

## Weather Covid in FY 20

*FY 19 results shows good progression of the core business. Bleeding from the non-core business should have largely come to an end but FY 20 bears the challenge of Covid-19. Thus, while our investment case remains unchanged and the core business should bring a return to positive group results as non-core losses are reduced, FY 20 will be a year of transition. In an attempt to model Covid-19 impacts we cut our FY 20 estimate for EBITDA by 50%, resulting in a TP drop to EUR 4.70 from EUR 7.0 With funding secured, we remain at Buy.*

### Positive development of the core business

Q4 19 development in the core business remained positive. Orders gained 11%, revenues increased 28% and EBITDA doubled. While we would have liked to see order intake of Process Technologies and Evolving Technologies to improve even stronger, we continue to see good business opportunities in FY 20, e.g. impregnation units for E-cars (Tesla, Brandenburg) or the medtec business of MA micro automation.

### FY 20 forecast cut

The guidance of Max Automation was largely excluding Covid-19 effects. We assume that the non-core business will be hit the hardest but actually did not change our EBITDA forecast there as the situation offers cost mitigation possibilities which were not available before. For the core-business we cut our EBITDA forecast by roughly half and estimate below the companies's guidance.

### We remain at Buy

While the estimate cut reduces the TP by more than 30%, the investment case is unchanged and upside potential stands at 75%

EURm	2018	2019	2020e	2021e	2022e
Revenues	277	425	349	326	344
EBITDA	24	(1)	14	30	35
EBIT	12	(31)	5	22	26
EPS	(1.05)	(1.18)	0.06	0.48	0.58
EPS adj	(0.92)	(0.25)	0.24	0.48	0.58
DPS	-	-	0.15	0.15	0.15
EV/EBITDA	7.6	-	10.7	4.6	3.7
EV/EBIT	14.9	-	28.4	6.5	5.0
P/E adj	-	-	11.7	6.0	4.9
P/B	1.47	2.00	1.21	1.06	0.91
ROE (%)	-	-	2.8	18.9	20.1
Div yield (%)	-	-	5.3	5.3	5.3
Net debt	46	76	65	54	45

Source: Pareto

Target price (EUR)	4.7
Share price (EUR)	2.9

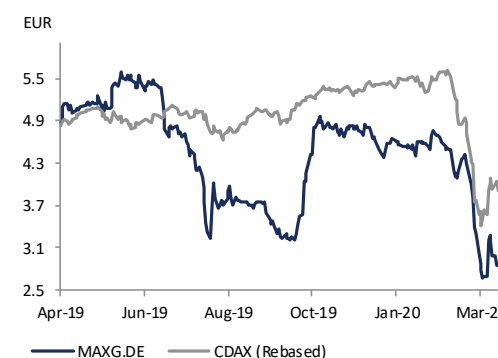
### Forecast changes

%	2020e	2021e	2022e
Revenues	(13)	(13)	(12)
EBITDA	(50)	(19)	(12)
EBIT adj	(53)	(25)	(15)
EPS reported	(86)	(27)	(16)
EPS adj	(61)	(27)	(16)

Source: Pareto

Ticker	MAXG.DE, MXH GR
Sector	Industrials
Shares fully diluted (m)	29.5
Market cap (EURm)	84
Net debt (EURm)	66
Minority interests (EURm)	0
Enterprise value 20e (EURm)	151
Free float (%)	44

### Performance



Source: Factset

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## FY 19 – last year of huge non-core costs

The Q4 development was largely in sync with the development of the rest of FY 2019 and in line with the strategic set up. Core divisions, Process Technologies (PT), Environmental Technologies (ET) and Evolving Technologies (EvT) showed in sum good growth rates. EvT EBITDA in Q4 includes two non-recurring elements: I) the EUR 4.9m actuarial gain from revising iNDAT accounts II) a reversal of real estate write ups of EUR 3.6m. However, even if we adjust for the net EUR 1.3m positive effect in EvT, the improvement is still massive and in our view largely due to MA micro automation backlog transformation of a large order acquired in 2018. Note that we did not adjust Q4 2018 figures for iNDAT but kept them as reported.

