



Raw material costs provide tailwind

Although Surteco reported a set of favourable Q3 numbers at the backdrop of lower input prices, the business outlook for next fiscal year is mixed due to the deteriorating business climate in the German furniture industry. Notwithstanding, the valuation has reached an attractive level, in our view. Our new target price is EUR 25, and we upgrade our recommendation from “Hold” to “Buy”. With that update, the research coverage is transferred from Dustin Mildner to Knud Hinkel.

Decent Q3 numbers at the backdrop of lower material expenses

Q3 group EBIT was not only 36% above (subdued) last year’s figure but also sequentially up more than 30% compared to the last quarterly result. Overall, this was mainly due to overall falling costs of material, namely for technical thermoplastics and paper / titanium dioxide.

Outlook a mixed bag

While we expect input prices to provide further tailwind in 2020e at current levels, the outlook for Germany’s furniture industry has clearly deteriorated in the last couple of weeks. We assume the probability is high that Surteco’s subdued top-line development in the current year is not going to improve significantly next year.

Undemanding valuation triggers upgrade

Notwithstanding, the valuation has reached an attractive level, in our view. A DCF framework indicates a fair value of ~EUR 25. Moreover, the share trades at 0.9x book value, which compares to an historical average of 1.1 and an expected RoE of close to 8%. Therefore, we upgrade our recommendation from “Hold” to “Buy”.

EURm	2017	2018	2019e	2020e	2021e
Revenues	690	699	676	656	669
EBITDA	83	73	86	85	87
EBIT	45	32	42	45	47
EPS	1.69	1.20	1.67	1.92	2.01
EPS adj	1.78	1.54	1.67	1.92	2.01
DPS	0.80	0.55	0.60	0.65	0.70
EV/EBITDA	7.5	7.7	6.2	6.0	5.6
EV/EBIT	13.9	17.4	12.8	11.3	10.5
P/E adj	15.1	14.4	13.2	11.5	11.0
P/B	1.20	0.99	0.93	0.88	0.83
ROE (%)	7.6	5.4	7.2	7.9	7.8
Div yield (%)	3.0	2.5	2.7	3.0	3.2
Net debt	190	198	176	152	133

Source: Pareto

Target price (EUR)	25
Share price (EUR)	22

Forecast changes			
%	2019e	2020e	2021e
Revenues	(3)	(5)	(5)
EBITDA	8	0	1
EBIT adj	4	(2)	(2)
EPS reported	2	(2)	(2)
EPS adj	2	(2)	(2)

Source: Pareto

Ticker	SURG.DE, SUR GR
Sector	Industrials
Shares fully diluted (m)	15.5
Market cap (EURm)	341
Net debt (EURm)	189
Minority interests (EURm)	4
Enterprise value 19e (EURm)	533
Free float (%)	24

Performance



Source: Factset

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Analysts

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Review Q3

Exhibit 1: Q3 numbers

SURTECO GROUP (EURm)	Q3 2018	Actual		Estimates	
		Q3 2019	yoy (%)	Pareto	Dev (%)
Revenue	169	167	-1.4	162	3.0
Decoratives	125	129	2.5	120	6.9
Technicals	26	18	-29.4	24	-21.7
Profiles	22	24	9.6	23	6.1
Reconciliation	-5	-5	-0.3	-5	-4.4
EBIT	8.4	11.4	36.2	8.6	32.0
EBIT Margin	5.0%	6.8%	189 BP	5.3%	n.a.
Decoratives	6.7	9.6	43.3	7.4	29.0
Technicals	0.6	0.6	0.0	0.2	154.5
Profiles	2.4	2.9	20.8	2.3	26.5
Reconciliation	-1.3	-1.7	27.5	-1.3	27.2

Source: Pareto, Company data

The Surteco group reported a decent Q3. Group EBIT was not only 36% above (subdued) last year's figure but also sequentially up more than 30% compared to the last quarterly result. Overall, this was mainly due to overall falling costs of material and lowered expenses for personnel, the latter following a restructuring program ("Alpha") last year. The material expense quota fell by 70bps from 49.3% to 48.6% of sales due to lower raw material prices and a change of product mix following the disposal of the US impregnating business, that was budgeted to realize annual sales of EUR 33m in 2019. Considering this disposal, underlying quarterly sales were up by 2%.

The by far largest segment **Decoratives** saw an increase of quarterly earnings by 29%, mainly due to lower material expenses. The business developed differently in the regions: While revenues in Europe and Germany were slightly down owing to the overall soft demand by the furniture industry, South and North America were up by 6-7%. In North America, Surteco profited from the appreciation of the USD, whereas in South America, this increase was entirely organic and resulted from an increasing market share. Asia was down sharply but this region is insignificant for Surteco.

