

Too cheap to ignore

KTN's final 2023 numbers were largely in-line, although investors gave obviously much attention to a one-off burden of EUR 9m. A highlight was the strong book-to-bill ratio of 1.38x, which indicates strong visibility for the coming years. The 2024 guidance looks highly credible to us. If KTN delivers as expected, the current stock price is a bargain. Buy, PT EUR 31.

2023 numbers largely in-line, strong order backlog

KTN's final 2023 revenues and net income were above expectations, while EBITDA and EBIT were slightly below. This was due to an unforeseen one-off burden of EUR 8.9m due to the restructuring of the IT service business, that remained with the Kontron group after the completion of project "Focus" in 2022. The order backlog of EUR 1,686m translates into a strong book-to-bill ratio of 1.38x and indicates strong visibility for the coming years.

High hopes for Katek

The new subsidiary Katek is clearly regarded as a future earnings driver of the group as Kontron expects that the subsidiary's net income of EUR 5m realized in 2023 can be increased to EUR 15m in 2024 and EUR 44m in 2025, mostly because of a higher gross margin through the planned product upgrade by adding Kontron's software products to Katek's existing portfolio of solar inverters and EV chargers.

Still a bargain

The coming years will be heavily influenced by the five most recent acquisitions, especially Katek. We estimate that all acquisitions together will contribute revenues of roughly EUR 670m in 2024 and an additional "portfolio effect" (=first time consolidation) of EUR 180m revenues in 2025, which come on top of the estimated average organic annual growth of 6%. As a result, we are at revenues of EUR 1,966m, an EBITDA of EUR 186m and a net income of EUR 109m for 2024, which compares with the company guidance of EUR 1,900m for revenues, EUR 190m for EBITDA and EUR 100m for net income. We continue to regard the current stock price as a bargain. Buy, PT EUR 31.

EURm	2022	2023	2024e	2025e	2026e
Revenues	1,064	1,226	1,966	2,264	2,400
EBITDA	70	126	186	259	288
EBIT	(2)	86	131	182	203
EPS	3.66	1.23	1.73	2.44	2.74
EPS adj	3.66	1.23	1.73	2.44	2.74
DPS	1.00	0.50	0.86	1.22	1.37
EV/EBITDA	12.2	9.8	6.6	4.6	3.9
EV/EBIT	-	14.4	9.3	6.5	5.6
P/E adj	4.2	17.5	11.0	7.8	6.9
P/B	1.53	2.25	1.76	1.54	1.37
ROE (%)	44.2	12.6	17.0	21.1	20.9
Div yield (%)	6.5	2.3	4.5	6.4	7.2
Net debt	(118)	(121)	21	(15)	(73)

Source: Pareto Securities

Target price (EUR)	31	▲	BUY
Share price (EUR)	19	—	HOLD
		▼	SELL

Forecast changes

%	2024e	2025e	2026e
Revenues	(1)	(1)	NM
EBITDA	(2)	(1)	NM
EBIT adj	1	(1)	NM
EPS reported	7	7	NM
EPS adj	7	7	NM

Source: Pareto Securities

Ticker	KTN.DE, KTN GY
Sector	Hardware & Equipment
Shares fully diluted (m)	63.2
Market cap (EURm)	1,201
Net debt (EURm)	21
Minority interests (EURm)	3
Enterprise value 24e (EURm)	1,225
Free float (%)	0

Performance



Source: FactSet

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Wrap up FY 2023 results

FY 2023 – continuing operations (except EPS)

Kontron AG (EURm)	2022	Actual 2023	yoy (%)	Pareto 2023	Delta (%)	Consensus 2023	Delta (%)
Revenues	1,064	1,226	15	1,253	-2.1	1,236	-0.8
Europe	691	788	14	662			
Global	199	208	4	1,017			
Software & Solutions	173	230	33	164			
Gross profit	370	466	26	494			
<i>margin</i>	34.7%	38.0%	329 bps	39.4%			
EBITDA	70.0	126.0	80	135.1	-6.7	134.1	-6.0
<i>margin</i>	6.6%	10.3%	370 bps	10.8%		10.8%	-57 bps
Europe	40.8	68.6	68				
<i>margin</i>	5.9%	8.7%	280 bps				
Global	4.1	19.1	366				
<i>margin</i>	2.1%	9.2%	714 bps				
Software & Solutions	25.1	38.3	53				
<i>margin</i>	14.5%	16.6%	215 bps				
EBIT	-2.0	86.5	nm	94.1			
<i>margin</i>	-0.2%	7.1%	724 bps	7.5%			
Net Income (cont. oper.)	-12.8	75.3	-688	74.4	1.2	72.3	4.1
<i>margin</i>	-1.2%	6.1%	735 bps	5.9%		5.8%	29 bps
EPS	3.65	1.23	-66	1.17	5.2		

Source: KTN, Pareto Securities

Final 2023 revenues and net income were above expectations, while EBITDA and EBIT were slightly below. This was due to an unforeseen one-off burden of EUR 8.9m due to the restructuring of the IT service business, that remained with the Kontron group after the completion of project “Focus” in 2022.

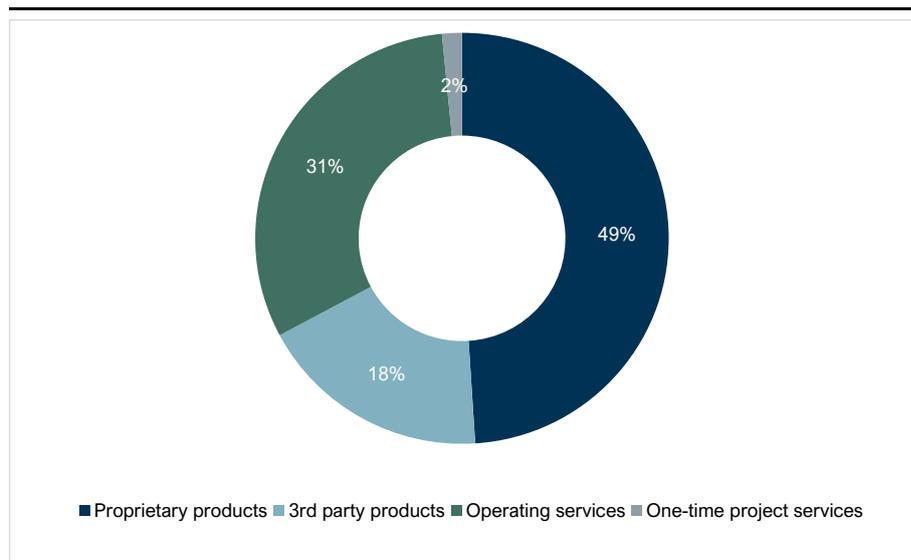
Kontron saw an increase of revenues by 15%, 9.5% points of which were organic, while the remainder was contributed by the four acquisitions that have been closed in 2022. All segments saw a strong yoy increase in margins in 2023, so that Kontron was able to achieve the 10% EBITDA margin target on group level. However, 2022 was characterized by several one-offs and write-downs in the context of project “Focus” and thus, segment margins in FY 2022 are comparable to those in 2023 only to a limited extent, in our view.