### MAX Automation SE forecast 2019 results and 2020-2022e forecast – divisional breakdown

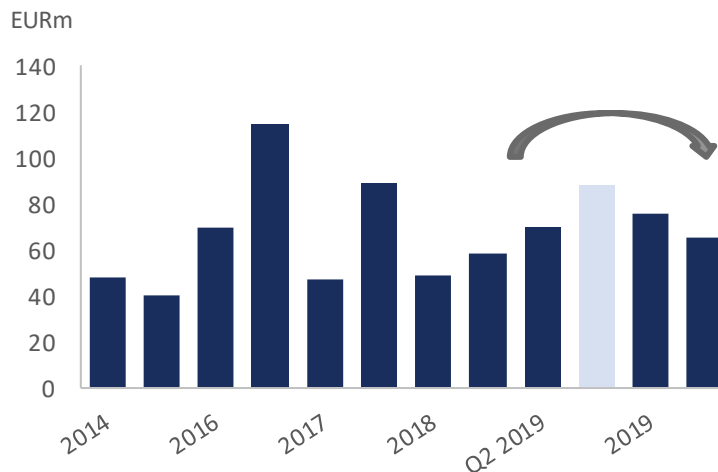
MAX Automation SE Deviation table (EUR m)	Q4 2018 reported	Q4 2019 reported	YoY	FY 2019 reported	Pareto estimates			YoY		
					2020e	2021e	2022e	2020e	2021e	2022e
Process Technologies	14.8	18.5	25%	62.5	65.0	75.0	86.0	3.9%	15.4%	14.7%
Environmental Technologies	27.1	25.7	-5%	140.3	122.0	145.0	155.0	-13.0%	18.9%	6.9%
Evolving Technologies	33.8	39.9	18%	113.5	115.0	117.0	133.0	1.3%	1.7%	13.7%
Non core business	13.8	15.9	15%	63.6	30.0			-52.8%		
<b>Group order intake</b>	<b>89.5</b>	<b>100.0</b>	<b>12%</b>	<b>379.9</b>	<b>332.0</b>	<b>337.0</b>	<b>374.0</b>	<b>-12.6%</b>	<b>1.5%</b>	<b>11.0%</b>
Process Technologies	16.1	20.3	26%	73.3	66.0	70.0	73.4	-10.0%	6.0%	5.0%
Environmental Technologies	31.3	42.3	35%	127.6	118.7	127.0	134.6	-7.0%	7.0%	6.0%
Evolving Technologies	32.4	39.8	23%	134.9	129.5	129.5	136.0	-4.0%	0.0%	5.0%
Non core business	28.7	25.8	-10%	89.6	35.0			-60.9%		
<b>Groups sales</b>	<b>108.5</b>	<b>129.8</b>	<b>20%</b>	<b>425.5</b>	<b>349.2</b>	<b>326.5</b>	<b>344.1</b>	<b>-17.9%</b>	<b>-6.5%</b>	<b>5.4%</b>
Process Technologies	3.9	3.8	-3%	14.8	11.2	14.6	15.3	-24.4%	30.4%	4.8%
Environmental Technologies	3.0	4.0	34%	12.9	8.3	10.2	13.1	-35.8%	22.3%	28.5%
Evolving Technologies	1.4	5.8	314%	16.9	11.4	15.2	16.3	-32.5%	33.3%	7.2%
Holding/consolidation	-3.3	-3.3	1%	-9.0	-9.8	-9.6	0.0	9.2%	-2.0%	-100.0%
<b>Group EBITDA</b>	<b>-18.2</b>	<b>4.4</b>	<b>-124%</b>	<b>-0.9</b>	<b>14.1</b>	<b>30.4</b>	<b>34.9</b>	<b>n.m.</b>	<b>115.2%</b>	<b>14.8%</b>
Non core business	-24.0	-5.9	-75%	-6.3	-7.0			11.1%		
<b>Net income</b>	<b>-24.1</b>	<b>-0.1</b>	<b>-100%</b>	<b>-1.9</b>	<b>1.9</b>	<b>14.0</b>	<b>17.2</b>	<b>-199.8%</b>	<b>640.5%</b>	<b>22.4%</b>
<b>ANALYSIS GROUP</b>										
Book-to-bill-ratio (x)	0.83	0.77								
Core business EBITDA-margin (%)	7.2%	9.9%								

Source: Pareto

The non-core business was still a major drag to group figures but Q4 showed again a decline in losses. With only Elwema being left (IWM is currently phasing out) for FY 20e, we expect losses to decline significantly. We actually kept our estimate of a loss of EUR 7.0m for FY 20e unchanged, despite a now expected decline in sales of 60%. But this is mainly on the assumption that cost mitigation (short-term work mainly) can be used to cushion negative effects. We continue to expect that a solution for Elwema can be found in FY 20e and that nothing remains on Max behalf in FY 21e, knowing that this might be a bit more challenging now. However, with around 200 employees we also see closing costs as manageable.

Q3 19 was the peak of net debt, despite WC development trailing our expectations in the range of EUR 10m as core businesses expanded their ratios yoy. Nevertheless, the lower non-core drain should continue to bring a positive development even in light of the reduced core -business estimates.

### Net debt (incl. non-core business) development 2014- 2020



Source: Pareto, company data

Since 2017 MAX Automation SE has a credit line of EUR 190m in place. In November 2019 covenants for these were abandoned as the restructuring of the non-core business was successful. In turn, Max is currently sufficiently financed.

