



## Strong Q1 results and confirmed 2020 guidance

Hypoport has reported strong Q1 results which were better than expected. Sales were up by 28% yoy to EUR 101m (PAsE: EUR 97m) and EBIT increased by 31% yoy to EUR 10.5m (EUR 8.4m). EBIT margin was up by 30 bps yoy to 10.5%, a good level. Positively, the company has confirmed its full-year guidance of achieving revenues of between EUR 400m and EUR 440m and EBIT of between EUR 35m and EUR 40m. The strong Q1 results were a positive surprise but even more so the confirmed 2020 guidance. We confirm our Buy recommendation with a new target price of EUR 400 (EUR 300) as the growth story remains intact (2019-2022e EPS CAGR: 21%). The recent lock-down should be even positive for Hypoport in the mid-term as it will accelerate the digitalization process in the banking and insurance industry which would be c.p. positive for Hypoport.

### Q1 in more detail

Revenues increased by 28% yoy to EUR 100.6m in Q1, Europace (delta of EUR 10m) and the retail platform (delta of EUR 8m) were the main contributors in absolute terms. EBITDA increased even by 35% yoy to EUR 16.7m due to a slightly improved gross margin and a more than proportionate growth of own work capitalized and other revenues. EBIT increased by "only" 31% yoy to EUR 10.5m as depreciation charges were up by 42% yoy.

### Financials

On the back of the confirmed 2020 earnings guidance we leave our 2020e/2021e earnings estimates unchanged.

EURm	2017	2018	2019	2020e	2021e
Revenues	195	266	337	422	497
EBITDA	30	39	51	57	68
EBIT	23	29	33	37	48
EPS	3.10	3.69	3.94	4.47	5.76
EPS adj	3.10	3.69	3.94	4.47	5.76
DPS	-	-	-	-	-
EV/EBITDA	28.8	24.9	40.0	43.7	35.7
EV/EBIT	37.2	33.3	62.4	66.4	51.0
P/E adj	46.9	40.2	79.9	85.4	66.3
P/B	10.46	6.04	11.05	11.61	9.88
ROE (%)	25.2	19.1	14.9	14.6	16.1
Div yield (%)	-	-	-	-	-
Net debt	2	49	90	90	47

Source: Pareto

Target price (EUR)	400
Share price (EUR)	382

### Forecast changes

%	2020e	2021e	2022e
Revenues	0	0	0
EBITDA	0	(0)	(4)
EBIT adj	0	(1)	(5)
EPS reported	(0)	0	(5)
EPS adj	(0)	0	(5)

Source: Pareto

Ticker	HYQGN.DE, HYQ GR
Sector	Diversified Financials
Shares fully diluted (m)	6.2
Market cap (EURm)	2,386
Net debt (EURm)	90
Minority interests (EURm)	0
Enterprise value 20e (EURm)	2,478

### Performance



Source: Factset

**Pareto Securities AS has been paid by the issuer to produce this research report. This material is considered by Pareto Securities to qualify as an acceptable minor non-monetary benefit according to the EU MIFID 2 directive.**

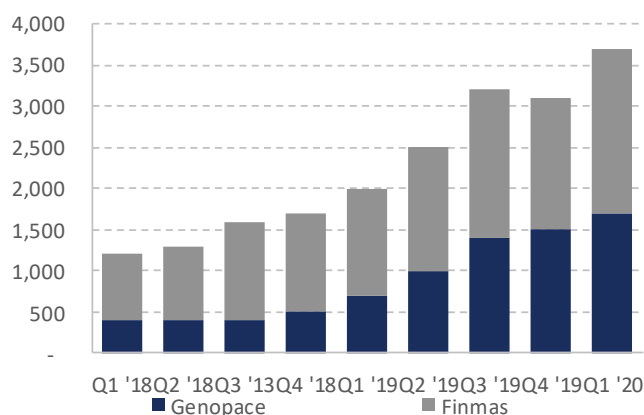
### Analysts

Dr Philipp Häßler CFA  
+49 69 58997 414, philipp.haessler@paretosec.com

## Credit Platform with market share gains

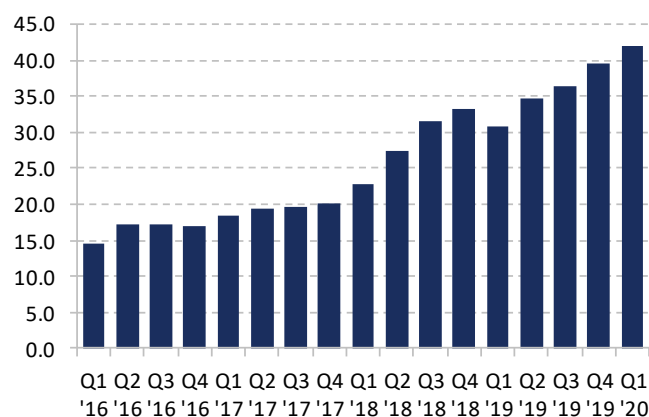
Europace once again outgrew the market with a 38% increase of the mortgage finance volume to EUR 16.7bn; based upon Bundesbank figures the market grew by only 10% yoy in Q1. This is clearly a strong development showing Hypoport's good market position and its ability to realize its growth potential (e.g. among mutual and savings banks). Genopace (the joint venture with the mutual banks) managed to increase its volume by 153% yoy to EUR 1.6bn, while Finmas achieved 50% growth yoy to EUR 1.8bn. Revenue increased by 32% yoy to EUR 40.6m, EBIT was up by 24% yoy to EUR 8.0m, which is equivalent to an EBIT margin of 19.9%.

