



## Update post Q2 results: Buy, TP EUR 440 (EUR 400)

Hypoport has published slightly weaker Q2 results than expected but has confirmed its full-year guidance. While revenue increased by 13% yoy to EUR 89m (PAsE: EUR 96m), EBIT declined by 16% yoy to EUR 6.6m (PAsE: EUR 7.8m). For 2020e Hypoport sticks to its revenue target of between EUR 400m and EUR 440m (PAsE: EUR 422m) and EBIT of between EUR 35m and EUR 40m (PAsE: EUR 37m). In the CC Hypoport's CEO has given an overview about the impact from Covid-19 on Hypoport: the key message is that Hypoport should benefit in all its business units in the mid-term due to an accelerating digitization of the banking/insurance/real estate business. We confirm our Buy recommendation with a new target price of EUR 440 (EUR 400) as the company should continue to benefit from a growing digitalization among banks and insurers. Last but not least, we like the strong EPS growth (2019-2022e EPS CAGR: 21%).

### Q2 in more detail

Revenues increased by 13% yoy to EUR 88.8m which was slightly lower than expected (EUR 96.0m). EBIT declined by 16% yoy to EUR 6.6m and were thus also lower than forecast (EUR 7.8m). EBIT margin amounted to 7.4% (PAsE: 8.1%). Reasons for the somewhat lower than expected profitability seemed to have been among others one-off costs (e.g. move of the HQ, conversion of AG into SE).

### Financials

We leave our earnings estimates unchanged for the current year as we expect profitability to improve in H2 2020.

| EURm          | 2018 | 2019  | 2020e | 2021e | 2022e |
|---------------|------|-------|-------|-------|-------|
| Revenues      | 266  | 337   | 422   | 497   | 577   |
| EBITDA        | 39   | 51    | 57    | 68    | 79    |
| EBIT          | 29   | 33    | 37    | 48    | 58    |
| EPS           | 3.69 | 3.94  | 4.47  | 5.76  | 6.99  |
| EPS adj       | 3.69 | 3.94  | 4.47  | 5.76  | 6.99  |
| DPS           | -    | -     | -     | -     | -     |
| EV/EBITDA     | 24.9 | 40.0  | 47.7  | 39.1  | 33.1  |
| EV/EBIT       | 33.3 | 62.4  | 72.5  | 55.8  | 45.4  |
| P/E adj       | 40.2 | 79.9  | 93.6  | 72.6  | 59.8  |
| P/B           | 6.04 | 11.05 | 12.72 | 10.83 | 9.17  |
| ROE (%)       | 19.1 | 14.9  | 14.6  | 16.1  | 16.6  |
| Div yield (%) | -    | -     | -     | -     | -     |
| Net debt      | 49   | 90    | 90    | 47    | (4)   |

Source: Pareto

|                    |     |
|--------------------|-----|
| Target price (EUR) | 440 |
| Share price (EUR)  | 419 |

### Forecast changes

| %            | 2020e | 2021e | 2022e |
|--------------|-------|-------|-------|
| Revenues     | -     | -     | -     |
| EBITDA       | -     | -     | -     |
| EBIT adj     | -     | -     | -     |
| EPS reported | -     | -     | -     |
| EPS adj      | -     | -     | -     |

Source: Pareto

|                             |                        |
|-----------------------------|------------------------|
| Ticker                      | HYQGN.DE, HYQ GR       |
| Sector                      | Diversified Financials |
| Shares fully diluted (m)    | 6.2                    |
| Market cap (EURm)           | 2,613                  |
| Net debt (EURm)             | 90                     |
| Minority interests (EURm)   | 0                      |
| Enterprise value 20e (EURm) | 2,707                  |

### Performance



Source: Factset

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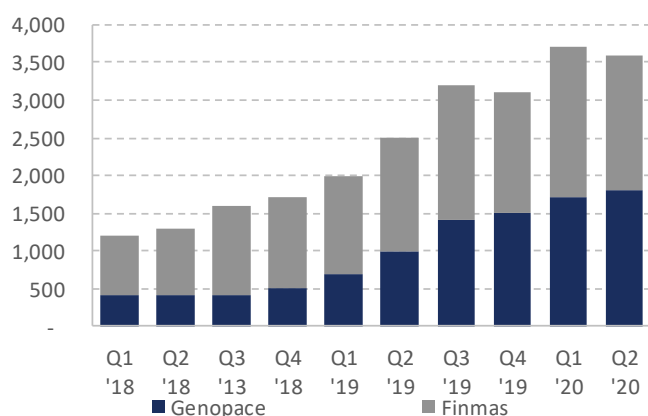
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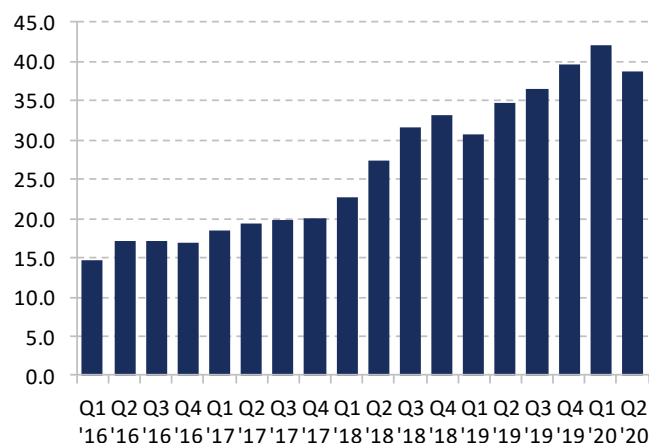
## Credit Platform with further market share gains