Regarding segments, Europe primarily profited from a normalization of supply chains after the “chip shortage” in 2022. The segment Global capitalized on price adjustments but in particular profited from a low base in 2022. Kontron’s “star segment” Software & Services saw strong organic growth of ~26% in 2023 and consequently exhibited a margin improvement of more than 200bps.

For the first time, KTN reported a breakdown of revenues for the segments and the group in its annual report (see graph below). It turned out that now 80% of revenues are derived from either proprietary hard- and software products or operating services, while only 20% come from reselling 3rd party products and one-time projects, to which we attach lower margins than for the former product categories. Interestingly, the breakdown was fairly stable between 2022 and 2023 despite the numerous acquisitions in 2023. It remains to be seen how the picture might alter with the first-time consolidation of Katek.

The order backlog of EUR 1,686m translates into a strong book-to-bill ratio of 1.38x and indicates strong visibility for the coming years. One reason cited by Kontron for the strong demand is that European companies are eager to bring some value chains / production facilities back to Europe that have been sourced out to the Far East and other distant locations in the past.

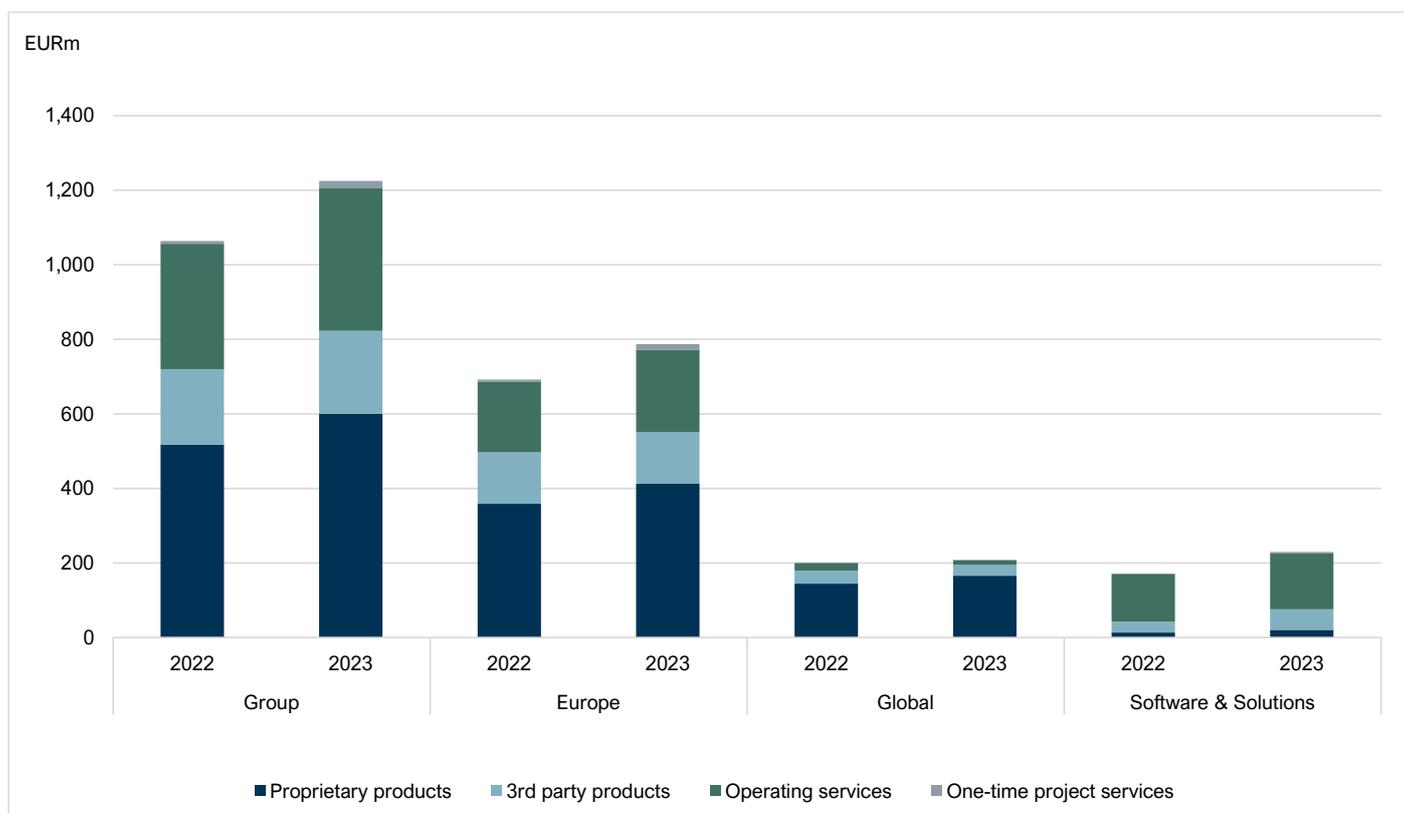
Revenue breakdown 2023



Source: KTN, Pareto Securities

Looking into the segments, it turns out that the revenue breakdown of the segment Europe is similar to the one of the KTN group, while revenues in Global and Software & Solutions are dominated by proprietary products and operating services, respectively. With view to the margin advantage of the Software & Solution segment, we think it is fair to assume that operating services come with the highest margins within the offered product categories.