To calculate for the likely effects of the Covid-19 crisis in FY 20e and beyond we lack granularity at the holding businesses to set up a viable bridge calculation. Business opportunities remain. We believe that e.g. bd tronic has a good chance for a larger contract at Tesla's new factory in Brandenburg or that the medical business at MA micro automation, which has some offers in the field of diagnosis, could be a profiteer. In the core business we were most pronounced for EBITDA margin cuts at ET, which we see somewhat vulnerable due to its project type business. However, structural demand for recycling equipment should not subside.

### Max Automation SE- changes to our estimates – only core business

	2020e			2021e		
	Old	New	Chg.	Old	New	Chg.
Revenues	401.6	349.2	-13.1%	373.5	326.5	-12.6%
EBITDA	28.4	14.1	-50.3%	37.7	30.4	-19.5%
EBITDA - margin	7.1%	4.0%		7.9%	9.3%	
EBIT	19.6	5.3	-72.9%	28.9	21.6	-25.4%
Net result adj	18.5	7.1	-61.4%	19.2	14.0	-26.9%
EPS	0.45	0.06	n.m.	0.65	0.48	-26.7%

Source: Pareto

## Target drops from EUR 7.00 to 4.70

We stick to our methodology to derive the target price for MAX Automation SE by a combination of a peer group approach and a DCF approach. We use two different peer groups with one consisting of other Germany holding companies and mainly small company holdings and the other consisting of companies that have similarities to the operational businesses of MAX Automation SE. Based on

a fair value of EUR 3.33 (12.5% weight) from the holding peer group, EUR 3.57 (12.5% weight) from the operational peer group and EUR 5.11 (75% weight) from the DCF model we calculate our new target price of EUR 4.70. Compared to our last valuation we increase the weight of the DCF model as especially the smaller peers' forecasts have not yet been adapted. In addition, we eliminated the 10% discount as non-core restructuring progressed as planned. Nevertheless, the reduction of peer multiples and forecast bring a marked reduction to our TP from EUR 7.0 to EUR 4.70.

### MAX Automation SE – Valuation summary

Method	Fair value, EUR	Weight
Discounted Cash flow	5.11	75%
Peer-group multiples	3.45	25%
<b>Fair value per share, EUR</b>	<b>4.69</b>	<b>100%</b>

Source: Pareto

Nevertheless, upside potential implied by the approach is 75% and consequently we keep our Buy recommendation on the stock.

### MAX Automation SE – holding company peer group I

Company	Price	FX	EV/Sales 2020e	EV/Sales 2021e	EV/EBITDA 2020e	EV/EBITDA 2021e	EV/EBIT 2020e	EV/EBIT 2021e	P/FCF 2020e	P/FCF 2021e	PE 2020e	PE 2021e	PB 2020e	PB 2021e
MAX Automation SE	2.7	EUR	0.41x	0.35x	5.04x	3.77x	7.74x	6.37x	11.28x	5.26x	5.88x	5.15x	1.21x	1.02x
GESCO AG	12.0	EUR	0.47x	0.44x	4.69x	4.06x	9.24x	7.14x	nm	nm	8.80x	6.91x	0.54x	0.51x
INDUS Holding AG	21.5	EUR	0.62x	0.60x	4.94x	4.39x	8.32x	6.99x	7.23x	9.21x	7.21x	6.05x	0.69x	0.65x
MBB SE	46.0	EUR	0.28x	0.24x	3.11x	2.44x	5.33x	4.06x	-316.55x	18.07x	20.53x	16.88x	0.55x	0.53x
MS Industrie AG	0.9	EUR	0.46x	0.37x	4.92x	3.63x	16.52x	8.59x	2.48x	4.03x	8.54x	5.40x	nm	nm
<b>Average</b>			<b>0.46x</b>	<b>0.41x</b>	<b>4.4x</b>	<b>3.6x</b>	<b>9.9x</b>	<b>6.7x</b>	<b>-102.3x</b>	<b>10.4x</b>	<b>11.3x</b>	<b>8.8x</b>	<b>0.6x</b>	<b>0.6x</b>
<b>Median</b>			<b>0.47x</b>	<b>0.40x</b>	<b>4.8x</b>	<b>3.8x</b>	<b>8.8x</b>	<b>7.1x</b>	<b>2.5x</b>	<b>9.2x</b>	<b>8.7x</b>	<b>6.5x</b>	<b>0.5x</b>	<b>0.5x</b>
Max			0.62x	0.60x	4.9x	4.4x	16.5x	8.6x	7.2x	18.1x	20.5x	16.9x	0.7x	0.7x
Min			0.28x	0.24x	3.1x	2.4x	5.3x	4.1x	-316.5x	4.0x	7.2x	5.4x	0.5x	0.5x

