

## Upgrade to Buy

Due to higher than expected costs Hypoport reported a slightly weaker than expected Q4 EBIT. The 2020 EBIT target of between EUR 35m and EUR 40m looks disappointing at first glance but can be explained by higher investments into the business in the current year. Positively, Hypoport's revenue target of between EUR 400m and EUR 440m is quite ambitious in our view as it is equivalent to a yoy growth rate of between 19% and 31%. We have adjusted our earnings estimates and have reduced our target price from EUR 320 to EUR 300. We upgrade the shares from Hold to Buy with a new TP of EUR 300 as Hypoport is an attractive growth company (2019-2022e EPS CAGR: 23%) which should continue to gain market shares for its different platforms.

Importantly, we see HYQ among those shares among our coverage that should be least impacted by the coronavirus. In case Germany falls into a deep recession this would have a bigger impact on HYQ as well, but it should remain manageable.

### Financials

We have reduced our EPS estimates from EUR 5.53 to EUR 4.47 and from EUR 6.71 to EUR 5.76 for 2020e and 2021e to take into account higher costs as Hypoport plans to invest massively into its different business units. Although this will have a negative earnings impact we see the resulting strong revenue growth positively. Generally, we see Hypoport's profitability however only temporarily impacted as the increased investments into the business in 2020 should lead to higher profitability in the mid-term.

EURm	2017	2018	2019p	2020e	2021e
Revenues	195	266	337	421	497
EBITDA	30	39	52	57	68
EBIT	23	29	33	37	48
EPS	3.10	3.69	3.91	4.47	5.76
EPS adj	3.10	3.69	3.91	4.47	5.76
DPS	-	-	-	-	-
EV/EBITDA	28.8	24.9	39.6	24.1	19.3
EV/EBIT	37.2	33.3	61.8	36.7	27.5
P/E adj	46.9	40.2	80.6	47.4	36.8
P/B	10.46	6.04	11.10	6.45	5.49
ROE (%)	25.2	19.1	14.8	14.6	16.1
Div yield (%)	-	-	-	-	-
Net debt	2	49	75	42	(1)

Source: Pareto



Target price (EUR)	300
Share price (EUR)	212

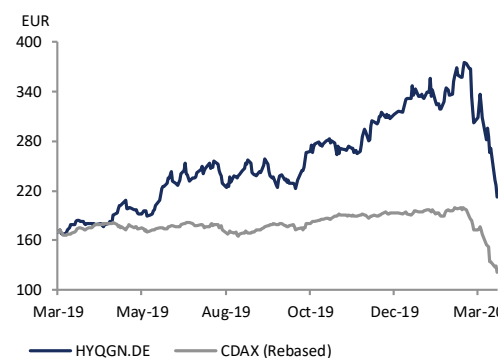
### Forecast changes

%	2020e	2021e	2022e
Revenues	13	18	NM
EBITDA	(13)	(10)	NM
EBIT adj	(18)	(14)	NM
EPS reported	(19)	(14)	NM
EPS adj	(19)	(14)	NM

Source: Pareto

Ticker	HYQGN.DE, HYQ GR
Sector	Diversified Financials
Shares fully diluted (m)	6.2
Market cap (EURm)	1,324
Net debt (EURm)	42
Minority interests (EURm)	0
Enterprise value 20e (EURm)	1,366

### Performance



Source: Factset

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## Exhibit 1: Overview of capital expenditure with an impact on earnings in 2019



Source: Hypoport

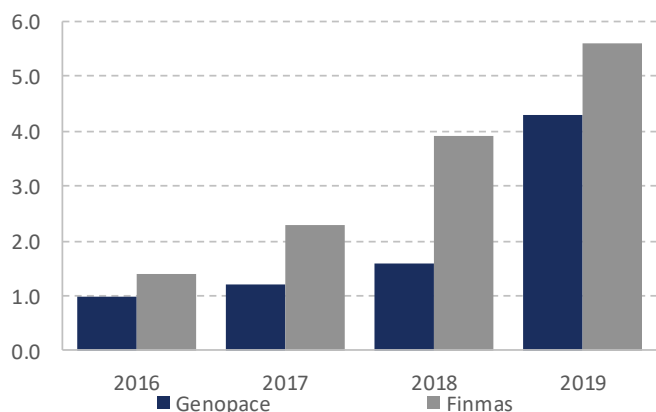
### 2019 profitability negatively impacted from high investments

While 2019 revenues were with EUR 337m (+27% yoy) slightly above forecast of EUR 332m, EBIT was with EUR 33m (+13% yoy) below our forecast of EUR 35m. EBIT margin has thus declined by 120 bps yoy to 9.8%. At first glance this looks disappointing but can be explained by high "investments" of EUR 35m into the business in 2019. Hypoport invested heavily into its different platforms, in particular it hired additional employees (see graph above for an overview).