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



Source: Pareto Securities Research, Hypoport

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

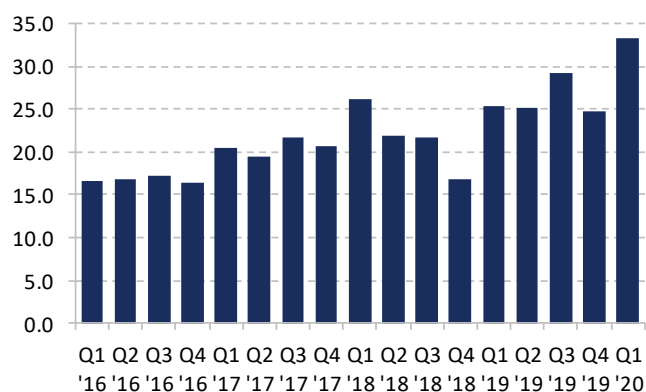


Source: Pareto Securities Research, Hypoport

## Retail Clients with strong revenue and EBIT growth

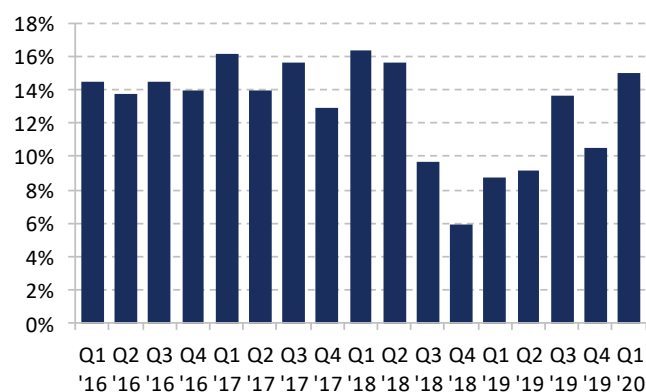
Similar to Europace the private clients unit had a strong Q1 2020. The volume of brokered loans increased by 39% yoy to EUR 2.4bn, the number of advisors increased by 29 to 528 (only full-time advisors). Dr. Klein managed to increase its revenues by 31% yoy to EUR 33m. EBIT more than doubled yoy to EUR 5.0m, which is equivalent to an EBIT margin of 15.1%, the highest quarterly level since Q2 2018. The strong EBIT 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. Although we do not expect profitability to remain on the high Q1 level in the next quarters, Hypoport's CEO sounded quite positively for the further development of the retail clients unit in 2020.