Regarding **Technicals**, revenues were down by 12%, if corrected for the sale of the impregnating business. The laminate flooring business is in a weak shape at present, following a prolonged price erosion. Other problematic spots were the region Eastern Europe and (product-wise) the paper-based finish foil business. In contrast, the volatile specialized edge banding business is doing better.

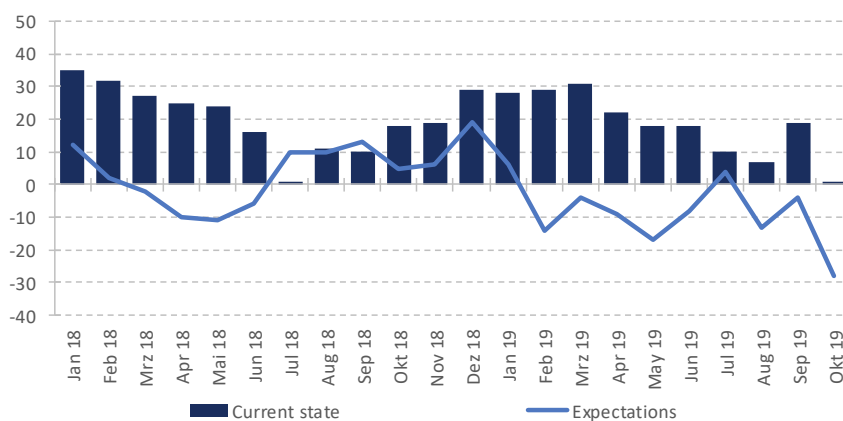
Profiles saw a nice increase in revenues and earnings and developed largely in-line with forecasts.

Investment Case revisited

The most important short-term indicators for Surteco's business development in the coming quarters are in our view (1) the business climate for the German furniture industry, which constitutes Surteco's largest customer group and (2) the price development for Surteco's most significant raw materials, as Surteco spends ~50% of revenues on input material.

The outlook for Germany's furniture industry has clearly deteriorated in the last couple of weeks. The ifo ("Institut für Wirtschaftsforschung") index gauging industry-wide business expectations for the next six months have decreased from minus 4 to minus 28 points, reaching a new low point since the beginning of 2018. Similarly, the index which is supposed to capture the assessment of the furniture industry' current state of business has dropped significantly from 19 points to just 1 point. This picture is complemented by a revenue decrease by ~1% for the entire industry since the beginning of 2019.

Exhibit 2: Ifo index for the German furniture industry heading south

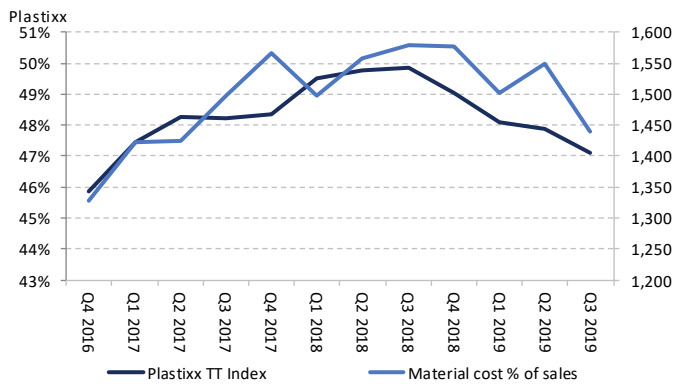


Source: VDM, Pareto

While the ifo indicator has already in the past developed rather volatile and one is well-advised not to overrate the index development in a single month, the probability is high that Surteco's subdued top-line development in the current year is not going to improve significantly next year.

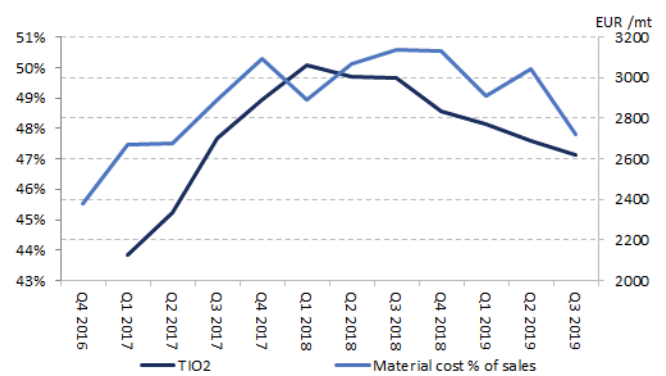
On the other hand, the development of input costs has been more favourable in the last couple of months. In Q3, the material expenses stood at 47.8% of sales, which compares with 50% for the full 2018. Key inputs for Surteco are paper (~35% of material expenses), technical thermoplastics (~31%) and other chemicals (~16%). A lot of the paper price volatility can be traced back to fluctuations of the prices for titanium dioxide. For paper, titanium dioxide is used in powder form to provide whiteness and opacity. We estimate that more than 50% of the changes of Surteco's material expense quota can be explained by the prices for technical thermoplastics and titanium dioxide. Other factors are product mix, currency movements and price changes for other inputs but are much harder to observe. Please be aware that the price curves depicted below might look different for Surteco.