Europace once again outgrew the market with a 33% increase of the mortgage finance volume to EUR 17.1bn; based upon Bundesbank figures the market grew by only 12% yoy in Q2. This is clearly a strong development showing Hypoport's good market position and its fully digital business model which enabled it to write new business without interruption during the lock-down while some classical branch-based banks weren't able to do so. Thus, the lock-down should in the mid-to long-term be positive for Hypoport as many banks which not yet use Europace but weren't able to write new business during the lock-down should now be more open to become a customer of Europace as they have seen the advantages of Europace. Genopace (the joint venture with the mutual banks) managed to increase its volume by 80% yoy to EUR 1.8bn, while Finmas achieved 20% growth yoy to EUR 1.8bn as well. Revenue increased by 12% yoy to EUR 38.9m, EBIT was up by 10% yoy to EUR 9.8m, which is equivalent to an EBIT margin of 21.2%. The reason for the somewhat lower revenue growth compared to previous quarters was the banks' reluctance to give out consumer loans in Q2 – Europace's new consumer loan volume was down by 8% yoy in Q2 2020.

**Exhibit 1: Development of transaction volumes (EUR bn)**



**Exhibit 2: Revenue dev. of credit platform (EUR m)**



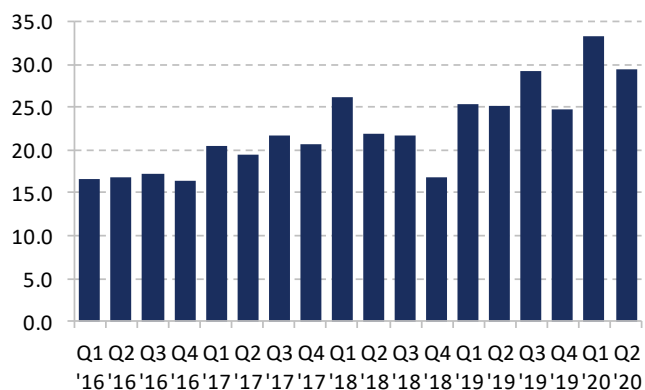
Source: Pareto Securities Research, Hypoport

Source: Pareto Securities Research, Hypoport

## Retail Clients with strong EBIT growth

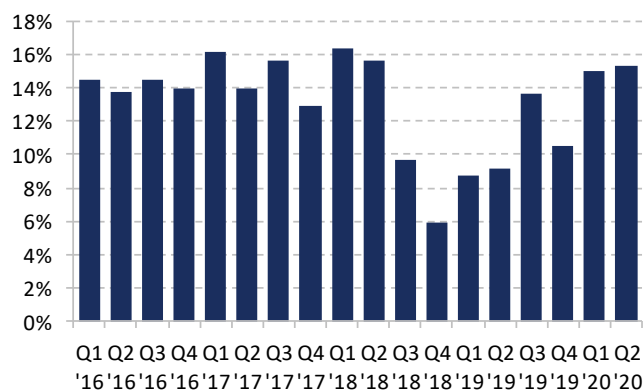
Retail Clients had another good quarter. The volume of brokered loans increased by 22% yoy to EUR 2.2bn, the number of advisors increased by 3 to 531 (only full-time advisors). Dr. Klein managed to increase its revenues by 16% yoy to EUR 29m. EBIT almost doubled yoy to EUR 4.5m, which is equivalent to an EBIT margin of 15.3%, the highest quarterly level since Q2 2018. The strong EBIT increase resulted from a less than proportionate cost growth as Dr. Klein had invested heavily into the integration of regional product partners, digitalization and the build-up of the workforce in 2019. We do however not expect profitability to remain on the high Q2 level in the next quarters, as Hypoport is likely to increase investments again, e.g. into new consultants which grew by only 3 due to the lockdown.

