

## In good shape to cope with upcoming uncertainties

Surteco posted good 2021 numbers but prepared the market for a downswing in 2022. In fact, business expectations in the furniture industry fell off a cliff in March after the outbreak of hostilities between Russia and the Ukraine. Based on a DCF, we arrive at a new fair value of EUR 40 (was EUR 43) and keep our "Buy" rating in view of an upside of more than 35%. Notwithstanding, timing will be crucial when it comes to build up a new position in the stock.

### Strong 2021, but downswing expected for 2022

Surteco has realized revenues of EUR 757m and EBIT of EUR 72.5m in 2021, comfortably surpassing preliminary numbers given in January. Despite record high raw material prices and deteriorating consumer confidence, the management is still cautiously optimistic for 2022, guiding for revenues between EUR 730-750m and an EBIT between EUR 55-65m. Even though this implies an earnings drop yoy, this would still be the 2nd highest result in the history of the company, underpinning that Surteco has come a long way under the new management in the last couple of years.

### ifo index fell strongly in March

Besides the price development for raw materials, Surteco's most important external business driver is the demand for furniture, especially in Germany. Business expectations in the furniture industry continuously deteriorated until June last year and then fell off a cliff in March after the outbreak of hostilities between Russia and the Ukraine. Taking the development in March 2020 as a yardstick, such a strong fall in business expectations will most likely be followed by a deterioration of the actual business.

### In better shape than in the past

Based on a DCF, we arrive at a new fair value of EUR 40 (was EUR 43) and keep our "Buy" rating in view of an upside of more than 35%. The Surteco share now trades slightly above book value 2022e, while the average in the past was more around 1.1x. We expect Surteco to realize RoE of around 10% in the next couple of years, clearly above past levels between 3-8%. Accordingly, this supports our buy thesis, we think. Notwithstanding, timing will be crucial when it comes to build up a new position in the stock.

EURm	2020	2021	2022e	2023e	2024e
Revenues	627	757	746	764	783
EBITDA	88	115	103	109	119
EBIT	46	73	60	65	75
EPS	2.17	3.08	2.58	2.83	3.30
EPS adj	2.17	3.08	2.58	2.83	3.30
DPS	0.80	1.00	1.00	1.00	1.16
EV/EBITDA	6.0	6.6	5.5	5.0	4.4
EV/EBIT	11.5	10.4	9.5	8.4	6.9
P/E adj	11.1	12.3	11.5	10.5	9.0
P/B	1.00	1.42	1.05	0.99	0.92
ROE (%)	9.3	12.1	9.4	9.7	10.5
Div yield (%)	3.3	2.6	3.4	3.4	3.9
Net debt	145	153	97	74	44

Source: Pareto Securities

Target price (EUR)	40	▲	BUY
Share price (EUR)	30	—	HOLD
		▼	SELL

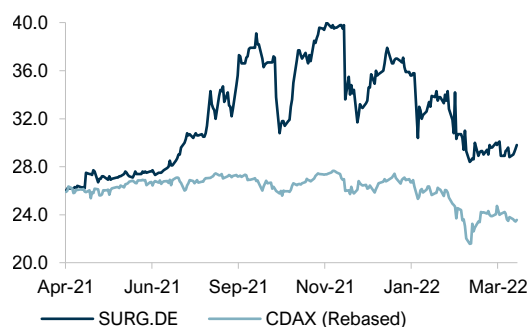
### Forecast changes

%	2022e	2023e	2024e
Revenues	(2)	(2)	NM
EBITDA	(8)	(8)	NM
EBIT adj	(13)	(13)	NM
EPS reported	(20)	(20)	NM
EPS adj	(20)	(20)	NM

Source: Pareto Securities

Ticker	SURG.DE, SUR GR
Sector	Industrials
Shares fully diluted (m)	15.5
Market cap (EURm)	462
Net debt (EURm)	108
Minority interests (EURm)	0
Enterprise value 22e (EURm)	570
Free float (%)	12

### Performance



Source: FactSet

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## Wrap-up 2021

### Overview full year numbers

SURTECO GROUP (EURm)	2020	Actual	
		2021	yoy (%)
<b>Revenues</b>	<b>627</b>	<b>757</b>	<b>21</b>
<i>Decoratives</i>	468	564	21
<i>Technicals</i>	72	76	5
<i>Profiles</i>	107	138	29
<i>Reconciliation</i>	-21	-21	4
Cost of materials	-283	-382	35.0
Personnel expenses	-163	-175	7.8
Other	-93	-101	8.7
<b>EBITDA</b>	<b>88</b>	<b>115</b>	<b>30</b>
EBITDA Margin	14.1%	15.2%	107 BP
D&A	-42	-42	0.1
<b>EBIT</b>	<b>46</b>	<b>73</b>	<b>57</b>
EBIT Margin	7.4%	9.6%	222 BP
<i>Decoratives</i>	39	62	60
<i>Technicals</i>	5	6	8
<i>Profiles</i>	10	13	23
<i>Reconciliation</i>	-8	-8	-1