#### Credit Platform with another good year

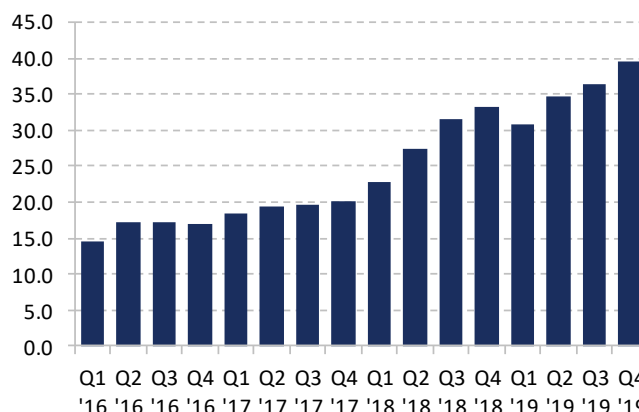
Europace managed to increase its volume by 18% yoy to EUR 68bn in 2019. 79% of the volume was mortgage finance, which increased by 19% yoy, 16% building finance (+18% yoy) and 5% (-3% yoy) personal finance. In mortgage finance, Europace's cooperations with the mutual and the saving banks performed particularly well. Genopace (the JV with the cooperative banks) reached an increase of the volume by 162% yoy to EUR 4.3bn, Finmas (the JV with the savings banks) reported an increase by 42% yoy to EUR 5.6bn. Market shares remain however low with between 5% (among cooperative banks) and 7% (savings banks) which means that growth potential among these banking groups remains huge for Europace. Revenues increased by 22% yoy to EUR 142m, EBIT went up by 20% yoy to EUR 31.2m, i.e. the EBIT margin declined slightly by 60 bps to 22.0%. The recently acquired REM Capital has already positively contributed to revenues and EBIT in H2 2019.

Exhibit 2: Development of transaction volumes (EUR bn)



Source: Pareto Securities Research, Hypoport

Exhibit 3: Revenue dev. of credit platform (EUR m)

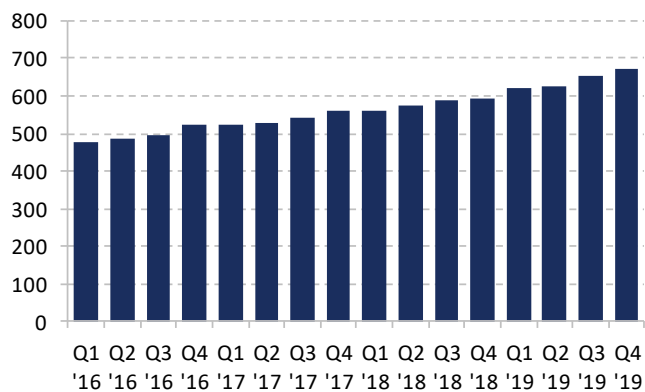


Source: Pareto Securities Research, Hypoport

**Private Clients with record revenue year**

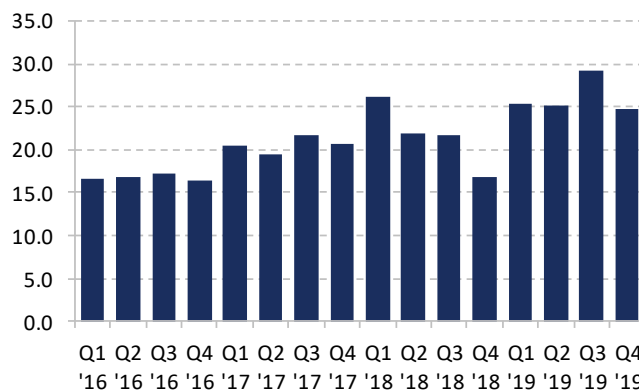
Private Clients managed to increase the volume of brokered loans by 14% yoy to EUR 7.5bn. Hypoport has not only benefited from the positive market environment (new mortgage loans increased by 9% yoy in 2019 according to Bundesbank figures) but also by winning market share and the once again increased number of consultants (+13% yoy to 673). Revenue increased by 21% yoy to EUR 105m, a new record level. Due to higher costs resulting from the integration of new product partners, capital expenditure on process digitalization and increasing staff numbers, EBIT increased by only 3% yoy to EUR 11m, a margin decline by 190 bps yoy to 10.6%. This is clearly a somewhat disappointing performance but we expect profitability to increase again in 2020 as in particular costs from the integration of new product partners should decline. Positively, EBIT margin has already improved in H2 2019 (vs. H1 2019).