Exhibit 3: Revenue development of retail clients (EUR m)



Source: Pareto Securities Research, Hypoport

Exhibit 4: EBIT margin development of retail clients

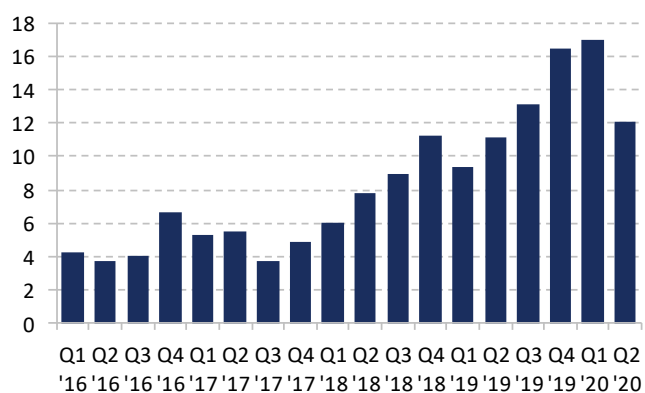


Source: Pareto Securities Research, Hypoport

### Real Estate Platform with somewhat lower growth

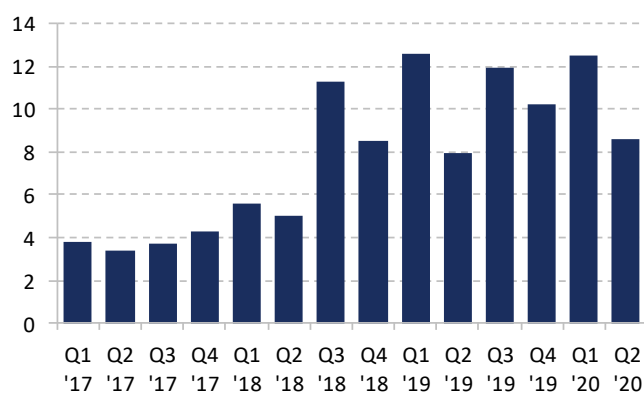
The real estate platform showed a somewhat weaker quarter, compared to Q1 2020, with revenue growth of only 9% yoy to EUR 12.1m. EBIT was negative at EUR -0.6m, mainly due to continued high investments into the property valuation platform. Positively, the property valuation platform showed still strong revenue growth with an increase by 24% yoy underlining the growing demand for this service. The slow-down versus Q1 (+91% yoy) can be explained by a slow-down in business due to the lock-down. The recent lock-down may however give a push to the digitalization of the real estate valuation business in Germany. Hypoport received e.g. the authorization for the digital valuation of real estate properties. The owner of the apartment/house basically takes a video of its apartment/house with its mobile phone while being monitored/guided by the professional real estate valuation expert. We see this as an important step forward because we would expect this policy to remain in place post Covid-19 and to accelerate the digitalization of the business. The property sales and management platform reported an increase by 13% yoy and the revenue from the property financing platform was down by 10% yoy.

Exhibit 5: Revenue dev. of the real estate platform (EUR m)



Source: Pareto Securities Research, Hypoport

Exhibit 6: Revenue dev. of the insurance platform (EUR m)



Source: Pareto Securities Research, Hypoport

### Insurance Platform with somewhat weaker performance

The insurance platform showed again a slightly disappointing performance in Q2 with a revenue increase of 8% yoy but negative EBIT of EUR 1.15m. In H1

Hypoport reached EBIT of EUR -0.8m but the company sticks to its target to reach positive EBIT for the full year. Clearly, the winning of new customers for the insurance platform is a more mid- to long-term project than a short-term one. Positively, Hypoport has won some mid-sized insurers as customers in H1 like e.g. Concordia which has migrated its business on the platform and uses now all of the three different modules. Versicherungskammer has also become a customer of Smart InsurTech and uses one software module.

### Valuation and Recommendation

Our valuation is based upon a DCF (WACC: 7.5%, Terminal value at 79% of total value, terminal growth: 2.75%). We have adjusted our long-term growth assumptions upwards as we expect Europace to be able to faster increase its market share as the recent lock-down should accelerate the ongoing digitalization process among Hypoport's customers. Additionally, we have become more optimistic regarding Hypoport's future profitability development. In the mid-term we see declining investment needs for Hypoport and hence EBIT margins should grow to almost 20%. Based upon the new assumptions we have derived a new target price of EUR 440 (EUR 400).

The shares are trading at a premium to other German financial service companies (HYP 2021e PER: 73x, average of selected German Financial Service companies 2021e PER: 18x) 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 (2021e PER: 60x), which will however suffer from the coronavirus, or Scout 24 (2021e PER: 48x) or growing software companies like Nemetschek (2021e PER: 58x) Hypoport's valuation looks more to be in line.

