

## Preview on final 2023 numbers (and beyond)

Kontron will report FY 2023 numbers on March 28th. As headline numbers and the guidance for 2024 have already been published, we think that the discussions will most likely focus on closing dates and integration progress in the context of the recently announced acquisitions. We note that the re-rating potential remains high for the share, which is one of the few IoT players in Europe and raise the PT by EUR 2 to EUR 31, the rating remains Buy.

### Headline numbers for FY 2023 already confirmed

Kontron will report FY 2023 numbers on March 28th. Kontron has already confirmed that the 2023 guidance has been met, which pointed at revenues of EUR 1.2bn and a net income of more than EUR 72m, without providing further details. Consensus is at EUR 1,240m for revenues (PAsE: EUR 1,253m) and at EUR 74m for net income (same for PAsE).

### We expect a strong revenue boost from acquisitions in 2024

The guidance for 2024 has also already been published and points at revenues of EUR 1.9bn@10% EBITDA margin. These numbers will be heavily influenced by acquisitions that have already been announced. We estimate that all acquisitions together will contribute revenues of roughly EUR 660m in 2024 and an additional "portfolio effect" (=first time consolidation) of EUR 180m revenues in 2025. These revenues come in addition to an estimated average organic annual growth of 6%.

### The re-rating potential remains high

In the next years, we believe KTN's emphasis will be clearly on the integration of the recent acquisitions. Assuming that KTN is able to manage the integration risks as smoothly as in the past, there is significant upgrade potential for the estimates on the sell-side, with respective implications for the share price. We raise out PT by EUR 2 from EUR 29 to EUR 31, the rating remains buy.

EURm	2021	2022	2023e	2024e	2025e
Revenues	1,342	1,096	1,253	1,988	2,287
EBITDA	126	70	135	189	262
EBIT	63	(2)	94	130	184
EPS	0.75	3.66	1.17	1.61	2.29
EPS adj	0.75	3.66	1.17	1.61	2.29
DPS	0.35	1.00	0.58	0.81	1.14
EV/EBITDA	7.5	12.2	9.7	7.4	5.2
EV/EBIT	15.2	-	14.0	10.8	7.4
P/E adj	19.5	4.2	18.4	13.0	9.2
P/B	2.23	1.53	2.12	1.88	1.66
ROE (%)	11.7	44.2	11.6	15.2	19.2
Div yield (%)	2.4	6.5	2.7	3.8	5.5
Net debt	14	(118)	(52)	71	28

Source: Pareto Securities

Target price (EUR)	31	▲	BUY
Share price (EUR)	21	—	HOLD
		▼	SELL

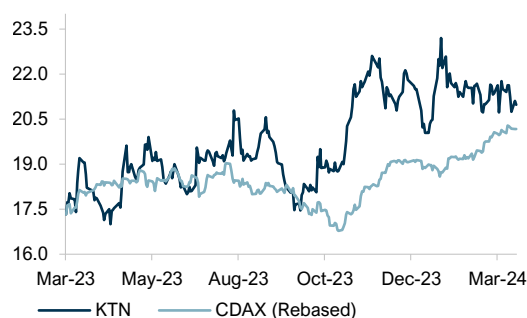
### Forecast changes

%	2023e	2024e	2025e
Revenues	-	16	16
EBITDA	(3)	10	16
EBIT adj	(4)	11	23
EPS reported	(4)	18	29
EPS adj	(4)	18	29

Source: Pareto Securities

Ticker	KTN.DE, KTN GY
Sector	Hardware & Equipment
Shares fully diluted (m)	63.6
Market cap (EURm)	1,334
Net debt (EURm)	-52
Minority interests (EURm)	1
Enterprise value 23e (EURm)	1,316
Free float (%)	0

### Performance



Source: FactSet

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## Outlook on the FY 2023 report and beyond

### Preview 2023

Kontron AG		Pareto 2023e	Consensus 2023e	delta (%)
<b>Revenues</b>	EURm	<b>1,253</b>	<b>1,240</b>	<b>1</b>
<b>EBITDA</b>	EURm	<b>135</b>	<b>135</b>	<b>0</b>
<i>margin</i>	%	10.8%		
<b>EBIT</b>	EURm	<b>94</b>	<b>92</b>	<b>2</b>
<i>margin</i>	%	7.5%	7.4%	6 bps
<b>Net Income (cont. oper.)</b>	EURm	<b>74</b>	<b>74</b>	<b>0</b>
<i>margin</i>	%	5.9%	6.0%	-4 bps
<b>EPS</b>	EUR	<b>1.17</b>	<b>1.15</b>	<b>2</b>

Source: Factset, Pareto Securities

Kontron has already confirmed that the 2023 guidance has been met, which pointed at revenues of EUR 1.2bn and a net income of more than EUR 72m, without providing further details. Consensus is at EUR 1,240m for revenues (PAsE: EUR 1,253m) and at EUR 74m for net income (same for PAsE).

The coming years will be heavily influenced by acquisitions that have already been announced: Comlab and the Cellular Automotive Module have been bought from Telit. On top of that, KTN acquired Hartmann & W-IE-NE-R, BSquare and Katek, of which the latter was clearly the most significant. We estimate that all acquisitions together will contribute revenues of roughly EUR 660m in 2024 and an additional “portfolio effect” (=first time consolidation) of EUR 180m revenues in 2025. These revenues come in addition to an estimated average organic annual growth of 6%. We would not exclude that Kontron will look again for further acquisitions from 2025 onwards, but this is early days.

