	29	29
Diluted shares adj.	0	0	0	29	29	29	29	29	29	29
EPS	-	-	-	2.88	-0.16	0.37	3.08	1.88	2.69	3.06
Dividend per share	-	-	-	0.00	0.00	0.00	0.00	0.00	1.34	1.53
EPS adj.	-	-	-	3.22	0.38	0.37	3.08	1.88	2.69	3.06
BVPS	-	-	-	9.37	9.17	9.55	12.62	14.50	17.19	18.90
BVPS adj.	-	-	-	1.67	1.20	1.31	4.07	5.82	8.34	9.86
Net IB debt/share	-	-	-	1.74	4.82	4.04	0.10	-1.46	-3.17	-4.06
Share price	33.90	33.90	33.90	33.90	33.90	33.90	33.90	33.90	33.90	33.90
Market cap. (m)	0	0	0	987	987	987	987	987	987	987
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	--	--	--	11.8	-210.0	92.3	11.0	18.0	12.6	11.1
EV/sales (x)	--	0.13	0.04	1.63	2.36	2.28	1.28	1.37	1.10	0.97
EV/EBITDA (x)	--	0.8	0.3	8.3	91.7	32.5	7.2	10.4	7.3	6.3
EV/EBITA (x)	--	0.8	0.3	9.0	-704.7	72.2	8.5	13.9	9.2	7.8
EV/EBIT (x)	--	0.8	0.3	9.0	-704.7	72.2	8.5	13.9	9.2	7.8
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	4.5
FCF yield (%)	0.0	0.0	0.0	0.4	-7.5	2.5	11.9	4.9	5.4	6.9
Le. adj. FCF yld. (%)	0.0	0.0	0.0	0.2	-7.7	2.2	11.5	4.6	5.1	6.6
P/BVPS (x)	--	--	--	3.62	3.70	3.55	2.69	2.34	1.97	1.79
P/BVPS adj. (x)	33.90	33.90	33.90	15.73	17.38	14.52	6.28	4.66	3.40	2.90
P/E adj. (x)	--	--	--	10.5	89.4	92.3	11.0	18.0	12.6	11.1
EV/EBITDA adj. (x)	--	0.8	0.3	7.5	33.8	32.5	7.2	10.4	7.3	6.3
EV/EBITA adj. (x)	--	0.8	0.3	8.1	57.8	72.2	8.5	13.9	9.2	7.8
EV/EBIT adj. (x)	--	0.8	0.3	8.1	57.8	72.2	8.5	13.9	9.2	7.8
EV/CE (x)	--	0.2	0.1	3.1	2.7	2.8	2.5	2.2	1.7	1.5
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	--	2.8	4.8	3.3	5.4	6.6	3.7	4.6	4.4	4.2
Capex/depreciation	--	2.3	4.3	2.5	2.1	2.0	1.6	1.6	1.6	1.6
Capex tangibles / tangible fixed assets	--	76.0	69.3	62.5	48.7	49.5	35.7	36.0	34.0	29.9
Capex intangibles / definite intangibles	--	--	--	--	--	--	--	--	--	--
Depreciation on intang / def. intang	--	--	--	--	--	--	--	--	--	--
Depreciation on tangibles / tangibles	--	40.09	23.12	24.15	19.40	19.74	21.79	20.12	18.76	18.03

Source: ABG Sundal Collier, Company Data

Analyst Certification

We, ABGSC IT Research, Simon Granath and Daniel Thorsson, analyst(s) with ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, ABG Sundal Collier AB and/or ABG Sundal Collier Limited (hereinafter collectively referred to as “ABG Sundal Collier”), and the author(s) of this report, certify that notwithstanding the existence of any such potential conflicts of interests referred to below, the views expressed in this report accurately reflect my/our personal view about the companies and securities covered in this report. I/We further certify that I/We has/have not been, nor am/are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

This report is produced by ABG Sundal Collier, which may cover companies either in accordance with legal requirements designed to promote the independence of investment research (“independent research”) or as commissioned research. Commissioned research is paid for by the subject company. As such, commissioned research is deemed to constitute an acceptable minor non-monetary benefit (i.e., not investment research) as defined in MiFID II.