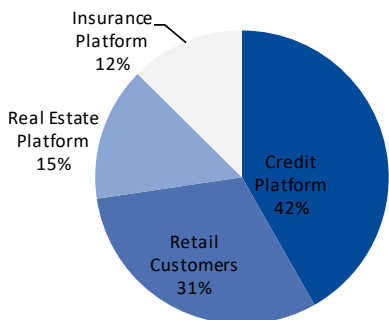
### Exhibit 7: DCF Valuation

| Expectations in EUR m            | Phase I      |            |            |            | Phase II              |              |                            |                            |              |              | Phase III   |
|----------------------------------|--------------|------------|------------|------------|-----------------------|--------------|----------------------------|----------------------------|--------------|--------------|-------------|
|                                  | 2020         | 2021       | 2022       | 2023       | 2024                  | 2025         | 2026                       | 2027                       | 2028         | 2029         |             |
| <b>Revenues</b>                  | <b>422</b>   | <b>497</b> | <b>577</b> | <b>658</b> | <b>750</b>            | <b>852</b>   | <b>964</b>                 | <b>1,088</b>               | <b>1,223</b> | <b>1,371</b> |             |
| growth rate                      | 25.0%        | 18.0%      | 16.0%      | 14.0%      | 14.0%                 | 13.6%        | 13.2%                      | 12.8%                      | 12.4%        | 12.1%        |             |
| <b>EBIT</b>                      | <b>37</b>    | <b>48</b>  | <b>58</b>  | <b>71</b>  | <b>90</b>             | <b>114</b>   | <b>143</b>                 | <b>176</b>                 | <b>215</b>   | <b>261</b>   |             |
| EBIT Margin                      | 8.9%         | 9.6%       | 10.0%      | 10.8%      | 12.0%                 | 13.4%        | 14.8%                      | 16.2%                      | 17.6%        | 19.0%        |             |
| <b>Tax</b>                       | <b>-7</b>    | <b>-10</b> | <b>-12</b> | <b>-14</b> | <b>-20</b>            | <b>-25</b>   | <b>-31</b>                 | <b>-39</b>                 | <b>-47</b>   | <b>-57</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>28</b>    | <b>32</b>                  | <b>36</b>                  | <b>40</b>    | <b>45</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>-31</b>                 | <b>-35</b>                 | <b>-39</b>   | <b>-44</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>-17</b>   | <b>-2</b>  | <b>-2</b>  | <b>-2</b>  | <b>-2</b>             | <b>-3</b>    | <b>-3</b>                  | <b>-3</b>                  | <b>-4</b>    | <b>-4</b>    |             |
| % of revenue                     | 4.1%         | 0.4%       | 0.3%       | 0.3%       | 0.3%                  | 0.3%         | 0.3%                       | 0.3%                       | 0.3%         | 0.3%         |             |
| <b>Free Cash Flow</b>            | <b>18</b>    | <b>43</b>  | <b>51</b>  | <b>63</b>  | <b>69</b>             | <b>87</b>    | <b>109</b>                 | <b>135</b>                 | <b>165</b>   | <b>200</b>   |             |
| growth rate                      | nm           | nm         | nm         | nm         | 8.5%                  | 27.1%        | 25.3%                      | 23.7%                      | 22.3%        | 21.1%        |             |
| <b>Present Value CF</b>          | <b>18</b>    | <b>38</b>  | <b>43</b>  | <b>50</b>  | <b>50</b>             | <b>59</b>    | <b>69</b>                  | <b>79</b>                  | <b>90</b>    | <b>102</b>   |             |
| <b>PV Phase I</b>                | <b>149</b>   |            |            |            | <b>Market Cap</b>     | <b>2,061</b> |                            | <b>Target equity ratio</b> |              | <b>80%</b>   |             |
| <b>PV Phase II</b>               | <b>450</b>   |            |            |            | <b>Risk premium</b>   | <b>5.00%</b> |                            | <b>Beta</b>                |              | <b>1.0</b>   |             |
| <b>PV Phase III</b>              | <b>2,228</b> |            |            |            | <b>Risk-free rate</b> | <b>3.50%</b> |                            | <b>WACC</b>                |              | <b>7.5%</b>  |             |
| <b>Enterprise value</b>          | <b>2,827</b> |            |            |            | <b>Sensitivity</b>    |              | <b>Growth in Phase III</b> |                            |              |              |             |
| + Cash                           | <b>25</b>    |            |            |            | <b>Analysis</b>       |              | <b>1.8%</b>                | <b>2.3%</b>                | <b>2.8%</b>  | <b>3.3%</b>  | <b>3.8%</b> |
| - Debt                           | <b>105</b>   |            |            |            | <b>6.71%</b>          | 445          | 487                        | 540                        | 608          | 699          |             |
| <b>Equity Value</b>              | <b>2,747</b> |            |            |            | <b>7.08%</b>          | 407          | 442                        | 485                        | 540          | 611          |             |
| Number of shares                 | <b>6.2</b>   |            |            |            | <b>WACC</b>           | <b>7.45%</b> | 374                        | 404                        | <b>440</b>   | 484          | 541         |
|                                  |              |            |            |            | <b>7.82%</b>          | 346          | 371                        | 401                        | 438          | 483          |             |
| <b>Value per share</b>           | <b>440</b>   |            |            |            | <b>8.20%</b>          | 321          | 342                        | 368                        | 398          | 436          |             |

Source: Pareto Securities Research

Exhibit 8: Investment Case in Charts

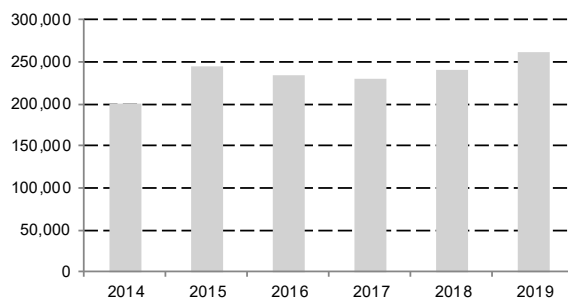
Revenues split (2019)