Regarding EBITDA, we generally assume that sizeable M&A activities might have a certain dilutive effect on the group margin, even though the margin in Q3 2023 even improved compared to H1 despite the contributions by Comlab and Telit. But in general, we think it is prudent to assume that Kontron can realize around 5% EBITDA margin on all newly acquired activities in the first year of consolidation and 11% on all existing activities. Consequently, we expect an EBITDA margin below 11% in 2024, which should improve with an ongoing integration of the acquired activities into the Kontron group.

As a result, we are at revenues of EUR 1,988m, (EUR 2,287m), an EBITDA of EUR 189m (EUR 262m) and at a net income of EUR 103m (EUR 146m) for 2024e (2025e), which is revenue-wise slightly above the company guidance of EUR 1,900m for 2024e and EUR 2,200m for 2025e, but fully in-line on the EBITDA and net income level. All numbers will be affected by (1) the timing of the closing of the acquisitions described above and (2) the degree of changes in the product portfolio of the acquired operations. On top of that, the 2025 number will ultimately depend on the size and profitability of assets that are potentially acquired in the future, of course, which cannot be accurately forecasted by us.

**P&L**

Profit & Loss	2016	2017	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
<b>Revenue</b>	504	882	991	1,123	1,255	1,342	1,096	1,253	1,988	2,287	2,425
% yoy	7.6%	75.1%	12.3%	13.3%	11.7%	6.9%	-18.3%	14.3%	58.7%	15.1%	6.0%
<b>EBITDA</b>	34	68	91	112	130	126	70	135	189	262	291
% of sales	6.8%	7.7%	9.1%	9.9%	10.4%	9.4%	6.4%	10.8%	9.5%	11.4%	12.0%
<b>EBIT</b>	24	42	62	62	69	63	-2	94	130	184	208
% of sales	4.8%	4.7%	6.2%	5.5%	5.5%	4.7%	-0.2%	7.5%	6.5%	8.0%	8.6%
<b>Pretax Profit</b>	20	35	56	54	61	54	-11	86	121	175	199
% of sales	4.0%	4.0%	5.7%	4.8%	4.8%	4.0%	-1.0%	6.9%	6.1%	7.6%	8.2%
<b>Net Profit</b>	15	23	45	49	56	48	232	74	103	146	164
% of sales	2.9%	2.6%	4.5%	4.4%	4.4%	3.6%	21.2%	5.9%	5.2%	6.4%	6.7%
<b>EPS</b>	0.33	0.43	0.70	0.74	0.85	0.75	3.66	1.17	1.61	2.29	2.57
% yoy	-8.9%	30.8%	61.3%	6.4%	14.8%	-11.9%	385.3%	-68.0%	38.0%	41.9%	12.3%
<b>DPS</b>	0.10	0.13	0.16	0.00	0.30	0.35	1.00	0.58	0.81	1.14	1.29
Payout ratio	30%	30%	23%	0%	35%	46%	27%	50%	50%	50%	50%

Source: KTN, Pareto Securities

The consensus estimates published by Factset do obviously not yet account for the acquisitions that have already been announced. Our reading is that if KTN is able to execute on these acquisitions and is able to manage the integration risks as well as in the past, there is significant upgrade potential on the sell-side, with respective implications for the share price.

**Pareto vs consensus**

	2023e			2024e			2025e		
	Pareto	Cons.	Delta	Pareto	Cons.	Delta	Pareto	Cons.	Delta
<b>Revenues</b>	1,252.6	1,239.7	1.0%	1,988.1	1,453.9	36.7%	2,287.3	1,596.7	43.3%
<b>EBITDA</b>	135.1	135.3	-0.2%	189.0	159.1	18.8%	261.9	183.3	42.9%
<b>EBIT</b>	94.1	92.4	1.8%	130.1	108.9	19.4%	184.0	128.7	42.9%
<b>Net result</b>	74.4	74.1	0.4%	102.6	87.5	17.3%	145.6	103.3	41.0%
<b>EPS</b>	1.17	1.15	1.8%	1.61	1.37	18.0%	2.29	1.63	40.7%
<b>EPS adj.</b>	1.17	1.26	-7.4%	1.61	1.50	7.3%	2.29	1.77	29.2%

