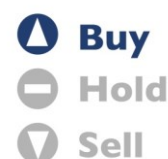


Weathering Covid-19 with FY 23 in focus



FY 19 ended stronger than preliminary figures indicated. Although the company pulled its FY 20 outlook, we expect a limited impact from Covid-19 as likely negative impacts from the European shut-down can be partially offset by good business in medtech and other areas. The start into FY 2020 was good and management remains committed on FY 23 targets. The current situation should even bring additional M&A opportunities to well financed S&T. We adjust our estimates, cutting FY 20 sales by 3% and EBITDA by 11%. Impact on our DCF model is limited and thus TP moves from EUR 30 to EUR 28. The stock remains a clear Buy.

Covid-19 impact likely limited

Q1 20 showed a good start according to the company. Chinese supply chain related impacts are just in the range of EUR 5m. European shut-down has likely more severe impact but 50% yoy order increase in medtech (respiratory equipment) can mitigate effects. At this point, the company expect only a slight negative organic growth for Q2.

Committed to FY 23 targets with M&A opportunities likely arising

S&T sticks to the EUR 2bn revenue target for FY 23 and EUR 220m EBITDA. The integration of the Kapsch acquisition is ahead of plan and project pipeline, respective strategic business opportunities, was up >30% end 2019. Liquidity of more than EUR 300m together with sufficient credit lines put S&T in a comfortable situation with M&A opportunities likely arising.

Target price (EUR)	28
Share price (EUR)	16

Forecast changes			
%	2020e	2021e	2022e
Revenues	(3)	(2)	(2)
EBITDA	(11)	(3)	(2)
EBIT adj	(25)	(11)	(7)
EPS reported	(30)	(14)	(10)
EPS adj	(30)	(14)	(10)

Source: Pareto

Ticker	SANT1.DE, SANT GY
Sector	Hardware & Equipment
Shares fully diluted (m)	65.9
Market cap (EURm)	1,084
Net debt (EURm)	-101
Minority interests (EURm)	12
Enterprise value 20e (EURm)	992
Free float (%)	59

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

Stefan Augustin
+49 69 58997 430, stefan.augustin@paretosec.com

EURm	2018	2019	2020e	2021e	2022e
Revenues	991	1,123	1,216	1,354	1,477
EBITDA	91	112	118	143	162
EBIT	62	62	68	98	120
EPS	0.70	0.74	0.75	1.13	1.41
EPS adj	0.70	0.74	0.75	1.13	1.41
DPS	0.16	0.19	0.15	0.23	0.28
EV/EBITDA	11.1	12.4	8.4	6.5	5.3
EV/EBIT	16.3	22.4	14.6	9.5	7.1
P/E adj	22.6	28.6	22.0	14.5	11.7
P/B	2.94	3.76	2.67	2.30	1.97
ROE (%)	13.6	13.5	12.6	17.0	18.2
Div yield (%)	1.0	0.9	0.9	1.4	1.7
Net debt	(53)	(30)	(101)	(164)	(237)

Source: Pareto

FY'19 with a strong finish and good projects

FY'19 preliminary figures from January

S&T AG		2018	Actual		Consensus	
			2019	yoy	2019	Delta
Revenues	EURm	991	1,145	16%	1,149	0%
EBITDA	"	91	105	16%	104	1%
EBITDA margin	%	9.1%	9.2%	3 bps	9.0%	11 BP

Source: Pareto, company data, Factset

Little lower sales but better EBITDA than published at preliminary figures. EBITDA up by 23% and revenue up by 13%. However, effects from first time adoption of IFRS 16 were EUR 17m so adjusted growth rate came in at 5%. Notably, the acquisition of Kapsch had a dilutive earnings effect as it was still slightly loss making according to management. According to our calculation, EBITDA margin of the underlying business (ex Kapsch and before IFRS 16) was flat at 9.1%.