Revenue breakdown 2023 on segment level

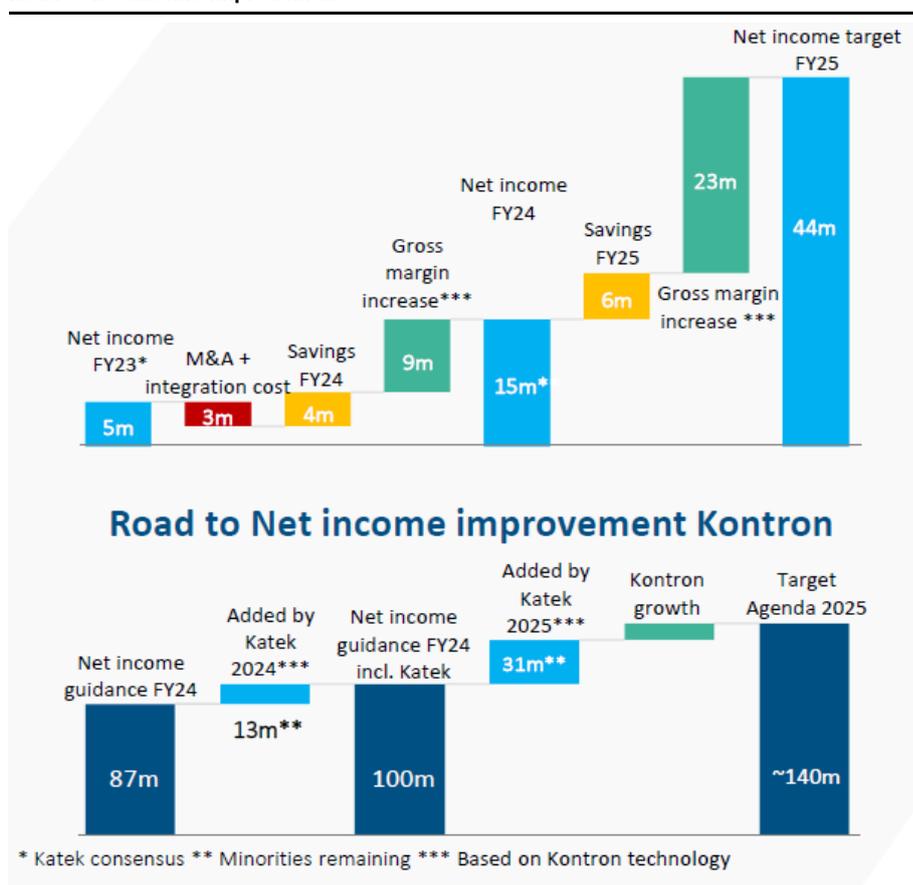


Source: KTN, Pareto Securities

Unsurprisingly, a lot of talk in the analyst call was about the recent acquisition of the listed Katek SE. As Hartmann, Comlab and BSquare, Katek’s Green Tech business with estimated annualized revenues of EUR 330m will be added to the high-margin Software + Solutions segment. The new subsidiary Katek is clearly regarded as a future earnings driver of the

group as Kontron expects that the net income of EUR 5m realized in 2023 can be increased to EUR 15m in 2024 and EUR 44m in 2025, mostly because of a higher gross margin through the planned product upgrade by adding Kontron's software products to Katek's existing portfolio of solar inverters and EV chargers (see below). So far, intelligent chargers for EVs have a 60% market share, while commoditized chargers have 40%. Dynamic pricing will be the key value-added for the buyers of the charging stations. Porsche, which is already a Katek customer, sells the charging station together with the car as a way to differentiate their product offering from competition. Most competing providers of charging stations do not have a collaboration agreement with OEMs and utilities in place.

Road to net income improvement



Source: KTN

Regarding the technicalities of the transaction, Kontron seems to be inclined to sell the Telealarm business (care phones and nurse call systems; revenues <EUR 30m) back to Primepulse (seller of the 60% stake in Katek to KTN in the first place) following a EUR 39m offer, as it was said to not really fit well into KTN's present portfolio. To finance the transaction, Kontron has taken out a subsidized EUR 125m loan from the OeKB ("Oesterreichische Kontrollbank") with a repayment period of five years at favourable conditions, we understand. The tender offer of 15 EUR per share for the outstanding 40% shareholder of Katek is expected to end in May 2024. KTN does not plan a squeeze out any time soon.

The potential sale of Telealarm and the fact that Katek has been a supplier of KTN means that some revenues of the "old" Katek will fall away in the future. On top of that, KTN might close some low margin business going forward. KTN's 2024 revenue guidance of "only" at least EUR 1.9bn needs to be interpreted against the background of these measures, even though it appeared conservative at first sight after KTN reported EUR 1.2bn in 2023 and for Katek, analysts were expecting ~EUR 0.8bn for 2023.

Regarding EBITDA, KTN said it expects a 10% margin (EUR 190m) and a net profit of EUR 100m in 2024 in the annual report.

Update estimates

The coming years will be heavily influenced by acquisitions that have already been announced: Comlab and the Cellular Automotive Module have been bought from Telit. On top of that, KTN acquired Hartmann & W-IE-NE-R, BSquare and Katek, of which the latter was clearly the most significant. We estimate that all acquisitions together will contribute revenues of roughly EUR 670m in 2024 and an additional "portfolio effect" (=first time consolidation) of EUR 180m revenues in 2025. These revenues come in addition to an estimated average organic annual growth of 6%. We would not exclude that Kontron will look again for further acquisitions from 2025 onwards, but this is early days.

Regarding EBITDA, we generally assume that sizeable M&A activities might have a certain dilutive effect on the group margin. We assume that Kontron can realize around 5% EBITDA margin on all newly acquired activities in the first year of consolidation and 11% on all existing activities. Consequently, we expect an EBITDA margin below 10% in 2024, which should improve with an ongoing integration of the acquired activities into the Kontron group.

Regarding the low tax burden in 2023, KTN seems to be very good at utilizing existing tax loss carry forward. Because of that, KTN does not expect to pay more taxes than 10% of EBT in the next three years.