Source: Company, Pareto Securities

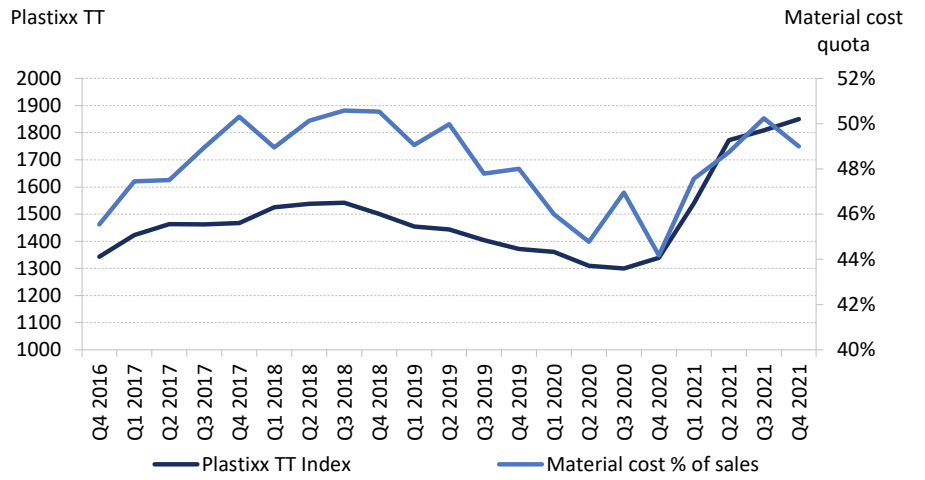
Surteco has realized revenues of EUR 757m and EBIT of EUR 72.5m in 2021, comfortably surpassing preliminary numbers given in January (revenues EUR 756m and an EBIT of “more than EUR 70m”). Main driver behind the strong earnings development was the segment Decoratives that profited from a lower cost base after a restructuring that has taken place in the previous years. Profiles saw a strong top-line growth but incurred some “growing pains” as the CEO put it, e.g., the necessity to hire expensive contract workers etc.

Moreover, Surteco published preliminary numbers for Q1. Revenues were up 13% to EUR 213m, but EBIT slightly down yoy from EUR 21.5m to around EUR 20m. The slight drop comes against the backdrop of significant raw material price increases (for plastics, pulp and titanium dioxide, see next page). Luckily, the suppliers of these raw materials are to the most part not directly affected by the war in the Ukraine. However, the company expects that sourcing will become more local going forward and raw material prices will not return to old lows. Also, Surteco expects some wage cost inflation of 3-4% beyond 2022. Third, the company incurred energy costs of around EUR 20m in 2022 (~15% for natural gas), which are also on the rise. While the current cost increases appear manageable, a boycott of Russian gas would be fatal for the suppliers of Surteco and therefore also for the company itself.

The CEO Mr Moyses once again said that acquisitions will remain possible if they bring Surteco forward in terms of new applications or geographies. The USA is still in focus.

For 2022, the management is still cautiously optimistic, guiding for revenues between EUR 730-750m and an EBIT between EUR 55-65m. However, this would still be the 2nd highest result in the history of the company, underpinning that Surteco has come a long way in the last couple of years under the new management.

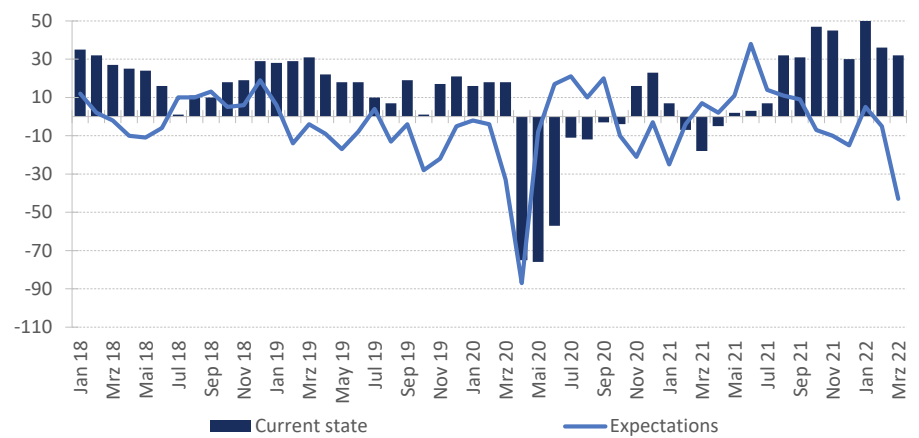
**Plastixx TT index and material cost quota**



Source: Pareto Securities, [www.kiweb.de](http://www.kiweb.de), Surteco

## Outlook

### ifo business climate index for the furniture industry



Source: VDM, Pareto Securities

Besides the price development for raw materials, Surteco's most important external business driver is the demand for furniture, especially in Germany. As can be seen in the table above, the current state of the furniture industry was still pretty good until March 2022. However, business expectations continuously deteriorated until June last year and then fell off a cliff in March after the outbreak of hostilities between Russia and the Ukraine. Taking the development in March 2020 as a yardstick, such a strong fall in business expectations will most likely be followed by deterioration of the actual business. Therefore, we can relate very well with the company for 2022, which at the midpoint implies a drop of revenues by 2% (held up by higher pricing) and EBIT down 17%, although there might also a cushion be baked into that outlook.