Exhibit 4: Development of Dr. Klein consultants



Source: Pareto Securities Research, Hypoport

Exhibit 5: Revenue development of retail clients (EUR m)



Source: Pareto Securities Research, Hypoport

**Real Estate Platform with significant earnings potential**

Hypoport’s real estate platform comprises various services for the housing industry. Currently this business unit comprises the following platforms: Dr. Klein (property financing), FIO Promise (property management platform), Value AG (property valuation platform) and FIO (property sales platform).

Dr. Klein suffered once again from the reluctance of the public housing sector to invest. Hence, the new business volume that was brokered through Dr. Klein declined by 12% yoy to EUR 1.7bn. Revenues declined slightly stronger by 15%

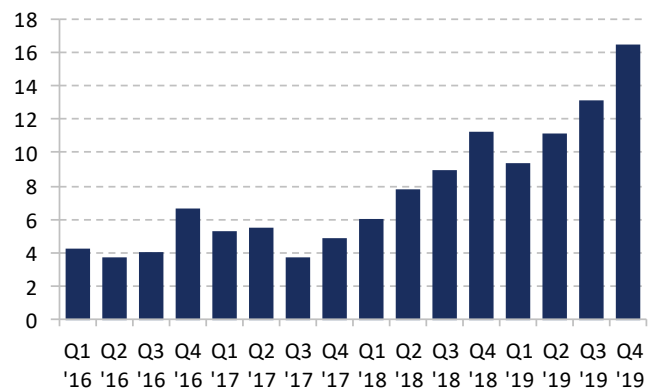
yoy to EUR 12m. FIO reported a strong result with a revenues increase by 115% yoy to EUR 24m, which was driven by project business. Positively FIO managed to further increase its market share among savings banks (320 out of 378 savings banks use FIO) and mutual banks (70 out of 840 mutual banks use FIO). Apart from these two banking groups it has also a strong market position which can be seen by the fact that six out of the largest real estate agents use FIO. Value AG also reported a good performance with a revenue increase by 62% yoy to EUR 14m. At the end of 2019 347 of Europace’s 706 bank partners use the services of the Value AG, up from around 220 one year ago. All in all this unit reached a revenues increase by 47% yoy to EUR 50m, EBIT declined by 9% yoy to EUR 5m, main reasons for the EBIT decline were high CAPEX and the weak demand for housing loans from the public housing sector.

**Exhibit 6: Business model of the real estate platform**



Source: Hypoport

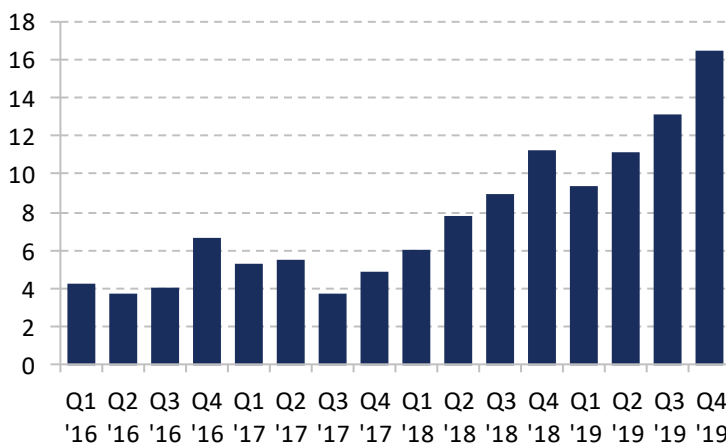
**Exhibit 7: Revenue level. (EUR m) of real estate platform**



Source: Pareto Securities Research, Hypoport

**Insurance Platform: break-even postponed by one year**

Revenues increased by 38% yoy to EUR 42.6m, EBIT improved by EUR 1.3m to EUR -1.4m, i.e. the insurance platform did not reach break-even. Smart InsureTech (SmIT) was able to attract additional medium-sized companies as pilot customers for the platform. SmIT’s strategy is to build a network through own industry conferences so that it can collaborate with partners on developing and refining the platform. Positively only the smaller part of the revenue increase was driven by acquisitions. Generally, we see SmIT on track to build an insurance platform for the industry, similar to Europace. SmIT remains however clearly a mid-term story. Hypoport targets break-even for the current year.

**Exhibit 8: Insurance platform: Development of revenues (EUR m)**

Source: Pareto Securities Research

### 2020 Outlook

For 2020 Hypoport targets revenues of between EUR 400m and EUR 440m and an EBIT of between EUR 35m and EUR 40m. The guidance came as a negative surprise as consensus and we were forecasting an EBIT of EUR 45m. Thus the EBIT margin is targeted to decline from the 2019 level to around 8.9% (mid-point targets). Having listened to the company's CC we see the guidance not negative anymore as the targeted decline in the EBIT margin in 2020 is due to increased investments into the business. Hypoport wants to invest into additional staff, into the different platforms and into the integration of the recently acquired companies. We see the investments positively as they will help Hypoport to strengthen its market position and further grow its business. The strong underlying targeted revenue growth shows that Hypoport sees itself well positioned to further grow its business, even if we see the growth targets as ambitious. Hypoport clearly remains the fastest growing company among the German Financials.

