

Paradox Interactive

Q3 reinforced the margin expansion story

- Q3: signs of the stronger underlying margins, but weaker sales
- Ests. +5-1%: higher sales for EU5 offsetting weaker underlying sales
- We stick to BUY; share worth SEK 220 based on 'clean' 2026e

Slightly softer sales but strong margins in Q3

Q3 was a relatively undramatic quarter for Paradox. Sales was slightly weaker than expected (-5% vs. ABGSCe, -7% vs. FactSet consensus), in part from lower sales on consoles, while PC sales were more in line with our forecast, although still slightly off. EBIT adjusted for FX losses was in line with our expectations, aided by lower depreciations. Importantly, this quarter showed what a more normalised quarter should look like in terms of profitability, with a 35% adj. EBIT margin despite being the seasonally weakest quarter, which we think comforted investors. We forecast 39% margin in Q4e. All in all, we think Q3 provided support for our view that margins should return to >45%.

Higher EU5 expectations offsetting lower underlying est's

We make limited estimate changes on the back of the Q3 report. We raise '25e-'26e sales by 3-2%, mainly on a more positive view on EU5 sales (we currently expect ~SEK 280m sales for the game in 2025e), offsetting slightly lower sales for the rest of the business as a result of Q3. This translates to 5-1% higher adj. EBIT '25e-'26e.

More upside on 'clean' 2026e case, but few near-term triggers

We expected a more negative reaction on the weaker Q3 sales, but on the other hand, we think more evidence of a return to normalised profitability strengthens the case for our and consensus' SEK 1.2bn EBIT in 2026e, warranting a share price of ~SEK 220 based on multiples in line with quality gaming peers (18-20x NTM EBIT), discounted back. The upside is more limited from here, with few near-term triggers. But the valuation gap to our fair value on the 'clean' 2026e scenario still leads us to believe that the share should outperform. We therefore reiterate BUY and our TP of SEK 220.

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SEKm	2022	2023	2024e	2025e	2026e
Sales	1,973	2,642	2,049	2,579	2,767
EBITDA	1,361	1,648	1,272	1,687	1,866
EBITDA margin (%)	69.0	62.4	62.1	65.4	67.4
EBIT adj.	846	860	734	848	1,244
EBIT adj. margin (%)	42.9	32.6	35.8	32.9	45.0
Pretax profit	884	688	578	490	1,291
EPS	6.71	5.00	4.25	3.61	9.75
EPS adj.	7.06	7.07	6.05	6.91	9.79
Sales growth (%)	36.3	33.9	-22.4	25.9	7.3
EPS growth (%)	nm	-25.5	-15.0	-15.0	nm

Source: ABG Sundal Collier, Company Data

Reason: Post-results comment

BUY



HOLD



SELL



IT

PDX-SE/PDX SS

Share price (SEK) 30/10/2024 198.70
Target price 220.0

MCap (SEKm) 20,987
MCap (EURm) 1,811
No. of shares (m) 105.6
Free float (%) 31.0
Av. daily volume (k) 285

Next event Q4 Report 6 February 2025

Performance



— PDX-SE — OMX Stockholm All Share Index

	2024e	2025e	2026e
P/E (x)	46.8	55.1	20.4
P/E adj. (x)	32.8	28.8	20.3
P/BVPS (x)	7.44	7.66	6.28
EV/EBITDA (x)	15.4	11.3	9.9
EV/EBIT adj. (x)	26.7	22.5	14.9
EV/sales (x)	9.57	7.40	6.69
ROE adj. (%)	24.0	26.6	34.1
Dividend yield (%)	1.8	2.1	2.5
FCF yield (%)	2.2	4.4	5.0
Le. adj. FCF yld. (%)	2.0	4.3	4.8
Net IB debt/EBITDA (x)	-1.1	-1.2	-1.4
Le. adj. ND/EBITDA (x)	-1.2	-1.2	-1.4

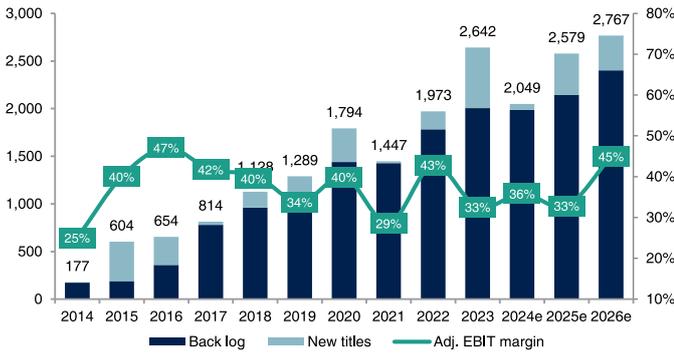
Company description

Paradox Interactive is an international publisher and developer of video games. The company specialises on games with long life spans in the grand strategy and simulation genres. Its core portfolio of titles includes the critically acclaimed city builder game Cities: Skylines and grand strategy games Hearts of Iron, Europa Universalis, Stellaris and Crusader Kings. The company has one of the best growth track-records in the industry with growth mostly driven by adding more content to its core titles and growing their player bases over time, meaning lower project risk in our view.

Risks

Video game publishing and development carry an inherent risk because the development process usually requires a large upfront investment, which might not generate any returns until 2-3 years after the investment is made. Moreover, a positive ROI is not guaranteed. Paradox is very dependent on the digital distributor Steam, and revenues could suffer in the short-term if the platform suffered technical difficulties or had to be taken down.