Source: Factset, Pareto Securities

## Valuation update

### DCF

EUR m	2023e	2024e	Phase I			Phase II					Phase III
			2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	
<b>Revenues</b>	<b>1,253</b>	<b>1,988</b>	<b>2,287</b>	<b>2,425</b>	<b>2,570</b>	<b>2,711</b>	<b>2,847</b>	<b>2,975</b>	<b>3,094</b>	<b>3,202</b>	
<i>growth rate</i>	14%	59%	15%	6%	6%	6%	5%	5%	4%	4%	
<b>EBITDA</b>	<b>135</b>	<b>189</b>	<b>262</b>	<b>291</b>	<b>308</b>	<b>325</b>	<b>342</b>	<b>357</b>	<b>371</b>	<b>384</b>	
<i>EBITDA margin</i>	10.8%	9.5%	11.4%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
<b>Depr. &amp; Amort. (FA)</b>	<b>24</b>	<b>32</b>	<b>47</b>	<b>50</b>	<b>54</b>	<b>89</b>	<b>88</b>	<b>86</b>	<b>88</b>	<b>88</b>	
<i>% of sales</i>	1.9%	1.6%	2.1%	2.1%	2.1%	3.3%	3.1%	2.9%	2.8%	2.8%	
<b>Depr. &amp; Amort. (RoU)</b>	<b>17</b>	<b>27</b>	<b>31</b>	<b>33</b>	<b>35</b>	<b>37</b>	<b>38</b>	<b>40</b>	<b>42</b>	<b>43</b>	
<i>% of sales</i>	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	
<b>EBIT</b>	<b>94</b>	<b>130</b>	<b>184</b>	<b>208</b>	<b>220</b>	<b>199</b>	<b>215</b>	<b>231</b>	<b>242</b>	<b>253</b>	
<i>EBIT margin</i>	7.5%	6.5%	8.0%	8.6%	8.6%	7.4%	7.6%	7.8%	7.8%	7.9%	
<b>Tax</b>	<b>(14)</b>	<b>(21)</b>	<b>(31)</b>	<b>(37)</b>	<b>(44)</b>	<b>(40)</b>	<b>(43)</b>	<b>(46)</b>	<b>(48)</b>	<b>(51)</b>	
<i>Tax rate</i>	15%	16%	17%	18%	20%	20%	20%	20%	20%	20%	
<b>Capex</b>	<b>(36)</b>	<b>(58)</b>	<b>(66)</b>	<b>(70)</b>	<b>(75)</b>	<b>(79)</b>	<b>(83)</b>	<b>(86)</b>	<b>(90)</b>	<b>(93)</b>	
<i>% of sales</i>	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	
<b>Acquisitions (ex NWC)</b>	<b>(64)</b>	<b>(86)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<i>% of sales</i>	5.1%	4.3%	0.0%	0.0%	0.0%	1.5%	2.2%	2.5%	2.7%	9.5%	
<b>Change in WC &amp; P</b>	<b>(16)</b>	<b>(77)</b>	<b>(31)</b>	<b>(14)</b>	<b>(15)</b>	<b>(16)</b>	<b>(17)</b>	<b>(18)</b>	<b>(18)</b>	<b>(19)</b>	
<i>% of sales</i>	1.3%	3.9%	1.4%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
<b>Free Cash Flow</b>	<b>(13)</b>	<b>(79)</b>	<b>102</b>	<b>136</b>	<b>140</b>	<b>154</b>	<b>161</b>	<b>167</b>	<b>173</b>	<b>179</b>	<b>2,833</b>
<i>growth rate</i>	nm	nm	nm	33%	3%	10%	4%	4%	4%	3%	3%
<b>Present Value FCF</b>	<b>(13)</b>	<b>(73)</b>	<b>87</b>	<b>106</b>	<b>99</b>	<b>100</b>	<b>95</b>	<b>90</b>	<b>85</b>	<b>81</b>	<b>1,277</b>

<b>PV Phase I</b>	<b>206</b>	<b>Risk free rate</b>	3.5%	<b>Targ. equity ratio</b>	100%		
<b>PV Phase II</b>	<b>451</b>	<b>Premium Equity</b>	5.0%	<b>Beta</b>	1.2		
<b>PV Phase III</b>	<b>1,277</b>	<b>Premium Debt</b>	1.5%	<b>WACC</b>	9.5%		
<b>Enterprise value</b>	<b>1,934</b>	<b>Sensitivity</b>	<b>Growth in phase III</b>				
- Net debt (cash)	118		<b>2.0%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>3.5%</b>	<b>4.0%</b>
- Pension provisions	-7	<b>8.6%</b>	32.6	34.4	36.6	39.3	42.5
- Minorities & Peripherals	-39	<b>9.0%</b>	30.1	31.7	33.5	35.6	38.2
- Leasing liabilities	-43	<b>WACC 9.5%</b>	32.6	29.3	<b>30.8</b>	32.6	34.7
- Paid-out dividends for last FY	-64	<b>10.0%</b>	26.1	27.2	28.5	30.0	31.7
+ Outstanding purchase price	59	<b>10.5%</b>	24.4	25.4	26.5	27.7	29.2
<b>Equity value</b>	<b>1,959</b>						
Number of shares (m)	63.6						
Value per share (€)	31.0						
Current Price (€)	21.1						
Upside	47%						

Source: Pareto Securities

Our DCF indicates a new price target of EUR 31 (was EUR 29), which translates into an upside of more than 45%. Please be aware that we book the estimated cash outflows for future acquisitions partially in the "Acquisition" column and partially as investments into net working capital (NWC), which consequently is included in the line "Change of WC & P".

For the Katek transaction, we have earmarked a purchase price of EUR 184m, of which EUR 129m are related to the 60% stake taken over from Primepulse + EUR 55m to the estimated 25% of shares that might be tendered by the remaining minority shareholders. Accordingly, we believe that around 15% of Katek's expected net income of EUR 17m for 2024 (~EUR 2.5m) will go to minorities in 2024. Multiplying this number with KTN's current forward PE multiple of ~15x result in a value of EUR 37m for minorities. Accordingly, we will deduct EUR 39m (was EUR 2m before) for minorities from the enterprise value.

EUR 59m of the purchasing price for the IT Service activities that have been sold by KTN are still to be paid by Vinci in the next 12 months, which we add to the equity value.