As a result, we are at revenues of EUR 1,966m, an EBITDA of EUR 186m and a net income of EUR 109m for 2024, which compares with the company guidance of EUR 1,900m for revenues, EUR 190m for EBITDA and EUR 100m for net income.

All numbers will be affected by the degree of changes in the product portfolio of the acquired operations. On top of that, the 2025 number will ultimately depend on the size and profitability of assets that are potentially acquired in the future, of course, which cannot be accurately forecasted by us.

P&L

Profit & Loss	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Revenue	882	991	1,123	1,255	1,342	1,064	1,226	1,966	2,264	2,400	2,544
% yoy	75.1%	12.3%	13.3%	11.7%	6.9%	-20.7%	15.2%	60.4%	15.2%	6.0%	6.0%
EBITDA	68	91	112	130	126	70	126	186	259	288	305
% of sales	7.7%	9.1%	9.9%	10.4%	9.4%	6.6%	10.3%	9.5%	11.4%	12.0%	12.0%
EBIT	42	62	62	69	63	-2	87	131	182	203	213
% of sales	4.7%	6.2%	5.5%	5.5%	4.7%	-0.2%	7.1%	6.7%	8.0%	8.5%	8.4%
Pretax Profit	35	56	54	61	54	-11	79	122	172	193	203
% of sales	4.0%	5.7%	4.8%	4.8%	4.0%	-1.0%	6.5%	6.2%	7.6%	8.0%	8.0%
Net Profit	23	45	49	56	48	232	78	109	154	173	174
% of sales	2.6%	4.5%	4.4%	4.4%	3.6%	21.9%	6.3%	5.6%	6.8%	7.2%	6.8%
EPS	0.43	0.70	0.74	0.85	0.75	3.66	1.23	1.73	2.44	2.74	2.75
% yoy	30.8%	61.3%	6.4%	14.8%	-11.9%	385.3%	-66.4%	40.4%	41.2%	12.4%	0.5%
DPS	0.13	0.16	0.00	0.30	0.35	1.00	0.50	0.86	1.22	1.37	1.38
Payout ratio	30%	23%	0%	35%	46%	27%	50%	50%	50%	50%	50%

Source: KTN, Pareto Securities

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

Pareto vs consensus

	2024e			2025e			2026e		
	Pareto	Cons.	Delta	Pareto	Cons.	Delta	Pareto	Cons.	Delta
Revenues	1,966.4	1,638.0	20.1%	2,264.4	1,812.7	24.9%	2,400.3	2,280.0	5.3%
EBITDA	186.1	166.9	11.5%	259.1	210.1	23.3%	288.0	283.0	1.8%
EBIT	131.3	114.3	14.9%	181.9	143.8	26.5%	203.1	187.0	8.6%
Net result	109.2	93.1	17.3%	154.1	116.4	32.4%	173.3	151.5	14.4%
EPS	1.73	1.44	19.8%	2.44	1.81	35.0%	2.74	2.29	20.0%

Source: Factset, Pareto Securities

Valuation update

DCF

EUR m	Phase I					Phase II					Phase III
	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	
Revenues	1,966	2,264	2,400	2,544	2,697	2,845	2,988	3,122	3,247	3,360	
<i>growth rate</i>	60%	15%	6%	6%	6%	6%	5%	5%	4%	4%	
EBITDA	186	259	288	305	324	341	359	375	390	403	
<i>EBITDA margin</i>	9.5%	11.4%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	
Depr. & Amort. (FA)	33	52	59	65	71	94	93	91	105	121	
<i>% of sales</i>	1.7%	2.3%	2.4%	2.5%	2.6%	3.3%	3.1%	2.9%	3.2%	3.6%	
Depr. & Amort. (RoU)	22	25	26	28	30	31	33	34	36	37	
<i>% of sales</i>	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	
EBIT	131	182	203	213	223	216	233	250	248	245	
<i>EBIT margin</i>	6.7%	8.0%	8.5%	8.4%	8.3%	7.6%	7.8%	8.0%	7.7%	7.3%	
Tax	(13)	(18)	(20)	(30)	(45)	(43)	(47)	(50)	(50)	(49)	
<i>Tax rate</i>	10%	10%	10%	14%	20%	20%	20%	20%	20%	20%	
Capex	(74)	(86)	(91)	(96)	(102)	(107)	(113)	(118)	(123)	(127)	
<i>% of sales</i>	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	
Acquisitions (ex NWC)	(102)	0									
<i>% of sales</i>	5.2%	0.0%	0.0%	0.0%	0.0%	1.9%	2.8%	3.3%	3.5%	9.0%	
Change in WC & P	(94)	(31)	(6)	(5)	(18)	(19)	(20)	(21)	(22)	(23)	
<i>% of sales</i>	4.8%	1.4%	0.2%	0.2%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	
Free Cash Flow	(119)	100	145	146	129	140	146	151	160	167	
<i>growth rate</i>	nm	nm	46%	1%	(12)%	9%	4%	4%	5%	5%	
Present Value FCF	(112)	86	114	106	86	85	82	78	75	72	

PV Phase I	280	Risk free rate	3.5%	Targ. equity ratio	100%
PV Phase II	392	Premium Equity	5.0%	Beta	1.1
PV Phase III	1,242	Premium Debt	1.5%	WACC	9.0%

Enterprise value	1,914	Sensitivity	Growth in phase III				
			2.0%	2.5%	3.0%	3.5%	4.0%
- Net debt (cash)	121	8.1%	32.5	34.5	36.8	39.7	43.2
- Pension provisions	-14	8.6%	30.0	31.7	33.6	35.9	38.7
- Minorities & Peripherals	-39	9.0%	32.5	29.2	30.8	32.7	35.0
- Leasing liabilities	-52	9.5%	26.0	27.1	28.5	30.1	31.9
- Paid-out dividends for last FY	0	9.9%	24.3	25.3	26.4	27.7	29.3
+ Outstanding purchase price	19						

Equity value	1,949
Number of shares (m)	63.2
Value per share (€)	31.0
Current Price (€)	20.6
Upside	51%

Source: Pareto Securities

Our DCF still indicates a price target of EUR 31, which translates into an upside of more than 50%. Please be aware that we book the estimated cash outflows for future acquisitions partially in the "Acquisition" column and partially as investments into net working capital (NWC), which consequently is included in the line "Change of WC & P".