Source: Pareto, Factset

### MAX Automation SE – valuation based on holdings peer group

Company	PE 2020e	PE 2021e	EV/EBIT 2021e	EV/EBIT 2022e
GESCO AG	8.8	6.9	9.2	7.1
INDUS Holding AG	7.2	6.0	8.3	7.0
MBB SE	20.5	16.9	5.3	4.1
MS Industrie AG	8.5	5.4	16.5	8.6
<b>Median</b>	<b>8.7</b>	<b>6.5</b>	<b>8.8</b>	<b>7.1</b>
<b>MAX Automation SE</b>	<b>11.7</b>	<b>6.0</b>	<b>5.6</b>	<b>4.3</b>
relative	135.6%	92.3%	63.6%	60.2%
Forecasts Adjusted EPS / Adjusted EBIT	0.24	0.48	21.6	26.2
Forecasts Net debt (incl. pensions)			55.1	45.9
No. Shares at year end	29.5	29.5	29.5	29.5
<b>Fair value per share at peer median</b>	<b>2.1</b>	<b>3.1</b>	<b>4.6</b>	<b>4.7</b>
<b>Fair value / share (av.)</b>	<b>3.33</b>			

Source: Pareto, Factset

## MAX Automation SE – operational peer group II

Company	Price	FX	EV/Sales 2020e	EV/Sales 2021e	EV/EBITDA 2020e	EV/EBITDA 2021e	EV/EBIT 2020e	EV/EBIT 2021e	P/FCF 2020e	P/FCF 2021e	PE 2020e	PE 2021e
MAX Automation SE	2.7	EUR	0.41x	0.35x	5.0x	3.8x	7.7x	6.4x	11.3x	5.3x	5.9x	5.2x
ANDRITZ AG	25.3	EUR	0.42x	0.39x	4.7x	4.1x	7.9x	6.3x	7.9x	6.4x	8.6x	7.6x
ATS Automation Tooling Systems	16.1	CAD	1.09x	0.95x	7.5x	6.3x	7.9x	6.6x	12.7x	11.1x	13.9x	12.2x
Durr AG	17.3	EUR	0.37x	0.34x	4.4x	3.7x	5.6x	4.8x	9.9x	6.8x	7.6x	6.6x
I.M.A. Industria Macchine Automæ	44.6	EUR	1.54x	1.39x	8.7x	7.7x	11.0x	10.0x	13.8x	12.1x	14.6x	13.2x
Krones AG	46.0	EUR	0.42x	0.37x	5.8x	4.3x	11.1x	7.8x	12.4x	8.2x	13.6x	9.6x
Metso Oyj	19.7	EUR	0.91x	0.87x	6.4x	6.0x	7.4x	7.0x	7.3x	8.4x	9.5x	8.9x
Micro-Mechanics (Holdings) Ltd	1.4	SGD	2.69x	2.56x	7.1x	6.6x	9.5x	8.6x	nm	nm	13.4x	12.1x
<b>Average</b>			<b>0.98x</b>	<b>0.90x</b>	<b>6.2x</b>	<b>5.3x</b>	<b>8.5x</b>	<b>7.2x</b>	<b>10.8x</b>	<b>8.3x</b>	<b>10.9x</b>	<b>9.4x</b>
<b>Median</b>			<b>0.67x</b>	<b>0.63x</b>	<b>6.1x</b>	<b>5.1x</b>	<b>7.9x</b>	<b>6.8x</b>	<b>11.3x</b>	<b>8.2x</b>	<b>11.4x</b>	<b>9.3x</b>
Max			2.69x	2.56x	8.7x	7.7x	11.1x	10.0x	13.8x	12.1x	14.6x	13.2x
Min			0.37x	0.34x	4.4x	3.7x	5.6x	4.8x	7.3x	5.3x	5.9x	5.2x

Source: Pareto, Factset

## MAX Automation SE – operational peer group II

## MAX Automation SE – peer group model

Company	PE 2020e	PE 2021e	EV/EBIT 2021e	EV/EBIT 2022e
ANDRITZ AG	8.6	7.6	7.9	6.3
ATS Automation Tooling Systems Inc.	13.9	12.2	7.9	6.6
Durr AG	7.6	6.6	5.6	4.8
I.M.A. Industria Macchine Automatiche S.p.A.	14.6	13.2	11.0	10.0
Krones AG	13.6	9.6	11.1	7.8
Metso Oyj	9.5	8.9	7.4	7.0
Micro-Mechanics (Holdings) Ltd	13.4	12.1	9.5	8.6
<b>Median</b>	<b>13.4</b>	<b>9.6</b>	<b>7.9</b>	<b>7.0</b>
<b>MAX Automation SE (adj.)</b>	<b>11.0</b>	<b>11.7</b>	<b>6.1</b>	<b>10.3</b>
relative	82.3%	122.3%	77.4%	147.1%
Forecasts Adjusted EPS / Adjusted EBIT	0.24	0.48	21.6	26.2
Forecasts Net debt (incl. pensions)			55.1	45.9
No. Shares at year end	29.46	29.46	29.46	29.46
<b>Fair value per share at peer median, EUR</b>	<b>3.24</b>	<b>4.58</b>	<b>3.90</b>	<b>4.64</b>
<b>Fair value / share (av.), EUR</b>	<b>3.57</b>			

Source: Pareto, Factset

Next to the peer multiple approaches we look at a DCF model. We exclude IFRS 16 depreciation and corresponding liabilities. Our WACC stands at 7.97%.