### P&L Forecast

Profit & Loss	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e	2026e
<b>Total output</b>	649	693	706	677	622	773	746	764	783	803	826
% yoy	0.2%	7.8%	1.4%	-3.4%	-7.2%	20.7%	-1.5%	2.5%	2.5%	2.5%	2.5%
<b>Cost of materials</b>	-325	-335	-350	-327	-283	-382	-373	-378	-380	-385	-397
% of total output	50.0%	48.4%	49.5%	48.2%	45.5%	49.4%	50.0%	49.5%	48.5%	48.0%	48.0%
<b>Personnel expenses</b>	-158	-175	-185	-186	-163	-175	-172	-177	-182	-186	-191
% of total output	24.3%	25.2%	26.2%	27.5%	26.1%	22.7%	23.1%	23.2%	23.2%	23.2%	23.2%
<b>Other OPEX (net)</b>	-92	-100	-99	-98	-88	-101	-98	-100	-103	-105	-108
% of total output	14.2%	14.5%	14.0%	14.5%	14.2%	13.1%	13.1%	13.1%	13.1%	13.1%	13.1%
<b>EBITDA</b>	74	83	73	66	88	115	103	109	119	129	130
% of total output	11.5%	12.0%	10.3%	9.8%	14.2%	14.8%	13.8%	14.2%	15.2%	16.1%	15.7%
<b>EBIT</b>	41	45	32	21	46	73	60	65	75	85	85
% of total output	6.3%	6.4%	4.6%	3.1%	7.4%	9.4%	8.1%	8.5%	9.6%	10.5%	10.3%
<b>Adjusted EBIT</b>	43	47	40	40	46	73	60	65	75	85	85
% of total output	6.6%	6.7%	5.6%	6.0%	7.4%	9.4%	8.1%	8.5%	9.6%	10.5%	10.3%
<b>Pretax Profit</b>	35	34	27	16	43	70	56	62	72	81	82
% of total output	5.4%	4.8%	3.8%	2.4%	7.0%	9.0%	7.6%	8.1%	9.2%	10.1%	9.9%
<b>Net Profit</b>	24	26	19	9	34	48	40	44	51	58	58
% of total output	3.7%	3.8%	2.6%	1.4%	5.4%	6.2%	5.4%	5.7%	6.5%	7.2%	7.0%
<b>EPS</b>	1.54	1.69	1.20	0.61	2.17	3.08	2.58	2.83	3.30	3.73	3.74
% yoy	34.9%	9.7%	-28.9%	-49.6%	258.8%	41.8%	-16.1%	9.5%	16.4%	13.1%	0.2%
<b>DPS</b>	0.80	0.80	0.55	0.00	0.80	1.00	1.00	1.00	1.16	1.32	1.32
Payout ratio	52%	47%	46%	0%	37%	32%	39%	35%	35%	35%	35%

Source: Pareto Securities

In 2022, we expect the material cost quota to peak at 50% and to revert to the longer term mean of 48% of sales after that. The personnel cost quota will inevitably go up in 2022, too, as a large part of these expenses are fixed costs. In 2023, we expect an increase of personnel costs by 3% as workers will ask the management for compensation of higher inflation rates. Longer-term, the respective quota will remain just above 23% of sales, we think.

As a result of these considerations, we arrive at an EBIT of EUR 60m for 2022, in-line with the company guidance.

Surteco will pay a dividend of EUR 1.00 for the fiscal year 2021. We believe Surteco will keep this level in the next year (provided there is no grave escalation of the current war), even though EPS will be down in 2022. The management said during the analyst call that it aims at dividend continuity.