Sales distribution



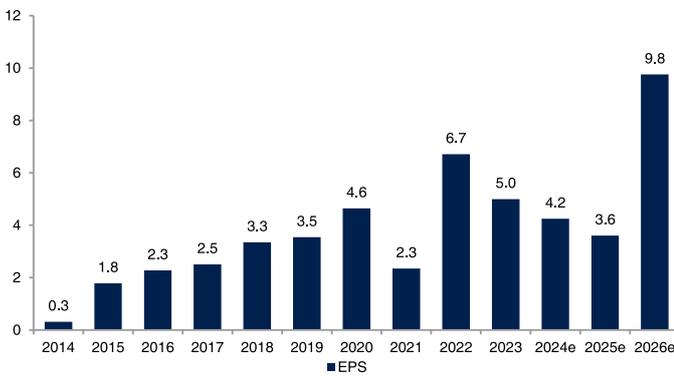
Source: ABG Sundal Collier, Company data

Adj. EBIT & FCF, SEKm



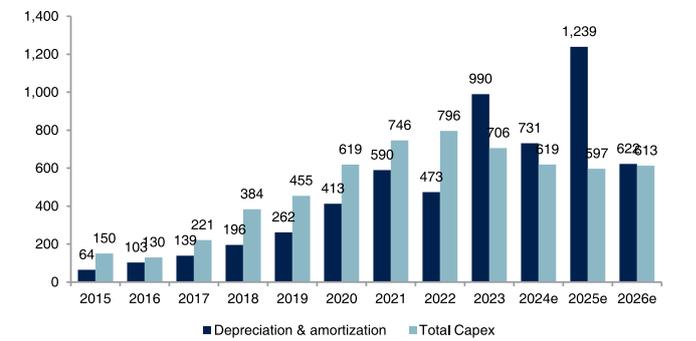
Source: ABG Sundal Collier, Company data

EPS



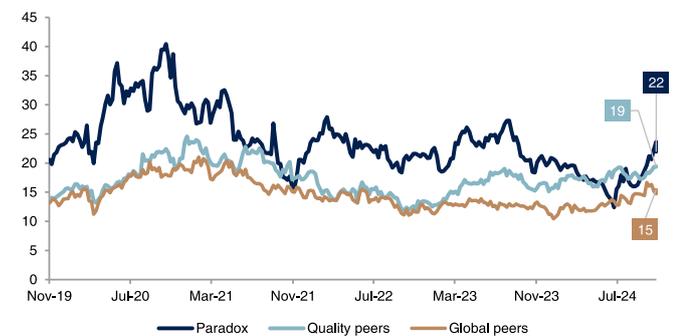
Source: ABG Sundal Collier, Company data

D&A temporarily elevated (to normalise in 2025)



Source: ABG Sundal Collier, Company data

NTM EV/EBIT vs. peers (FactSet)



Source: ABG Sundal Collier, FactSet consensus

NTM EPS vs. share price (FactSet consensus)



Source: ABG Sundal Collier, FactSet consensus

Deviation table

Deviation to estimates (SEKm)	2023	2024	ABGSC	Deviation		Consensus	Deviation	
	Q3'23	Q3'24		Q3'24e	SEKm		%	Q3'24e
Net sales	426	434	459	-24.5	-5.3%	468	-34	-7.3%
COGS	-255	-217	-238	20.9	9.6%			
Gross Profit	172	217	221	-3.6	-1.7%			
Total opex	-87	-74	-86	11.7	15.8%			
<i>Selling expenses</i>	-66	-44	-46	1.6	3.6%			
<i>Administrative expenses</i>	-23	-22	-23	0.8	3.6%			
<i>Other income</i>	2	2	0	1.7	-100.0%			
<i>Other expenses</i>	0	-9	-17	7.6	80.4%			
EBITDA	232	264	261	2.5	0.9%			
Depreciation & amortization	-147	-121	-127	5.6	4.6%			
EBIT	85	143	135	8.1	6.0%	157	-14	-9.0%
Adj. EBIT	84	151	152	-1.2	-0.8%			
Net financials	3	8	12	-3.1	37.1%			
PTP	88	151	146	5.0	3.4%			
Taxes	-19	-32	-32	0.6	1.9%			
Net profit	69	120	114	5.6	4.9%	126	-6	-5.0%
EPS	0.65	1.13	1.08	0.1	4.9%			
Assumptions	Q3'23	Q3'24	Q3'24e	Percentage point		Q3'24e	Percentage point	
Net sales growth y-o-y	-7%	1.8%	7.5%	-5.7 pp		9.7%	-8.0 pp	
Organic growth y-o-y	-12%	5.3%	10.0%	-4.7 pp				
Adj. EBIT growth y-o-y	-57%	80.0%	81.5%	-1.5 pp				
Gross margin	40%	50.0%	48.1%	1.9 pp				
EBIT margin	20%	32.9%	29.4%	3.5 pp		33.5%	-0.6 pp	
Adj. EBIT margin	20%	34.7%	33.1%	1.6 pp				
Net profit margin	16%	27.6%	24.9%	2.7 pp		26.9%	0.6 pp	

Source: FactSet consensus

Overview of operative performance and valuation vs. peers

Peer overview	Mcap (SEKm)	'14-'23 CAGR / avg. (%)			'24e-'26e CAGR / avg. (%)			EV/EBIT (x)		
		Sales	EBIT	Margin	Sales	EBIT	Margin	2024e	2025e	2026e
High quality peers										
Electronic Arts	405,488	6	9	23	6	10	33	15	14	12
Take-Two	299,758	14	8	29	21	77	18	49	20	15
Nintendo	647,661	13	40	28	23	23	28	21	19	15
Capcom	92,840	10	21	23	7	10	42	25	21	19
CD Projekt	41,758	31	63	60	35	60	32	59	110	23
Median	299,758	13	21	28	21	23	32	25	20	15
Low quality peers										
Bandai Namco	145,896	7	5	20	7	4	12	14	12	11
Nexon	150,464	10	13	21	6	7	33	10	9	8
Embracer Group	40,012	n.a.	n.a.	32	5	9	18	8	7	5
Koei Tecmo	33,001	9	13	22	5	5	34	17	16	15
Ubisoft	20,590	5	9	48	8	n.a.	9	38	15	9
Square Enix	47,869	9	8	21	2	2	13	12	11	10
Konami	129,390	6	n.a.	24	7	10	25	18	16	14
Kadokawa	29,679	23	n.a.	28	7	28	8	19	15	11
NCsoft	32,469	9	-7	25	12	95	10	53	19	13
Pullup	1,925				-14	-16	14	6	6	6
Team17 Group	4,427				4	7	21	8	7	6
Devolver Digital	1,770				12	82	9	26	11	8
Remedy Entertainment	2,487				14	n.a.	4		55	36
Median	32,469	9	9	24	7	7	13	15	12	10
Paradox (ABGSCe)	20,997	35	39	28	15	31	38	27	23	15
vs. high quality peers		22	18	0	-6	8	6	10%	14%	1%
vs. low quality peers		26	30	4	8	24	24	80%	93%	45%