## MAX Automation SE – DCF model

EUR m	Phase I					Phase II					Phase III
	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	
<b>Jahre</b>	0.8	1.8	2.8	3.8	4.8	5.8	6.8	7.8	8.8	9.8	
<b>Revenues</b>	<b>349.2</b>	<b>326.5</b>	<b>344.1</b>	<b>357.8</b>	<b>372.0</b>	<b>385.6</b>	<b>398.4</b>	<b>410.3</b>	<b>421.2</b>	<b>431.0</b>	
<i>growth rate</i>	-17.9%	-6.5%	5.4%	4.0%	4.0%	3.6%	3.3%	3.0%	2.7%	2.3%	
<b>EBIT</b>	<b>5.3</b>	<b>21.6</b>	<b>26.2</b>	<b>28.6</b>	<b>30.2</b>	<b>30.1</b>	<b>29.8</b>	<b>29.3</b>	<b>28.7</b>	<b>28.0</b>	
<i>EBIT margin</i>	15%	6.6%	7.6%	8.0%	8.1%	7.8%	7.5%	7.1%	6.8%	6.5%	
<b>Tax</b>	<b>-1.6</b>	<b>-6.5</b>	<b>-7.8</b>	<b>-8.6</b>	<b>-9.1</b>	<b>-9.0</b>	<b>-8.9</b>	<b>-8.8</b>	<b>-8.6</b>	<b>-8.4</b>	
<i>Tax rate</i>	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	
<b>Depr. &amp; Amort. (ex IFRS 16)</b>	<b>8.8</b>	<b>8.8</b>	<b>8.7</b>	<b>8.8</b>	<b>8.8</b>	<b>9.2</b>	<b>9.5</b>	<b>9.8</b>	<b>10.0</b>	<b>10.3</b>	
<i>% of sales</i>	2.5%	2.7%	2.5%	2.5%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	
<b>Capex</b>	<b>-10.0</b>	<b>-9.3</b>	<b>-9.3</b>	<b>-9.1</b>	<b>-9.3</b>	<b>-9.6</b>	<b>-10.0</b>	<b>-10.3</b>	<b>-10.5</b>	<b>-10.8</b>	
<i>% of sales</i>	2.9%	2.9%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
<b>Change in WC &amp; P</b>	<b>-5.0</b>	<b>2.3</b>	<b>-3.2</b>	<b>-2.5</b>	<b>-2.6</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-2.8</b>	<b>-2.9</b>	<b>-3.0</b>	
<i>% of sales</i>	14%	-0.7%	0.9%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	
<b>Free Cash Flow</b>	<b>-2.5</b>	<b>16.9</b>	<b>14.5</b>	<b>17.3</b>	<b>18.1</b>	<b>17.9</b>	<b>17.6</b>	<b>17.2</b>	<b>16.7</b>	<b>16.1</b>	<b>275.6</b>
<i>growth rate</i>	nm	nm	-14.0%	19.0%	4.7%	-10%	-16%	-2.2%	-2.9%	-3.5%	2.0%
<b>Present Value FCF</b>	<b>-2.4</b>	<b>14.8</b>	<b>11.8</b>	<b>13.0</b>	<b>12.6</b>	<b>11.5</b>	<b>10.5</b>	<b>9.5</b>	<b>8.5</b>	<b>7.6</b>	<b>130.5</b>
<b>PV Phase I</b>	<b>49.7</b>					<b>Risk free rate</b>	3.50%	<b>Targ. equity ratio</b>	80%		
<b>PV Phase II</b>	<b>47.7</b>					<b>Premium Equity</b>	5.00%	<b>Beta</b>	1.1		
<b>PV Phase III</b>	<b>130.5</b>					<b>Premium Debt</b>	2.00%	<b>WACC</b>	7.97%		
<b>Enterprise value</b>	<b>227.8</b>					<b>Sensitivity</b>	<b>Growth in phase III</b>				
- Net Debt (Cash)	<b>76.0</b>						<b>1.0%</b>	<b>1.5%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>3.0%</b>
- Pension Provisions	<b>1.0</b>					<b>7.17%</b>	5.4	5.8	6.3	6.9	7.7
- Minorities & Peripherals	<b>0.3</b>					<b>7.57%</b>	4.9	5.2	5.7	6.2	6.8
+ MV of financial assets						<b>WACC 7.97%</b>	4.4	4.7	<b>5.1</b>	5.5	6.1
- Paid-out dividends for last FY	<b>0.0</b>					<b>8.37%</b>	4.0	4.3	4.6	5.0	5.4
+/- Other EV items						<b>8.77%</b>	3.7	3.9	4.2	4.5	4.9
<b>Equity value</b>	<b>150.5</b>										
Number of shares	<b>29.5</b>										
Value per share (€)	<b>5.11</b>										