## Valuation update

### DCF

EUR m	Phase I					Phase II					Phase III
	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	
<b>Revenue</b>	<b>746</b>	<b>764</b>	<b>783</b>	<b>803</b>	<b>823</b>	<b>844</b>	<b>865</b>	<b>886</b>	<b>909</b>	<b>931</b>	
<i>growth rate</i>	-1.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
<b>EBIT</b>	<b>60.1</b>	<b>65.3</b>	<b>75.4</b>	<b>84.7</b>	<b>84.8</b>	<b>83.0</b>	<b>81.1</b>	<b>79.1</b>	<b>76.9</b>	<b>74.5</b>	
<i>EBIT margin</i>	8.1%	8.5%	9.6%	10.5%	10.3%	9.8%	9.4%	8.9%	8.5%	8.0%	
<b>Tax</b>	<b>-17.4</b>	<b>-18.9</b>	<b>-21.9</b>	<b>-24.6</b>	<b>-24.6</b>	<b>-24.1</b>	<b>-23.5</b>	<b>-22.9</b>	<b>-22.3</b>	<b>-21.6</b>	
<i>Tax rate</i>	29%	29%	29%	29%	29%	29%	29%	29%	29%	29%	
<b>Depr. &amp; Amort.</b>	<b>38.5</b>	<b>38.7</b>	<b>39.1</b>	<b>39.5</b>	<b>40.0</b>	<b>44.6</b>	<b>47.6</b>	<b>49.7</b>	<b>51.4</b>	<b>53.2</b>	
<i>% of sales</i>	5.2%	5.1%	5.0%	4.9%	4.9%	5.3%	5.5%	5.6%	5.7%	5.7%	
<b>Capex</b>	<b>-44.7</b>	<b>-45.9</b>	<b>-47.0</b>	<b>-48.2</b>	<b>-49.4</b>	<b>-50.6</b>	<b>-51.9</b>	<b>-53.2</b>	<b>-54.5</b>	<b>-55.9</b>	
<i>% of sales</i>	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
<b>Change in WC &amp; Prov.</b>	<b>33.3</b>	<b>-3.0</b>	<b>-3.0</b>	<b>-3.1</b>	<b>-3.2</b>	<b>-3.3</b>	<b>-3.4</b>	<b>-3.4</b>	<b>-3.5</b>	<b>-3.6</b>	
<i>% of sales</i>	-4.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
<b>Free Cash Flow</b>	<b>69.7</b>	<b>36.3</b>	<b>42.6</b>	<b>48.4</b>	<b>47.7</b>	<b>49.7</b>	<b>49.9</b>	<b>49.2</b>	<b>48.0</b>	<b>46.6</b>	<b>917.9</b>
<i>growth rate</i>	nm	-48.0%	17.3%	13.7%	-1.4%	4.2%	0.5%	-1.4%	-2.6%	-2.8%	2.5%
<b>Present Value FCF</b>	<b>66.1</b>	<b>31.9</b>	<b>34.8</b>	<b>36.7</b>	<b>33.6</b>	<b>32.5</b>	<b>30.3</b>	<b>27.8</b>	<b>25.1</b>	<b>22.7</b>	<b>446.3</b>

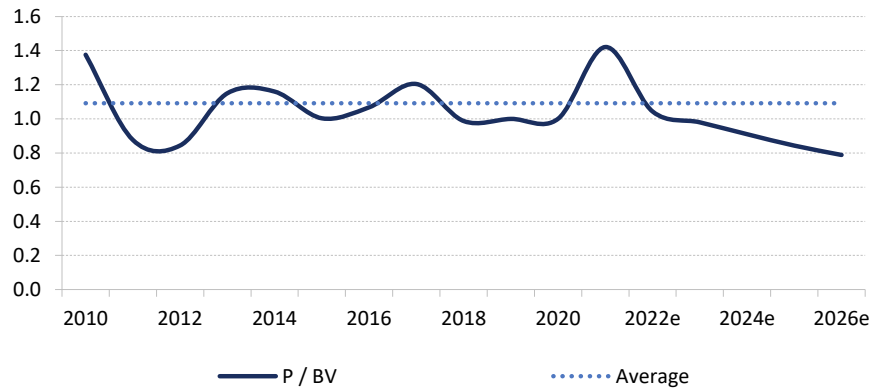
PV Phase I	203	Risk free rate	3.5%	Target equity ratio	79%		
PV Phase II	138	Premium Equity	5.0%	Beta	1.1		
PV Phase III	446	Premium Debt	0.5%	<b>WACC</b>	<b>7.7%</b>		
<b>Enterprise value</b>	<b>788</b>	<b>Sensitivity</b>	<b>Growth in phase III</b>				
- Net Debt (Cash)	153		<b>1.5%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>3.5%</b>
- Pension Provisions	12	<b>6.9%</b>	41.4	44.5	48.4	53.2	59.4
- Minorities & Peripherals	0	<b>7.3%</b>	38.2	40.8	44.0	47.9	52.8
+ MV of financial assets	0	<b>WACC</b>	35.3	37.6	<b>40.2</b>	43.4	47.4
		<b>8.1%</b>	32.8	34.7	37.0	39.6	42.9
		<b>8.5%</b>	30.6	32.2	34.1	36.4	39.1
<b>Equity value</b>	<b>623</b>						
Number of shares	15.5						
<b>Value per share (€)</b>	<b>40.0</b>						
<b>Current Price (€)</b>	<b>29.5</b>						
<b>Upside</b>	<b>36%</b>						

Source: Pareto Securities

Based on a DCF, we arrive at a new fair value of EUR 40 (was EUR 43) and keep our “Buy” rating in view of an upside of more than 35%. Aside from the estimate changes outlined in the previous section, we applied only minor changes to our valuation framework. As usual, we deduct leasing liabilities as part of net debt from the enterprise value to derive the equity value. In the free cash flow computation, we only consider depreciation and capex that does not result from the application of IFRS 16.