Source: ABG Sundal Collier (for Paradox), FactSet consensus

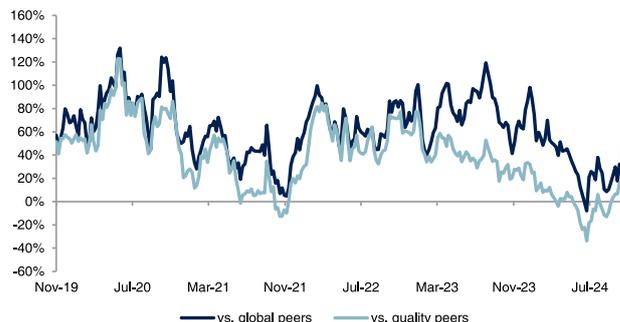
Note: Paradox EBIT adjusted for FX losses and write-downs

NTM EV/EBIT vs. peers (FactSet)



Source: ABG Sundal Collier, FactSet consensus

Premium vs. peers



Source: ABG Sundal Collier, FactSet consensus

Pipeline estimates

Pipeline estimates - ABGSC														
Product	Type	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e	2025-26e
Crusader Kings III - Console edition	Full game	X												
Shadowrun Trilogy - Console edition	Full game		X											
Across the Obelisk	Full game			X										
Victoria 3	Full game				X									
Stardeus	Early access				X									
Cities: Skylines Remastered - Console edition	Full game					X								
Age of Wonders 4	Full game						X							
The Lamplighters League	Full game								X					
Star Trek: Infinite	Full game								X					
Cities: Skylines 2	Full game								X					
Millennia	Full game									X				
Foundry	Early access										X			
Prison Architect 2	Full game													X
Vampire: The Masquerade Bloodlines 2	Full game												X	X
Cities: Skylines 2 (Console edition)	Full game													X
Europa Universalis 5 (ABGSC estimate)	Full game													X
Unannounced new IP from Iceflake Studios	Full game													X
Unannounced game from Paradox Development Studio	Full game													X
Crusader Kings III - Royal Court	Expansion pack	X												
Stellaris - Overlord	Expansion pack		X											
Surviving the Aftermath - New Alliances	Expansion pack		X											
Prison Architect - Gangs (PC and Console)	Expansion pack		X											
Hearts of Iron IV - By Blood Alone	Expansion pack			X										
Europa Universalis IV - Lions of the North	Expansion pack			X										
Surviving the Aftermath - Shattered Hope	Expansion pack				X									
Prison Architect - Undead	Expansion pack				X									
Surviving the Aftermath - Rebirth	Expansion pack					X								
Europa Universalis IV - Domination	Expansion pack						X							
Crusader Kings III - Tours and Tournaments	Expansion pack						X							
Cities Skylines - Hotels & Retreats	Expansion pack						X							
Stellaris - Galactic Paragons	Expansion pack						X							
Across the Obelisk - Sands of Ulminin	Expansion pack							X						
Hearts of Iron IV - Arms Against Tyranny	Expansion pack								X					
Age of Wonders 4 - Empires & Ashes	Expansion pack								X					
Crusader Kings III - Legends of the Dead	Expansion pack									X				
Europa Universalis IV - Winds of Change	Expansion pack										X			
Stellaris - Machine Age	Expansion pack										X			
Victoria 3 - Sphere of Influence	Expansion pack										X			
Age of Wonders 4 - Eldritch Realms	Expansion pack										X			
Crusader Kings III - Roads to Power	Expansion pack											X		
Hearts of Iron IV - Götterdämmerung	Expansion pack												X	
Cities: Skylines - Airports	DLC	X												
Prison Architect - Perfect Storm	DLC	X												
Surviving Mars - Content creator packs	DLC		X											
Crusader Kings III - Fate of Iberia	DLC		X											
Cities: Skylines - Plazas and Promenades	DLC			X										
Crusader Kings III - Friends and Foes	DLC			X										
Stellaris - Toxoids Species Pack	DLC			X										
Cities: Skylines - Skyscrapers Content Creator Pack	DLC				X									
Cities: Skylines - Heart of Korea Content Creator Pack	DLC				X									
Cities: Skylines - Financial Districts	DLC				X									
Prison Architect - Future Tech Pack	DLC				X									
Prison Architect - Jungle Pack	DLC					X								
Stellaris- First Contact Story Pack	DLC					X								
Across the Obelisk - The Wolf Wars	DLC					X								
Victoria 3 - Voice of the People	DLC						X							
Age of Wonders 4 - Dragon Dawn	DLC							X						
Crusader Kings III - Wards & Wardens	DLC							X						
Crusader Kings III - Legacy of Persia Flavor Pack	DLC								X					
Victoria 3 - Colossus of the South Region Pack	DLC								X					
Europa Universalis IV - King of Kings Immersion Pack	DLC								X					
Stellaris - Astral Planes	DLC								X					
Hearts of Iron IV - Trial of Allegiance	DLC									X				
Age of Wonders 4 - Primal Fury	DLC									X				
Cities: Skylines 2 - Beach Properties	DLC									X				
Across the Obelisk - The Obsidian Uprising	DLC										X			
Stellaris - Cosmic Storms	DLC											X		
Victoria 3 - Pivot of Empire	DLC												X	
Stellaris - Grand Archive	DLC												X	
Crusader Kings III - Wandering Nobles	DLC												X	
Age of Wonders 4 - Herald of Glory	DLC												X	
Age of Wonders 4 - Ways of War	DLC												X	