FY 19 final figure in detail

S&T AG		2018	2019	yoy
Revenues	EURm	991	1,123	13%
Revenues ex consolidation		991	1,060	7%
of which: IT Services	"	449	506	13%
of which: IoT Solutions Europe	"	377	475	26%
of which: IoT Solutions America	"	165	142	(14)%
EBITDA	"	91	112	23%
EBITDA margin	%	9.1%	9.9%	81 bps
EBITDA (ex IFRS 16)		91	95	5%
of which: IT Services		26.4	34.1	29%
of which: IoT Solutions Europe		52.7	68.2	29%
of which: IoT Solutions America		11.5	9.4	-18%

Source: Pareto

Strong operating cash flow, up by 235%. There were two one-time effects in FY 19; i) EUR -4.5m cash support for the acquired Kapsch CarrierCom and ii) a shifted payment of EUR 8m, which will revert in Q1 20. Main driver for the positive development next to IFRS 16 is an improvement of the WC ratio, which declined from 15.8% to 13.7%.

S&T is very pleased with the acquisition of Kapsch and sees the turnaround ahead of initial expectations. Following the small loss in FY 19, expectations is to turn profitable in FY 20 and contribute with a single digit EBITDA. Project signings for high speed trains in Lithuania support the development.

FY 20 outlook – the good and the bad

Due to the dynamic situation concerning the impacts from Covid-19, management decided to abandon its initial forecast for FY 20, which was for roughly a c.10% increase in revenues and c.25% rise in EBITDA. However, while the adjustment is clearly to the downside, impact is likely less severe.

In Q1 there is a negative impact in the scope of EUR 5-6m in absolute terms as a result of supply chain disruptions in China. These have been solved by now. For Q2 the indication of the management is that a rough 10% drop versus the initial budget could be in the pipeline. With initial growth rate was expected at 10%, we read into the statement a roughly flattish development (this is excluding

consolidation effects). For a better understanding of the development, S&T eluded on its vertical markets:

Medical & Healthcare (c.10% of FY 19 sales) – sees currently very strong demand, which is up 50%. With Drägerwerk as one of its larger customers S&T profits from large orders of respiratory equipment. A EUR 20m order could be acquired.

Businesses which are state owned or are belong to infrastructure like Deutsche Bahn and Utilities account for 16-17% of sales and see no negative effect from Covid-19 at all.

Direct exposure to the automotive industry is only around 3% of sales and related to autonomous driving and thus not related to current plant shut downs.

Industrial automation, which stands currently for around 20% of sales has however an indirect exposure to the automotive industry. A negative impact is clearly expected here.

Hardest hit by industry is avionics, which is around 3-4% of sales. However, S&T still has some orders as a few players use the downtime to upgrade equipment. Overall, we see the business of S&T comparatively stable during Covid-19 crisis. Project backlog is up by 39% to EUR 841m year end 2019 and the project pipeline increased by 32% to EUR 2.16bn.

2023 targets unchanged and the crisis offers M&A opportunities

While Covid-19 will bring temporary burden, S&T sees itself on track to reach its mid-term target 2023 of EUR 2bn sales and EBITDA of EUR 220m. Secure credit lines and more than EUR 300m in cash and equivalents are a sizable war chest to even push more actively M&A. S&T sees several competitors in markets less financially sound, which could bring appealing M&A opportunities over the coming quarters.

Cutting our FY 20 revenue forecast by 3% and EBITDA by 11%

We adapt the current situation into our forecast and reduce our FY 20 forecast for revenue by 3% and EBITDA by 11%. Start of the year was promising according to management.

Changes to our estimates

S&T AG		2020e			2021e			2022e		
		Old	New	Chg.	Old	New	Chg.	Old	New	Chg.
Revenues	EURm	1,256	1,216	(3)%	1,376	1,354	(2)%	1,511	1,477	(2)%
EBITDA	"	132	118	(11)%	148	143	(3)%	166	162	(2)%
EBIT	"	90	68	(25)%	110	98	(11)%	130	120	(7)%
Net result	"	70	49	(29)%	86	74	(13)%	102	93	(9)%
EPS	EUR	1.06	0.75	(30)%	1.31	1.13	(14)%	1.56	1.41	(10)%

Source: Pareto

Source: Pareto

Valuation

Incorporating our estimates into our DCF model, we derive a new fair value of EUR 28 (25x 2021e EPS). In our DCF model the progression on NWC and cash flow partially compensate the reduction of the FY 20e forecast. Hence, our TP moves from EUR 30 to EUR 28. Recommendation stays Buy.