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



Source: Pareto Securities Research, Hypoport

Exhibit 4: EBIT margin development of retail clients

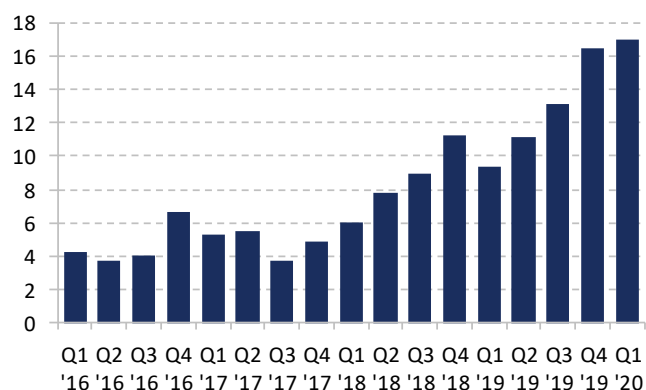


Source: Pareto Securities Research, Hypoport

### Real Estate Platform with strong revenue growth

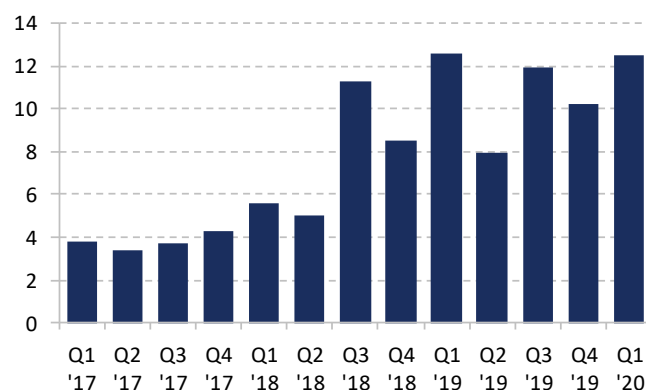
The real estate platform delivered strong revenue growth with an increase by 49% yoy to EUR 14.5m. EBIT increased by only 5% yoy to EUR 0.9m, which is equivalent to an EBIT margin of 6.2% (Q1 '19: 9.3%). The decline of the EBIT margin yoy resulted from high investments into the business, mainly into the property valuation platform. Main revenues drivers were the property valuation platform with a revenue increase by 91% and property sales and management platform with an increase by 51% yoy. The recent lock-down may 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.

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 weak performance

The insurance platform showed a slightly disappointing performance with a revenue decline by 1% yoy, EBIT fell by 36% yoy to EUR 0.4m. This was mainly due to a lower project business and a stronger focus on the further build-up of the insurance platform. 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 like e.g. Concordia recently that have migrated their business on the platform and use all of the three different modules.

### Valuation and Recommendation

Our valuation is based upon a DCF (WACC: 7.5%, Terminal value at 76% 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. As Q1 2020 has proven, that Hypoport can relatively achieve double-digit EBIT margins if it invests somewhat less into its business. 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 400 (EUR 300).

The shares are trading at a premium to other German financial service companies (HYP 2021e PER: 66x, average of selected German Financial Service companies 2021e PER: 17x) 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: 37x), which will however suffer from the coronavirus, or Scout 24 (2021e PER: 41x) or growing software companies like Nemetschek (2021e PER: 64x) Hypoport's valuation looks more to be in line, in particular in comparison with the fast growing Nemetschek

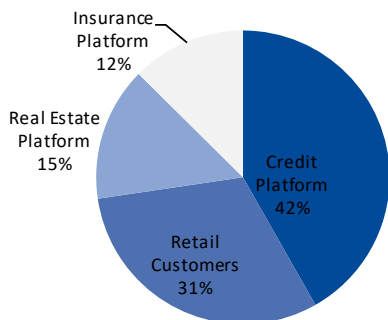
### Exhibit 7: DCF Valuation

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>850</b>	<b>957</b>	<b>1,072</b>	<b>1,194</b>	<b>1,323</b>	
growth rate	25.0%	18.0%	16.0%	14.0%	14.0%	13.3%	12.6%	12.0%	11.4%	10.8%	
<b>EBIT</b>	<b>37</b>	<b>48</b>	<b>58</b>	<b>71</b>	<b>90</b>	<b>112</b>	<b>138</b>	<b>167</b>	<b>201</b>	<b>238</b>	
EBIT Margin	8.9%	9.6%	10.0%	10.8%	12.0%	13.2%	14.4%	15.6%	16.8%	18.0%	
<b>Tax</b>	<b>-7</b>	<b>-10</b>	<b>-12</b>	<b>-14</b>	<b>-20</b>	<b>-25</b>	<b>-30</b>	<b>-37</b>	<b>-44</b>	<b>-52</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>35</b>	<b>39</b>	<b>44</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>-34</b>	<b>-38</b>	<b>-42</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>86</b>	<b>106</b>	<b>128</b>	<b>154</b>	<b>183</b>	
growth rate	nm	nm	nm	nm	8.5%	24.9%	23.1%	21.5%	20.1%	18.9%	
<b>Present Value CF</b>	<b>17</b>	<b>38</b>	<b>43</b>	<b>49</b>	<b>49</b>	<b>57</b>	<b>66</b>	<b>74</b>	<b>83</b>	<b>92</b>	
<b>PV Phase I</b>		<b>147</b>			<b>Market Cap</b>		<b>2,061</b>		<b>Target equity ratio</b>	<b>80%</b>	
<b>PV Phase II</b>		<b>422</b>			<b>Risk premium</b>		<b>5.00%</b>		<b>Beta</b>	<b>1.0</b>	
<b>PV Phase III</b>		<b>2,008</b>			<b>Risk-free rate</b>		<b>3.50%</b>		<b>WACC</b>	<b>7.5%</b>	
<b>Enterprise value</b>		<b>2,577</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>	
- Debt		<b>105</b>				<b>6.71%</b>	<b>405</b>	<b>443</b>	<b>491</b>	<b>552</b>	
<b>Equity Value</b>		<b>2,496</b>				<b>7.08%</b>	<b>371</b>	<b>402</b>	<b>441</b>	<b>490</b>	
Number of shares		<b>6.2</b>			<b>WACC</b>	<b>7.45%</b>	<b>341</b>	<b>367</b>	<b>400</b>	<b>440</b>	
						<b>7.82%</b>	<b>315</b>	<b>337</b>	<b>364</b>	<b>397</b>	
<b>Value per share</b>		<b>400</b>				<b>8.20%</b>	<b>292</b>	<b>311</b>	<b>334</b>	<b>362</b>	