Source: ABG Sundal Collier, Company data

Quarterly estimates

Quarterly overview (SEKm)	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e	Q1'25e	Q2'25e	Q3'25e	Q4'25e
Net Sales	476	459	458	580	483	737	426	996	482	576	434	558	521	720	564	775
COGS	-215	-197	-197	-253	-263	-338	-255	-712	-268	-456	-217	-262	-255	-878	-286	-341
Gross profit	261	262	261	327	220	400	172	284	214	120	217	295	266	-158	278	434
Opex	-53	-48	-40	-82	-64	-107	-87	-160	-60	-91	-74	-80	-78	-102	-84	-108
Of which																
<i>Selling expenses</i>	-42	-40	-44	-45	-48	-90	-66	-88	-55	-66	-44	-54	-52	-76	-61	-77
<i>Administrative expenses</i>	-22	-24	-23	-23	-23	-26	-23	-27	-26	-26	-22	-27	-26	-27	-23	-31
<i>Other income</i>	11	18	27	1	7	10	2	2	22	2	2	0	0	0	0	0
<i>Other expenses</i>	0	-2	0	-16	0	0	0	-47	-1	0	-9	0	0	0	0	0
EBITDA	322	332	309	398	309	481	232	626	299	358	264	351	325	497	364	501
D&A	-114	-118	-89	-153	-154	-188	-147	-502	-145	-329	-121	-136	-137	-758	-169	-175
Of which																
<i>Intangible</i>	-103	-107	-78	-142	-142	-176	-134	-495	-134	-318	-110	-125	-126	-747	-158	-164
<i>Tangible</i>	-11	-11	-11	-12	-12	-12	-13	-7	-11	-11	-11	-11	-11	-11	-11	-11
EBIT	208	214	221	244	156	293	85	124	154	29	143	215	188	-261	195	325
Non-recurring items	11	18	27	-14	7	10	2	-221	21	-206	-8	0	0	-400	0	0
Adj. EBIT	198	196	194	259	149	283	84	344	133	235	151	215	188	139	195	325
Net financials	-1	-1	-1	0	1	18	3	7	11	8	8	10	10	10	11	11
PTP	208	213	220	244	157	311	88	131	165	37	151	225	198	-251	206	336
Taxes	-39	-43	-44	-50	-33	-72	-19	-33	-38	-10	-32	-50	-44	55	-45	-74
<i>Tax rate</i>	-19%	-20%	-20%	-20%	-21%	-23%	-22%	-25%	-23%	-26%	-21%	-22%	-22%	-22%	-22%	-22%
Net profit	169	170	176	194	124	239	69	98	127	27	120	176	154	-195	160	262
EPS basic (SEK)	1.59	1.61	1.66	1.83	1.17	2.26	0.65	0.93	1.20	0.26	1.13	1.66	1.46	-1.85	1.52	2.48
Growth	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e	Q1'25e	Q2'25e	Q3'25e	Q4'25e
Sales y-o-y	31%	14%	58%	49%	1%	61%	-7%	72%	0%	-22%	2%	-44%	8%	25%	30%	39%
EBIT y-o-y	125%	92%	nm	65%	-25%	37%	-61%	-49%	-1%	-90%	67%	74%	22%	-1002%	36%	51%
Net profit y-o-y	120%	92%	nm	68%	-27%	41%	-61%	-49%	3%	-89%	73%	79%	22%	-816%	34%	49%
EPS y-o-y	119%	91%	nm	67%	-27%	41%	-61%	-49%	3%	-89%	73%	79%	22%	-816%	34%	49%
Margins	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e	Q1'25e	Q2'25e	Q3'25e	Q4'25e
Gross margin	55%	57%	57%	56%	46%	54%	40%	28%	44%	21%	50%	53%	51%	-22%	49%	56%
EBITDA margin	68%	72%	68%	69%	64%	65%	54%	63%	62%	62%	61%	63%	62%	69%	64%	65%
EBIT margin	44%	47%	48%	42%	32%	40%	20%	12%	32%	5%	33%	39%	36%	-36%	35%	42%
Adj. EBIT margin	42%	43%	42%	45%	31%	38%	20%	35%	28%	41%	35%	39%	36%	19%	35%	42%
Net margin	35%	37%	38%	33%	26%	32%	16%	10%	26%	5%	28%	32%	30%	-27%	28%	34%

Source: ABG Sundal Collier, Company data

Annual estimates

Annual overview (SEKm)	2019	2020	2021	2022	2023	2024e	2025e	2026e	23-26e CAGR
Net sales	1,289	1,794	1,447	1,973	2,642	2,049	2,579	2,767	1.5%
<i>Growth</i>	14%	39%	-19%	36%	34%	-22%	26%	7%	
COGS	-500	-806	-881	-863	-1,567	-1,203	-1,760	-1,190	
Gross Profit	789	988	566	1,110	1,075	846	819	1,577	13.6%
Opex	-316	-356	-259	-223	-417	-305	-372	-333	-7.2%
Of which									
<i>Selling expenses</i>	-194	-215	-193	-170	-291	-219	-266	-227	
<i>Administrative expenses</i>	-174	-120	-103	-92	-99	-101	-106	-107	
<i>Other income</i>	64	26	41	57	21	25	0	0	
<i>Other expenses</i>	-12	-46	-4	-18	-47	-10	0	0	
EBITDA	736	1,045	897	1,361	1,648	1,272	1,687	1,866	4.2%
D&A	-262	-413	-590	-473	-990	-731	-1,239	-622	-14.3%
Of which									
<i>Intangible</i>	-254	-344	-548	-429	-946	-687	-1,195	-577	
<i>(of which write-downs)</i>	0	-57	-236	0	-185	-213	-415	-30	
<i>Tangible</i>	-8	-69	-42	-44	-45	-45	-44	-45	
EBIT	474	632	307	887	658	541	448	1,244	23.6%
Adj. EBIT	435	716	413	846	860	734	848	1,244	13.1%
Net financials	-7	-4	-4	-3	30	37	42	47	
EBT	467	628	304	884	688	578	490	1,291	23.3%
Taxes	-93	-137	-56	-176	-157	-129	-108	-258	
<i>Tax rate</i>	20%	22%	18%	20%	23%	22%	22%	20%	
Net profit	374	491	248	709	531	449	382	1,032	24.8%
<i>Net profit margin</i>	29%	27%	17%	36%	20%	22%	15%	37%	
EPS basic (SEK)	3.54	4.65	2.35	6.71	5.00	4.25	3.61	9.75	25.0%
Growth	2019	2020	2021	2022	2023	2024e	2025e	2026e	
Organic growth	14%	39%	-19%	25%	30%	-21%	25%	7%	
EBIT y-o-y	4%	33%	-51%	189%	-26%	-18%	-17%	178%	
Net profit y-o-y	6%	31%	-49%	186%	-25%	-15%	-15%	170%	
EPS y-o-y	6%	31%	-49%	186%	-26%	-15%	-15%	170%	
Margins	2019	2020	2021	2022	2023	2024e	2025e	2026e	
Gross margin	61%	55%	39%	56%	41%	41%	32%	57%	
EBITDA margin	57%	58%	62%	69%	62%	62%	65%	67%	
EBIT margin	37%	35%	21%	45%	25%	26%	17%	45%	
Adj. EBIT margin	34%	40%	29%	43%	33%	36%	33%	45%	
Net margin	29%	27%	17%	36%	20%	22%	15%	37%	