The Surteco share now trades slightly above book value 2022e, while the average in the past was more around 1.1x. We expect Surteco to realize RoE of around 10% in the next couple of years, clearly above past levels between 3-8%. Accordingly, this supports our buy thesis, we think.

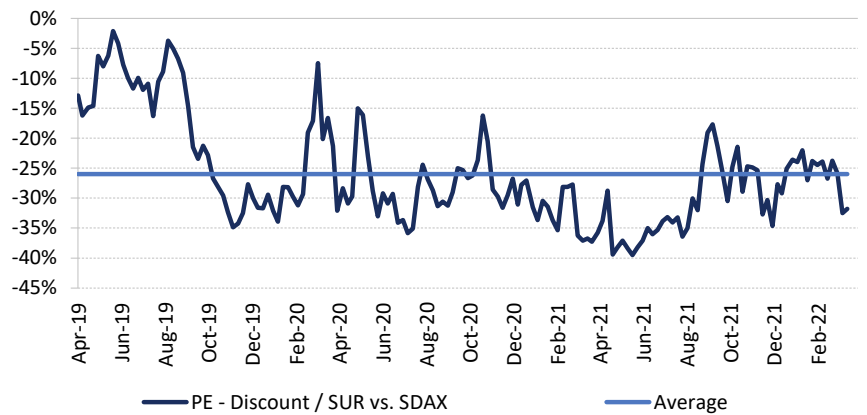
**P/BV**



Source: Pareto Securities

Surteco continues to trade at a steep discount to the SDAX, which also appears questionable given the recent positive development of the company (Surteco is no member of the SDAX at present).

**PE Discount to SDAX**



Source: Factset, Pareto Securities

# At a glance

## At a glance

Business Units	Decoratives		Technicals		Profiles						
Products/ applications	Comprises the activities related to the manufacture and distribution of edge bandings (35% of total sales), finish foils (15%), décor paper (13%) and release papers (4%)		Encompasses impregnates (8% of total sales) and specialised finished foils (4%), and specialized edge bandings (2%).		Includes skirtings (8% of total sales) and technical profiles (5%)						
Customers	Serves primarily the wood-based sector, namely the woodworking, flooring, caravanning and furniture (namely kitchen, living room and office) industries		Provides solutions for individual special such as fire-inhibiting materials for cruise ships or plastic foils for further processing to produce carpets		Industries served include: interior design, craft, caravanning, industrial applications, cruising and ship building						
Market share/ positioning	60% European market share for paper-based edge bands and 25% market share for thermoplastic edges										
Drivers	Surteco operates in a material intensive industry whose products have a long-life, thus top-line growth is driven by: (I) demand from furniture manufacturers; (II) macroeconomic headwinds, namely currency fluctuations in USD and trade dispute tensions; (III) global economic growth, private consumption propensity, disposable income and unemployment level. Bottom line is catalysed by: (I) availability and costs of raw materials, particularly raw papers (cellulose), plastics (PVC) and chemical additives (titanium dioxide); (II) successful consolidation of low-cost players to expand horizontally and vertically but also gain market shares in new regions										
Main competitors	Neodecortech, Schattddecor, Interprint (now part of the Toppan group), Rehau, MKT (edgebanding), Impress (paper) plus many smaller names										
Entry barriers/ competitive advantage	Medium barriers of entry because of high initial investments and proprietary rights for décors. On the other hand, Surteco presents a unique market positioning as a one-stop shop supplier of decorative surfaces given that several of its products are the most sold in its segment. Surteco also has a product and international scale advantage as well as high operational leverage, allowing it to benefit from economies of scale in development costs										
Strategy & Guidance	<b>Strategy:</b> (I) Cross-product sector approach to improve positioning against competitors (II) Benefit from favourable megatrends: population growth and urbanisation, individualisation and digitalisation (III) One-stop shop with a comprehensive offering for relevant customer groups (IV) M&A to make the portfolio more resilient, but no consolidation moves.		<b>Guidance (04/2022):</b> Revenue: EUR 730-750m EBIT: EUR 55-65m		<b>Pareto Estimates</b> Revenue: EUR 746m y/y -1.5% EBIT: EUR 60m EBIT margin 8.1%		<b>Consensus</b> Revenue: EUR 746m y/y -1.5% EBIT: EUR 60m EBIT margin 8.1%				
2021	Sales (EURm)	757.1	EBITDA Margin	114.8 15.2%	EBIT (EURm)	72.5 9.6%	Sales 5Y hist. CAGR	3.4%	Organic growth y/y	3.5%	
Sales & EBIT Split	<b>Sales split by region</b> 			<b>Sales split by division</b> 		<b>EBIT split by division</b> 		<b>Group financial development</b> 			
Shareholder structure & management	<b>CEO</b>  Wolfgang Moyses CEO (since 2019) • Following his studies in business administration, Mr Moyses earned an MBA from the Gutenberg University of Mainz. Wolfgang Moyses joined Webasto as divisional controller in 1988. From 1992 until 1999, he had roles of head of controlling, project manager, commercial director, and division manager at MANN+Hummel. He served as Chairman for Simona from 1999 until August 2019. As of October 2019, Moyses acts as CEO of Surteco		<b>COO</b>  Dr. Manfred Bracher COO (since 2020) • As graduated engineer in plastics technology, Mr Bracher was active in various leading management roles from 1996-2019, at the end as board member of RKW SE. Since 2020 COO at Surteco.		<b>Shareholder structure</b> 						
# of employees FY 2021	3,165										