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

EUR 19m of the purchasing price for the IT Service activities that have been sold by KTN are still to be paid by Vinci in Q2, which we add to the equity value.

As usual, we doublecheck our result by a peer multiple approach by multiplying the average multiple of relevant peers with EUR 186m EBITDA expected in 2024. In contrast to the DCF approach, we need to additionally deduct the EUR 184m within the SOTP framework that

will be paid for the Katek acquisition. As a result of this exercise, we arrive at a re-assuring price level of > EUR 40 per share. Taking KTN's margin disadvantage compared to Seco and Advantech into account, we think it is prudent to stick to the DCF-derived fair value. The recommendation thus remains "buy".

Significant re-rating potential

Division	EBITDA 2024e (mEUR)	Peers	EV/ EBITDA x	EV (m EUR)
IoT Business		186 Advantech, Seco Spa	16.0x	2,976
Enterprise value				2,976
- Net debt (cash)				121
- Pension provisions				-14
- Minorities & Peripherals				-39
- Leasing liabilities				-52
- Paid-out dividends for last FY				0
+ Outstanding purchase price				19
- Payout for 2024 acquisitions				-184
Equity value				2,827
Number of shares (m)				63.2
Value per share (EUR)				44.7
Current Price (EUR)				20.6
Upside				117%

Source: Factset, Pareto Securities

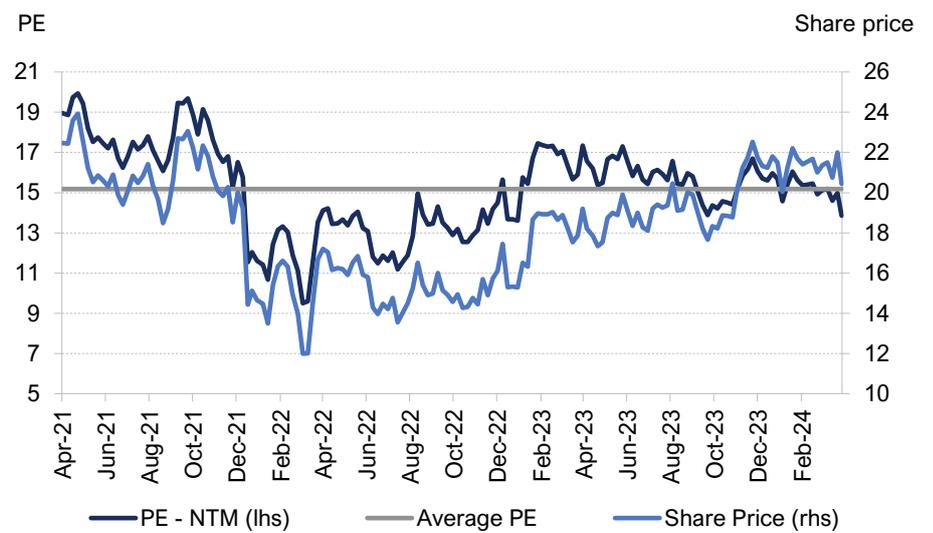
Peer multiples

Company	Country	Share price	MV (m EUR)	Beta	P/E		EV/EBITDA		EV/EBIT		DY 2024e	EBITDA margin	EBITDA/ Assets	
					2024e	2025e	2024e	2025e	2024e	2025e				
IoT														
Advantech Co., Ltd.	TAIWAN	391	9,648	0.9	29.5	25.8	22.3	19.4	24.0	20.8	2.5%	20.5%	19.3%	
SECO S.p.A.	ITALY	3.46	460	0.9	21.3	15.9	9.7	7.8	15.1	11.4	0.0%	21.4%	8.4%	
Median IoT					0.9	25.4	20.8	16.0	13.6	19.5	16.1	1.3%	21.0%	13.8%
Kontron AG														
Kontron	GERMANY	19.2	1,270	0.9	14.3	11.4	7.8	6.2	11.3	9.0	3.4%	10.4%	12.4%	
Premium/ Discount KTN to ...														
IoT Peer Group					-44%	-45%	-51%	-55%	-42%	-44%	170%	-51%	-10%	

Date 08.04.2024

Source: Factset, Pareto Securities

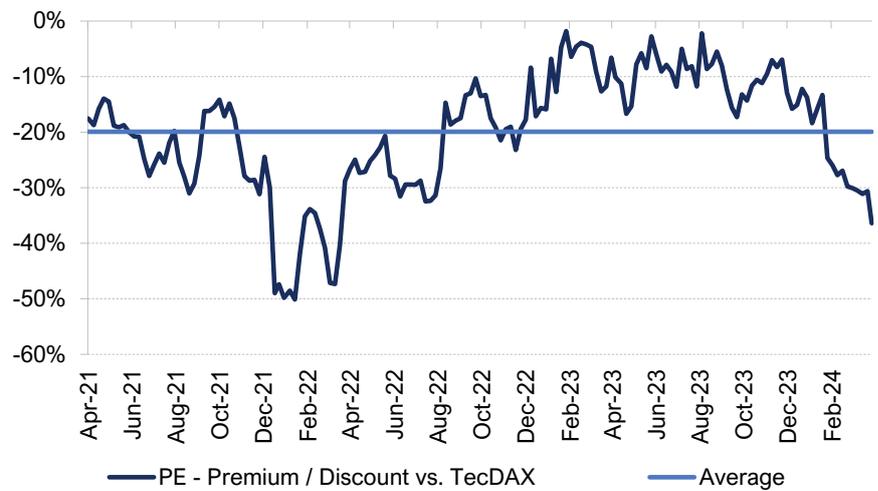
Historical PE (consensus-based)