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

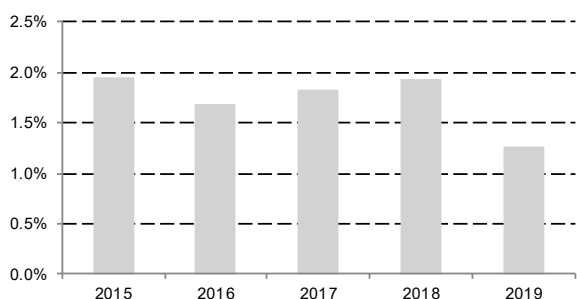
Market development (new mortgage loans in EUR m)



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

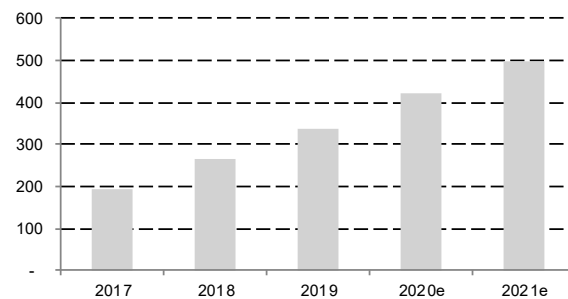
10YR Mortgage Rate development



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

Source: Hypoport, Pareto Sec. Research

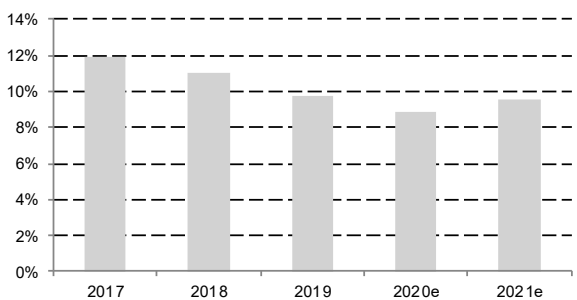
Revenues development (in EUR m)



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

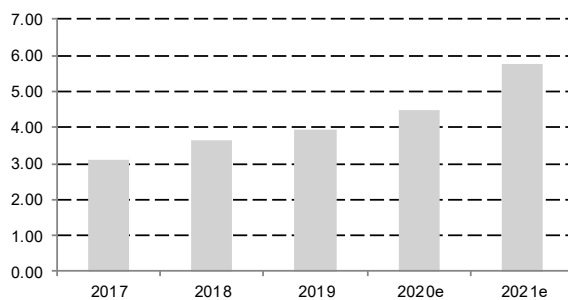
EBIT margin development



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 9: At a Glance

| Business Units                        | Credit Platform   | Private Clients  | Real Estate Platform   | Insurance Platform   |
|---------------------------------------|---|--|--|--|
|                                       |   | <br>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.<br><br>Although we do not have any figures we do not see Europace being dependent on a few single customers.   | Customers are normal retail customers with average financing needs. Mortgage customers should be above average incomes.<br><br>Very diversified customer base, no dependence on single customers at all. | Customers of Dr. Klein are professional real estate investors, mainly public housing investors. Customers of FIO and Value are mainly banks.<br><br>We do not have any figures, but the dependence on single customers may be somewhat higher for Dr. Klein.   | Potential customers include insurance brokers, IFAs and insurance companies. At the moment HYP has only customers which use certain parts of the software.<br><br>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/softair.  |
| 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><br>(I) Winning more customers for Europace to realize economies of scale.<br>(II) Build-up of an insurance marketplace in the mid-to-long term.<br>(III) Developing Private Clients further which should continue to benefit from the housing boom in Germany.<br>(IV) Further develop the real estate platform. |  | <b>Guidance 2020:</b><br>Revenue: EUR 400m-440m<br>EBIT EUR 35m-40m  | <b>Pareto Estimates</b><br>Revenue: 422 y/y<br>EBIT 37.3<br><b>Consensus</b><br>409<br>21.2%<br>37.3   |
| 2019                                  | Sales (EURm) 337.2<br>Margin 26.8%  | EBITDA (EURm) 51.5<br>Margin 15.3%   | EBIT (EURm) 33.0<br>Margin 9.8%  | EPS 3Y hist. CAGR 9.5%   |
| Sales & EBIT Split                    |   |  |  |  |
| Shareholder structure & management    | <b>CEO</b><br><br>Ronald Slabke<br>Major shareholder and CEO (since 2010)   |  | <b>Stephan Gawarecki</b><br><br>Board Member (since 2010)  |  |
| # of employees FY 2019                | 1,941   |  |  |  |
|                                       | <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>                        |  | <ul style="list-style-type: none"> <li>With Dr. Klein since 2004</li> <li>almost 20 years experience in the banking/insurance industry</li> <li>Prior to his career at Dr. Klein Mr. Gwarecki worked for FinanceScout24 and Deutscher Ring</li> <li>Mr. Gawarecki is responsible for the segments Private Clients and Insurance Platform.</li> </ul> |  |
|                                       |   |  |  |  |