Source: Pareto

<b>PROFIT &amp; LOSS (fiscal year) (EURm)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>
<b>Revenues</b>	<b>384</b>	<b>337</b>	<b>376</b>	<b>277</b>	<b>425</b>	<b>349</b>	<b>326</b>	<b>344</b>
<b>EBITDA</b>	<b>32</b>	<b>24</b>	<b>29</b>	<b>24</b>	<b>(1)</b>	<b>14</b>	<b>30</b>	<b>35</b>
Depreciation & amortisation	(12)	(12)	(9)	(10)	(15)	(9)	(9)	(9)
<b>EBIT</b>	<b>20</b>	<b>12</b>	<b>20</b>	<b>12</b>	<b>(31)</b>	<b>5</b>	<b>22</b>	<b>26</b>
Net interest	(4)	(3)	(3)	(3)	(4)	(3)	(2)	(2)
Other financial items	-	-	-	-	-	-	-	-
<b>Profit before taxes</b>	<b>16</b>	<b>10</b>	<b>17</b>	<b>10</b>	<b>(34)</b>	<b>3</b>	<b>20</b>	<b>25</b>
Taxes	(6)	(1)	(3)	2	(1)	(1)	(6)	(7)
Minority interest	-	(0)	(0)	5	1	-	-	-
<b>Net profit</b>	<b>10</b>	<b>8</b>	<b>14</b>	<b>(31)</b>	<b>(35)</b>	<b>2</b>	<b>14</b>	<b>17</b>
EPS reported	0.38	0.31	0.51	(1.05)	(1.18)	0.06	0.48	0.58
<b>EPS adjusted</b>	<b>0.52</b>	<b>0.44</b>	<b>0.54</b>	<b>(0.92)</b>	<b>(0.25)</b>	<b>0.24</b>	<b>0.48</b>	<b>0.58</b>
DPS	0.15	0.15	0.15	-	-	0.15	0.15	0.15
<b>BALANCE SHEET (EURm)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>
Tangible non current assets	33	32	32	25	64	65	65	66
Other non-current assets	85	79	80	63	72	72	72	72
Other current assets	144	173	186	245	184	154	156	172
Cash & equivalents	21	23	26	32	41	51	63	72
<b>Total assets</b>	<b>283</b>	<b>306</b>	<b>323</b>	<b>364</b>	<b>360</b>	<b>342</b>	<b>356</b>	<b>382</b>
Total equity	107	111	139	92	68	70	79	92
Interest-bearing non-current debt	61	93	73	78	117	117	117	117
Interest-bearing current debt	-	-	-	-	-	-	-	-
Other Debt	114	101	110	194	174	154	159	172
<b>Total liabilities &amp; equity</b>	<b>283</b>	<b>306</b>	<b>323</b>	<b>364</b>	<b>360</b>	<b>342</b>	<b>356</b>	<b>382</b>
<b>CASH FLOW (EURm)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>
Cash earnings	41	(0)	26	(59)	23	26	23	26
Change in working capital	(7)	(16)	(7)	80	(44)	(5)	2	(3)
Cash flow from investments	(16)	(9)	(7)	(13)	(10)	(10)	(9)	(9)
Cash flow from financing	(50)	26	(8)	0	39	-	(4)	(4)
Net cash flow	(31)	2	3	7	7	11	11	9
<b>CAPITALIZATION &amp; VALUATION (EURm)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>
<b>Share price (EUR end)</b>	<b>5.6</b>	<b>5.6</b>	<b>8.1</b>	<b>4.80</b>	<b>4.59</b>	<b>2.85</b>	<b>2.85</b>	<b>2.85</b>
Number of shares end period	27	27	28	29	29	29	29	29
Net interest bearing debt	40	70	47	46	76	65	54	45
<b>Enterprise value</b>	<b>191</b>	<b>221</b>	<b>276</b>	<b>184</b>	<b>213</b>	<b>151</b>	<b>139</b>	<b>130</b>
EV/Sales	0.5	0.7	0.7	0.7	0.5	0.4	0.4	0.4
<b>EV/EBITDA</b>	<b>6.0</b>	<b>9.1</b>	<b>9.6</b>	<b>7.6</b>	-	<b>10.7</b>	<b>4.6</b>	<b>3.7</b>
EV/EBIT	9.6	17.9	13.8	14.9	-	28.4	6.5	5.0
P/E reported	14.7	18.0	16.1	-	-	44.3	6.0	4.9
<b>P/E adjusted</b>	<b>10.8</b>	<b>12.7</b>	<b>15.2</b>	-	-	<b>11.7</b>	<b>6.0</b>	<b>4.9</b>
P/B	1.4	1.4	1.6	1.5	2.0	1.2	1.1	0.9
<b>FINANCIAL ANALYSIS &amp; CREDIT METRICS</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>	<b>2022e</b>
ROE adjusted (%)	13.4	10.8	12.0	-	-	10.4	18.8	20.0
Dividend yield (%)	2.7	2.7	1.8	-	-	5.3	5.3	5.3
EBITDA margin (%)	8.3	7.2	7.7	8.7	-	4.0	9.3	10.1
EBIT margin (%)	5.2	3.7	5.3	4.4	-	1.5	6.6	7.6
NIBD/EBITDA	1.25	2.86	1.63	1.91	(85.10)	4.62	1.78	1.29
EBITDA/Net interest	8.78	8.56	9.75	8.93	-	5.43	20.24	21.79