Source: ABG Sundal Collier, Company data

Income Statement (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sales	814	1,128	1,289	1,794	1,447	1,973	2,642	2,049	2,579	2,767
COGS	-281	-408	-500	-806	-881	-863	-1,567	-1,203	-1,760	-1,190
Gross profit	533	719	789	988	566	1,110	1,075	846	819	1,577
Other operating items	-54	-68	-53	57	331	250	573	426	868	289
EBITDA	479	651	736	1,045	897	1,361	1,648	1,272	1,687	1,866
Depreciation and amortisation	-131	-176	-241	-347	-508	-386	-908	-678	-1,191	-617
of which leasing depreciation	0	0	-7	-45	-35	-36	-38	-45	-44	-45
EBITA	348	475	494	698	389	974	740	595	496	1,249
EO Items	0	0	38	-84	-106	41	-202	-193	-400	0
Impairment and PPA amortisation	-9	-20	-21	-66	-82	-87	-82	-53	-48	-5
EBIT	340	455	474	632	307	887	658	541	448	1,244
Net financial items	-0	0	-7	-4	-4	-3	30	37	42	47
Pretax profit	339	455	467	628	304	884	688	578	490	1,291
Tax	-75	-101	-93	-137	-56	-176	-157	-129	-108	-258
Net profit	265	354	374	491	248	709	531	449	382	1,032
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit discontinued	0	0	0	0	0	0	0	0	0	0
Net profit to shareholders	265	354	374	491	248	709	531	449	382	1,032
EPS	2.51	3.35	3.54	4.65	2.35	6.71	5.00	4.25	3.61	9.75
EPS adj.	2.57	3.50	3.41	5.75	3.79	7.06	7.07	6.05	6.91	9.79
Total extraordinary items after tax	0	0	31	-66	-86	33	-156	-150	-312	0
Leasing payments	0	0	-7	-45	-35	-36	-38	-45	-44	-45
<i>Tax rate (%)</i>	<i>22.0</i>	<i>22.3</i>	<i>19.9</i>	<i>21.9</i>	<i>18.5</i>	<i>19.9</i>	<i>22.8</i>	<i>22.3</i>	<i>22.0</i>	<i>20.0</i>
<i>Gross margin (%)</i>	<i>65.5</i>	<i>63.8</i>	<i>61.2</i>	<i>55.1</i>	<i>39.1</i>	<i>56.3</i>	<i>40.7</i>	<i>41.3</i>	<i>31.8</i>	<i>57.0</i>
<i>EBITDA margin (%)</i>	<i>58.9</i>	<i>57.7</i>	<i>57.1</i>	<i>58.2</i>	<i>62.0</i>	<i>69.0</i>	<i>62.4</i>	<i>62.1</i>	<i>65.4</i>	<i>67.4</i>
<i>EBITA margin (%)</i>	<i>42.8</i>	<i>42.1</i>	<i>38.4</i>	<i>38.9</i>	<i>26.9</i>	<i>49.4</i>	<i>28.0</i>	<i>29.0</i>	<i>19.2</i>	<i>45.1</i>
<i>EBIT margin (%)</i>	<i>41.7</i>	<i>40.3</i>	<i>36.7</i>	<i>35.2</i>	<i>21.2</i>	<i>45.0</i>	<i>24.9</i>	<i>26.4</i>	<i>17.4</i>	<i>45.0</i>
<i>Pre-tax margin (%)</i>	<i>41.7</i>	<i>40.3</i>	<i>36.2</i>	<i>35.0</i>	<i>21.0</i>	<i>44.8</i>	<i>26.0</i>	<i>28.2</i>	<i>19.0</i>	<i>46.6</i>
<i>Net margin (%)</i>	<i>32.5</i>	<i>31.4</i>	<i>29.0</i>	<i>27.3</i>	<i>17.1</i>	<i>35.9</i>	<i>20.1</i>	<i>21.9</i>	<i>14.8</i>	<i>37.3</i>
Growth Rates y-o-y	-	-	-	-	-	-	-	-	-	-
<i>Sales growth (%)</i>	<i>24.5</i>	<i>38.6</i>	<i>14.3</i>	<i>39.1</i>	<i>-19.3</i>	<i>36.3</i>	<i>33.9</i>	<i>-22.4</i>	<i>25.9</i>	<i>7.3</i>
<i>EBITDA growth (%)</i>	<i>16.6</i>	<i>35.9</i>	<i>13.0</i>	<i>42.0</i>	<i>-14.1</i>	<i>51.6</i>	<i>21.1</i>	<i>-22.8</i>	<i>32.6</i>	<i>10.6</i>
<i>EBITA growth (%)</i>	<i>10.7</i>	<i>36.4</i>	<i>4.1</i>	<i>41.2</i>	<i>-44.3</i>	<i>150.4</i>	<i>-24.0</i>	<i>-19.7</i>	<i>-16.6</i>	<i>152.0</i>
<i>EBIT growth (%)</i>	<i>10.3</i>	<i>33.9</i>	<i>4.1</i>	<i>33.5</i>	<i>-51.4</i>	<i>NM</i>	<i>-25.8</i>	<i>-17.7</i>	<i>-17.3</i>	<i>NM</i>
<i>Net profit growth (%)</i>	<i>10.2</i>	<i>33.6</i>	<i>5.8</i>	<i>31.2</i>	<i>-49.5</i>	<i>186.0</i>	<i>-25.1</i>	<i>-15.3</i>	<i>-15.0</i>	<i>170.4</i>