Stock ratings distribution

ABG Sundal Collier Ratings and Investment Banking by 8/15/2024

Total of Rating	Research Coverage	Investment Banking Clients (IBC)	
	% of Total Rating	% of Total IBC	% of Total Rating by Type
BUY	64.66%	18%	7.63%
HOLD	30.41%	4%	3.60%
SELL	4.38%	1%	6.25%

IBC: Companies in respect of which ABG SC or an affiliate has received compensation for investment banking services within the past 12 months.

Analyst stock ratings definitions

BUY = We expect this stock’s total return to exceed the market’s expected total return by 5% or more over the next six months.

HOLD = We expect this stock’s total return to be in line with the market’s expected total return within a range of 4% over the next six months.

SELL = We expect this stock’s total return to underperform the market’s expected total return by 5% or more over the next six months.

Analyst valuation methods

When setting the individual ratings for investment research (“independent research”), ABG Sundal Collier assumes that a normal total absolute return (including dividends) for the market is 8% per annum, or 4% on a 6-month basis. Therefore, when we rate a stock a BUY, we expect an absolute return of 9% or better over six months. Volatility and low trading volumes mean that we have a wider range for expected returns on small cap stocks than for large caps.

ABG Sundal Collier’s analysts publish price targets for independent research and may publish valuation ranges for commissioned research. These price targets or valuation ranges rely on various valuation methods. One of the most frequently used methods is the valuation of a company by calculation of that company’s discounted cash flow (DCF). Another valuation method is the analysis of a company’s return on capital employed relative to its cost of capital. Finally, the analysts may analyse various valuation multiples (e.g., the P/E multiples and the EV/EBITDA multiples) relative to global industry peers. In special cases, particularly for property companies and investment companies, the ratio of price to net asset value is considered. Price targets and valuation ranges are changed when earnings and cash flow forecasts are changed. They may also be changed when the underlying value of a company’s assets changes (in the cases of investment companies, real estate companies or insurance companies) or when factors impacting the required rate of return change.

Expected updates

ABGSC has no fixed schedule for updating its research reports. Unless expressly stated otherwise, ABGSC expects (but does not undertake) to issue updates when considered necessary by the research department, for example following the publication of new figures or forecasts by a company or in the event of any material news on a company or its industry.

Stock price, company ratings and target price history

Company: Fractal Gaming Group

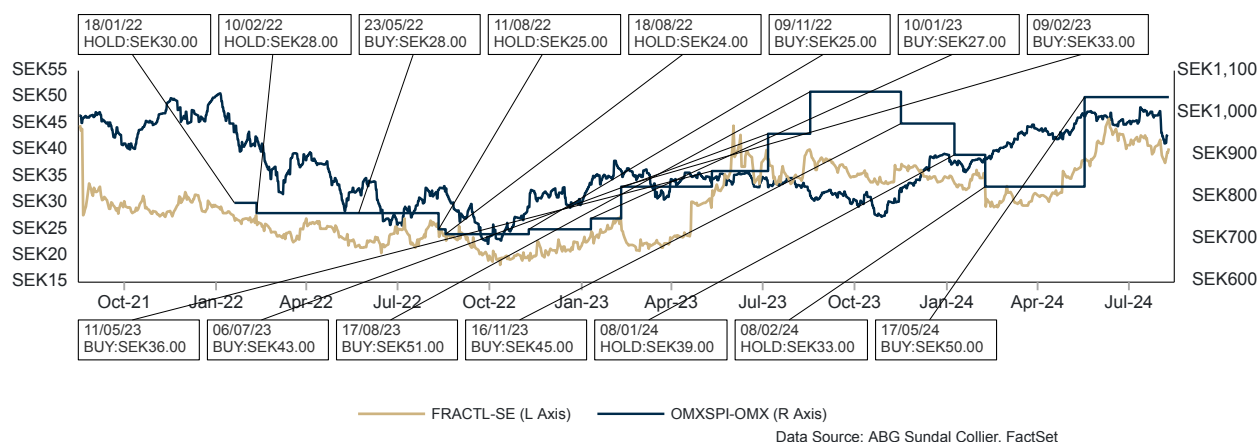
Currency: SEK

Current Recommendation: BUY

Date: 14/8/2024

Current Target price: 45.0

Current Share price: 33.90



Important Company Specific Disclosure

The following disclosures relate to the relationship between ABG Sundal Collier and its affiliates and the companies covered by ABG Sundal Collier referred to in this research report.