Source: Hypoport, Pareto Securities

| <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>139</b>  | <b>157</b>  | <b>195</b>   | <b>266</b>   | <b>337</b>   | <b>422</b>   | <b>497</b>   | <b>577</b>   |
| <b>EBITDA</b>                                  | <b>25</b>   | <b>28</b>   | <b>30</b>    | <b>39</b>    | <b>51</b>    | <b>57</b>    | <b>68</b>    | <b>79</b>    |
| Depreciation & amortisation                    | (6)         | (5)         | (7)          | (10)         | (19)         | (19)         | (20)         | (21)         |
| <b>EBIT</b>                                    | <b>19</b>   | <b>23</b>   | <b>23</b>    | <b>29</b>    | <b>33</b>    | <b>37</b>    | <b>48</b>    | <b>58</b>    |
| Net interest                                   | 0           | 0           | 1            | 1            | 1            | 0            | -            | -            |
| Other financial items                          | (1)         | (1)         | (1)          | (2)          | (2)          | (2)          | (2)          | (2)          |
| <b>Profit before taxes</b>                     | <b>19</b>   | <b>23</b>   | <b>23</b>    | <b>28</b>    | <b>31</b>    | <b>35</b>    | <b>46</b>    | <b>55</b>    |
| Taxes  | (3)         | (5)         | (5)          | (6)          | (7)          | (7)          | (10)         | (12)         |
| Minority interest                              | -           | -           | -            | -            | -            | -            | -            | -            |
| <b>Net profit</b>                              | <b>16</b>   | <b>18</b>   | <b>18</b>    | <b>22</b>    | <b>25</b>    | <b>28</b>    | <b>36</b>    | <b>44</b>    |
| EPS reported                                   | 2.63        | 3.02        | 3.10         | 3.69         | 3.94         | 4.47         | 5.76         | 6.99         |
| <b>EPS adjusted</b>                            | <b>2.63</b> | <b>3.02</b> | <b>3.10</b>  | <b>3.69</b>  | <b>3.94</b>  | <b>4.47</b>  | <b>5.76</b>  | <b>6.99</b>  |
| DPS  | -           | -           | -            | -            | -            | -            | -            | -            |
| <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                    | 3           | 3           | 4            | 10           | 35           | 29           | 22           | 15           |
| Other non-current assets                       | 38          | 52          | 68           | 211          | 269          | 263          | 261          | 259          |
| Other current assets                           | 31          | 35          | 54           | 53           | 62           | 61           | 63           | 65           |
| Cash & equivalents                             | 25          | 22          | 14           | 32           | 25           | 16           | 60           | 113          |
| <b>Total assets</b>                            | <b>96</b>   | <b>112</b>  | <b>141</b>   | <b>306</b>   | <b>392</b>   | <b>369</b>   | <b>407</b>   | <b>453</b>   |
| Total equity                                   | 53          | 64          | 83           | 153          | 178          | 206          | 242          | 286          |
| Interest-bearing non-current debt              | 7           | 6           | 13           | 71           | 98           | 100          | 102          | 104          |
| Interest-bearing current debt                  | 4           | 4           | 3            | 10           | 16           | 5            | 5            | 5            |
| Other Debt                                     | 32          | 37          | 42           | 71           | 98           | 58           | 58           | 58           |
| <b>Total liabilities &amp; equity</b>          | <b>96</b>   | <b>112</b>  | <b>141</b>   | <b>306</b>   | <b>392</b>   | <b>369</b>   | <b>407</b>   | <b>453</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                                  | 24          | 26          | 24           | 35           | 45           | 30           | 56           | 65           |
| Change in working capital                      | 3           | (8)         | (16)         | 6            | 1            | (17)         | (2)          | (2)          |
| Cash flow from investments                     | (7)         | (13)        | (21)         | (86)         | (60)         | (12)         | (12)         | (12)         |
| Cash flow from financing                       | (7)         | (7)         | 5            | 63           | 7            | (10)         | 2            | 2            |
| Net cash flow                                  | 13          | (2)         | (8)          | 19           | (7)          | (9)          | 44           | 53           |
| <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>80.5</b> | <b>77.8</b> | <b>145.4</b> | <b>148.2</b> | <b>315.0</b> | <b>418.5</b> | <b>418.5</b> | <b>418.5</b> |
| Number of shares end period                    | 6           | 6           | 6            | 6            | 6            | 6            | 6            | 6            |
| Net interest bearing debt                      | (13)        | (12)        | 2            | 49           | 90           | 90           | 47           | (4)          |
| <b>Enterprise value</b>                        | <b>473</b>  | <b>451</b>  | <b>867</b>   | <b>975</b>   | <b>2,057</b> | <b>2,707</b> | <b>2,664</b> | <b>2,613</b> |
| EV/Sales                                       | 3.4         | 2.9         | 4.4          | 3.7          | 6.1          | 6.4          | 5.4          | 4.5          |
| <b>EV/EBITDA</b>                               | <b>18.9</b> | <b>15.9</b> | <b>28.8</b>  | <b>24.9</b>  | <b>40.0</b>  | <b>47.7</b>  | <b>39.1</b>  | <b>33.1</b>  |
| EV/EBIT  | 24.6        | 19.4        | 37.2         | 33.3         | 62.4         | 72.5         | 55.8         | 45.4         |
| P/E reported                                   | 30.6        | 25.8        | 46.9         | 40.2         | 79.9         | 93.6         | 72.6         | 59.8         |
| <b>P/E adjusted</b>                            | <b>30.6</b> | <b>25.8</b> | <b>46.9</b>  | <b>40.2</b>  | <b>79.9</b>  | <b>93.6</b>  | <b>72.6</b>  | <b>59.8</b>  |
| P/B  | 9.3         | 7.2         | 10.5         | 6.0          | 11.0         | 12.7         | 10.8         | 9.2          |
| <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 (%)                               | 34.7        | 31.0        | 25.1         | 19.0         | 14.8         | 14.5         | 16.1         | 16.6         |
| Dividend yield (%)                             | -           | -           | -            | -            | -            | -            | -            | -            |
| EBITDA margin (%)                              | 18.0        | 18.1        | 15.5         | 14.7         | 15.3         | 13.5         | 13.7         | 13.7         |
| EBIT margin (%)                                | 13.9        | 14.8        | 12.0         | 11.0         | 9.8          | 8.9          | 9.6          | 10.0         |
| NIBD/EBITDA                                    | (0.54)      | (0.41)      | 0.07         | 1.25         | 1.75         | 1.58         | 0.69         | (0.05)       |
| EBITDA/Net interest                            | -           | -           | -            | -            | -            | -            | -            | -            |