### Unorganic growth should remain an important growth driver

We expect Hypoport to continue making selected acquisitions to further strengthen its business. In recent weeks it has made two smaller acquisitions (it acquired stakes of just below 50% in these two companies), epension and AMEXPool; we see in particular the latter as an interesting acquisition with significant revenue growth potential in the future. Please see also our recent flash notes for additional details:

[Acquisition of epension](#)

[Acquisition of AMEXPool](#)

### Impact from coronavirus should be limited

It is clearly too early to assess the possible impact from the coronavirus on the different sectors and companies. As of today we think it is however fair to say that Hypoport should be among those companies within our coverage of German Financials that should be least impacted. In case of a deterioration of the crisis in Germany, including a complete shut-down of public life for several weeks, Hypoport may be impacted in the following way:

- People may not be interested/not be able anymore to purchase houses/apartments and thus do not need any mortgage loans. A reduced demand for mortgage loans would have a negative revenue impact for Dr. Klein/ Europace. An increased uncertainty may have a negative impact on the housing demand.

- Hypoport may not be able to remain its business fully operative as employees get sick and/or are not able to come to work and/or visit customers.

Even under such deteriorated market environment we see only a relatively limited impact on Hypoport's revenues development as 1) Hypoport should be able to continue increasing its market share and 2) we would expect a quick recovery of housing demand once the crisis is over.

In case of Germany falling into recession demand for housing and thus mortgage loans may also decline with negative implications for Hypoport. Such a scenario may last for some months or even quarters. Nevertheless, we see Hypoport less impacted than other Financials.

### Valuation and Recommendation

Our valuation is based upon a DCF (WACC: 7.5%, Terminal value at 76% of total value, terminal growth: 2.5%). We have rolled over our valuation to 2020 have reduced our 2020e-2022e earnings estimates and have adjusted our long-term growth assumptions upwards. We have derived a target price of EUR 300 (EUR 320).

Shares are trading at a premium to other German financial service companies (HYP 2021e PER: 37x, average of selected German Financial Service companies 2021e PER: 15x) which is however justified in our view as Hypoport's earnings growth rates are significantly higher and as we think that Hypoport's earnings stability should be higher. Last but not least other companies like Grenke or Ferratum should be much more impacted from the coronavirus. Comparing Hypoport's valuation to that of other platform providers like CTS (2020e PER: 16x), which will however suffer from the coronavirus, or Scout 24 (2020e PER: 18x) or growing software companies like Nemetschek (2020e PER: 30x) or RIB Software (2020e PER: 34x) Hypoport's valuation looks more to be in line, in particular in comparison with the fast growing Nemetschek.