<i>EPS growth (%)</i>	<i>10.2</i>	<i>33.6</i>	<i>5.8</i>	<i>31.2</i>	<i>-49.5</i>	<i>nm</i>	<i>-25.5</i>	<i>-15.0</i>	<i>-15.0</i>	<i>nm</i>
Profitability	-	-	-	-	-	-	-	-	-	-
<i>ROE (%)</i>	<i>50.9</i>	<i>48.7</i>	<i>37.8</i>	<i>37.3</i>	<i>15.6</i>	<i>35.8</i>	<i>21.6</i>	<i>16.5</i>	<i>13.7</i>	<i>33.9</i>
<i>ROE adj. (%)</i>	<i>52.6</i>	<i>51.4</i>	<i>36.8</i>	<i>47.2</i>	<i>26.2</i>	<i>38.6</i>	<i>31.3</i>	<i>24.0</i>	<i>26.6</i>	<i>34.1</i>
<i>ROCE (%)</i>	<i>65.3</i>	<i>62.6</i>	<i>42.8</i>	<i>41.2</i>	<i>17.4</i>	<i>41.6</i>	<i>27.8</i>	<i>21.7</i>	<i>18.3</i>	<i>42.4</i>
<i>ROCE adj. (%)</i>	<i>67.0</i>	<i>65.3</i>	<i>41.2</i>	<i>50.9</i>	<i>28.0</i>	<i>43.8</i>	<i>36.5</i>	<i>27.8</i>	<i>30.9</i>	<i>39.6</i>
<i>ROIC (%)</i>	<i>115.7</i>	<i>91.6</i>	<i>59.4</i>	<i>62.3</i>	<i>29.2</i>	<i>53.5</i>	<i>36.6</i>	<i>32.6</i>	<i>35.2</i>	<i>123.7</i>
<i>ROIC adj. (%)</i>	<i>115.7</i>	<i>91.6</i>	<i>54.8</i>	<i>69.8</i>	<i>37.1</i>	<i>51.3</i>	<i>46.6</i>	<i>43.1</i>	<i>63.5</i>	<i>123.7</i>
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
<i>EBITDA adj.</i>	<i>479</i>	<i>651</i>	<i>697</i>	<i>1,129</i>	<i>1,003</i>	<i>1,320</i>	<i>1,850</i>	<i>1,465</i>	<i>2,087</i>	<i>1,866</i>
<i>EBITDA adj. margin (%)</i>	<i>58.9</i>	<i>57.7</i>	<i>54.1</i>	<i>62.9</i>	<i>69.3</i>	<i>66.9</i>	<i>70.0</i>	<i>71.5</i>	<i>80.9</i>	<i>67.4</i>
<i>EBITDA lease adj.</i>	<i>479</i>	<i>651</i>	<i>774</i>	<i>953</i>	<i>869</i>	<i>1,320</i>	<i>1,675</i>	<i>1,257</i>	<i>1,687</i>	<i>1,866</i>
<i>EBITDA lease adj. margin (%)</i>	<i>58.9</i>	<i>57.7</i>	<i>60.0</i>	<i>53.1</i>	<i>60.1</i>	<i>66.9</i>	<i>63.4</i>	<i>61.4</i>	<i>65.4</i>	<i>67.4</i>
<i>EBITA adj.</i>	<i>348</i>	<i>475</i>	<i>456</i>	<i>782</i>	<i>495</i>	<i>933</i>	<i>943</i>	<i>787</i>	<i>896</i>	<i>1,249</i>
<i>EBITA adj. margin (%)</i>	<i>42.8</i>	<i>42.1</i>	<i>35.4</i>	<i>43.6</i>	<i>34.2</i>	<i>47.3</i>	<i>35.7</i>	<i>38.4</i>	<i>34.7</i>	<i>45.1</i>
<i>EBIT adj.</i>	<i>340</i>	<i>455</i>	<i>435</i>	<i>716</i>	<i>413</i>	<i>846</i>	<i>860</i>	<i>734</i>	<i>848</i>	<i>1,244</i>
<i>EBIT adj. margin (%)</i>	<i>41.7</i>	<i>40.3</i>	<i>33.8</i>	<i>39.9</i>	<i>28.5</i>	<i>42.9</i>	<i>32.6</i>	<i>35.8</i>	<i>32.9</i>	<i>45.0</i>
<i>Pretax profit Adj.</i>	<i>348</i>	<i>475</i>	<i>449</i>	<i>778</i>	<i>491</i>	<i>930</i>	<i>972</i>	<i>824</i>	<i>938</i>	<i>1,296</i>
<i>Net profit Adj.</i>	<i>273</i>	<i>374</i>	<i>364</i>	<i>622</i>	<i>416</i>	<i>763</i>	<i>769</i>	<i>653</i>	<i>742</i>	<i>1,037</i>
<i>Net profit to shareholders adj.</i>	<i>273</i>	<i>374</i>	<i>364</i>	<i>622</i>	<i>416</i>	<i>763</i>	<i>769</i>	<i>653</i>	<i>742</i>	<i>1,037</i>
<i>Net adj. margin (%)</i>	<i>33.6</i>	<i>33.1</i>	<i>28.3</i>	<i>34.7</i>	<i>28.7</i>	<i>38.7</i>	<i>29.1</i>	<i>31.8</i>	<i>28.8</i>	<i>37.5</i>

Source: ABG Sundal Collier, Company Data

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	479	651	736	1,045	897	1,361	1,648	1,272	1,687	1,866
Net financial items	-0	0	-7	-4	-4	-3	30	37	42	47
Paid tax	-55	-57	-63	-114	-150	-127	-184	-189	-201	-249
Non-cash items	-0	2	-42	7	-4	4	-9	-2	-2	-2
Cash flow before change in WC	423	597	624	934	739	1,236	1,484	1,118	1,525	1,662
Change in working capital	12	-22	104	192	-3	-151	-32	-45	5	2