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| Helgeland Sparebank    | 2,009,280     | 9.63%         | SpareBank 1 SMN              | 1,881,442     | 1.45%         |
| NHST Media Group AS    | 17,900        | 1.39%         | SpareBank 1 Østfold Akershus | 1,139,560     | 9.20%         |
| Pareto Bank ASA        | 14,901,908    | 21.33%        | Sparebanken Møre             | 305,239       | 3.09%         |
| Selvaag Bolig ASA      | 2,177,497     | 2.32%         | Sparebanken Sør              | 433,444       | 2.77%         |
| SpareBank 1 BV         | 1,655,220     | 2.62%         | Sparebanken Vest             | 6,370,851     | 5.94%         |
| SpareBank 1 Nord-Norge | 3,245,605     | 3.23%         | Totens Sparebank             | 78,246        | 1.28%         |

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|---------------------------|-------------------|----------------|--------------------------|-------------------|----------------|------------------------|-------------------|----------------|
| Adevinta                  | 0                 | 574            | Golden Ocean Group       | 0                 | 1,744          | Quantafuel             | 0                 | 2,540          |
| AF Gruppen                | 0                 | 19,185         | Grieg Seafood            | 0                 | 6,258          | REC Silicon            | 0                 | 32,708         |
| Aker                      | 0                 | 791            | Hafnia Limited           | 0                 | 30,000         | SalMar                 | 0                 | 385            |
| Aker BP                   | 0                 | 23,126         | Helgeland Sparebank      | 0                 | 2,777          | Sandnes Sparebank      | 0                 | 25,782         |
| American Shipping Company | 0                 | 3,500          | Ice Group                | 0                 | 104,391        | Sbanken                | 0                 | 4,520          |
| Atlantic Sapphire         | 0                 | 1,105          | Jæren Sparebank          | 0                 | 500            | Scatec Solar           | 0                 | 35,000         |
| Austevoll Seafood         | 0                 | 635            | Komplett Bank            | 0                 | 94,300         | Schibsted ASA A Aksjer | 0                 | 232            |
| Avance Gas                | 0                 | 4,456          | Kongsberg Gruppen        | 0                 | 34,274         | Schibsted ASA B Aksjer | 0                 | 607            |
| Axactor                   | 0                 | 11,376         | KWS                      | 75                | 75             | Selvaag Bolig          | 0                 | 2,350          |
| Bakkafrost                | 0                 | 204            | Lerøy Seafood            | 0                 | 3,814          | SpareBank 1 BV         | 0                 | 22,000         |
| BASF                      | 270               | 270            | Mowi                     | 0                 | 3,779          | SpareBank 1 Nord-Norge | 0                 | 26,050         |
| Bonheur                   | 0                 | 37,076         | NORBIT                   | 0                 | 8,155          | SpareBank 1 SMN        | 0                 | 18,740         |
| BRABank                   | 0                 | 1,371,000      | Nordic Semiconductor     | 0                 | 6,765          | SpareBank 1 SR-Bank    | 0                 | 42,601         |
| BW Energy Limited         | 0                 | 43,075         | Norsk Hydro              | 0                 | 102,321        | SpareBank 1 Østlandet  | 0                 | 7,921          |
| BW Offshore               | 0                 | 8,326          | Norske Skog              | 0                 | 3,550          | Sparebanken Sør        | 0                 | 16,135         |
| DNB                       | 0                 | 31,464         | Norwegian Air Shuttle    | 0                 | 40,028         | Sparebanken Vest       | 0                 | 14,924         |
| DNO                       | 0                 | 499,263        | Norwegian Finans Holding | 0                 | 3,310          | Sparebanken Øst        | 0                 | 1,500          |
| Elkem                     | 0                 | 5,218          | NTS                      | 0                 | 2,172          | Stolt-Nielsen          | 0                 | 41,317         |
| Entra                     | 0                 | 10,537         | Ocean Yield              | 0                 | 46,005         | Storebrand             | 0                 | 7,552          |
| Equinor                   | 0                 | 5,002          | Okeanis Eco Tankers      | 0                 | 2,000          | Subsea 7               | 0                 | 3,198          |
| Europpris                 | 0                 | 13,469         | Orkla                    | 0                 | 18,699         | Telenor                | 0                 | 2,076          |
| Fjord1                    | 0                 | 50,000         | Panoro Energy            | 0                 | 9,285          | TGS-NOPEC              | 0                 | 2,000          |
| Fjordkraft Holding        | 0                 | 12,000         | Pareto Bank              | 0                 | 1,278,298      | VOW ASA                | 0                 | 6,281          |
| Frontline                 | 0                 | 28,710         | Pexip Holding            | 0                 | 7,000          | XXL                    | 0                 | 12,573         |
| Gjensidige Forsikring     | 0                 | 7,280          | Protector Forsikring     | 0                 | 14,000         | Yara International     | 0                 | 14,175         |