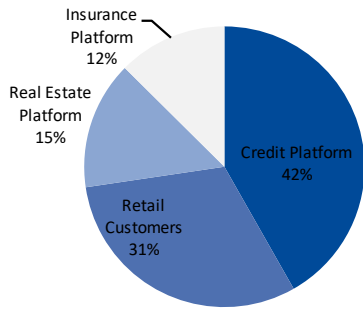
### Exhibit 9: DCF Valuation

Expectations in EUR m	Phase I				Phase II						Phase III
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
<b>Revenues</b>	<b>421</b>	<b>497</b>	<b>577</b>	<b>658</b>	<b>743</b>	<b>831</b>	<b>921</b>	<b>1,013</b>	<b>1,104</b>	<b>1,195</b>	
growth rate	25.0%	18.0%	16.0%	14.0%	13.0%	11.9%	10.8%	9.9%	9.0%	8.2%	
<b>EBIT</b>	<b>37</b>	<b>48</b>	<b>61</b>	<b>73</b>	<b>88</b>	<b>105</b>	<b>123</b>	<b>142</b>	<b>159</b>	<b>182</b>	
EBIT Margin	8.8%	9.7%	10.5%	11.1%	11.8%	12.6%	13.4%	14.0%	14.4%	15.2%	
<b>Tax</b>	<b>-7</b>	<b>-10</b>	<b>-12</b>	<b>-15</b>	<b>-19</b>	<b>-23</b>	<b>-27</b>	<b>-31</b>	<b>-35</b>	<b>-40</b>	
Tax rate	21.0%	21.0%	21.0%	21.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	
<b>Depreciation</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>25</b>	<b>27</b>	<b>30</b>	<b>33</b>	<b>36</b>	<b>39</b>	
% of revenue	4.6%	4.1%	3.7%	3.4%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	
<b>Capex</b>	<b>-14</b>	<b>-14</b>	<b>-14</b>	<b>-14</b>	<b>-24</b>	<b>-27</b>	<b>-29</b>	<b>-32</b>	<b>-35</b>	<b>-38</b>	
% of revenue	3.3%	2.8%	2.4%	2.1%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	
<b>Change in Working Capital</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>	<b>-4</b>	
% of revenue	0.5%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	
<b>Free Cash Flow</b>	<b>33</b>	<b>43</b>	<b>54</b>	<b>65</b>	<b>67</b>	<b>80</b>	<b>94</b>	<b>109</b>	<b>122</b>	<b>139</b>	<b>2,884</b>
growth rate	nm	nm	nm	nm	3.0%	19.6%	18.0%	14.9%	12.2%	14.4%	2.5%
<b>Present Value CF</b>	<b>31</b>	<b>38</b>	<b>44</b>	<b>49</b>	<b>47</b>	<b>53</b>	<b>58</b>	<b>62</b>	<b>65</b>	<b>69</b>	<b>1,427</b>
<b>PV Phase I</b>		<b>163</b>			<b>Market Cap</b>		<b>2,061</b>		<b>Target equity ratio</b>		<b>80%</b>
<b>PV Phase II</b>		<b>354</b>			<b>Risk premium</b>		<b>5.00%</b>		<b>Beta</b>		<b>1.0</b>
<b>PV Phase III</b>		<b>1,427</b>			<b>Risk-free rate</b>		<b>3.50%</b>		<b>WACC</b>		<b>7.5%</b>
<b>Enterprise value</b>		<b>1,944</b>			<b>Sensitivity</b>				<b>Growth in Phase III</b>		
+ Cash		<b>54</b>			<b>Analysis</b>		<b>1.5%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>3.5%</b>
- Debt		<b>126</b>				<b>6.71%</b>	305	331	363	403	456
<b>Equity Value</b>		<b>1,872</b>				<b>7.08%</b>	281	302	329	361	403
Number of shares		<b>6.2</b>			<b>WACC</b>	<b>7.45%</b>	259	278	<b>300</b>	327	360
						<b>7.82%</b>	241	256	275	297	325
<b>Value per share</b>		<b>300</b>				<b>8.20%</b>	224	238	254	272	295

Source: Pareto Securities Research

Exhibit 10: Investment Case in Charts

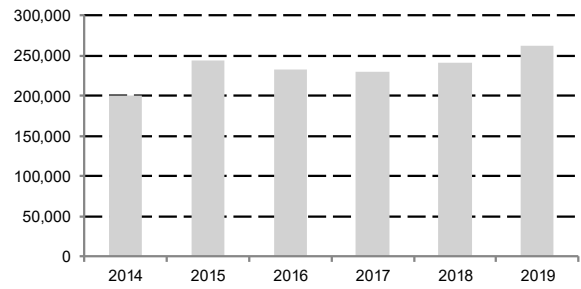
Revenues split (2019)



Credit Platform (Europace) & Retail Cust. (Dr. Klein) are the key revenue pillars, the Ins. Platf. should be the growth engine in the mid-term.

Source: Hypoport, Pareto Sec. Research

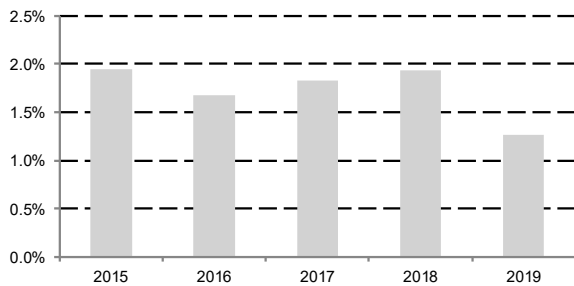
Market development (new mortgage loans in EUR m)



The overall market showed a good development in 2019 with an increase by 9% yoy after a number years with lower growth rates

Source: Hypoport, Pareto Sec. Research

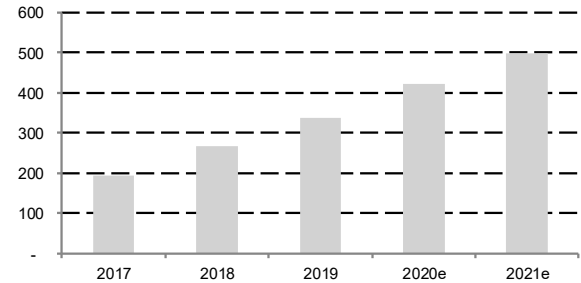
10YR Mortgage Rate development



10YR Mortgage rates on record low levels; we do not expect a sharp increase in the short term.