Source: Pareto Securities Research

Exhibit 8: Investment Case in Charts

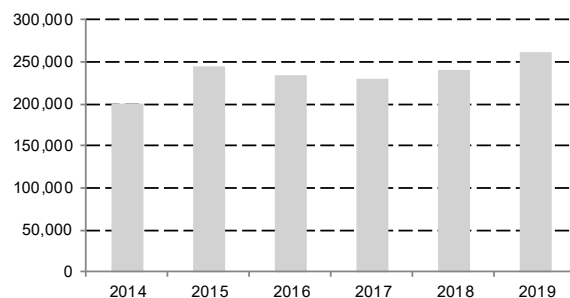
Revenues split (2019)



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

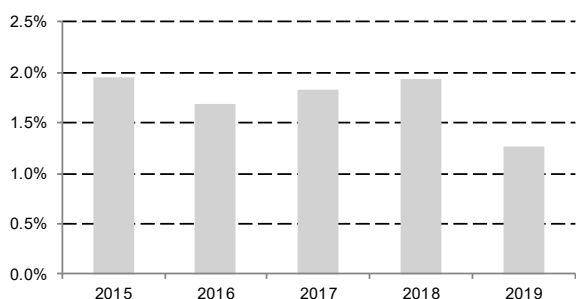
Market development (new mortgage loans in EUR m)



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

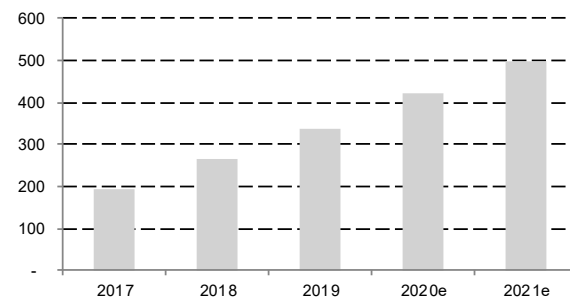
10YR Mortgage Rate development



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

Source: Hypoport, Pareto Sec. Research

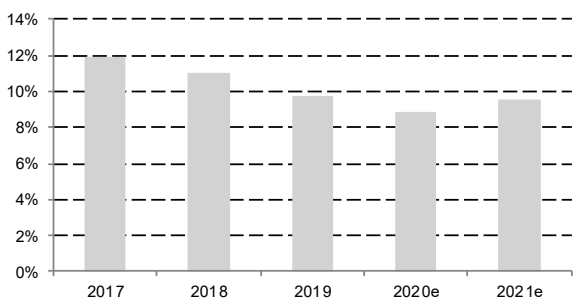
Revenues development (in EUR m)



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

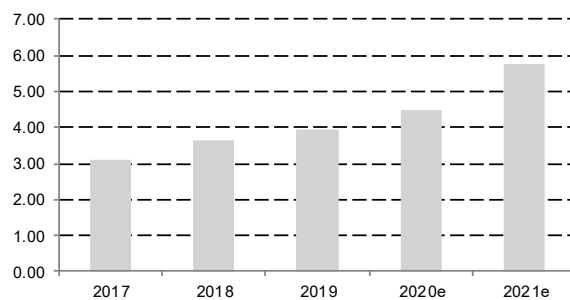
EBIT margin development



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
		 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: 422 EBIT: 37.3 <b>Consensus</b> 404 19.8% 36.3
2019	Sales (EURm) 337.2 Margin 26.8%	EBITDA (EURm) 51.5 Margin 15.3%	EBIT (EURm) 33.0 Margin 9.8%	EPS 3Y hist. CAGR 9.5%
Sales & EBIT Split				
Shareholder structure & management	<b>CEO 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>Stephan Gawarecki</b> Board Member (since 2010) <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. Gawarecki worked for FinanceScout24 and Deutscher Ring</li> <li>Mr. Gawarecki is responsible for the segments Private Clients and Insurance Platform.</li> </ul>	
# of employees FY 2019	1,941			
Shareholder structure				