DCF analysis

EUR m	Phase I					Phase II					Phase III
	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	
Revenues	1,216	1,354	1,477	1,620	1,779	1,930	2,069	2,191	2,292	2,367	
growth rate	8%	11%	9%	10%	10%	8%	7%	6%	5%	3%	
EBITDA	118	143	162	186	205	220	233	243	251	255	
EBIT margin	9.7%	10.6%	11.0%	11.5%	11.5%	11.4%	11.2%	11.1%	10.9%	10.8%	
EBIT	68	98	120	146	164	175	184	191	196	199	
EBIT margin	5.6%	7.2%	8.1%	9.0%	9.2%	9.0%	8.9%	8.7%	8.6%	8.4%	
Tax	(10)	(16)	(20)	(26)	(33)	(36)	(39)	(41)	(43)	(45)	
Tax rate	15%	16%	17%	18%	20%	21%	21%	22%	22%	23%	
Depr. & Amort.	50	45	42	41	41	45	49	52	54	56	
% of sales	4.1%	3.3%	2.9%	2.5%	2.3%	2.3%	2.4%	2.4%	2.4%	2.4%	
Capex	(29)	(34)	(37)	(41)	(44)	(48)	(52)	(55)	(57)	(59)	
% of sales	2.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Change in WC & P	18	(12)	(10)	(12)	(13)	(15)	(16)	(17)	(17)	(18)	
% of sales	-1.5%	0.9%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	
Free Cash Flow	96	82	95	107	114	121	127	131	133	133	2,364
growth rate	nm	(15)%	16%	14%	6%	6%	5%	3%	2%	0%	2%
Present Value FCF	91	72	77	81	80	79	76	73	69	64	1,140

PV Phase I	400	Risk free rate	3.5%	Targ. equity ratio	70%
PV Phase II	362	Premium Equity	5.0%	Beta	1.2
PV Phase III	1,140	Premium Debt	2.0%	WACC	7.8%

Enterprise value	1,903	Sensitivity	Growth in phase III				
- Net Debt (Cash)	32		1.0%	1.5%	2.0%	2.5%	3.0%
- Pension Provisions	9	7.0%	29.0	30.7	32.8	35.3	38.4
- Minorities & Peripherals	12	7.4%	27.1	28.6	30.3	32.4	34.9
+ MV of financial assets	0	WACC 7.8%	25.4	26.7	28.1	29.9	32.0
- Paid-out dividends for last FY	0	8.1%	23.9	25.0	26.3	27.8	29.5
+/- Other EV items	0	8.5%	22.6	23.6	24.6	25.9	27.4
Equity value	1,848						
Number of shares (m)	66						
Value per share (€)	28						