Source: Hypoport, Pareto Sec. Research

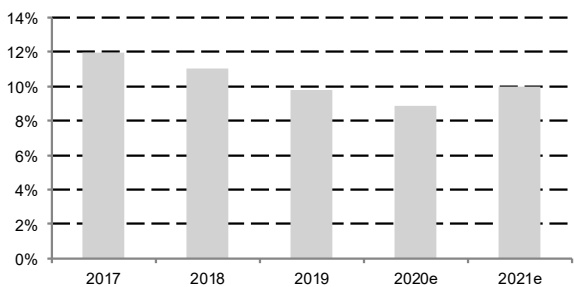
Revenues development (in EUR m)



While revenue growth was also driven by unorganic growth we expect organic growth to be the main revenue driver in 2020e.

Source: Hypoport, Pareto Sec. Research

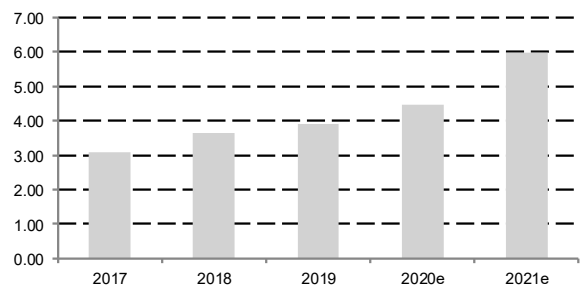
EBIT margin development



We forecast EBIT margin to decline in '20e because of "investments" into the various platforms. For '21e we expect an increase.

Source: Hypoport, Pareto Sec. Research

EPS development (in EUR)



We forecast EPS CAGR of 23% (2019e-'21e).

Source: Hypoport, Pareto Sec. Research

Source: Pareto Securities Research, Hypoport

Exhibit 12: At a Glance

Business Units	Credit Platform	Private Clients	Real Estate Platform	Insurance Platform		
		 DIE PARTNER FÜR IHRE FINANZEN				
Products/applications	Through its credit platform Europace the company is enabling banks to distribute loans of more than 600 banks to its customers. Banks can also use Europace to solely process their own loan business.	Dr. Klein is the brand through which Hypoport is servicing retail customers. Dr. Klein's more than 600 IFAs advise customers on different financial products, the focus being clearly on mortgage loans.	Hypoport is brokering real estate loans to institutional customers via Dr. Klein Inst. Clients. Following the acquisitions of Value and FIO Hypoport offers also real estate valuation and different software (e.g. for brokering real estate) solutions.	Hypoport's youngest business unit targets the insurance market. Idea is to build an Europace for the insurance industry, i.e. an online insurance market place which comprises products comparison, advice tools and processing of the policies and claims management.		
Customers	Customers range from mortgage brokers via Postbank to savings and mutual banks. Savings and mutual banks are serviced via two separate joint ventures.	Customers are normal retail customers with average financing needs. Mortgage customers should be above average incomes.	Customers of Dr. Klein are professional real estate investors, mainly public housing investors. Customers of FIO and Value are mainly banks.	Potential customers include insurance brokers, IFAs and insurance companies. At the moment HYP has only customers which use certain parts of the software.		
	Although we do not have any figures we do not see Europace being dependent on a few single customers.	Very diversified customer base, no dependence on single customers at all.	We do not have any figures, but the dependence on single customers may be somewhat higher for Dr. Klein.	Revenues are still on low level, i.e. customer dependence not an issue yet.		
Market share/positioning	Overall market share of Europace in GER in mortgage loans is around 33%. Market share of around 50% among mortgage brokers, market share of only 7% among savings/ 5% with mutual banks.	No figures available, we estimate that Dr. Klein has a market share of around 10%.	No figures available, but Dr. Klein's market share should be around 20%. FIO has a market share of above 80% among the savings banks with its real estate brokerage software.	Market share not yet meaningful as this unit is still in the ramp-up phase.		
Drivers	Main driver is the demand for mortgage loans which is impacted by level of interest rates and demand for apartments/housing.	Main driver is the demand for mortgage loans which is impacted by level of interest rates and demand for apartments/housing.	High dependence on the public hand; even if the need for more public housing is high, the process until construction starts and a loan is needed may take long. Winning market share of FIO & Value among banks.	Overall growth of insurance premiums and growing need for insurers and brokers to increase efficiency.		
Main competitors	Interhyp is the only competitor offering a comparable solution.	Main competitors are mortgage brokers like Interhyp, Swiss Life Select and Planet Home. IFAs like MLP, OVB or DVAG focus more on insurance/investment products.	Mainly savings banks, but also mutual and private banks for the brokerage business. FIO's competitors are other software companies.	At the moment similar software solutions are offered by Acturis and Finanzsoft/sofair.		
Entry barriers/competitive advantage	Entry barriers depend on the different business units. Highest entry barriers exist in our view in Hypoport's strongest growing unit, Europace. With the underlying technology and the extensive customer relationships HYP has a decisive competitive advantage compared to other players.					
Strategy & Guidance	<b>Strategy:</b> (I) Winning more customers for Europace to realize economies of scale. (II) Build-up of an insurance marketplace in the mid-to-long term. (III) Developing Private Clients further which should continue to benefit from the housing boom in Germany. (IV) Further develop the real estate platform.		<b>Guidance 2020:</b> Revenue: EUR 400m-440m EBIT EUR 35m-40m	<b>Pareto Estimates</b> Revenue: 421 y/y: 25.0% EBIT 37.2	<b>Consensus</b> 373 10.6% 42.4	
2019	Sales (EURm) 337.2 % 26.8%	EBITDA (EURm) 51.5 Margin 15.3%	EBIT (EURm) 33.0 Margin 9.8%	EPS 3Y hist. CAGR 9.2%		
Sales & EBIT Split						
Shareholder structure & management	<b>CEO</b>  <b>Ronald Slabke</b> Major shareholder and CEO (since 2010) <ul style="list-style-type: none"> <li>With Hypoport since 2002</li> <li>&gt;20 years experience in the banking industry</li> <li>prior to becoming CEO he was board member of Hypoport (since 2002). He joined Dr. Klein &amp; Co GmbH &amp; Co. KG in 1996, he became a board member in 2000.</li> </ul>		<b>Shareholder structure</b>  35% ■ Ronald Slabke 65% ■ Free Float			
# of employees FY 2018	1,500					