Unless disclosed in this section, neither ABG Sundal Collier nor any of their affiliated or associated companies and their directors, officers, representatives, and employees have any required regulatory disclosures to make in relation to an ownership position for the analyst(s) and members of the analyst's household, ownership by ABG Sundal Collier and/or its affiliates, ownership in ABG Sundal Collier Holding ASA by the company(ies) to whom the recommendation(s) refer(s) to, liquidity provision/market making agreement, managed or co-managed public offerings, compensation for provision of certain services, directorship of the analyst, or a member of the analyst's household, or in relation to any contractual obligations to the issuance of this research report.

ABG Sundal Collier is not aware of any other actual, material conflicts of interest of the analyst or ABG Sundal Collier of which the analyst knows or has reason to know at the time of the publication of this report.

Production of recommendation: 8/15/2024 13:50.

All prices are as of market close on 14 August, 2024 unless otherwise noted.

For full details of recommendation and target price history for the subject company, please see company page on Research Web.

For details of recommendations and target prices for ABG Sundal Collier coverage universe, please see coverage page on ABG Sundal Collier's Research Web.

Disclaimer

This report has been prepared by ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, ABG Sundal Collier AB and/or ABG Sundal Collier Limited and any of their directors, officers, representatives and employees (hereinafter collectively referred to as "ABG Sundal Collier"). This report is not a product of any other affiliated or associated companies of any of the above entities.

This report is provided solely for the information and use of professional investors, who are expected to make their own investment decisions without undue reliance on this report. The information contained herein does not apply to, and should not be relied upon by, retail clients. This report is for distribution only under such circumstances as may be permitted by applicable law. Research reports prepared by ABG Sundal Collier are for information purposes only. The recommendation(s) in this report is (are) has/have no regard to specific investment objectives and the financial situation or needs of any specific recipient. ABG Sundal Collier and/or its affiliates accepts no liability whatsoever for any losses arising from any use of this report or its contents. This report is not to be used or considered as an offer to sell, or a solicitation of an offer to buy. The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable, but ABG Sundal Collier and/or its affiliates make no representation as to its accuracy or completeness and it should not be relied upon as such. All opinions and estimates herein reflect the judgment of ABG Sundal Collier on the date of this report and are subject to change without notice. Past performance is not indicative of future results.

The compensation of our research analysts is determined exclusively by research management and senior management, but not including investment banking management. Compensation is not based on specific investment banking revenues, however, it is determined from the profitability of the ABG Sundal Collier group, which includes earnings from investment banking operations and other business. Investors should assume that ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge and/or ABG Sundal Collier AB is seeking or will seek investment banking or other business relationships with the companies in this report.

The research analyst(s) responsible for the preparation of this report may interact with trading desk and sales personnel and other departments for the purpose of gathering, synthesizing and interpreting market information. From time to time, ABG Sundal Collier and/or its affiliates and any shareholders, directors, officers, or employees thereof may (I) have a position in, or otherwise be interested in, any securities directly or indirectly connected to the subject of this report, or (II) perform investment banking or other services for, or solicit investment banking or other services from, a company mentioned in this report. ABG Sundal Collier and/or its affiliates rely on information barriers to control the flow of information contained in one or more areas of ABG Sundal Collier, into other areas, units, groups or affiliates of ABG Sundal Collier.