Source: Pareto

PROFIT & LOSS (fiscal year) (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Revenues	468	504	882	991	1,123	1,216	1,354	1,477
EBITDA	28	34	68	91	112	118	143	162
Depreciation & amortisation	(8)	(10)	(26)	(29)	(50)	(50)	(45)	(42)
EBIT	21	24	42	62	62	68	98	120
Net interest	(3)	(4)	(6)	(5)	(8)	(10)	(10)	(9)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	18	20	35	56	54	58	88	112
Taxes	(1)	0	(6)	(8)	(5)	(9)	(14)	(19)
Minority interest	(2)	(6)	(7)	(3)	(0)	-	-	-
Net profit	16	15	23	45	49	49	74	93
EPS reported	0.36	0.33	0.43	0.70	0.74	0.75	1.13	1.41
EPS adjusted	0.36	0.31	0.43	0.70	0.74	0.75	1.13	1.41
DPS	0.08	0.10	0.13	0.16	0.19	0.15	0.23	0.28
BALANCE SHEET (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Tangible non current assets	15	28	32	37	38	23	15	12
Other non-current assets	76	184	195	218	330	359	356	354
Other current assets	168	331	361	421	545	512	540	566
Cash & equivalents	60	126	217	172	312	373	425	497
Total assets	319	669	805	848	1,226	1,267	1,336	1,429
Total equity	102	241	332	367	385	418	482	560
Interest-bearing non-current debt	51	94	115	119	283	273	260	260
Interest-bearing current debt	-	-	-	-	-	-	-	-
Other Debt	166	332	356	360	549	567	585	600
Total liabilities & equity	319	669	805	848	1,226	1,267	1,336	1,429
CASH FLOW (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Cash earnings	23	131	46	48	82	99	119	135
Change in working capital	3	(70)	(1)	(12)	2	18	(12)	(10)
Cash flow from investments	(10)	(74)	(39)	(63)	(56)	(29)	(34)	(37)
Cash flow from financing	(1)	72	93	(21)	84	(26)	(22)	(15)
Net cash flow	21	65	91	(45)	111	61	51	72
CAPITALIZATION & VALUATION (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Share price (EUR end)	6.0	8.7	18.0	15.8	21.3	16.5	16.5	16.5
Number of shares end period	44	49	63	66	66	66	66	66
Net interest bearing debt	(9)	(32)	(102)	(53)	(30)	(101)	(164)	(237)
Enterprise value	254	481	1,066	1,003	1,385	992	928	856
EV/Sales	0.5	1.0	1.2	1.0	1.2	0.8	0.7	0.6
EV/EBITDA	9.0	14.0	15.7	11.1	12.4	8.4	6.5	5.3
EV/EBIT	12.0	19.9	25.5	16.3	22.4	14.6	9.5	7.1
P/E reported	16.4	26.3	41.5	22.6	28.6	22.0	14.5	11.7
P/E adjusted	16.4	28.4	41.5	22.6	28.6	22.0	14.5	11.7
P/B	2.6	2.8	3.7	2.9	3.8	2.7	2.3	2.0
FINANCIAL ANALYSIS & CREDIT METRICS	2015	2016	2017	2018	2019	2020e	2021e	2022e
ROE adjusted (%)	16.5	7.9	7.9	12.9	13.1	12.2	16.5	17.8
Dividend yield (%)	1.3	1.1	0.7	1.0	0.9	0.9	1.4	1.7
EBITDA margin (%)	6.1	6.8	7.7	9.1	9.9	9.7	10.6	11.0
EBIT margin (%)	4.5	4.8	4.7	6.2	5.5	5.6	7.2	8.1
NIBD/EBITDA	(0.33)	(0.93)	(1.50)	(0.58)	(0.26)	(0.85)	(1.15)	(1.46)
EBITDA/Net interest	10.73	8.28	10.72	17.56	14.54	11.52	14.95	18.42

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	2,010,630	9.63%	SpareBank 1Østfold Akersl	1,140,010	9.20%
Pareto Bank ASA	14,902,985	2134%	Sparebanken Vest	6,111,796	5.69%

Pareto Securities AS or its affiliates own as determined in accordance with Section 13(d) of the US Exchange Act, 1% or more of the equity securities of:

Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
Helgeland Sparebank	2,010,630	9.63%	SpareBank 1SMN	1,885,567	145%
Pareto Bank ASA	14,902,985	2134%	SpareBank 1Østfold Akersl	1,140,010	9.20%
Selvaag Bolig ASA	2,171,147	2.32%	Sparebanken Møre	305,239	3.09%
SpareBank 1BV	1,655,920	2.63%	Sparebanken Sør	433,149	2.77%
SpareBank 1Nord-Norge	3,246,880	3.23%	Sparebanken Vest	6,111,796	5.69%