As usual, we doublecheck our result by a peer multiple approach by multiplying the average multiple of relevant peers with EUR 135m EBITDA that we expect for 2023. In contrast to the DCF approach, we need to additionally deduct the EUR 71m that have been paid for the 2023 acquisitions within the SOTP framework. As a result of this exercise, we arrive at a re-

assuring price level of EUR 32-33 per share. Taking KTN's margin disadvantage compared to Seco and Advantech into account, we think it is prudent to stick to the DCF-derived fair value. The recommendation thus remains "buy".

### Significant re-rating potential

Division	EBITDA 2023e (mEUR)	Peers	EV/ EBITDA x	EV (m EUR)
IoT Business	135	Advantech, Seco Spa	15.8x	2,128
<b>Enterprise value</b>				<b>2,128</b>
- Net debt (cash)				118
- Pension provisions				-7
- Minorities & Peripherals				-39
- Leasing liabilities				-43
- Paid-out dividends for last FY				-64
+ Outstanding purchase price				59
- Payout for 2023 acquisitions				-71
<b>Equity value</b>				<b>2,082</b>
Number of shares (m)				63.6
Value per share (EUR)				<b>32.7</b>
Current Price (EUR)				21.1
Upside				55%

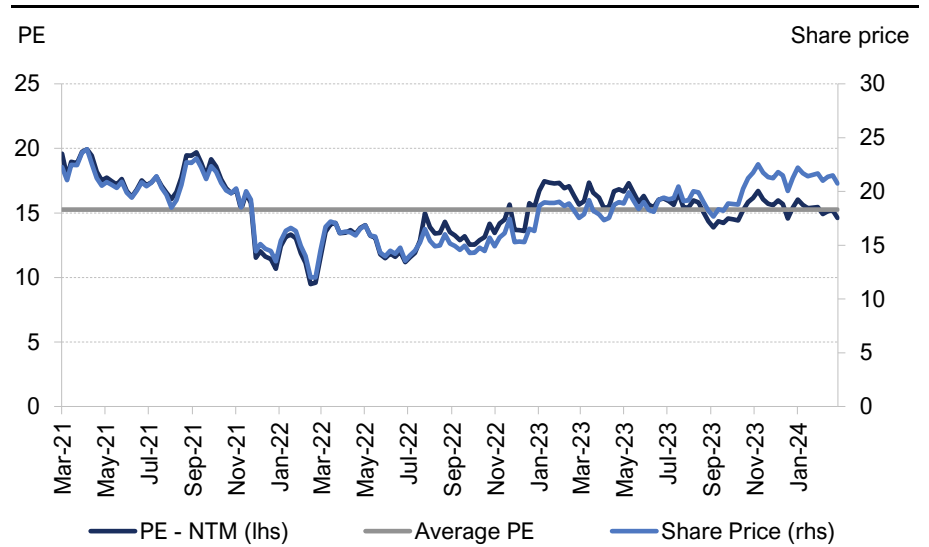
Source: Factset, Pareto Securities

### Peer multiples

Company	Country	Share price	MV (m EUR)	Beta	P/E		EV/EBITDA		EV/EBIT		DY FY1	EBITDA margin	EBITDA/ Assets	
					FY1	FY2	FY1	FY2	FY1	FY2				
<b>IoT</b>														
Advantech Co., Ltd.	TAIWAN	393	9,752	1.0	29.6	26.0	22.3	19.3	24.0	20.7	2.5%	20.5%	19.3%	
SECO S.p.A.	ITALY	3.38	449	0.8	20.6	15.3	9.2	7.4	13.8	10.5	0.0%	21.4%	8.4%	
<b>Median IoT</b>					0.9	25.1	20.6	15.8	13.4	18.9	15.6	1.3%	21.0%	13.8%
<b>Kontron AG</b>														
<b>Kontron</b>	<b>GERMANY</b>	<b>21.0</b>	<b>1,387</b>	<b>0.9</b>	<b>18.4</b>	<b>15.4</b>	<b>9.7</b>	<b>8.3</b>	<b>14.2</b>	<b>12.0</b>	<b>2.6%</b>	<b>10.4%</b>	<b>12.4%</b>	
<b>Premium/ Discount KTN to ...</b>														
IoT Peer Group					-27%	-25%	-38%	-38%	-25%	-23%	107%	-51%	-10%	
												Date	19.03.2024	