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Operating cash flow	435	575	728	1,126	737	1,085	1,452	1,073	1,531	1,664
Capex tangible fixed assets	-0	-3	-33	-5	-2	-2	-3	-4	-4	-4
Capex intangible fixed assets	-221	-381	-422	-614	-744	-794	-703	-615	-593	-609
Acquisitions and Disposals	-35	-61	0	-129	0	-11	0	0	0	0
Free cash flow	179	130	273	378	-9	278	746	454	933	1,051
Dividend paid	-106	-106	-106	-106	-106	-106	-211	-318	-370	-445
Share issues and buybacks	0	0	0	0	0	0	0	0	0	0
Leasing liability amortisation	0	0	0	-43	-34	-35	-38	-38	-38	-38
Other non-cash items	-29	-113	-154	-26	44	11	132	136	5	6
Balance Sheet (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Goodwill	0	0	0	20	21	22	22	22	22	22
Other intangible assets	326	667	781	1,225	1,431	1,810	1,569	1,497	895	926
Tangible fixed assets	11	10	33	27	22	18	13	17	21	25
Right-of-use asset	0	0	236	199	165	136	113	106	99	92
Total other fixed assets	3	18	22	26	50	51	216	216	216	216
Fixed assets	340	694	1,072	1,497	1,689	2,037	1,932	1,858	1,253	1,282
Inventories	-	-	-	-	-	-	-	-	-	-
Receivables	99	150	268	201	158	295	429	348	439	470
Other current assets	23	26	48	53	76	62	121	121	121	121
Cash and liquid assets	320	327	554	768	600	748	1,098	1,341	1,866	2,435
Total assets	782	1,197	1,942	2,518	2,523	3,141	3,580	3,668	3,679	4,308
Shareholders equity	600	854	1,125	1,508	1,662	2,292	2,620	2,825	2,746	3,347
Minority	-	-	-	-	-	-	-	-	-	-
Total equity	600	854	1,125	1,508	1,662	2,292	2,620	2,825	2,746	3,347
Long-term debt	-	-	-	-	-	-	-	-	-	-
Pension debt	-	-	-	-	-	-	-	-	-	-
Convertible debt	-	-	-	-	-	-	-	-	-	-
Leasing liability	0	0	236	202	169	140	109	117	112	106
Total other long-term liabilities	77	172	149	194	164	193	144	144	144	144
Short-term debt	-	-	-	-	-	-	-	-	-	-
Accounts payable	22	31	45	67	97	52	52	52	52	52
Other current liabilities	84	140	386	548	431	463	655	530	625	659
Total liabilities and equity	782	1,197	1,942	2,518	2,523	3,141	3,580	3,668	3,679	4,308
Net IB debt	-320	-327	-318	-566	-431	-607	-1,186	-1,421	-1,951	-2,526
Net IB debt excl. pension debt	-320	-327	-318	-566	-431	-607	-1,186	-1,421	-1,951	-2,526
Net IB debt excl. leasing	-320	-327	-554	-768	-600	-748	-1,295	-1,538	-2,063	-2,632
Capital employed	600	854	1,361	1,710	1,831	2,433	2,729	2,942	2,858	3,453
Capital invested	280	527	807	943	1,231	1,685	1,434	1,404	794	821
Working capital	17	4	-115	-361	-294	-159	-157	-113	-118	-120
EV breakdown	-	-	-	-	-	-	-	-	-	-
Market cap. diluted (m)	20,983	20,983	20,983	20,983	20,983	20,983	21,093	21,031	21,031	21,031
Net IB debt adj.	-320	-327	-318	-566	-431	-607	-1,186	-1,421	-1,951	-2,526
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	20,663	20,656	20,665	20,417	20,552	20,376	19,906	19,610	19,079	18,505
Total assets turnover (%)	119.5	114.0	82.1	80.4	57.4	69.7	78.6	56.5	70.2	69.3
Working capital/sales (%)	2.7	0.9	-4.3	-13.3	-22.6	-11.5	-6.0	-6.6	-4.5	-4.3
Financial risk and debt service	-	-	-	-	-	-	-	-	-	-
Net debt/equity (%)	-53.4	-38.3	-28.3	-37.5	-25.9	-26.5	-45.3	-50.3	-71.1	-75.5
Net debt / market cap (%)	-1.5	-1.6	-1.5	-2.7	-2.1	-2.9	-5.6	-6.8	-9.3	-12.0
Equity ratio (%)	76.7	71.3	57.9	59.9	65.9	73.0	73.2	77.0	74.6	77.7
Net IB debt adj. / equity (%)	-53.4	-38.3	-28.3	-37.5	-25.9	-26.5	-45.3	-50.3	-71.1	-75.5
Current ratio	4.18	2.93	2.02	1.66	1.58	2.14	2.33	3.11	3.58	4.26
EBITDA/net interest	2,047.0	4,857.5	109.6	256.2	254.5	502.8	55.1	34.5	40.2	39.7
Net IB debt/EBITDA (x)	-0.7	-0.5	-0.4	-0.5	-0.5	-0.4	-0.7	-1.1	-1.2	-1.4
Net IB debt/EBITDA lease adj. (x)	-0.7	-0.5	-0.7	-0.8	-0.7	-0.6	-0.8	-1.2	-1.2	-1.4
Interest coverage	1,488.1	3,544.0	73.6	171.2	110.3	360.0	24.8	16.1	11.8	26.6

Source: ABG Sundal Collier, Company Data

Share Data (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Actual shares outstanding	106	106	106	106	106	106	106	106	106	106
Actual shares outstanding (avg)	106	106	106	106	106	106	106	106	106	106

Share Data (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
All additional shares	-	-	-	-	-	-	-	-	-	-
Issue month	0.0	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	0
As. dil. of shares from conv. (avg)	0	0	0	0	0	0	0	0	0	0
Conv. debt not assumed as equity	0	0	0	0	0	0	0	0	0	0
No. of warrants	0	0	0	0	0	0	0	0	0	0
Market value per warrant	0	0	0	0	0	0	0	0	0	0
Dilution from warrants	0	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	1.00	1.00	1.00	1.00	1.00	2.00	3.00	3.50	4.20	5.00
Reported earnings per share	-	-	-	-	-	-	-	-	-	-