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## Appendix A

Disclosure requirements pursuant to the Norwegian Securities Trading Regulations section 3-10 (2) and section 3-11 (1), letters a-b

The below list shows companies where Pareto Securities AS - together with affiliated companies and/or persons – own a portion of the shares exceeding 5% of the total share capital in any company where a recommendation has been produced or distributed by Pareto Securities AS.

Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
Helgeland Sparebank	2,010,630	9.63%	SpareBank 1Østfold Akersl	1,140,010	9.20%
Pareto Bank ASA	14,902,985	2134%	Sparebanken Vest	6,111,796	5.69%

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Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
Helgeland Sparebank	2,010,630	9.63%	SpareBank 1SMN	1,885,567	145%
Pareto Bank ASA	14,902,985	2134%	SpareBank 1Østfold Akersl	1,140,010	9.20%
Selvaag Bolig ASA	2,171,147	2.32%	Sparebanken Møre	305,239	3.09%
SpareBank 1BV	1,655,920	2.63%	Sparebanken Sør	433,149	2.77%
SpareBank 1Nord-Norge	3,246,880	3.23%	Sparebanken Vest	6,111,796	5.69%

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Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings
AF Gruppen	0	18,535	Helgeland Sparebank	0	4,127	Schibsted ASA B Aksjer	0	597
Aker	0	791	Ice Group	0	96,891	Seadrill	0	8,689
Aker BP	0	14,269	Jæren Sparebank	0	500	Selvaag Bolig	0	2,000
American Shipping Compar	0	3,500	Komplett Bank	0	104,079	SpareBank 1BV	0	22,700
Atlantic Sapphire	0	1,105	Kongsberg Gruppen	0	34,118	SpareBank 1Nord-Norge	0	27,325
Avance Gas	0	4,580	KWS	75	75	SpareBank 1Ringerike Had	0	500
Axactor	0	8,709	Lerøy Seafood	0	2,050	SpareBank 1SMN	0	22,865
BASF	270	270	Mowi	0	1,904	SpareBank 1SR-Bank	0	30,040
Bonheur	0	46,615	Nordic Semiconductor	0	6,000	Sparebank 1Østfold Akersl	0	450
BRABank	0	1,371,000	Norsk Hydro	0	96,736	SpareBank 1Østlandet	0	2,161
DNB	0	29,705	Norwegian Air Shuttle	0	49,491	Sparebanken Sør	0	15,840
DNO	0	457,388	Ocean Yield	0	39,037	Sparebanken Vest	0	5,869
DNO Bull ETN	0	7,000	Okeanis Eco Tankers	0	2,728	Sparebanken Øst	0	1,500
Entra	0	8,837	Orkla	0	18,644	Stolt-Nielsen	0	42,426
Equinor	0	5,002	Pareto Bank	0	1,279,375	Storebrand	0	6,165
Europris	0	14,750	PGS	0	11,656	Subsea 7	0	1,139
Fjord1	0	50,000	Pioneer Property	0	2,050	Telenor	0	2,731
Fjordkraft Holding	0	8,000	Protector Forsikring	0	14,785	TGS-NOPEC	0	2,000
Frontline	0	11,730	REC Silicon	0	32,708	VOWASA	0	4,781
Gjensidige Forsikring	0	7,280	SalMar	0	200	XXL	0	9,279
Golden Ocean Group	0	1,744	Sandnes Sparebank	0	27,532	Yara International	0	14,253
Grieg Seafood	0	770	Scatec Solar	0	35,000	Zenterio	0	78,865
Hafnia Limited	0	10,000						

This overview is updated monthly (last updated 17.03.2020).

\*Analyst holdings refer to positions held by the Pareto Securities AS analyst covering the company.