Norway: ABG Sundal Collier ASA is regulated by the Financial Supervisory Authority of Norway (Finanstilsynet)

Denmark: ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, is regulated by the Financial Supervisory Authority of Norway (Finanstilsynet) and the Danish Financial Supervisory Authority (Finanstilsynet)

Sweden: ABG Sundal Collier AB is regulated by the Swedish Financial Supervisory Authority (Finansinspektionen)

UK: This report is a communication made, or approved for communication in the UK, by ABG Sundal Collier Limited, authorised and regulated by the Financial Conduct Authority in the conduct of its business.

US: This report is being distributed in the United States (U.S.) in accordance with FINRA Rule 1220 by ABG Sundal Collier Inc., an SEC registered broker-dealer and a FINRA/SIPC member which accepts responsibility for its content and its compliance with FINRA Rule 2241. Research reports distributed in the U.S. are intended solely for "major U.S. institutional investors," and "U.S. institutional investors" as defined under Rule 15a-6 of the Securities Exchange Act of 1934 and any related interpretive guidance and no-action letters issued by the Staff of the U.S. Securities and Exchange Commission ("SEC") collectively ("SEC Rule 15a-6"). Each major U.S. institutional investor and U.S. institutional investor that receives a copy of this research report, by its acceptance of such report, represents that it agrees that it will not distribute this research report to any other person. This communication is only intended for major U.S. institutional investors and U.S. institutional investors. Any person which is not a major U.S. institutional investor, or a U.S. institutional investor as covered by SEC Rule 15a-6 must not rely on this communication. The delivery of this research report to any person in the U.S. is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. Any major U.S. institutional investor or U.S. institutional investor receiving this report which wishes to effect transactions in any securities referred to herein should contact ABG Sundal Collier Inc., not its affiliates. Further information on the securities referred to herein may be obtained from ABG Sundal Collier Inc., on request.

Singapore: This report is distributed in Singapore by ABG Sundal Collier Pte. Ltd, which is not licensed under the Financial Advisors Act (Chapter 110 of Singapore). In Singapore, this report may only be distributed to institutional investors as defined in Section 4A(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) ("SFA"), and should not be circulated to any other person in Singapore.

Canada: This report is being distributed by ABG Sundal Collier ASA in Canada pursuant to section 8.25 of National Instrument 31-103 or an equivalent provision and has not been tailored to the needs of any specific investor in Canada. The information contained in this report is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering or an offer to sell the securities described herein, in Canada or any province or territory thereof. No securities commission or similar regulatory authority in Canada has reviewed or considered this report, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. Under no circumstances is this report to be construed as an offer to sell such securities or as a solicitation of an offer to buy such securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada may only be made in accordance with applicable securities laws and only by a dealer properly registered under such securities laws, or alternatively, pursuant to an applicable dealer registration exemption, in the Canadian jurisdiction in which such offer or sale is made.

This report may not be reproduced, distributed, or published by any recipient for any purpose whatsoever without the prior written express permission of ABG Sundal Collier.

Additional information available upon request. If reference is made in this report to other companies and ABG Sundal Collier provides research coverage for those companies, details regarding disclosures may be found on our website www.abgsc.com.

© Copyright 2024 ABG Sundal Collier ASA

Norway	Sweden	Denmark	United Kingdom	USA	Germany	Singapore
Ruseløkkveien 26, 8th floor 0251 Oslo	Regeringsgatan 25, 8th floor	Forbindelsesvej 12, 2100 Copenhagen	10 Paternoster Row, 5th floor	140 Broadway, Suite 4604 New York, NY 10005	Schillerstrasse 2, 5. OG 60313 Frankfurt	10 Collyer Quay Ocean Financial Center
Norway	111 53 Stockholm	Denmark	London EC4M 7EJ	USA	Germany	#40-07, Singapore 049315
Tel: +47 22 01 60 00	Sweden	Tel: +45 35 46 61 00	UK	Tel. +1 212 605 3800	Tel +49 69 96 86 96 0	Tel +65 6808 6082
Fax: +47 22 01 60 60	Tel: +46 8 566 286 00 Fax: +46 8 566 286 01	Fax: +45 35 46 61 10	Tel: +44 20 7905 5600 Fax: +44 20 7905 5601	Fax. +1 212 605 3801	Fax +49 69 96 86 96 99	