Source: ABG Sundal Collier, Company Data

Valuation and Ratios (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Shares outstanding adj.	106	106	106	106	106	106	106	106	106	106
Diluted shares adj.	106	106	106	106	106	106	106	106	106	106
EPS	2.51	3.35	3.54	4.65	2.35	6.71	5.00	4.25	3.61	9.75
Dividend per share	1.00	1.00	1.00	1.00	1.00	2.00	3.00	3.50	4.20	5.00
EPS adj.	2.57	3.50	3.41	5.75	3.79	7.06	7.07	6.05	6.91	9.79
BVPS	5.68	8.09	10.66	14.28	15.73	21.71	24.69	26.69	25.94	31.62
BVPS adj.	2.60	1.77	3.26	2.49	1.99	4.36	9.70	12.34	17.28	22.66
Net IB debt/share	-3.03	-3.10	-3.01	-5.36	-4.08	-5.75	-11.18	-13.42	-18.44	-23.87
Share price	198.70	198.70	198.70	198.70	198.70	198.70	198.70	198.70	198.70	198.70
Market cap. (m)	20,983	20,983	20,983	20,983	20,983	20,983	21,093	21,031	21,031	21,031
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	79.3	59.3	56.1	42.8	84.7	29.6	39.8	46.8	55.1	20.4
EV/sales (x)	25.39	18.32	16.03	11.38	14.20	10.33	7.53	9.57	7.40	6.69
EV/EBITDA (x)	43.1	31.7	28.1	19.5	22.9	15.0	12.1	15.4	11.3	9.9
EV/EBITA (x)	59.3	43.5	41.8	29.2	52.8	20.9	26.9	33.0	38.5	14.8
EV/EBIT (x)	60.8	45.4	43.6	32.3	66.8	23.0	30.3	36.2	42.6	14.9
Dividend yield (%)	0.5	0.5	0.5	0.5	0.5	1.0	1.5	1.8	2.1	2.5
FCF yield (%)	0.9	0.6	1.3	1.8	-0.0	1.3	3.5	2.2	4.4	5.0
Le. adj. FCF yld. (%)	0.9	0.6	1.3	1.6	-0.2	1.2	3.4	2.0	4.3	4.8
P/BVPS (x)	34.98	24.58	18.65	13.91	12.63	9.15	8.05	7.44	7.66	6.28
P/BVPS adj. (x)	76.47	112.35	61.02	79.82	99.93	45.60	20.49	16.11	11.50	8.77
P/E adj. (x)	77.3	56.8	58.3	34.5	52.4	28.1	28.1	32.8	28.8	20.3
EV/EBITDA adj. (x)	43.1	31.7	29.6	18.1	20.5	15.4	10.8	13.4	9.1	9.9
EV/EBITA adj. (x)	59.3	43.5	45.3	26.1	41.5	21.8	21.1	24.9	21.3	14.8
EV/EBIT adj. (x)	60.8	45.4	47.5	28.5	49.7	24.1	23.1	26.7	22.5	14.9
EV/CE (x)	34.4	24.2	15.2	11.9	11.2	8.4	7.3	6.7	6.7	5.4
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	27.2	34.1	35.3	34.5	51.5	40.3	26.7	30.2	23.2	22.1
Capex/depreciation	1.7	2.2	1.9	2.1	1.6	2.3	0.8	1.0	0.5	1.1
Capex tangibles / tangible fixed assets	3.0	29.3	100.7	17.9	7.7	12.1	23.4	23.5	19.0	16.0
Capex intangibles / definite intangibles	67.8	57.2	54.0	50.1	52.0	43.9	44.8	41.1	66.3	65.7
Depreciation on intang / def. intang	39	26	30	23	33	19	55	42	128	62
Depreciation on tangibles / tangibles	35.16	46.25	3.07	88.81	31.07	47.41	54.22	0.00	0.00	0.00

Source: ABG Sundal Collier, Company Data

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SELL	4.32%	0%	0.00%

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Stock price, company ratings and target price history

Company: Paradox Interactive

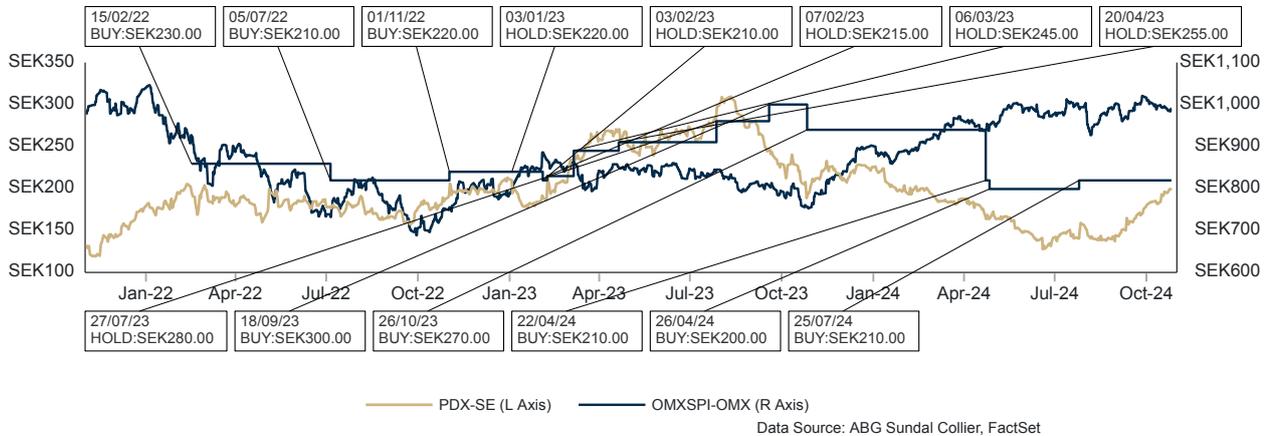
Currency: SEK

Current Recommendation: BUY

Date: 30/10/2024

Current Target price: 220.0

Current Share price: 198.70



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Production of recommendation: 10/31/2024 18:14.

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