Source: Factset, Pareto Securities

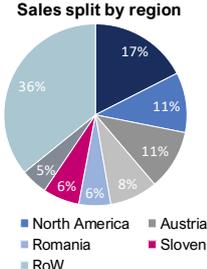
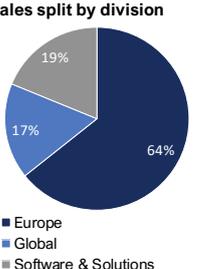
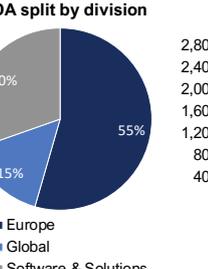
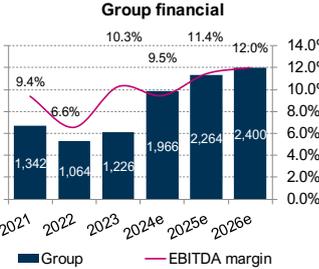
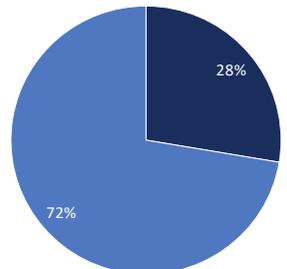
Kontron trades at a 12m forward PE multiple of ~12.5x, below past levels of around 15.0x. Moreover, Kontron continues to trade at a large discount to the TecDax, into which Kontron has been included last year. This also appears incompatible for one of the few European IoT pure plays with excellent growth prospects.

Discount vs. TecDAX



Source: Factset, Pareto Securities

At a glance

Business Units	Europe	Global	Software & Solutions					
								
Products/ applications	Contains the divisions Industrial IoT (industrial, medical, defense), ODM, Services (remaining IT Service activities in AT, HU and RO) and Communications (5G solutions).	Acts as sales channels for Industrial IoT Europe in the US and Asia, with proprietary solutions in avionics. Global supply chain hub in Taiwan.	Software: Supplies connectivity SW language for IOT grids. Transport: Supplies communication / data for high speed trains.					
Customers	Industrial: Dräger, Kuka, B&R Industrial Automation, Thales, ODM: TGW, Vector, Gorenje. Communications: DARS, TELEKOM SLOVENIJE, Railway Slovenia, Ukrtelecom	Americas: GE HC, Rockwell, Medtronic, Micron, Caterpillar, TK. Asia: Air China, GE, CRCC, FoxConn	Software: Infineon, Hauser, Zeiss. Transport: DB, SNCF, NRT.					
Market share/ positioning	Market leader in Europe for IoT solutions. Otherwise serving niche markets.	Serving niches markets.	European market leader in transport.					
Drivers	Strong demand for IoT solutions and 5G connectivity. ODM additionally driven by return of production from China	Recovery of avionics. Otherwise same as for Europe.	Early adoption of 5G connectivity. Roll-out of European solutions in US and China.					
Main competitors	Beckhoff, ABB, Seco and Eurotech in IoT. Bechtle, Cancom, and other IT services companies in IT Service.	Mercury, Curtiss Wright, Advantech and Adlink.	In Transport: Nokia, Huawei, Atos.					
Entry barriers/ competitive advantage	High market fragmentation. Limited economies of scale and the dominance of niche markets prevent big players from entering the IoT space. Kontron is in a privileged position through the technology and production collaboration with FoxConn / Ennoconn.							
Strategy & Guidance	Strategy: (I) Concentrate on IoT solutions (II) Benefit from megatrends (increased device and machine connectivity, security/firewall requirements, outsourcing) (III) Increase the share of proprietary software in IoT solutions. (IV) Support growth by frequent acquisitions, esp. turnarounds at low multiples.		Revenues: EUR 1,900m y/y -2.1% EBITDA margin EUR 190m 11.0%	Guidance (03/2024) EUR 1,966m 5.0% EUR 186m 11.1%	Consensus EUR 1,638m 33.6% EUR 167m 10.2%			
2023	Sales (EURm) 1,226 y/y	EBITDA (EURm) 126 Margin 10.3%	EBIT adj. (EURm) 87 Margin 7.1%	Sales 5Y hist. CAGR 4%				
Sales & EBIT Split	Sales split by region 		Sales split by division 		EBITDA split by division 		Group financial 	
Shareholder structure & management	CEO  Hannes Niederhauser CEO (since 2011) • Hannes Niederhauser joined the company in 2011 as CEO. Following his studies in electrical engineering at the Graz University of Technology, the Austrian-born manager worked as a developer of microchips and in the embedded computer segment. Prior he has been the main shareholder and CEO of Kontron AG from 1999 to 2007, which became the world's largest provider in the field of embedded computing.	CFO, CCO  Clemens Billek CFO, CCO (since 2022) • Clemens Billek is responsible for the topics law, compliance, internal audit, risk management and corporate governance. He started his career at the stock exchange supervisory authority in the Austrian Takeover Commission (later returning as head of the office) and at an international investment bank. Clemens Billek has extensive professional experience in the fields of compliance, legal and IR at listed companies and in the field of digitalization respectively as the founder of a telemedicine platform.	Shareholder structure 					
# of employees FY 2023	4,838							