Source: Company, Pareto Securities



<b>PROFIT &amp; LOSS (fiscal year) (EURm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
<b>Revenues</b>	<b>690</b>	<b>699</b>	<b>675</b>	<b>627</b>	<b>757</b>	<b>746</b>	<b>764</b>	<b>783</b>
<b>EBITDA</b>	<b>83</b>	<b>73</b>	<b>66</b>	<b>88</b>	<b>115</b>	<b>103</b>	<b>109</b>	<b>119</b>
Depreciation & amortisation	(38)	(41)	(45)	(42)	(42)	(43)	(43)	(44)
<b>EBIT</b>	<b>45</b>	<b>32</b>	<b>21</b>	<b>46</b>	<b>73</b>	<b>60</b>	<b>65</b>	<b>75</b>
Net interest	(8)	(6)	(7)	(3)	(4)	(4)	(3)	(3)
Other financial items	(4)	0	1	-	-	-	-	-
<b>Profit before taxes</b>	<b>34</b>	<b>27</b>	<b>16</b>	<b>43</b>	<b>70</b>	<b>56</b>	<b>62</b>	<b>72</b>
Taxes	(7)	(8)	(7)	(10)	(22)	(16)	(18)	(21)
Minority interest	(0)	(0)	(0)	(0)	-	-	-	-
<b>Net profit</b>	<b>26</b>	<b>19</b>	<b>9</b>	<b>34</b>	<b>48</b>	<b>40</b>	<b>44</b>	<b>51</b>
EPS reported	1.69	1.20	0.61	2.17	3.08	2.58	2.83	3.30
<b>EPS adjusted</b>	<b>1.78</b>	<b>1.54</b>	<b>0.61</b>	<b>2.17</b>	<b>3.08</b>	<b>2.58</b>	<b>2.83</b>	<b>3.30</b>
DPS	0.80	0.55	-	0.80	1.00	1.00	1.00	1.16
<b>BALANCE SHEET (EURm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
Tangible non current assets	258	256	237	234	242	243	245	248
Other non-current assets	258	245	246	230	227	227	227	228
Other current assets	193	223	214	201	254	207	211	215
Cash & equivalents	133	121	84	133	73	129	152	181
<b>Total assets</b>	<b>843</b>	<b>845</b>	<b>780</b>	<b>799</b>	<b>795</b>	<b>806</b>	<b>835</b>	<b>872</b>
Total equity	349	353	355	373	414	438	467	502
Interest-bearing non-current debt	318	253	255	238	133	133	133	133
Interest-bearing current debt	6	66	9	41	93	93	93	93
Other Debt	157	160	148	134	144	130	131	133
<b>Total liabilities &amp; equity</b>	<b>843</b>	<b>845</b>	<b>780</b>	<b>799</b>	<b>795</b>	<b>806</b>	<b>835</b>	<b>872</b>
<b>CASH FLOW (EURm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
Cash earnings	75	66	78	70	96	83	87	95
Change in working capital	8	(5)	6	13	(52)	33	(3)	(3)
Cash flow from investments	(115)	(49)	(36)	(31)	(31)	(45)	(46)	(47)
Cash flow from financing	107	(24)	(85)	(4)	(73)	(16)	(16)	(16)
Net cash flow	73	(12)	(37)	50	(60)	56	23	29
<b>VALUATION (EURm)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
<b>Share price (EUR end)</b>	<b>26.9</b>	<b>22.3</b>	<b>22.7</b>	<b>24.1</b>	<b>37.9</b>	<b>29.8</b>	<b>29.8</b>	<b>29.8</b>
Number of shares end period	16	16	16	16	16	16	16	16
Net interest bearing debt	190	198	180	145	153	97	74	44
<b>Enterprise value</b>	<b>623</b>	<b>559</b>	<b>548</b>	<b>532</b>	<b>752</b>	<b>570</b>	<b>548</b>	<b>518</b>
EV/Sales	0.9	0.8	0.8	0.8	1.0	0.8	0.7	0.7
<b>EV/EBITDA</b>	<b>7.5</b>	<b>7.7</b>	<b>8.3</b>	<b>6.0</b>	<b>6.6</b>	<b>5.5</b>	<b>5.0</b>	<b>4.4</b>
EV/EBIT	13.9	17.4	26.0	11.5	10.4	9.5	8.4	6.9
P/E reported	15.9	18.6	37.4	11.1	12.3	11.5	10.5	9.0
<b>P/E adjusted</b>	<b>15.1</b>	<b>14.4</b>	<b>37.4</b>	<b>11.1</b>	<b>12.3</b>	<b>11.5</b>	<b>10.5</b>	<b>9.0</b>
P/B	1.2	1.0	1.0	1.0	1.4	1.1	1.0	0.9
<b>FINANCIAL ANALYSIS</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022e</b>	<b>2023e</b>	<b>2024e</b>
ROE adjusted (%)	7.9	6.8	2.7	9.3	12.1	9.4	9.7	10.5
Dividend yield (%)	3.0	2.5	-	3.3	2.6	3.4	3.4	3.9
EBITDA margin (%)	12.0	10.4	9.8	14.1	15.2	13.8	14.2	15.2
EBIT margin (%)	6.5	4.6	3.1	7.4	9.6	8.1	8.5	9.6
NIBD/EBITDA	2.29	2.71	2.71	1.64	1.33	0.94	0.68	0.37
EBITDA/Net interest	11.04	13.27	9.75	27.34	26.25	28.14	31.22	35.01