Source: Factset, Pareto Securities

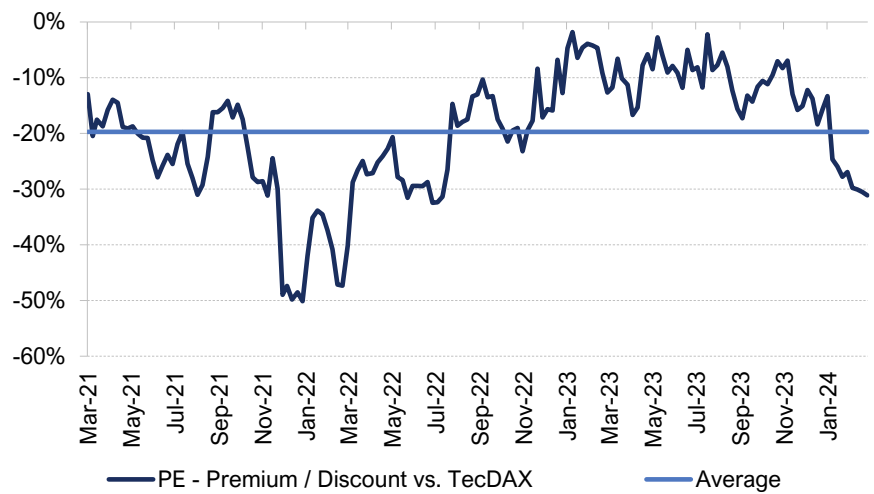
**Historical PE (consensus-based)**



Source: Factset, Pareto Securities




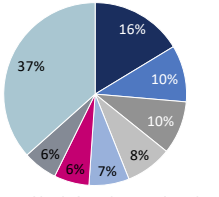
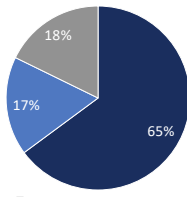
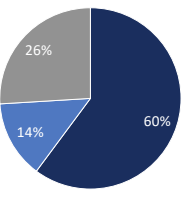
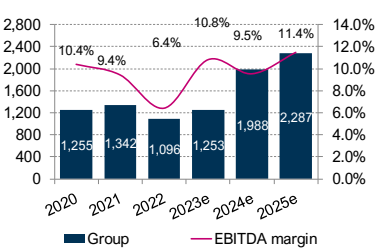


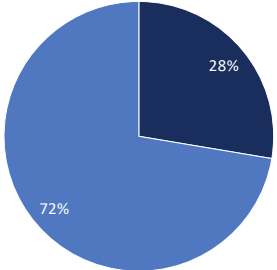
Kontron trades at a 12m forward PE multiple of ~15x, in-line with past levels. However, Kontron continues to trade at a large discount to the TecDax, into which Kontron has been included this year. This also appears incompatible for one of the few European IoT pure plays with excellent growth prospects.

**Discount vs. TecDAX**



Source: Factset, Pareto Securities

At a glance

Business Units	Europe	Global	Software & Solutions					
								
Products/ applications	Contains the divisions Industrial IoT (industrial, medical, defense), ODM, Services (remaining IT Service activities in AT, HU and RO) and Communications (5G solutions).	Acts as sales channels for Industrial IoT Europe in the US and Asia, with proprietary solutions in avionics. Global supply chain hub in Taiwan.	Software: Supplies connectivity SW language for IOT grids. Transport: Supplies communication / data for high speed trains.					
Customers	Industrial: Dräger, Kuka, B&R Industrial Automation, Thales. ODM: TGW, Vector, Gorenje. Communications: DARS, TELEKOM SLOVENIJE, Railway Slovenia, Ukrtelecom	Americas: GE HC, Rockwell, Medtronic, Micron, Caterpillar, TK. Asia: Air China, GE, CRCC, FoxConn	Software: Infineon, Hauser, Zeiss. Transport: DB, SNCF, NRT.					
Market share/ positioning	Market leader in Europe for IoT solutions. Otherwise serving niche markets.	Serving niches markets.	European market leader in transport.					
Drivers	Strong demand for IoT solutions and 5G connectivity. ODM additionally driven by return of production from China	Recovery of avionics. Otherwise same as for Europe.	Early adoption of 5G connectivity. Roll-out of European solutions in US and China.					
Main competitors	Beckhoff, ABB, Seco and Eurotech in IoT. Bechtle, Cancom, and other IT services companies in IT Service.	Mercury, Curtiss Wright, Advantech and Adlink.	In Transport: Nokia, Huawei, Atos.					
Entry barriers/ competitive advantage	High market fragmentation. Limited economies of scale and the dominance of niche markets prevent big players from entering the IoT space. Kontron is in a privileged position through the technology and production collaboration with FoxConn / Ennoconn.							
Strategy & Guidance	<b>Strategy:</b> (I) Concentrate on IoT solutions, longer-term full exit from IT Service conceivable (II) Benefit from megatrends (increased device and machine connectivity, security/firewall requirements, outsourcing) (III) Increase the share of proprietary software in IoT solutions. (IV) Support growth by frequent acquisitions, esp. turnarounds at low multiples.		Revenues: y/y <b>Guidance (11/2023)</b> EUR 1,200m      EUR 1,253m <b>PASE</b> <b>Consensus</b> 9.5%              17.4%              EUR 1,240m EBITDA              EUR 135m              EUR 135m margin              11.0%              11.1%              10.9%					
2022	Sales (EURm) <b>1,096</b> y/y	EBITDA (EURm) <b>70</b> Margin <b>6.4%</b>	EBIT adj. (EURm) <b>-2</b> Margin <b>-0.2%</b>	Sales 5Y hist. CAGR <b>4%</b>				
Sales & EBIT Split	<b>Sales split by region</b> 		<b>Sales split by division</b> 		<b>EBITDA split by division</b> 		<b>Group financial</b> 	
Shareholder structure & management	<b>CEO</b>  <b>Hannes Niederhauser</b> CEO (since 2011) • Hannes Niederhauser joined the company in 2011 as CEO. Following his studies in electrical engineering at the Graz University of Technology, the Austrian-born manager worked as a developer of microchips and in the embedded computer segment. Prior he has been the main shareholder and CEO of Kontron AG from 1999 to 2007, which became the world's largest provider in the field of embedded computing.	<b>CFO, CCO</b>  <b>Clemens Billek</b> CFO, CCO (since 2022) • Clemens Billek is responsible for the topics law, compliance, internal audit, risk management and corporate governance. He started his career at the stock exchange supervisory authority in the Austrian Takeover Commission (later returning as head of the office) and at an international investment bank. Clemens Billek has extensive professional experience in the fields of compliance, legal and IR at listed companies and in the field of digitalization respectively as the founder of a telemedicine platform.	<b>Shareholder structure</b> 					
# of employees FY 2022	<b>4,475</b>							