## Appendix B

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letters e-f, ref the Securities Trading Act Section 3-10

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

2020Bulkers	GG. St. Kongensgade 100 og 106	Ocean Yield
Avanzia Bank	Hafnia Limited	Odfjell SE
Africa Energy	Hafslund E-CO	OKEA
African Petroleum Corporation	Hunter Group ASA	Oliga Group
Agder Energi	Hörmann Industries	Pareto Bank
Aker ASA	Ice Group	Petroleum Geo-Services
American Tanker	ICWHolding	PetroTal
Belships	Kingfish Zeeland	Pinewood Laboratories
BRABank	Klavness Combination Carriers ASA	Pioneer Property Group
BWEnergi	LifeFit	Providences Inv. Mngmt Pty
Cabonline Group Holding AB	Luxaviation Holding	Qesterre Energy
CentralNic Group	Monobank ASA	Sandnes Sparebank
DNO	Mutares SE & Co. KGaA	Seadrill
Erwe Immobilien	Navig8	Shamaran Petroleum
Euromicron AG	Navigator Holdings	Sparebanken Vest
Exmar NV	Norbit ASA	Stolt Nilsen
Filo Mining Corp	Northern Ocean	TEMPTON Dienstleistungen
Flex LNG	Norwegian Air Shuttle	United Camping AB
Floatel	Nouveau Monde Graphite	Vantage Drilling
Genel Energy		

*This overview is updated monthly (this overview is for the period 28.02.2019 – 29.02.2020).*

## Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11(4)

### Distribution of recommendations

Recommendation	% distribution
Buy	56%
Hold	39%
Sell	5%

### Distribution of recommendations (transactions\*)

Recommendation	% distribution
Buy	87%
Hold	13%
Sell	0%

\* Companies under coverage with which Pareto Securities Group has on-going or completed public investment banking services in the previous 12 months

This overview is updated monthly (last updated 17.03.2020).

## Appendix D

This section applies to research reports prepared by Pareto Securities AB.

### Disclosure of positions in financial instruments

The beneficial holding of the Pareto Group is 1 % or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

The Pareto Group has material holdings of other financial instruments than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

### Disclosure of assignments and mandates

Overview over issuers of financial instruments where Pareto Securities AB has prepared or distributed investment recommendation, where Pareto Securities AB has been lead manager or co-lead manager or has rendered publicly known not immaterial investment banking services over the previous twelve months:

Azelio	Green Landscaping Holding	Mentice AB	Sedana Medical
Bionvent	IRRAS AB	Pledpharma AB	ShaM aran Petroleum
Climeon	Jetpak Top Holding AB	QleanAir Holding	

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universe:

ByggPartner i Dalarna Holding	Magnolia Bostad	Sedana Medical	Tethys Oil
Cibus Nordic Real Estate	Saltängen Property Invest	ShaM aran Petroleum	Vostok Emerging Finance
Isofol Medical	SciBase Holding		

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

Member of the Pareto Group is providing Business Management services to the following companies:

Bosjö Fastigheter AB	Bråviken Logistik	Halmslätten	M älaråsen
Bonäsudden	Delarka	Logistri	Sydsvenska Hem

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None  
*This overview is updated monthly (last updated 17.03.2020).*

## Appendix E

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter d, ref the Securities Trading Act Section 3-10

### Designated Sponsor

Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the provision of the designated sponsor services.

2G Energy *	Gigaset *	M LP *	SCOUT24
Baywa	Heidelberg Pharma *	MOBOTIX AG	Siemens Healthineers AG
Biotest *	Hypoport AG	mutares	SMT Scharf AG *
Brenntag	Intershop Communications AG	OVB Holding AG	Surteco Group *
CORESTATE Capital Holding S.A.	ISRA Vision	Procredit Holding *	Syzygy AG *
Daldrup & Söhne	Leifheit	PSI SOFTWARE AG *	TAKKT AG
Demire	Logwin *	PWO *	Vapiano
Epigenomics AG*	Manz AG *	RIB Software *	va-Q-tec *
Gesco *	MAX Automation SE	S&T AG *	Viscom *
GFT Technologies *	Merkur Bank	Schaltbau Holding AG *	

\* The designated sponsor services include a contractually agreed provision of research services.

## Appendix F

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter g, ref the Securities Trading Act Section 3-10

### Sponsored Research

Pareto Securities has entered into an agreement with these companies about the preparation of research reports and–in return– receives compensation.

Adler Modemaerkte	Daldrup & Söhne	Intershop Communications AG	mutares
Baywa	Dermapharm Holding SE	Leifheit	OHB SE
BB Biotech	First Sensor	MAX Automation SE	OVB Holding AG
B.R.A.I.N.	Godewind Immobilien AG	Merkur Bank	Siegfried Holding AG
comdirect	Hypoport AG	MOBOTIX AG	Vapiano

*This overview is updated monthly (last updated 17.03.2020).*