

Sega to buy Angry Birds maker Rovio

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Angry Birds instantly became one of the most successful mobile games ever released when it made its debut in 2009.

Japanese gaming group Sega has offered to buy the creator of the popular Angry Birds franchise, Finland's Rovio, in a deal worth more than 700 million euros (\$770 million), the companies said Monday.

The deal would mark the end of the independence of Finnish mobile game industry, which burst onto the scene when Rovio launched its slingshot-bird game more than a decade ago.

The bid by Sega, famous for its own animal character, Sonic the Hedgehog, is also the latest high-profile acquisition in the gaming sector.

The offer, which represents a 19 percent premium over Rovio's closing share price on Friday, is part of Sega's "long-term goal" of expanding into the mobile gaming market, Sega CEO Haruki Satomi said.

"Among the rapidly growing global gaming market, the mobile gaming market has especially high potential," he said in a statement.

Angry Birds swiftly became one of the most successful mobile games ever after it was released in 2009, with a variety of birds flying through the air to crash into structures and take down armies of green pigs.

In 2016, the "Angry Birds" movie, produced by Sony Entertainment, was a massive success that grossed \$350 million worldwide.

But Rovio has remained heavily reliant on its flagship game, struggling to develop another similar hit. In 2015, it laid off a third of its staff.

"Combining the strengths of Rovio and Sega presents an incredibly exciting future," said Rovio chief executive Alexandre Pelletier-Normand.

Rovio recommended that shareholders accept the offer.

Shares in Rovio were up over 17 percent on the Helsinki stock exchange on Monday afternoon.

Gaming consolidation

The Finnish company, which employs over 500 people, reported a revenue of 317.7 million euros for 2022, with an adjusted net profit of 31.4 million euros.

Sega is aiming to open the offer period in early May and complete the deal in the third quarter, the company said.

A major player in video games in the 1980s and 1990s, the Japanese company went into decline after it failed to compete against Japanese competitors Nintendo and Sony PlayStation.

Gaming companies are fighting it out for a slice of an industry worth hundreds of billions of dollars.

In the biggest bid in the sector's history, Xbox-maker Microsoft is seeking to buy "Call of Duty" and "Candy Crush" owner Activision Blizzard in a \$69 billion deal facing scrutiny from regulators.

While more modest, Sega's acquisition of Rovio would bring down the curtain on Finland's independent mobile game industry.

In 2013, Supercell, creator of the Clash of Clans game, was bought by Japanese firms for \$1.5 billion—and the company was later scooped up by Chinese conglomerate Tencent.

The small Nordic country is still home to smaller independent video game studios for consoles, such as Remedy Entertainment known for hit franchises such as Alan Wake and Max Payne.

Three university students

Started in 2003 by three university students, it took Rovio—which means "bonfire" in Finnish—six years to hit it big in the nascent mobile game business, brought about by the widespread adoption of smartphones.

Rovio had already launched 50 other games and was hovering near bankruptcy when it launched Angry Birds in 2009.

To their great relief, mobile users quickly became addicted to demolishing fortresses built by egg-snatching green pigs and the game quickly moved to the top downloads on Apple's App Store, with hundreds of millions of players.

By 2011, the small three-person company had turned into a multi-million euro gaming giant employing over 200 people.

Rovio launched its initial public offering on the Helsinki stock exchange in 2017, valuing the company at almost 900 million euros.

Capitalizing on the popularity, Rovio turned the game into one of the most recognizable brands in the world.

The company manages Angry Birds theme parks in several countries and oversees the publication of children's books about the famous birds in a dozen languages.

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