Source: Hypoport, Pareto Securities



<b>PROFIT &amp; LOSS (fiscal year) (EURm)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019p</b>	<b>2020e</b>	<b>2021e</b>
<b>Revenues</b>	<b>112</b>	<b>139</b>	<b>157</b>	<b>195</b>	<b>266</b>	<b>337</b>	<b>421</b>	<b>497</b>
<b>EBITDA</b>	<b>13</b>	<b>25</b>	<b>28</b>	<b>30</b>	<b>39</b>	<b>52</b>	<b>57</b>	<b>68</b>
Depreciation & amortisation	(5)	(6)	(5)	(7)	(10)	(19)	(19)	(20)
<b>EBIT</b>	<b>8</b>	<b>19</b>	<b>23</b>	<b>23</b>	<b>29</b>	<b>33</b>	<b>37</b>	<b>48</b>
Net interest	0	0	0	1	1	1	1	-
Other financial items	(1)	(1)	(1)	(1)	(2)	(3)	(3)	(3)
<b>Profit before taxes</b>	<b>7</b>	<b>19</b>	<b>23</b>	<b>23</b>	<b>28</b>	<b>31</b>	<b>35</b>	<b>46</b>
Taxes	(1)	(3)	(5)	(5)	(6)	(7)	(7)	(10)
Minority interest	-	-	-	-	-	-	-	-
<b>Net profit</b>	<b>6</b>	<b>16</b>	<b>18</b>	<b>18</b>	<b>22</b>	<b>24</b>	<b>28</b>	<b>36</b>
EPS reported	0.97	2.63	3.02	3.10	3.69	3.91	4.47	5.76
<b>EPS adjusted</b>	<b>0.97</b>	<b>2.63</b>	<b>3.02</b>	<b>3.10</b>	<b>3.69</b>	<b>3.91</b>	<b>4.47</b>	<b>5.76</b>
DPS	-	-	-	-	-	-	-	-
<b>BALANCE SHEET (EURm)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019p</b>	<b>2020e</b>	<b>2021e</b>
Tangible non current assets	2	3	3	4	10	47	41	34
Other non-current assets	37	38	52	68	211	210	209	208
Other current assets	29	31	35	54	53	53	55	57
Cash & equivalents	12	25	22	14	32	54	84	129
<b>Total assets</b>	<b>80</b>	<b>96</b>	<b>112</b>	<b>141</b>	<b>306</b>	<b>364</b>	<b>389</b>	<b>427</b>
Total equity	39	53	64	83	153	178	206	241
Interest-bearing non-current debt	11	7	6	13	71	119	121	123
Interest-bearing current debt	5	4	4	3	10	10	5	5
Other Debt	26	32	37	42	71	58	58	58
<b>Total liabilities &amp; equity</b>	<b>80</b>	<b>96</b>	<b>112</b>	<b>141</b>	<b>306</b>	<b>364</b>	<b>389</b>	<b>427</b>
<b>CASH FLOW (EURm)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019p</b>	<b>2020e</b>	<b>2021e</b>
Cash earnings	11	24	26	24	35	38	47	56
Change in working capital	(2)	3	(8)	(16)	6	(5)	(2)	(2)
Cash flow from investments	(6)	(7)	(13)	(21)	(86)	(58)	(12)	(12)
Cash flow from financing	(1)	(7)	(7)	5	63	48	(3)	2
Net cash flow	1	13	(2)	(8)	19	22	30	44
<b>CAPITALIZATION &amp; VALUATION (EURm)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019p</b>	<b>2020e</b>	<b>2021e</b>
<b>Share price (EUR end)</b>	<b>12.2</b>	<b>80.5</b>	<b>77.8</b>	<b>145.4</b>	<b>148.2</b>	<b>315.0</b>	<b>212.0</b>	<b>212.0</b>
Number of shares end period	6	6	6	6	6	6	6	6
Net interest bearing debt	4	(13)	(12)	2	49	75	42	(1)
<b>Enterprise value</b>	<b>79</b>	<b>473</b>	<b>451</b>	<b>867</b>	<b>975</b>	<b>2,043</b>	<b>1,366</b>	<b>1,324</b>
EV/Sales	0.7	3.4	2.9	4.4	3.7	6.1	3.2	2.7
<b>EV/EBITDA</b>	<b>6.2</b>	<b>18.9</b>	<b>15.9</b>	<b>28.8</b>	<b>24.9</b>	<b>39.6</b>	<b>24.1</b>	<b>19.3</b>
EV/EBIT	9.9	24.6	19.4	37.2	33.3	61.8	36.7	27.5
P/E reported	12.6	30.6	25.8	46.9	40.2	80.6	47.4	36.8
<b>P/E adjusted</b>	<b>12.6</b>	<b>30.6</b>	<b>25.8</b>	<b>46.9</b>	<b>40.2</b>	<b>80.6</b>	<b>47.4</b>	<b>36.8</b>
P/B	1.9	9.3	7.2	10.5	6.0	11.1	6.5	5.5
<b>FINANCIAL ANALYSIS &amp; CREDIT METRICS</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019p</b>	<b>2020e</b>	<b>2021e</b>
ROE adjusted (%)	16.5	34.7	31.0	25.1	19.0	14.7	14.6	16.1
Dividend yield (%)	-	-	-	-	-	-	-	-
EBITDA margin (%)	11.3	18.0	18.1	15.5	14.7	15.3	13.4	13.8
EBIT margin (%)	7.1	13.9	14.8	12.0	11.0	9.8	8.8	9.7
NIBD/EBITDA	0.31	(0.54)	(0.41)	0.07	1.25	1.46	0.74	(0.01)
EBITDA/Net interest	-	-	-	-	-	-	-	-