This overview is updated monthly (last updated 10.07.2020).

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

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|                               |                                    |                            |   |
|-------------------------------|------------------------------------|----------------------------|---|
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| Acconer AB                    | Helgeland Sparebank                | Pinewood Laboratories      |   |
| Advanzia Bank                 | HKN Energy Ltd                     | Pioneer Property Group     |   |
| Africa Energy                 | Ice Group                          | Pioneer Property Group ASA |   |
| African Petroleum Corporation | ICW Holding                        | Providences Inv. Mngmt Pty |   |
| Aker ASA                      | Kingfish Zeeland                   | Salmon Evolution AS        |   |
| American Tanker, Inc.         | Klaveness Combination Carriers ASA | Sandnes Sparebank          |   |
| Aprila Bank ASA               | Komplett Bank ASA                  | Scorpio Bulkers Inc.       |   |
| Belships                      | Kongsberg Automotive               | Seadrill                   |   |
| Boreal Holding AS             | LifeFit                            | Sparebanken Vest           |   |
| Borr Drilling Ltd.            | Luxaviation Holding                | Stolt Nilsen               |   |
| BRABank                       | Mercell Holding AS                 | TEMPTON Dienstleistungen   |   |
| BRABank ASA                   | Monobank ASA                       | United Camping AB          |   |
| BW Energy                     | Mutares SE & Co. KGaA              |                            | - |
| Cabonline Group Holding AB    | Navigator Holdings                 |                            | - |
| Cibus Nordic Real Estate AB   | Next Biometrics Group ASA ("NEXT") |                            | - |
| Digiplex                      | Northern Ocean                     |                            | - |
| DOF ASA                       | Norwegian Air Shuttle              |                            | - |
| DOF Subsea AS                 | Nouveau Monde Graphite             |                            | - |
| Erwe Immobilien               | Ocean Yield                        |                            | - |
| Euromicron AG                 | Odffell SE                         |                            | - |
| Filo Mining Corp              | Pareto Bank                        |                            | - |
| Floatel                       | Petroleum Geo-Services             |                            | - |

*This overview is updated monthly (this overview is for the period 30.06.2019 – 30.06.2020).*

## Appendix C

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

### Distribution of recommendations

| Recommendation | % distribution |
|----------------|----------------|
| Buy            | 64%            |
| Hold           | 31%            |
| Sell           | 4%             |

### Distribution of recommendations (transactions\*)

| Recommendation | % distribution |
|----------------|----------------|
| Buy            | 75%            |
| Hold           | 25%            |
| 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 10.07.2020).

## 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

|          |                       |                  |                    |
|----------|-----------------------|------------------|--------------------|
| Azelio   | Jetpak Top Holding AB | Pexip Holding    | Sedana Medical     |
| Bionvent | Mentice AB            | Pledpharma AB    | Shamaran Petroleum |
| IRRAS AB | Minesto               | 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           | SciBase Holding    | Surgical Science        |
| Cibus Nordic Real Estate      | Minesto                   | Sedana Medical     | Tethys Oil              |
| Isotof Medical                | Saltängen Property Invest | Shamaran Petroleum | Vostok Emerging Finance |

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 | Mälåråsen      |
| 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 15.07.2020).

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

\* 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                  |                      |

This overview is updated monthly (last updated 15.07.2020).