Exhibit 3: Plastixx TT index vs material cost quota



Source: www.kiweb.de, Surteco, Pareto Securities Research

Exhibit 4: Price for TiO₂ vs material cost quota



Source: Bloomberg, Surteco, Pareto Securities Research

In the past ~4 years, the quarterly material cost quota has mostly fluctuated between 45.5% and 53.0%, which compares with 49% after the first three quarters in 2019, i.e. close to the midpoint of that interval. Accordingly, we regard present levels as good estimate going forward. This also means that risks and opportunities from changes of raw material expenses are balanced at the moment.

Updating our estimates

Exhibit 5: P&L

Profit & Loss	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e	2022e	2023e
Revenue	404	618	638	640	690	699	676	656	669	682	695
% yoy	-0.9%	53.1%	3.2%	0.2%	7.8%	1.4%	-3.4%	-2.9%	1.9%	2.0%	2.0%
EBITDA	60	63	65	74	83	73	86	85	87	89	91
% of sales	14.8%	10.2%	10.2%	11.6%	12.0%	10.4%	12.7%	13.0%	13.0%	13.0%	13.0%
EBIT	37	28	31	41	45	32	42	45	47	48	50
% of sales	9.2%	4.5%	4.9%	6.4%	6.5%	4.6%	6.2%	6.9%	7.0%	7.1%	7.2%
Pretax Profit	28	22	27	35	34	27	37	41	43	46	48
% of sales	7.0%	3.6%	4.2%	5.5%	4.9%	3.9%	5.5%	6.3%	6.4%	6.7%	6.9%
Net Profit	22	18	18	24	26	19	26	30	31	33	35
% of sales	5.4%	3.0%	2.8%	3.7%	3.8%	2.7%	3.8%	4.5%	4.7%	4.9%	5.0%
EPS	1.86	1.19	1.14	1.54	1.69	1.20	1.67	1.92	2.01	2.15	2.24
% yoy	37.2%	-36.0%	-4.2%	34.9%	9.7%	-28.9%	38.9%	14.9%	4.7%	6.8%	4.3%
DPS	0.65	0.70	0.80	0.80	0.80	0.55	0.60	0.65	0.70	0.75	0.78
Payout ratio	35%	59%	70%	52%	47%	46%	35%	35%	35%	35%	35%

Source: Pareto Securities Research

We now expect a drop of revenues to EUR 676m in 2019e, mainly as a result of the disposal of the impregnating business in the US in July, which was expected to contribute sales of 15m after the closing date in the remainder of 2019, all other things being equal. Because of this portfolio effect, we expect a drop of sales by ~3% also in 2020e. Our estimate is well in-line with Surteco's guidance to realize revenues at the upper end of the formerly guided corridor of EUR 655m to 685m.

If Surteco realizes a material cost quota close to the levels seen in Q3, we think that the company guidance of EBIT of EUR 38m-40m in 2019 might turn out to be too conservative. We therefore expect EBIT of EUR 42m (consensus: ~40m). Notwithstanding, Surteco has announced that additional measures within the "Alpha" optimization program might be taken to ensure short- and mid-term profitability, which would anyway result in lower EBIT.

Regarding the tax rate, Surteco stands at slightly below 30% of EBT after 9 months, so we expect the full year number to come in a little bit higher than the 27% guided for the longer-term. Notwithstanding, we continue to expect 27% in 2020e and beyond. We anticipate the dividend to rise from EUR 0.55 per share in 2018 to EUR 0.60 in 2019, well in-line with the targeted pay-out ratio of 30-50% of net income.

We expect Surteco to deploy capex of ~EUR 44m in 2019 and EUR 40m in the years thereafter, roughly in-line with depreciation.