Source: Company, Pareto Securities

PROFIT & LOSS (fiscal year) (EURm)	2019	2020	2021	2022	2023	2024e	2025e	2026e
Revenues	1,123	1,255	1,342	1,064	1,226	1,966	2,264	2,400
EBITDA	112	130	126	70	126	186	259	288
Depreciation & amortisation	(50)	(62)	(64)	(72)	(40)	(55)	(77)	(85)
EBIT	62	68	63	(2)	86	131	182	203
Net interest	(8)	(8)	(8)	(9)	(7)	(10)	(10)	(10)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	54	61	54	(11)	79	122	172	193
Taxes	(5)	(6)	(5)	(2)	(4)	(12)	(17)	(19)
Minority interest	(0)	1	(1)	1	(0)	(0)	(0)	(0)
Net profit	49	56	48	232	78	109	154	173
EPS reported	0.74	0.85	0.75	3.66	1.23	1.73	2.44	2.74
EPS adjusted	0.74	0.85	0.75	3.66	1.23	1.73	2.44	2.74
DPS	-	0.30	0.35	1.00	0.50	0.86	1.22	1.37
BALANCE SHEET (EURm)	2019	2020	2021	2022	2023	2024e	2025e	2026e
Tangible non current assets	38	80	86	65	73	144	169	194
Other non-current assets	392	403	424	493	428	482	490	497
Other current assets	483	481	545	445	538	783	864	879
Cash & equivalents	312	282	297	438	332	190	226	284
Total assets	1,226	1,247	1,352	1,441	1,371	1,599	1,748	1,854
Total equity	385	409	423	636	606	684	784	881
Interest-bearing non-current debt	283	262	311	320	211	211	211	211
Interest-bearing current debt	-	-	-	-	-	-	-	-
Other Debt	549	565	608	479	540	690	739	748
Total liabilities & equity	1,226	1,247	1,352	1,441	1,371	1,599	1,748	1,854
CASH FLOW (EURm)	2019	2020	2021	2022	2023	2024e	2025e	2026e
Cash earnings	82	112	84	49	172	143	207	232
Change in working capital	2	29	12	(5)	(47)	(94)	(31)	(6)
Cash flow from investments	(56)	(77)	(66)	144	26	(160)	(86)	(91)
Cash flow from financing	84	(66)	(20)	(91)	(190)	(32)	(55)	(77)
Net cash flow	141	(30)	15	141	(51)	(143)	36	59
VALUATION (EURm)	2019	2020	2021	2022	2023	2024e	2025e	2026e
Share price (EUR end)	21.3	19.3	14.7	15.3	21.5	19.0	19.0	19.0
Number of shares end period	66	65	64	64	63	63	63	63
Net interest bearing debt	(30)	(20)	14	(118)	(121)	21	(15)	(73)
Enterprise value	1,385	1,232	951	856	1,240	1,225	1,189	1,131
EV/Sales	1.2	1.0	0.7	0.8	1.0	0.6	0.5	0.5
EV/EBITDA	12.4	9.5	7.5	12.2	9.8	6.6	4.6	3.9
EV/EBIT	22.4	18.0	15.2	-	14.4	9.3	6.5	5.6
P/E reported	28.6	22.6	19.5	4.2	17.5	11.0	7.8	6.9
P/E adjusted	28.6	22.6	19.5	4.2	17.5	11.0	7.8	6.9
P/B	3.8	3.1	2.2	1.5	2.2	1.8	1.5	1.4
FINANCIAL ANALYSIS	2019	2020	2021	2022	2023	2024e	2025e	2026e
ROE adjusted (%)	13.1	14.0	11.6	43.9	12.5	16.9	21.0	20.8
Dividend yield (%)	-	1.6	2.4	6.5	2.3	4.5	6.4	7.2
EBITDA margin (%)	9.9	10.4	9.4	6.6	10.3	9.5	11.4	12.0
EBIT margin (%)	5.5	5.4	4.7	-	7.0	6.7	8.0	8.5
NIBD/EBITDA	(0.26)	(0.16)	0.11	(1.69)	(0.96)	0.11	(0.06)	(0.25)
EBITDA/Net interest	14.54	16.89	15.02	8.14	17.80	19.56	25.44	28.75

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Disclosure requirements in accordance with Commission Delegated Regulation (EU) 2016/958 and the FINRA Rule 2241

The below list shows companies where Pareto Securities AS - together with affiliated companies and/or persons – owns a net long position of the shares exceeding 0,5 % of the total issued share capital in any company where a recommendation has been produced or distributed by Pareto Securities AS.

Companies	No. of shares	Holdings in %
Austevoll Seafood	1,051,640	0.52 %
Bonheur	243,488	0.57 %
Pareto Bank	16,183,849	21.08 %
Pexip Holding	724,595	0.69 %
SpareBank 1 Nord-Norge	5,006,421	4.99 %
SpareBank 1 SMN	2,945,805	2.27 %
SpareBank 1 SR-Bank	2,468,177	0.97 %
SpareBank 1 Østfold Akerhus	1,234,613	9.97 %
SpareBank 1 Østlandet	6,991,771	6.58 %
Sparebanken Sør	495,000	1.19 %
Sparebanken Vest	9,124,657	8.32 %

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

Company	Analyst holdings*	Total holdings
Encavis AG		630
Equinor		5,156
Europris		15,018
Flex LNG		295
Frontline		7,429
Gaming Innovation Group		10,010
Genel Energy		5,700
Getinge		260
GFT Technologies		270
Gjensidige Forsikring	519	3,010
Golden Ocean Group		995
Greg Seafood		11,801
Hafslund		108,178
Hennes & Mauritz B		1,085
Høegh Autoliners		2,463
International Petroleum Corp		7,676
International Seaways		192
Kinnevik AB		495
Kitron		21,138
Komplett ASA		247,114
Kongsberg Gruppen		170
Kontron AG		350
Leabank		16,355
Lerøy Seafood Group		84,075
Link Mobility Group		115,000
Lundin Mining Corp.		7,652
Magnora ASA		23,201
Morrow Bank		171,200
Mowi		10,476
MPC Container Ships		6,290
Multitude		2,443
Mutar es SE & Co. KGaA		433
Nor Am Drilling		6,883
NORBIT		4,070
Nordic Semiconductor		23,951
Norsk Hydro		79,216
Norske Skog		81,764
Norwegian Air Shuttle		3,507
Okeanis Eco Tankers		6,822
Orkla		7,086
Panoro Energy		36,833
Pareto Bank		827,365
PetroTal		20,000
Pexip Holding		724,595
Prøttector Forsikring		9,436
PSI Software		300
Quantaluel		16,665
REC Silicon		7,739
Salmar		224
Sandnes Sparebank		2,500
SATS ASA		12,000
Scorpio Tankers		5,306
Seadrill Ltd		10,910
Securitas AB		656
SpareBank 1 Nord-Norge	725	744
SpareBank 1 SMN		7,443
SpareBank 1 SR-Bank		10,347
SpareBank 1 Østlandet	1,100	2,280
Sparebanken Møre		950
Sparebanken Sør		15,000
Sparebanken Vest		966
Stolt-Nielsen		2,000
Stora Enso		1,396
Storbrand	100	2,400
Stor tytel		22,115
Subsea 7		21,141
Telenor		3,563
Telia Company		5,000
TGS		11,530
Thule Group		800
TORM		2,000
Tranosecan		10,000
Valaris		3,427
Vestas Wind Systems		1,275
Viscom		1,300
Volue		69,415
Vår Energi		279,546
Wallenius Wilhelmsen		2,500
Yara		18,449
Zaptec	0	21,500

This overview is updated monthly (last updated 15.03.2024).