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## Appendix A

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

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Companies	No. of shares	Holdings in %
Bonheur	240,958	0.57%
Pareto Bank	15,311,030	21.92%
Selvaag Bolig	4,314,865	4.60%
Sparebank 1 Nord-Norge	4,287,282	4.27%
SpareBank 1 Ringerike Hadeland	100,000	0.64%
Sparebank 1 SMN	1,970,942	1.52%
Sparebank 1 SR-Bank	1,857,563	0.73%
SpareBank 1 Østfold Akerhus	1,232,229	9.95%
SpareBank 1 Østlandet	3,833,163	3.61%
Sparebanken Møre	254,264	2.58%
Sparebanken Sør	433,744	2.77%
Sparebanken Vest	6,862,344	6.39%
NEXT Biometrics	710,901	0.78%
SpareBank 1 Sør-Øst-Norge	1,771,308	2.81%

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Company	Analyst holdings*	Total holdings
AF Gruppen	0	1,825
Aker ASA	500	3,102
Aker BP	0	20,969
Aker Carbon Capture	0	5,481
Aker Clean Hydrogen	0	140,540
Aker Horizons	0	125,848
Aker Offshore Wind	0	165,118
Aprilia Bank ASA	0	22,675
Archer	0	30,170
ArcticZymes Technologies	0	684
Austevoll Seafood	0	3,600
AutoStore	0	2,085
Awilco LNG	0	10,000
B2Holding AS	0	13,940
Bonheur	0	32,088
Borrøgaard ASA	0	650
Bouvet	0	2,940
BRABank	0	31,499
BW Energy	0	105,160
BW Offshore	0	16,076
Circa Group	0	16,550
Cloudberry Clean Energy	0	101,750
DNB	0	49,205
DNO	0	151,978
Elkem	0	54,367
ELOP	0	130,000
Equinor	0	2,590
Europris	0	13,208
Fjordkraft Holding	0	15,313
Flex LNG	0	1,317

Company	Analyst holdings*	Total holdings
Frontline	0	12,290
Gaming Innovation Group	0	25,912
Gjensidige Forsikring	0	7,746
GramCar Carriers	0	1,625
Grieg Seafood	0	9,003
Huddly	0	908,173
HydrogenPro	0	39,777
Kalera	0	26,752
Kitron	0	18,386
Komplett Bank	0	209,400
Kongsberg Gruppen	0	34,351
KWS	75	75
Lerøy Seafood Group	0	39,363
Maltwater	0	30,700
MerCell	0	24,863
Mowi	0	446
MPC Container Ships	0	43,145
NEXT Biometrics	0	710,901
Nordic Semiconductor	0	5,336
Norco	0	790
Norse Atlantic	0	25,000
Norsk Hydro	0	84,189
Norske Skog	0	98,499
Northern Drilling Ltd.	0	67,919
Okeanos Eco Tankers	0	1,420
Orkla	0	23,883
Panoro Energy	0	26,241
Pareto Bank	0	1,340,684
Pexip Holding	0	107,083
Protector Forsikring	0	14,000
Pryme	0	5,000
Quantafuel	0	5,797
REC Silicon	0	38,281
SailMar	0	2,799
Sandnes Sparebank	0	4,013
Scatec	0	30,456
Selvaag Bolig	0	3,093
Sparebank 1 Nord-Norge	0	3,350
Sparebank 1 SMN	0	13,240
Sparebank 1 SR-Bank	0	16,054
SpareBank 1 Østfold Akerhus	0	1,252
SpareBank 1 Østlandet	0	9,621
Sparebanken Sør	0	16,435
Sparebanken Vest	0	17,463
Sparebanken Øst	0	1,500
Stolt-Nielsen	0	1,817
Storbrand	0	26,098
Subsea 7	0	12,893
Telenor	0	14,002
TGS	0	600
Vow	0	5,681
Vow Green Metals	0	19,681
Wallenius Wilhelmsen	0	5,800
XXL	0	20,923
Yara	0	16,661
Zaptec	0	15,000