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>2019</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>422</b>	<b>497</b>
<b>EBITDA</b>	<b>13</b>	<b>25</b>	<b>28</b>	<b>30</b>	<b>39</b>	<b>51</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	0	-
Other financial items	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)
<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>25</b>	<b>28</b>	<b>36</b>
EPS reported	0.97	2.63	3.02	3.10	3.69	3.94	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>3.94</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>2019</b>	<b>2020e</b>	<b>2021e</b>
Tangible non current assets	2	3	3	4	10	35	29	22
Other non-current assets	37	38	52	68	211	269	263	261
Other current assets	29	31	35	54	53	62	61	63
Cash & equivalents	12	25	22	14	32	25	16	60
<b>Total assets</b>	<b>80</b>	<b>96</b>	<b>112</b>	<b>141</b>	<b>306</b>	<b>392</b>	<b>369</b>	<b>407</b>
Total equity	39	53	64	83	153	178	206	242
Interest-bearing non-current debt	11	7	6	13	71	98	100	102
Interest-bearing current debt	5	4	4	3	10	16	5	5
Other Debt	26	32	37	42	71	98	58	58
<b>Total liabilities &amp; equity</b>	<b>80</b>	<b>96</b>	<b>112</b>	<b>141</b>	<b>306</b>	<b>392</b>	<b>369</b>	<b>407</b>
<b>CASH FLOW (EURm)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>
Cash earnings	11	24	26	24	35	45	30	56
Change in working capital	(2)	3	(8)	(16)	6	1	(17)	(2)
Cash flow from investments	(6)	(7)	(13)	(21)	(86)	(60)	(12)	(12)
Cash flow from financing	(1)	(7)	(7)	5	63	7	(10)	2
Net cash flow	1	13	(2)	(8)	19	(7)	(9)	44
<b>CAPITALIZATION &amp; VALUATION (EURm)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</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>382.0</b>	<b>382.0</b>
Number of shares end period	6	6	6	6	6	6	6	6
Net interest bearing debt	4	(13)	(12)	2	49	90	90	47
<b>Enterprise value</b>	<b>79</b>	<b>473</b>	<b>451</b>	<b>867</b>	<b>975</b>	<b>2,057</b>	<b>2,478</b>	<b>2,436</b>
EV/Sales	0.7	3.4	2.9	4.4	3.7	6.1	5.9	4.9
<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>40.0</b>	<b>43.7</b>	<b>35.7</b>
EV/EBIT	9.9	24.6	19.4	37.2	33.3	62.4	66.4	51.0
P/E reported	12.6	30.6	25.8	46.9	40.2	79.9	85.4	66.3
<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>79.9</b>	<b>85.4</b>	<b>66.3</b>
P/B	1.9	9.3	7.2	10.5	6.0	11.0	11.6	9.9
<b>FINANCIAL ANALYSIS &amp; CREDIT METRICS</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020e</b>	<b>2021e</b>
ROE adjusted (%)	16.5	34.7	31.0	25.1	19.0	14.8	14.5	16.1
Dividend yield (%)	-	-	-	-	-	-	-	-
EBITDA margin (%)	11.3	18.0	18.1	15.5	14.7	15.3	13.5	13.7
EBIT margin (%)	7.1	13.9	14.8	12.0	11.0	9.8	8.9	9.6
NIBD/EBITDA	0.31	(0.54)	(0.41)	0.07	1.25	1.75	1.58	0.69
EBITDA/Net interest	-	-	-	-	-	-	-	-





## Disclaimer and legal disclosures

### Origin of the publication or report

This publication or report originates from Pareto Securities AS ("Pareto Securities"), reg. no. 956 632 374 (Norway), Pareto Securities AB, reg. no. 556206-8956 (Sweden) or Pareto Securities Limited, reg. no. 3994976, (United Kingdom) (together the Group Companies or the "Pareto Securities Group") acting through their common unit Pareto Securities Research. The Group Companies are supervised by the Financial Supervisory Authority of their respective home countries.

### Content of the publication or report

This publication or report has been prepared solely by Pareto Securities Research.

Opinions or suggestions from Pareto Securities Research may deviate from recommendations or opinions presented by other departments or companies in the Pareto Securities Group. The reason may typically be the result of differing time horizons, methodologies, contexts or other factors.

### Sponsored research

Please note that if this report is labelled as "sponsored research" on the front page, Pareto Securities has entered into an agreement with the company about the preparation of research reports and receives compensation from the company for this service. Sponsored research is prepared by the Research Department of Pareto Securities without any instruction rights by the company. Sponsored research is however commissioned for and paid by the company and such material is considered by Pareto Securities to qualify as an acceptable minor non-monetary benefit according to the EU MiFID II Directive.

### Basis and methods for assessment

Opinions and price targets are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioral technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts, price targets and projections in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the publication or report, provided that the relevant company/issuer is treated anew in such later versions of the publication or report.

Pareto Securities Research may provide credit research with more specific price targets based on different valuation methods, including the analysis of key credit ratios and other factors describing the securities creditworthiness, peer group analysis of securities with similar creditworthiness and different DCF-valuations. All descriptions of loan agreement structures and loan agreement features are obtained from sources which Pareto Securities Research believes to be reliable, but Pareto Securities Research does not represent or warrant their accuracy. Be aware that investors should go through the specific complete loan agreement before investing in any bonds and not base an investment decision based solely on information contained in this publication or report.

Pareto Securities Research has no fixed schedule for updating publications or reports.