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
AF Gruppen	0	18,535	Helgeland Sparebank	0	4,127	Schibsted ASA B Aksjer	0	597
Aker	0	791	Ice Group	0	96,891	Seadrill	0	8,689
Aker BP	0	14,269	Jæren Sparebank	0	500	Selvaag Bolig	0	2,000
American Shipping Compar	0	3,500	Komplett Bank	0	104,079	SpareBank 1BV	0	22,700
Atlantic Sapphire	0	1,105	Kongsberg Gruppen	0	34,118	SpareBank 1Nord-Norge	0	27,325
Avance Gas	0	4,580	KWS	75	75	SpareBank 1Ringerike Had	0	500
Axactor	0	8,709	Lerøy Seafood	0	2,050	SpareBank 1SMN	0	22,865
BASF	270	270	Mowi	0	1,904	SpareBank 1SR-Bank	0	30,040
Bonheur	0	46,615	Nordic Semiconductor	0	6,000	Sparebank 1Østfold Akersl	0	450
BRABank	0	1,371,000	Norsk Hydro	0	96,736	SpareBank 1Østlandet	0	2,111
DNB	0	29,705	Norwegian Air Shuttle	0	49,491	Sparebanken Sør	0	15,840
DNO	0	457,388	Ocean Yield	0	39,037	Sparebanken Vest	0	5,869
DNO Bull ETN	0	7,000	Okeanis Eco Tankers	0	2,728	Sparebanken Øst	0	1,500
Entra	0	8,837	Orkla	0	18,644	Stolt-Nielsen	0	42,426
Equinor	0	5,002	Pareto Bank	0	1,279,375	Storebrand	0	6,115
Europris	0	14,750	PGS	0	11,656	Subsea 7	0	1,139
Fjord1	0	50,000	Pioneer Property	0	2,050	Telenor	0	2,731
Fjordkraft Holding	0	8,000	Protector Forsikring	0	14,785	TGS-NOPEC	0	2,000
Frontline	0	11,730	REC Silicon	0	32,708	VOWASA	0	4,781
Gjensidige Forsikring	0	7,280	SalMar	0	200	XXL	0	9,279
Golden Ocean Group	0	1,744	Sandnes Sparebank	0	27,532	Yara International	0	14,253
Grieg Seafood	0	770	Scatec Solar	0	35,000	Zenterio	0	78,865
Hafnia Limited	0	10,000						

This overview is updated monthly (last updated 17.03.2020).

*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	GG. St. Kongensgade 100 og 106	Ocean Yield
Avanzia Bank	Hafnia Limited	Odfjell SE
Africa Energy	Hafslund E-CO	OKEA
African Petroleum Corporation	Hunter Group ASA	Oliga Group
Agder Energi	Hörmann Industries	Pareto Bank
Aker ASA	Ice Group	Petroleum Geo-Services
American Tanker	ICWHolding	PetroTal
Belships	Kingfish Zeeland	Pinewood Laboratories
BRABank	Klaveness Combination CarriersASA	Pioneer Property Group
BWEnergi	LifeFit	ProvidencesInv. Mngmt Pty
Cabonline Group Holding AB	Luxaviation Holding	Qesterre Energy
CentralNic Group	Monobank ASA	SandnesSparebank
DNO	MutaresSE& Co. KGaA	Seadrill
Erwe Immobilien	Navig8	Shamaran Petroleum
Euromicron AG	Navigator Holdings	Sparebanken Vest
Exmar NV	Norbit ASA	Stolt Nilsen
Filo Mining Corp	Northern Ocean	TEMPTON Dienstleistungen
Flex LNG	Norwegian Air Shuttle	United Camping AB
Floatel	Nouveau Monde Graphite	Vantage Drilling
Genel Energy		

This overview is updated monthly (this overview is for the period 28.02.2019 – 29.02.2020).

Appendix C

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

Distribution of recommendations

Recommendation	% distribution
Buy	56%
Hold	39%
Sell	5%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	87%
Hold	13%
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 17.03.2020).

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	Green Landscaping Holding	Mentice AB	Sedana Medical
Bionvent	IRRAS AB	Pledpharma AB	ShaM aran Petroleum
Climeon	Jetpak Top Holding AB	QleanAir Holding	

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

ByggPartner i Dalarna Holding	Magnolia Bostad	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	Mälårasen
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 17.03.2020).

Appendix E

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

Designated Sponsor

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

2G Energy *	Gigaset *	MLP *	SCOUT24
Baywa	Heidelberg Pharma *	MOBOTIX AG	Siemens Healthineers AG
Biotest *	Hypoport AG	mutares	SMT Scharf AG *
Brenntag	Intershop Communications AG	OVH Holding AG	Surteco Group *
CORESTATE Capital Holding S.A.	ISRA Vision	Procredit Holding *	Szygy AG *
Daldrup & Söhne	Leifheit	PSI SOFTWARE AG *	TAKKT AG
Demire	Logwin *	PWO *	Vapiano
Epigenomics AG*	Manz AG *	RIB Software *	va-Q-tec *
Gesco *	MAX Automation SE	S&T AG *	Viscom *
GFT Technologies *	Merkur Bank	Schaltbau Holding AG *	

* 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	Vapiano

This overview is updated monthly (last updated 17.03.2020).