*This overview is updated monthly (last updated 15.03.2022).*

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## Appendix B

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

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Aker Clean Hydrogen	Protector Forsikring
Aprilia Bank ASA	Pyrum Innovations
Arcane Crypto	Quantal uel
Attensi	Saga Robotics
Bar ramundi Group Pte. Ltd.	Salmon Evolution
Belships	Sartorius-Herbst
Biomega Group AS	Seagems Norway
Bonheur	Seijacks
Boreal Holding AS	SFL Corporation Ltd
BW LPG	SGL TransGroup International A/S
BW Offshore	Shamaran Petroleum
Caval AS	Slate European Holdings
Cloudberry Clean Energy	SmarT Wire Inc.
Dampskibsselskabet NORDEN A/S	Strandline Resources Limited
DLT	Swedencare
DNO	TEMPTON GmbH
Documaster AS	Trander energi AS
EcoOnline	Vegfinans AS
ELOP	Vestby Logistikk Holding
Enapter AG	Viking ACQ 1 AS, SPAC
Energies Israel Finance Ltd.	Vow
Ensurgemicropower	Vår Energi
Envis AS (Books)	Waldorf Production UK Ltd
Esmailzadeh Holding	wheel.me
First Camp Group AB	Xeneta AS
Flex LNG	Ynbar AS
FREYR Battery	ZTL Payment Solution AS
Funkwerk AG	Ørn Software
Gjensidige Forsikring	
Global Agrarjes (Fertiberia group)	
Golar LNG	
GramCar Carriers	
Green Transition Holding	
Greenfood	
Grøntvedt AS	
Hagal AS	
Halodi Robotics AS	
Heimdall Power	
HKN Energy Ltd	
HMH Holding	
Immunopharma	
InoBat Auto	
International Petroleum Corporation	
JP/Politikens Forlag	
Kalera	
Kebony	
Kentech Global Plc	
Keppel FELS Limited	
Kistos plc.	
KMC Properties	
Komplett ASA	
Kruse Smith	
Kvitbjørn Varme	
Lakers Holding AS	
Larøy Sealood Group	
Lumarine AS	
Maha Energy	
Malorama Holding AS	
Mathesa Bostadsbolaget AB	
Mer cell	
Mime Petroleum	
Modex AS	
Müller Medien GmbH (United Vertical Media GmbH)	
Navios Maritime Acquisitions	
Navios Maritime Holdings	
Nordic Habitat	
Noreco	
Norlandia Health & Care Group AS	
Norse Atlantic	
Norwegian Block Exchange	
Odjell Oceanwind	
Otellor Corporation	
Panoro Energy	
PetroNor E&P	
PHM Group	
Ping Petroleum UK Limited	

This overview is updated monthly (this overview is for the period 28.02.2021–28.02.2022).

## Appendix C

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

Distribution of recommendations	
Recommendation	% distribution
Buy	71%
Hold	26%
Sell	2%

Distribution of recommendations (transactions*)	
Recommendation	% distribution
Buy	79%
Hold	21%
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 15.03.2022).

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Borglanda Fastighets AB	Korsängen Fastighets AB (publ)	Origa Care AB (publ)
Bosjö Fastigheter AB	Krona Public Real Estate AB	Præsarium Property 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 15.03.2022).

## 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

2G Energy *	Heidelberg Pharma *	OVB Holding AG
Biotech *	Intershop Communications AG	Procredit Holding *
CORESTATE Capital Holding S.A.	Leifheit	PSI SOFTWARE AG *
Daldrup & Söhne	Logwin *	PWO *
Demire	Manz AG *	S&T AG *
EpiGenomics AG *	MAX Automation SE	SMT Scharf AG *
Gesco *	Merkur Bank	Surteco Group *
Gerry Weber	MLP *	Szygy AG *
GFT Technologies *	mutares	TAKKT AG
Gigaset *	Northern Data AG	Viscom *

\* The designated sponsor services include a contractually agreed provision of research services.

## 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.

Baywa	Gerry Weber	Mynaric
BB Biotech	Hypoport AG	mutares
CLIQ Digital	Intershop Communications AG	Northern Data AG
Daldrup & Söhne	Leifheit	OHB SE
Dermapharma Holding SE	MAX Automation SE	OVB Holding AG
Enapter	Merkur Bank	Segfried Holding AG
Express2ion Biotechnologies		

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