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Helgeland Sparebank	2,010,630	9.63%	SpareBank 1 Østfold Akershus	1,140,010	9.20%
Pareto Bank ASA	14,902,985	21.34%	Sparebanken Vest	6,111,796	5.69%

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Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
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Pareto Bank ASA	14,902,985	21.34%	SpareBank 1 Østfold Akershus	1,140,010	9.20%
Selvaag Bolig ASA	2,171,147	2.32%	Sparebanken Møre	305,239	3.09%
SpareBank 1 BV	1,655,920	2.63%	Sparebanken Sør	433,149	2.77%
SpareBank 1 Nord-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 Company	0	3,500	Komplett Bank	0	104,079	SpareBank 1 BV	0	22,700
Atlantic Sapphire	0	1,105	Kongsberg Gruppen	0	34,118	SpareBank 1 Nord-Norge	0	27,325
Avance Gas	0	4,580	KWS	75	75	SpareBank 1 Ringerike Hadeland	0	500
Axactor	0	8,709	Lerøy Seafood	0	2,050	SpareBank 1 SMN	0	22,865
BASF	270	270	Mowi	0	1,904	SpareBank 1 SR-Bank	0	30,040
Bonheur	0	46,615	Nordic Semiconductor	0	6,000	Sparebank 1 Østfold Akershus	0	450
BRABank	0	1,371,000	Norsk Hydro	0	96,736	SpareBank 1 Østlandet	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	VOW ASA	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 refers 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
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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	ICW Holding	PetroTal
Belships	Kingfish Zeeland	Pinewood Laboratories
BRABank	Klaveness Combination Carriers ASA	Pioneer Property Group
BW Energi	LifeFit	Providences Inv. Mngmt Pty
Cabonline Group Holding AB	Luxaviation Holding	Questerre 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
Floate!	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%

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Bionvent	IRRAS AB	Pledpharma AB	Shamaran Petroleum
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Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter d, ref the Securities Trading Act Section 3-10

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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 sponsors 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

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