Source: Company, Pareto Securities

<b>PROFIT &amp; LOSS (fiscal year) (EURm)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
<b>Revenues</b>	<b>991</b>	<b>1,123</b>	<b>1,255</b>	<b>1,342</b>	<b>1,096</b>	<b>1,253</b>	<b>1,988</b>	<b>2,287</b>
<b>EBITDA</b>	<b>91</b>	<b>112</b>	<b>130</b>	<b>126</b>	<b>70</b>	<b>135</b>	<b>189</b>	<b>262</b>
Depreciation & amortisation	(29)	(50)	(62)	(64)	(72)	(41)	(59)	(78)
<b>EBIT</b>	<b>62</b>	<b>62</b>	<b>68</b>	<b>63</b>	<b>(2)</b>	<b>94</b>	<b>130</b>	<b>184</b>
Net interest	(5)	(8)	(8)	(8)	(9)	(8)	(8)	(9)
Other financial items	-	-	-	-	-	-	-	-
<b>Profit before taxes</b>	<b>56</b>	<b>54</b>	<b>61</b>	<b>54</b>	<b>(11)</b>	<b>86</b>	<b>121</b>	<b>175</b>
Taxes	(8)	(5)	(6)	(5)	(2)	(13)	(19)	(30)
Minority interest	(3)	(0)	1	(1)	1	1	1	1
<b>Net profit</b>	<b>45</b>	<b>49</b>	<b>56</b>	<b>48</b>	<b>232</b>	<b>74</b>	<b>103</b>	<b>146</b>
EPS reported	0.70	0.74	0.85	0.75	3.66	1.17	1.61	2.29
<b>EPS adjusted</b>	<b>0.70</b>	<b>0.74</b>	<b>0.85</b>	<b>0.75</b>	<b>3.66</b>	<b>1.17</b>	<b>1.61</b>	<b>2.29</b>
DPS	0.16	-	0.30	0.35	1.00	0.58	0.81	1.14
<b>BALANCE SHEET (EURm)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
Tangible non current assets	37	38	80	86	65	99	161	177
Other non-current assets	273	392	403	424	493	495	543	547
Other current assets	366	483	481	545	445	493	722	815
Cash & equivalents	172	312	282	297	438	372	249	292
<b>Total assets</b>	<b>848</b>	<b>1,226</b>	<b>1,247</b>	<b>1,352</b>	<b>1,441</b>	<b>1,459</b>	<b>1,675</b>	<b>1,831</b>
Total equity	367	385	409	423	636	646	711	804
Interest-bearing non-current debt	113	283	262	311	320	320	320	320
Interest-bearing current debt	-	-	-	-	-	-	-	-
Other Debt	366	549	565	608	479	486	638	700
<b>Total liabilities &amp; equity</b>	<b>848</b>	<b>1,226</b>	<b>1,247</b>	<b>1,352</b>	<b>1,441</b>	<b>1,459</b>	<b>1,675</b>	<b>1,831</b>
<b>CASH FLOW (EURm)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
Cash earnings	48	82	112	84	(0)	98	134	192
Change in working capital	(12)	2	29	12	45	(16)	(77)	(31)
Cash flow from investments	(63)	(56)	(77)	(66)	144	(84)	(143)	(66)
Cash flow from financing	(21)	84	(66)	(20)	(91)	(64)	(37)	(51)
Net cash flow	(45)	141	(30)	15	141	(66)	(123)	43
<b>VALUATION (EURm)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
<b>Share price (EUR end)</b>	<b>15.8</b>	<b>21.3</b>	<b>19.3</b>	<b>14.7</b>	<b>15.3</b>	<b>21.5</b>	<b>21.0</b>	<b>21.0</b>
Number of shares end period	66	66	65	64	64	64	64	64
Net interest bearing debt	(58)	(30)	(20)	14	(118)	(52)	71	28
<b>Enterprise value</b>	<b>998</b>	<b>1,385</b>	<b>1,232</b>	<b>951</b>	<b>856</b>	<b>1,316</b>	<b>1,406</b>	<b>1,362</b>
EV/Sales	1.0	1.2	1.0	0.7	0.8	1.1	0.7	0.6
<b>EV/EBITDA</b>	<b>11.0</b>	<b>12.4</b>	<b>9.5</b>	<b>7.5</b>	<b>12.2</b>	<b>9.7</b>	<b>7.4</b>	<b>5.2</b>
EV/EBIT	16.2	22.4	18.0	15.2	-	14.0	10.8	7.4
P/E reported	22.6	28.6	22.6	19.5	4.2	18.4	13.0	9.2
<b>P/E adjusted</b>	<b>22.6</b>	<b>28.6</b>	<b>22.6</b>	<b>19.5</b>	<b>4.2</b>	<b>18.4</b>	<b>13.0</b>	<b>9.2</b>
P/B	2.9	3.8	3.1	2.2	1.5	2.1	1.9	1.7
<b>FINANCIAL ANALYSIS</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
ROE adjusted (%)	12.9	13.1	14.0	11.6	43.9	11.6	15.1	19.2
Dividend yield (%)	1.0	-	1.6	2.4	6.5	2.7	3.8	5.5
EBITDA margin (%)	9.1	9.9	10.4	9.4	6.4	10.8	9.5	11.4
EBIT margin (%)	6.2	5.5	5.4	4.7	-	7.5	6.5	8.0
NIBD/EBITDA	(0.64)	(0.26)	(0.16)	0.11	(1.69)	(0.39)	0.37	0.11
EBITDA/Net interest	17.56	14.54	16.89	15.02	8.14	16.85	22.41	29.05