Unless otherwise stated on the first page, the publication or report has not been reviewed by the issuer before dissemination. In instances where all or part of a report is presented to the issuer prior to publication, the purpose is to ensure that facts are correct.

### Validity of the publication or report

All opinions and estimates in this publication or report are, regardless of source, given in good faith and may only be valid as of the stated date of this publication or report and are subject to change without notice.

### No individual investment or tax advice

The publication or report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This publication or report has been prepared by Pareto Securities Research as general information for private use of investors to whom the publication or report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this publication or report, we recommend consulting your financial advisor.

The information contained in this publication or report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

### Sources

This publication or report may be based on or contain information, such as opinions, recommendations, estimates, price targets and valuations which emanate from Pareto Securities Research' analysts or representatives, publicly available information, information from other units or companies in the Group Companies, or other named sources.

To the extent this publication or report is based on or contains information emanating from other sources ("Other Sources") than Pareto Securities Research ("External Information"), Pareto Securities Research has deemed the Other Sources to be reliable but neither the companies in the Pareto Securities Group, others associated or affiliated with said companies nor any other person, guarantee the accuracy, adequacy or completeness of the External Information.

### Ratings

Equity ratings:	"Buy"	Pareto Securities Research expects this financial instrument's total return to exceed 10% over the next 12 months
	"Hold"	Pareto Securities Research expects this financial instrument's total return to be between -10% and 10% over the next 12 months
	"Sell"	Pareto Securities Research expects this financial instrument's total return to be negative by more than 10% over the next 12 months

### Analysts Certification

The research analyst(s) whose name(s) appear on research reports prepared by Pareto Securities Research certify that: (i) all of the views expressed in the research report accurately reflect their personal views about the subject security or issuer, and (ii) no part of the research analysts' compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analysts in research reports that are prepared by Pareto Securities Research.

The research analysts whose names appears on research reports prepared by Pareto Securities Research received compensation that is based upon various factors including Pareto Securities' total revenues, a portion of which are generated by Pareto Securities' investment banking activities.

### Limitation of liability

Pareto Securities Group or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this publication or report. In no event will entities of the Pareto Securities Group or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages resulting from the information in this publication or report.

Neither the information nor any opinion which may be expressed herein constitutes a solicitation by Pareto Securities Research of purchase or sale of any securities nor does it constitute a solicitation to any person in any jurisdiction where solicitation would be unlawful. All information contained in this research report has been compiled from sources believed to be reliable. However, no representation or warranty, express or implied, is made with respect to the completeness or accuracy of its contents, and it is not to be relied upon as authoritative.

**Risk information**

The risk of investing in certain financial instruments, including those mentioned in this document, is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

**Conflicts of interest**

Companies in the Pareto Securities Group, affiliates or staff of companies in the Pareto Securities Group, may perform services for, solicit business from, make a market in, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

In addition Pareto Securities Group, or affiliates, may from time to time have a broking, advisory or other relationship with a company which is the subject of or referred to in the relevant Research, including acting as that company's official or sponsoring broker and providing investment banking or other financial services. It is the policy of Pareto to seek to act as corporate adviser or broker to some of the companies which are covered by Pareto Securities Research. Accordingly companies covered in any Research may be the subject of marketing initiatives by the Investment Banking Department.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Pareto Securities Research are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of the Group Companies and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Pareto Securities Research that no link exists between revenues from capital markets activities and individual analyst remuneration. The Group Companies are members of national stockbrokers' associations in each of the countries in which the Group Companies have their head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Pareto Securities Conflict of Interest Policy.

The guidelines in the policy include rules and measures aimed at achieving a sufficient degree of independence between various departments, business areas and sub-business areas within the Pareto Securities Group in order to, as far as possible, avoid conflicts of interest from arising between such departments, business areas and sub-business areas as well as their customers. One purpose of such measures is to restrict the flow of information between certain business areas and sub-business areas within the Pareto Securities Group, where conflicts of interest may arise and to safeguard the impartialness of the employees. For example, the Investment Banking departments and certain other departments included in the Pareto Securities Group are surrounded by arrangements, so-called Chinese Walls, to restrict the flows of sensitive information from such departments. The internal guidelines also include, without limitation, rules aimed at securing the impartialness of, e.g., analysts working in the Pareto Securities Research departments, restrictions with regard to the remuneration paid to such analysts, requirements with respect to the independence of analysts from other departments within the Pareto Securities Group rules concerning contacts with covered companies and rules concerning personal account trading carried out by analysts.

**Distribution restriction**

The securities referred to in this publication or report may not be eligible for sale in some jurisdictions and persons into whose possession this document comes should inform themselves about and observe any such restrictions. This publication or report is not intended for and must not be distributed to private customers in the US, or retail clients in the United Kingdom, as defined by the Financial Conduct Authority (FCA).