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

Appendix B

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

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

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Advanzia Bank S.A.	Quality Living Residential AS
Alva Industrier AS	ReFuelis
AMSC ASA	RelyOn Nutec A/S
APK AS	Saga Robotics ASA
Ar cher	Salmon Evolution
Ar geo AS	Seacrest Petroleum Bermuda Ltd
Austevoll Seafood	Shamar an Petroleum
Ayfie Group AS	Solstad Off shore
Beer enber g Services AS	Spar ebanken Ser
Bonheur ASA	SSCP Lager Bidco AB
Bor r Drilling	Talos Production Inc.
BP Inv3 Topco Limited (TWMA)	Tasik Toba Subsea AS
BW Ener gy	Tomagruppen
BW Epic Kosan	Tr easur e ASA
BW Group Limited	Vester ålen Havbruk AS
Cabonline Group Holding	wheel.me
Cadeler	Ziton A/S
Capsol Technologies ASA	
CEMAsys AS	
Clemens Kraft AS	
DEAG Deutsche Entertainment AG	
Delignit	
Desert Control AS	
DOF	
Dolphin Drilling	
Edda Wind	
Eidesvik Offshore	
EIK Servering AS	
Ener gy Drilling Pte. Ltd.	
Far tiber ia Corporate S.L.U.	
Fishbase Group AS	
Floatel	
Fr edrikstad Ener gi AS	
Fr oy ASA	
GC Rieber Shipping ASA	
Gjensidige Forsikring ASA	
Golar LNG	
Golden Ener gy Off shore Services AS	
Gr entvedt	
Her tha BSC GmbH & Co. KGaA	
HMH Holding B.V.	
Huddly AS	
HydrogenPro	
HÖRMANN Industries GmbH	
Inin Group AS	
Insr ASA	
Instabank ASA	
International Petroleum Corp. ("IPC")	
Katjes International GmbH&CO	
Kezzler AS	
Klavness Combination Carriers ASA	
KMC Properties	
Krow Bidco AS	
Lifefit Group Midco GmbH	
Logistic Contractors AS	
LoneStar Group	
Minerva Topco AS	
Mintra Group	
Mintra holding AS	
Morrow Bank	
Mutar es SE & Co. KGaA	
NEXT Biometrics Group ASA	
Nordic Aqua Partners AS	
Nordic Hallbut AS	
Nordic Unmanned	
Nor se Atlantic	
Norsk Renewables AS	
OKEA	
Otovo ASA	
Pareto Bank	
Pentfield Shipping LLC	
PGS	
PGSASA	
PHM Group Holding	
Point Resources Holding AS	
Prosaf e	
Protector Forsikring ASA	

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

Appendix C

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

Distribution of recommendations

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

Distribution of recommendations (transactions*)

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

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

This overview is updated monthly (last updated 15.03.2024).

Appendix D

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

Disclosure of positions in financial instruments

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

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

Disclosure of assignments and mandates

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

ADDVise Group AB	Gaming Innovation Group	Xspray Pharma AB
Artificial Solutions International AB	HANZA AB	VEF AB
Awardit AB	Hexicon AB	Vicore Pharma Holding AB
Biovica International AB	Renewcell AB	VNV Global AB
Camurus	Xbrane Biopharma AB	Webrack Ventures AB
Cibus Nordic Real Estate AB		

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

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

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

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

Aarhus Residentials	Hallsell Property Invest AB	Målaråsen AB
Backaheden Fastighets AB	Korsängen Fastighets AB (publ)	One Publicus Fastighets AB
Bonäsudden Holding AB (publ)	Krona Public Real Estate AB	Origa Car e AB (publ)
Borglunda Fastighets AB	Logistri Fastighets AB	Preserium Property AB
Fleming Properties AB		

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

This overview is updated monthly (last updated 18.03.2024).

Appendix E

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

Designated Sponsor

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

2G Ener gy AG	IVU Traffic AG	Pr yme B.V.
ad pepper media International N.V.	Kontron AG	PSI AG
Biotech AG	Logwin AG	Pyrum Innovations AG
Biotech AG Pfd.	manz AG	Salmones Camanchaca S.A.
Cor estate Capital Holding S.A.	MAX Automation SE	Seven Principles AG
Daldrup & Söhne AG	Mer kur Privatbank AG	SHOP APOTHEKE EUROPE N.V.
DEMIRE AG	Meta Wolf AG	SMT Schar f AG
DF Deutsche Forfait AG	MPL SE	Sur teco AG
epigenomics AG	MPC Container Ships ASA	SZYGY AG
Foris AG	Muehlhahn AG	TTL Beteiligungs- und Grundbesitz AG
Gesco AG	Mutar es SE & Co. KGaA	Uzin Utz SE
GFT Technologies SE	OVB Holding AG	VERIANOSSE
Heidelber g Pharma AG	Pr oCredit Holding AG	Viscom AG
INTERSHOP Communications AG	Pr ogress-Wer k Ober kir ch AG	WPU - Waste Plastic Upcycling AS

Appendix F

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

Sponsored Research

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

2G Ener gy AG	Gesco AG	Mynarc AG
BB Biotech AG	GFT Technologies SE	OHB SE
Biotech AG	Heidelber g Pharma AG	pf er dewetten.de
Biotech AG Pfd.	Hypopor t SE	Pr oCredit Holding AG
Clia Digital AG	INTERSHOP Communications AG	Pr ogress-Wer k Ober kir ch AG
Daldrup & Söhne AG	Kontron AG	PSI AG
Delignit	Logwin AG	Siegrfried Holding AG
Der maphar m Holding SE	MAX Automation SE	SMT Schar f AG
Enapter AG	Mer kur Privatbank AG	Sur teco AG
epigenomics AG	MPL SE	SZYGY AG
except Group	Mutar es SE & Co. KGaA	Viscom AG
Expr es2ion Biotech Holding AB		

This overview is updated monthly (last updated 15.03.2024).