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Banheur	243,488	0.57 %
Pareto Bank	16,183,849	21.08 %
Pexip Holding	724,595	0.69 %
SpareBank 1 Nord-Norge	5,006,421	4.99 %
SpareBank 1 SMN	2,945,805	2.27 %
SpareBank 1 SR-Bank	2,468,177	0.97 %
SpareBank 1 Østfold Akerhus	1,234,613	9.97 %
SpareBank 1 Østlandet	6,991,771	6.58 %
Sparebanken Sør	495,000	1.19 %
Sparebanken Vest	9,124,657	8.32 %

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Company	Analyst holdings*	Total holdings
2020 Bulker s		13,924
2G Energy		340
ABB Ltd.		580
ABL Group		34,508
Aker ASA	500	2,241
Aker BP		13,105
Aker Carbon Capture		8,976
AMSC ASA		3,640
Aprila Bank		22,675
Austevoll Seafood		2,923
B3 Consulting Group		2,000
BB Biotech		460
Beer enberg		51,600
Belships		10,000
Biolinvent		15,000
Bonheur		30,618
Bouvet		3,500
BW Energy		50,959
BW LPG		450
BW Offshore		5,222
Cool Company		610
Crayon		21,346
Deep Value Driller		8,600
Dermapharma Holding SE		750
DNB		16,402
DNO		82,731
DOF		1,250
Elkem		75,670
Elmer s Group ASA		32,755
Embracer Group		42,520

Company	Analyst holdings*	Total holdings
Encavis AG		630
Equinor		5,156
Europris		15,018
Flex LNG		295
Frontline		7,429
Gaming Innovation Group		10,010
Genel Energy		5,700
Getinge		260
GFT Technologies		270
Gjensidige Forsikring	519	3,010
Golden Ocean Group		995
Greg Seafood		11,801
Hellma Ltd.		108,178
Hennes & Mauritz B		1,085
Höegh Autoliners		2,463
International Petroleum Corp		7,676
International Seaways		192
Kinnevik AB		495
Kitron		21,138
Komplett ASA		247,114
Kongsberg Gruppen		170
Kontron AG		350
Lea bank		16,355
Lerøy Seafood Group		84,075
Link Mobility Group		115,000
Lundin Mining Corp.		7,652
Magnora ASA		23,201
Morrow Bank		171,200
Mowi		10,476
MPC Container Ships		6,290
Multitude		2,443
Mutar es SE & Co. KGaA		433
NorAm Drilling		6,883
NORBIT		4,070
Nordic Semiconductor		23,951
Norsk Hydro		79,216
Norske Skog		81,764
Norwegian Air Shuttle		3,507
Okeanis Eco Tankers		6,822
Orkla		7,086
Panoro Energy		36,833
Pareto Bank		827,365
PetroTal		20,000
Pexip Holding		724,595
Prøttector Forsikring		9,436
PSI Software		300
Quantafuel		16,665
REC Silicon		7,739
Salmor		224
Sandnes Sparebank		2,500
SATS ASA		12,000
Scorpio Tankers		5,306
Seadrill Ltd		10,910
Securitas AB		656
SpareBank 1 Nord-Norge	725	744
SpareBank 1 SMN		7,443
SpareBank 1 SR-Bank		10,347
SpareBank 1 Østlandet	1,100	2,280
Sparebanken Mar e		950
Sparebanken Sør		15,000
Sparebanken Vest		966
Stolt-Nielsen		2,000
Stora Enso		1,396
Storbrand	100	2,400
Stor tytel		22,115
Subsea 7		21,141
Telenor		3,563
Telia Company		5,000
TGS		11,530
Thule Group		800
TORM		2,000
Transocean		10,000
Valaris		3,427
Vestas Wind Systems		1,275
Viscom		1,300
Volue		69,415
Vår Energi		279,546
Wallenius Wilhelmsen		2,500
Yara		18,449
Zaptec	0	21,500

This overview is updated monthly (last updated 15.03.2024).

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

## Appendix B

Disclosure requirements in accordance with Article 6(1)(c)(iii) of Commission Delegated Regulation (EU) 2016/958

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:

Acr oud AB	Proximar Seal ood
Advanzia Bank S.A.	Quality Living Residential AS
Alva Industri er AS	ReFuel s
AMSC ASA	Rely On Nutec A/ S
APK AS	Saga Robotics ASA
Ar cher	Salmon Evolution
Ar geo AS	Seacrest Petr oleo Ber muda Ltd
Austevoll Seal food	Shamar an Petr oleum
Ayfie Gr oup AS	Solstad Off shore
Beer enber g Services AS	Spar ebanken Ser
Bonheur ASA	SSCP Lager Bidco AB
Bor r Drilling	Talos Production Inc.
BP Inv3 Topco Limited (TWMA)	Tasik Toba Subsea AS
BW Ener gy	Tomagruppen
BW Epic Kosan	Tr easur e ASA
BW Gr oup Limited	Vester ålen Havbru k AS
Cabonline Gr oup Holding	wheel.me
Cadeler	Ziton A/ S
Capsol Technologies ASA	
CEMAsys AS	
Clemens Kr aft AS	
DEAG Deutsche Entertainment AG	
Delignit	
Desert Contr ol AS	
DOF	
Dolphin Drilling	
Edda Wind	
Eidesvik Off shore	
EIK Servering AS	
Ener gy Drilling Pte. Ltd.	
Far fiber ia Corporate S.L.U.	
Fiashbase Gr oup AS	
Floatel	
Fr edrikstad Ener gi AS	
Fr oy ASA	
GC Rieber Shipping ASA	
Gjensidige Forsikring ASA	
Golar LNG	
Golden Ener gy Off shore Services AS	
Gr entvedt	
Her tha BSC GmbH & Co. KGaA	
HMH Holding B.V.	
Huddly AS	
HydrogenPro	
HÖRMANN Industries GmbH	
Inin Gr oup AS	
Insr ASA	
Instabank ASA	
International Petr oleum Corp. ("IPC")	
Katjes International GmbH&CO	
Kezzler AS	
Klavness Combination Carriers ASA	
KMC Properties	
Krow Bidco AS	
Lif eRI Gr oup Midco GmbH	
Logistic Contractors AS	
LoneStar Gr oup	
Minerva Topco AS	
Mintra Gr oup	
Mintra holding AS	
Morrow Bank	
Mutar es SE & Co. KGaA	
NEXT Biometrics Gr oup ASA	
Nordic Aqua Partners AS	
Nordic Hallbut AS	
Nordic Unmanned	
Norse Atlantic	
Norsk Renewables AS	
OKEA	
Otovo ASA	
Pareto Bank	
Pentfield Shipping LLC	
PGS	
PGSASA	
PHM Gr oup Holding	
Point Resources Holding AS	
Prosafe	
Protector Forsikring ASA	

This overview is updated monthly (this overview is for the period 01.03.2023 – 29.02.2024).

## Appendix C

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

### Distribution of recommendations

Recommendation	% distribution
Buy	77%
Hold	22%
Sell	2%

### Distribution of recommendations (transactions\*)

Recommendation	% distribution
Buy	95%
Hold	5%
Sell	0%

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

This overview is updated monthly (last updated 15.03.2024).

## 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:

ADDVise Gr oup AB	Gaming Innovation Gr oup	Xspr ay Phar ma AB
Artificial Solutions International AB	HANZA AB	VEF AB
Awardit AB	Hexicon AB	Vicor e Phar ma Holding AB
Biovica International AB	Renewcell AB	VNV Global AB
Camurus	Xbrane Biophar ma AB	Webr oc Ventur es AB
Cibus Nordic Real Estate AB		

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:

Adtraction AB	Mentice AB	Sedana Medical AB
Implantica AG	Modelon AB	VEF
Lundin Gold		

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:

Aarhus Residentials	Hallsell Property Invest AB	Målar åsen AB
Backaheden Fastighets AB	Kors ången Fastighets AB (publ)	One Publicus Fastighets AB
Bonåsudden Holding AB (publ)	Kr ona Public Real Estate AB	Origa Car e AB (publ)
Borglunda Fastighets AB	Logistri Fastighets AB	Pr eser vium Property AB
Fleming Properties AB		

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 18.03.2024).

## Appendix E

Disclosure requirements in accordance with Article 6(1)(c)(i) of Commission Delegated Regulation (EU) 2016/958

### 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 Ener gy AG	IVU Traffic AG	Pr yme B.V.
adpepper media International N.V.	Kontron AG	PSI AG
Biotech AG	Logwin AG	Pyrum Innovations AG
Biotech AG Pf.d.	manz AG	Salmones Camanchaca S.A.
Cor estate Capital Holding S.A.	MAX Automation SE	Seven Principles AG
Daldrup & Söhne AG	Mer kur Privatbank AG	SHOP APOTHEKE EUROPE N.V.
DEMIRE AG	Meta Wolf AG	SMT Schar f AG
DF Deutsche Forfait AG	MPL SE	Surteco AG
epigenomics AG	MPC Container Ships ASA	SYZGY AG
Foris AG	Muehlhahn AG	TTL Beteiligungs- und Gr undbesitz AG
Gesco AG	Mutar es SE & Co. KGaA	Uzin Utz SE
GFT Technologies SE	OVB Holding AG	VERIANOSSE
Heidelber g Phar ma AG	Pr oCredit Holding AG	Viscom AG
INTERSHOP Communications AG	Pr ogress-Wer k Ober kir ch AG	WPU - Waste Plastic Upcycling AS

## Appendix F

Disclosure requirements in accordance with Article 6(1)(c)(iv) of Commission Delegated Regulation (EU) 2016/958

### Sponsored Research

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

2G Ener gy AG	Gesco AG	Mynaric AG
BB Biotech AG	GFT Technologies SE	OHB SE
Biotech AG	Heidelber g Phar ma AG	pf er dewetten.de
Biotech AG Pf.d.	Hypoport SE	Pr oCredit Holding AG
Clid Digital AG	INTERSHOP Communications AG	Pr ogress-Wer k Ober kir ch AG
Daldrup & Söhne AG	Kontron AG	PSI AG
Delignit	Logwin AG	Siegr ied Holding AG
Der maphar m Holding SE	MAX Automation SE	SMT Schar f AG
Enapter AG	Mer kur Privatbank AG	Surteco AG
epigenomics AG	MPL SE	SYZGY AG
execut Gr oup	Mutar es SE & Co. KGaA	Viscom AG
Expr es2ion Biotech Holding AB		

This overview is updated monthly (last updated 15.03.2024).