

# Gentoo Media

## Soft Q2 and FY guidance downgrade

- Q2 adj. EBITDA 25% below consensus on 12% sales miss
- FY guidance cut; cons '25e EBITDA to come down ~15%
- Better-than-expected Q2 costs vs cons, and player intake looks decent

### Big Q2 miss on soft sales

Gentoo reported Q2 sales of EUR 24m, which is down 19% y-o-y and -2% q-o-q, 12% below ABGSCe and Factset cons. The soft Q2 sales was impacted by e.g., tougher market conditions in Brazil compared to early Q2 expectations, delays in key websites' technology projects, and a sharp focus on cost ('strategic realignment') execution (rather than top line). Adjusted opex was in line with ABGSCe, and slightly better consensus expected, but given the operating leverage on the big sales miss, Q2 adj. EBITDA was 32-25% below ABGSCe and cons. We note the q-o-q marketing cost increase, which resulted in a strong uptick in FTD's q-o-q, mainly in Paid, which supports the top line ahead (but likely small top line contribution in Q2). Looking forward, Gentoo highlights that "Q2 should therefore be viewed as a transitional quarter, with the dominant theme being recalibration rather than growth", and expects a better H2 than H1, particularly on margins following the realignment.

### '25 EBITDA guidance mid-point 14% below cons

Gentoo downgrades its FY'25 guidance of ~flat revenue y-o-y, i.e., ~EUR 123m, to EUR 100-105m which is 11% below ABGSCe and 14% below consensus looking at the mid-point. Furthermore, it expects an adj. EBITDA margin of 40-41% (40-45%), which implies FY'25 adj. EBITDA of EUR 41.5m looking at the mid-point, 16-14% below ABGSCe and cons, respectively.

### Positive Google update

On the positive note, Gentoo highlights that the late Q2 Google update was positive, and that Publishing ends Q2 with improving performance in key assets which can support an improving second half for Publishing. We look forward to hearing more details on the conference call at 10.00 CET. Link to the webcast [here](#).

### Deviation table

P&L (EURm)	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Actual Q2'25a	Deviation ABGSC			Deviation Cons.		
							Q2'25e	EURm	%	Cons.	EURm	%
Revenue	28.0	30.3	30.4	34.1	24.8	24.4	27.8	-3.4	-12%	27.9	-3.5	-12%
Marketing expenses	-6.8	-8.4	-6.9	-9.9	-6.8	-8.4	-7.7	-0.7	10%			
Other opex	-7.7	-7.1	-8.9	-10.4	-9.8	-8.5	-9.1	0.6	-7%			
Adj. EBITDA	13.5	14.8	14.6	13.8	8.2	7.5	11.0	-3.5	-32%	10.0	-2.5	-25%
D&A	-3.2	-6.9	-4.0	-3.4	-4.6	-4.8	-4.2	-0.7	16%			
EBIT	10.3	7.8	10.0	9.5	2.7	0.4	6.8	-6.4	-94%	6.9	-6.5	-94%
Net financials	-0.4	-3.7	-4.1	-5.7	-5.2	-2.4	-2.6	0.2	-6%			
PTP	9.9	4.2	5.9	3.8	-2.5	-2.0	4.2	-6.2	-			
Taxes	0.0	-0.8	-1.0	1.9	-0.2	1.1	-0.5	1.6	-			
Net income from continuing operations	9.9	3.4	4.9	5.7	-2.7	-1.0	3.7	-4.7	-	3.7	-4.7	-
Margins	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25a	Q2'25e	p.p.		Cons.	p.p.	%
Adj. EBITDA	48.0%	48.8%	48.0%	40.5%	33.0%	30.7%	39.5%	-8.8 pp.		36%	-5 pp.	
EBIT	36.8%	25.9%	32.8%	27.9%	10.9%	1.7%	24.5%	-22.8 pp.		25%	-23 pp.	
Growth y-o-y	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25a	Q2'25e	p.p.		Cons.	p.p.	%
Revenue	62%	40%	35%	31%	-11%	-19%	-8%	-11 pp.		-8%	-11 pp.	
Adj. EBITDA	66%	44%	40%	10%	-39%	-49%	-26%	-24 pp.		-32%	-17 pp.	

Source: ABG Sundal Collier, company data, Factset consensus

### Fast comment

### Commissioned research

### Not rated

### Online Gaming

### G2M-SE/G2M SS

Share price (SEK) 25/8/2025 11.00

MCap (SEKm)	1,482
MCap (EURm)	133
Net debt (EURm)	115.00
No. of shares (m)	134.7
Free float (%)	46.2
Av. daily volume (k)	41

Next event Q2 Report 19 August 2025

### Analyst(s):

oscar.ronnkvist@abgsc.se, +46 8 566 286 41

simon.jonsson@abgsc.se, +46 8 566 286 89

EURm	2023	2024	2025e	2026e	2027e
Sales	89	123	115	131	138
Sales growth (%)	-1.6	38.6	-6.2	13.3	5.5
EBITDA	42	55	49	61	63
EBITDA margin (%)	47.1	45.0	42.2	46.6	46.0
EBIT adj.	28	38	31	44	47
EBIT adj. margin (%)	31.8	30.7	27.3	33.9	33.8
Pretax profit	27	24	19	37	43
EPS	0.17	-0.30	0.12	0.24	0.28
EPS growth (%)	nm	nm	nm	nm	16.5
EPS adj.	0.25	-0.24	0.17	0.29	0.33
DPS	0.00	0.00	0.00	0.00	
EV/EBITDA (x)	5.0	4.5	4.8	3.2	2.3
EV/EBIT adj. (x)	7.5	6.5	7.4	4.4	3.2
P/E (x)	5.7	nm	8.4	4.1	3.6
P/E adj. (x)	4.0	nm	5.7	3.3	3.0
EV/sales (x)	2.38	2.01	2.02	1.48	1.08
FCF yield (%)	-13.7	-5.0	5.4	25.8	34.2
Le. adj. FCF yld. (%)	-17.1	-6.7	4.5	24.9	33.2
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net IB debt/EBITDA (x)	2.0	2.1	2.0	1.0	0.2
Le. adj. ND/EBITDA (x)	1.9	2.1	2.0	0.9	0.2

Source: ABG Sundal Collier, Company Data

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**Norway**  
Ruseløkkveien 26, 8th floor  
0251 Oslo  
Norway  
Tel: +47 22 01 60 00  
Fax: +47 22 01 60 60

**Denmark**  
Forbindelsesvej 12,  
2100 Copenhagen  
Denmark  
Tel: +45 35 46 61 00  
Fax: +45 35 46 61 10

**Sweden**  
Regeringsgatan 25, 8th floor  
111 53 Stockholm  
Sweden  
Tel: +46 8 566 286 00  
Fax: +46 8 566 286 01

**United Kingdom**  
10 Paternoster Row, 5th floor  
London EC4M 7EJ  
UK  
Tel: +44 20 7905 5600  
Fax: +44 20 7905 5601

**USA**  
140 Broadway, Suite 4604  
New York, NY 10005  
USA  
Tel. +1 212 605 3800  
Fax. +1 212 605 3801

**Singapore**  
10 Collyer Quay  
Ocean Financial Center  
#40-07, Singapore 049315  
Tel +65 6808 6082

**Germany**  
Schillerstrasse 2, 5. OG  
60313 Frankfurt  
Germany  
Tel +49 69 96 86 96 0  
Fax +49 69 96 86 96 99

**Switzerland**  
ABG Sundal Collier AG  
Representative Office  
Schwanenplatz 4  
6004 Lucerne  
Switzerland  
Tel +41 79 502 33 39