This research is only intended for and may only be distributed to institutional investors in the United States and U.S entities seeking more information about any of the issuers or securities discussed in this report should contact Pareto Securities Inc. at 150 East 52nd Street, New York, NY 10022, Tel. 212 829 4200.

Pareto Securities Inc. is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of FINRA & SIPC. U.S. To the extent required by applicable U.S. laws and regulations, Pareto Securities Inc. accepts responsibility for the contents of this publication. Investment products provided by or through Pareto Securities Inc. or Pareto Securities Research are not FDIC insured, may lose value and are not guaranteed by Pareto Securities Inc. or Pareto Securities Research. Investing in non-U.S. securities may entail certain risks. This document does not constitute or form part of any offer for sale or subscription, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements. The information available about non-U.S. companies may be limited, and non-U.S. companies are generally not subject to the same uniform auditing and reporting standards as U.S. companies. Market rules, conventions and practices may differ from U.S. markets, adding to transaction costs or causing delays in the purchase or sale of securities. Securities of some non-U.S. companies may not be as liquid as securities of comparable U.S. companies. Fluctuations in the values of national currencies, as well as the potential for governmental restrictions on currency movements, can significantly erode principal and investment returns.

Pareto Securities Research may have material conflicts of interest related to the production or distribution of this research report which, with regard to Pareto Securities Research, are disclosed herein.

**Distribution in Singapore**

Pareto Securities Pte Ltd holds a Capital Markets Services License is an exempt financial advisor under Financial Advisers Act, Chapter 110 ("FAA") of Singapore and a subsidiary of Pareto Securities AS.

This report is directed solely to persons who qualify as "accredited investors", "expert investors" and "institutional investors" as defined in section 4A(1) Securities and Futures Act, Chapter 289 ("SFA") of Singapore. This report is intended for general circulation amongst such investors and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. You should seek advice from a financial adviser regarding the suitability of any product referred to in this report, taking into account your specific financial objectives, financial situation or particular needs before making a commitment to purchase any such product. Please contact Pareto Securities Pte Ltd, 16 Collyer Quay, # 2 7-02 Income at Raffles, Singapore 049318, at +65 6408 9800 in matters arising from, or in connection with this report.

**Additional provisions on Recommendations distributed in the Canada**

Canadian recipients of this research report are advised that this research report is not, and under no circumstances is it to be construed as an offer to sell or a solicitation of or an offer to buy any securities that may be described herein. This research report is not, and under no circumstances is it to be construed as, a prospectus, offering memorandum, advertisement or a public offering in Canada of such securities. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this research report or the merits of any securities described or discussed herein and any representation to the contrary is an offence. Any securities described or discussed within this research report may only be distributed in Canada in accordance with applicable provincial and territorial securities laws. Any offer or sale in Canada of the securities described or discussed herein will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that Pareto Securities AS, its affiliates and its authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.

**Distribution in United Kingdom**

This publication is issued for the benefit of persons who qualify as eligible counterparties or professional clients and should be made available only to such persons and is exempt from the restriction on financial promotion in s21 of the Financial Services and Markets Act 2000 in reliance on provision in the FPO.

**Copyright**

This publication or report may not be mechanically duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws. Any infringement of Pareto Securities Research's copyright can be pursued legally whereby the infringer will be held liable for any and all losses and expenses incurred by the infringement.

## Appendix A

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

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

Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
Helgeland Sparebank	2,009,280	9.63%	SpareBank 1Østfold Akersl	1,139,852	9.20%
Pareto Bank ASA	14,903,587	2134%	Sparebanken Vest	6,360,821	5.93%

Pareto Securities AS or its affiliates own as determined in accordance with FINRA Rule 2241, 1 % or more of the equity securities of:

Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
Helgeland Sparebank	2,009,280	9.63%	SpareBank 1Østfold Akersl	1,139,852	9.20%
Pareto Bank ASA	14,903,587	2134%	Sparebanken Møre	305,239	3.09%
Selvaag Bolig ASA	2,175,147	2.32%	Sparebanken Sør	433,444	2.77%
SpareBank 1BV	1655,220	2.63%	Sparebanken Vest	6,360,821	5.93%
SpareBank 1Nord-Norge	3,245,605	3.23%	Totens Sparebank	78,246	128%
SpareBank 1SMN	1880,442	145%			

Pareto Securities AS may hold financial instruments in companies where a recommendation has been produced or distributed by Pareto Securities AS in connection with rendering investment services, including Market Making.

Please find below an overview of material interests in shares held by employees in Pareto Securities AS, in companies where a recommendation has been produced or distributed by Pareto Securities AS. "By material interest" means holdings exceeding a value of NOK 50 000.

Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings
Adevinta	0	574	Golden Ocean Group	0	1744	SalMar	0	385
AF Gruppen	0	18,785	Grieg Seafood	0	4,071	Sandnes Sparebank	0	25,782
Aker	0	791	Hafnia Limited	0	31,869	Sbanken	0	4,755
Aker BP	0	23,376	Helgeland Sparebank	0	2,777	Scatec Solar	0	35,000
American Shipping Compar	0	3,500	Ice Group	0	104,391	Schibsted ASA A Aksjer	0	232
Atlantic Sapphire	0	1,105	Jæren Sparebank	0	500	Schibsted ASA B Aksjer	0	597
Avance Gas	0	4,456	Komplett Bank	0	93,100	SpareBank 1BV	0	22,000
Axactor	0	11,376	Kongsberg Gruppen	0	34,274	SpareBank 1Nord-Norge	0	26,050
Bakkafrost	0	144	KWS	75	75	SpareBank 1SMN	0	17,740
BASF	270	270	Lerøy Seafood	0	3,350	SpareBank 1SR-Bank	0	42,415
Bonheur	0	39,376	Mowi	0	3,604	Sparebank 1Østfold Akersl	0	292
BRABank	0	137,1000	NORBIT	0	4,955	SpareBank 1Østlandet	0	10,021
BW Energy Limited	0	43,075	Nordic Semiconductor	0	6,590	Sparebanken Sør	0	16,135
BW Offshore	0	8,326	Norsk Hydro	0	99,821	Sparebanken Vest	0	4,894
DNB	0	32,584	Norwegian Air Shuttle	0	31,214	Sparebanken Øst	0	1,500
DNO	0	489,853	Norwegian Finans	0	3,310	Stolt-Nielsen	0	42,217
Elkem	0	3,730	Ocean Yield	0	42,905	Storebrand	0	6,395
Entra	0	10,237	Okeanis Eco Tankers	0	3,835	Subsea 7	0	1,198
Equinor	0	5,132	Orkla	0	18,699	Telenor	0	2,731
Europris	0	17,169	Panoro Energy	0	7,285	TGS-NOPEC	0	2,000
Fjord1	0	50,000	Pareto Bank	0	1279,977	VOWASA	0	4,781
Fjordkraft Holding	0	12,000	Pioneer Property	0	2,050	XXL	0	8,679
Frontline	0	11,730	Protector Forsikring	0	14,785	Yara International	0	13,998
Gjensidige Forsikring	0	7,430	REC Silicon	0	32,708			

This overview is updated monthly (last updated 19.05.2020).

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

## Appendix B

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

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

2020Bulkers	Genel Energy	Norwegian Air Shuttle
Avanzia Bank	GG. St. Kongensgade 100 og 106	Nouveau Monde Graphite
Africa Energy	Hafnia Limited	Ocean Yield
African Petroleum Corporation	Hafslund E-CO	Odfjell SE
Agder Energi	Helgeland Sparebank	OKEA
Aker ASA	Hunter Group	Otliga Group
Belships	Hörmann Industries	Pareto Bank
BRABank	Ice Group	Petroleum Geo-Services
BRABank ASA	ICWHolding	PetroTal
BWEnergy	Kingfish Zeeland	Pinewood Laboratories
Cabonline Group Holding AB	KlavenessCombination CarriersASA	Pioneer Property Group
CentralNic Group	LifeFit	Pioneer Property Group ASA
Digiplex	Luxaviation Holding	ProvidencesInv. Mngmt Pty
DNOASA	Monobank ASA	Questerre Energy Corporation
Erwe Immobilien	Mutares SE & Co. KGaA	Salmon Evolution AS
Euromicron AG	Navig8	Sandnes Sparebank
Exmar NV	Navigator Holdings	Seadrill
Filo Mining Corp	Norbit Group	Sparebanken Vest
Flex LNG	Northern Ocean	Stolt Nilsen
Floatel		

This overview is updated monthly (this overview is for the period 30.04.2019 – 30.04.2020).

## Appendix C

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

### Distribution of recommendations

Recommendation	% distribution
Buy	67%
Hold	30%
Sell	4%

### Distribution of recommendations (transactions\*)

Recommendation	% distribution
Buy	82%
Hold	18%
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 18.05.2020).

## Appendix D

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

### Disclosure of positions in financial instruments

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

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

### Disclosure of assignments and mandates

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

Azelio	Jetpak Top Holding AB	Pledpharma AB	ShaM aran Petroleum
Bionvent	Mentice AB	QleanAir Holding	
IRRAS AB	Minesto	Sedana Medical	

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

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

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

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

Bosjö Fastigheter AB	Bråviken Logistik	Halmslätten	M älaräsen
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 25.05.2020).*

## Appendix E

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

### Designated Sponsor

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

2G Energy *	Gigaset *	M LP *	Siemens Healthineers AG
Baywa	Heidelberg Pharma *	MOBOTIX AG	SMT Scharf AG *
Biotest *	Hypoport AG	mutares	Surteco Group *
Brenntag	Intershop Communications AG	OVH Holding AG	Syzygy 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	OVH 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 18.05.2020).*