Exhibit 6: Cash flow

Cash Flow	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e	2022e	2023e
Operating Cash Flow	55	54	69	58	83	61	74	74	70	72	77
<i>% of sales</i>	14%	9%	11%	9%	12%	9%	11%	11%	10%	11%	11%
Capex	-31	-29	-32	-34	-43	-48	-44	-40	-40	-40	-40
<i>% of sales</i>	8%	5%	5%	5%	6%	7%	7%	6%	6%	6%	6%
Operating FCF	24	25	38	24	40	13	30	33	29	31	37
<i>% of sales</i>	6%	4%	6%	4%	6%	2%	4%	5%	4%	5%	5%
Acquisitions and others	-98	0	0	-21	-74	0	0	0	0	0	0
<i>% of sales</i>	-24%	0%	0%	-3%	-11%	0%	0%	0%	0%	0%	0%
FCF	-69	27	41	4	-33	11	30	33	29	31	37
<i>% of sales</i>	-17%	4%	6%	1%	-5%	2%	4%	5%	4%	5%	5%

Source: Pareto Securities Research

Valuation update

Exhibit 7: DCF

EUR m	Phase I					Phase II					Phase III
	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	
Revenue	676	656	669	682	695	709	723	738	752	767	
<i>growth rate</i>	-3.4%	-2.9%	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
EBIT	42	45	47	48	50	50	50	50	50	50	
<i>EBIT margin</i>	6.2%	6.9%	7.0%	7.1%	7.2%	7.1%	6.9%	6.8%	6.6%	6.5%	
Tax	-12	-12	-13	-13	-14	-14	-14	-14	-13	-13	
<i>Tax rate</i>	29%	27%	27%	27%	27%	27%	27%	27%	27%	27%	
Depr. & Amort.	44	40	40	40	40	40	40	41	42	42	
<i>% of sales</i>	6.5%	6.1%	6.0%	5.9%	5.8%	5.7%	5.6%	5.6%	5.5%	5.5%	
Capex	-44	-40	-40	-40	-40	-41	-42	-43	-44	-45	
<i>% of sales</i>	6.5%	6.1%	6.0%	5.9%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	
Change in WC & Prov.	4	3	-2	-2	-2	-2	-2	-2	-2	-3	
<i>% of sales</i>	-0.6%	-0.5%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	
Free Cash Flow	34	36	32	33	34	33	33	32	32	32	664
<i>growth rate</i>	nm	8.1%	-11.9%	3.7%	3.8%	-3.1%	-1.8%	-1.2%	-0.9%	-1.0%	2.0%
Present Value FCF	33	34	28	27	26	24	22	20	19	17	364

PV Phase I	148	Risk free rate	3.5%	Target equity ratio	65%
PV Phase II	102	Premium Equity	5.0%	Beta	1.1
PV Phase III	364	Premium Debt	0.5%	WACC	6.9%

Enterprise value	614	Sensitivity	Growth in phase III				
			1.0%	1.5%	2.0%	2.5%	3.0%
- Net Debt (Cash)	198	6.2%	26.4	29.0	32.2	36.3	41.7
- Pension Provisions	13	6.5%	24.1	26.3	29.0	32.4	36.7
- Minorities & Peripherals	3	6.9%	22.1	24.0	25.0	29.1	32.6
+ MV of financial assets	5	7.2%	20.3	21.9	23.9	26.3	29.2
- Paid-out dividends for last FY	9	7.6%	18.7	20.1	21.8	23.8	26.3
- Lease Liabilities	10						

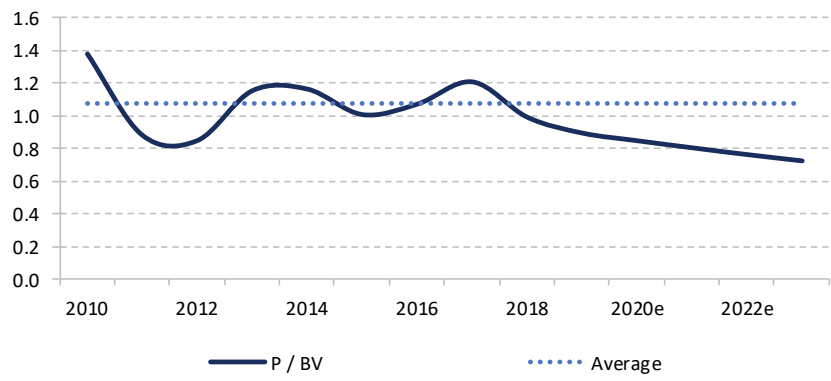
Equity value	387
Number of shares	15.5
Value per share (€)	25.0
Current Price (€)	21.9
Upside	14%

Source: Pareto Securities Research

Based on a DCF, we derive a new fair value of EUR 25 and upgrade our recommendation from “Hold” to “Buy”. Aside from the estimate changes outlined in the previous section, we applied only minor changes to our valuation framework. We assume that Surteco can sustainably earn EBIT of EUR 50m. Surteco does not use leasing arrangements a lot, consequently the effects from the first-time application of IFRS 16 are only minor.







At the present share price, the Surteco share trades around 0.9x book value 2019e. This compares with an average multiple of ~1.1x realized in past decade (see below). Assuming some mean reversion, this translates into an upside of ~20%, well in-line with the results derived from the DCF.

Exhibit 8: P/B value



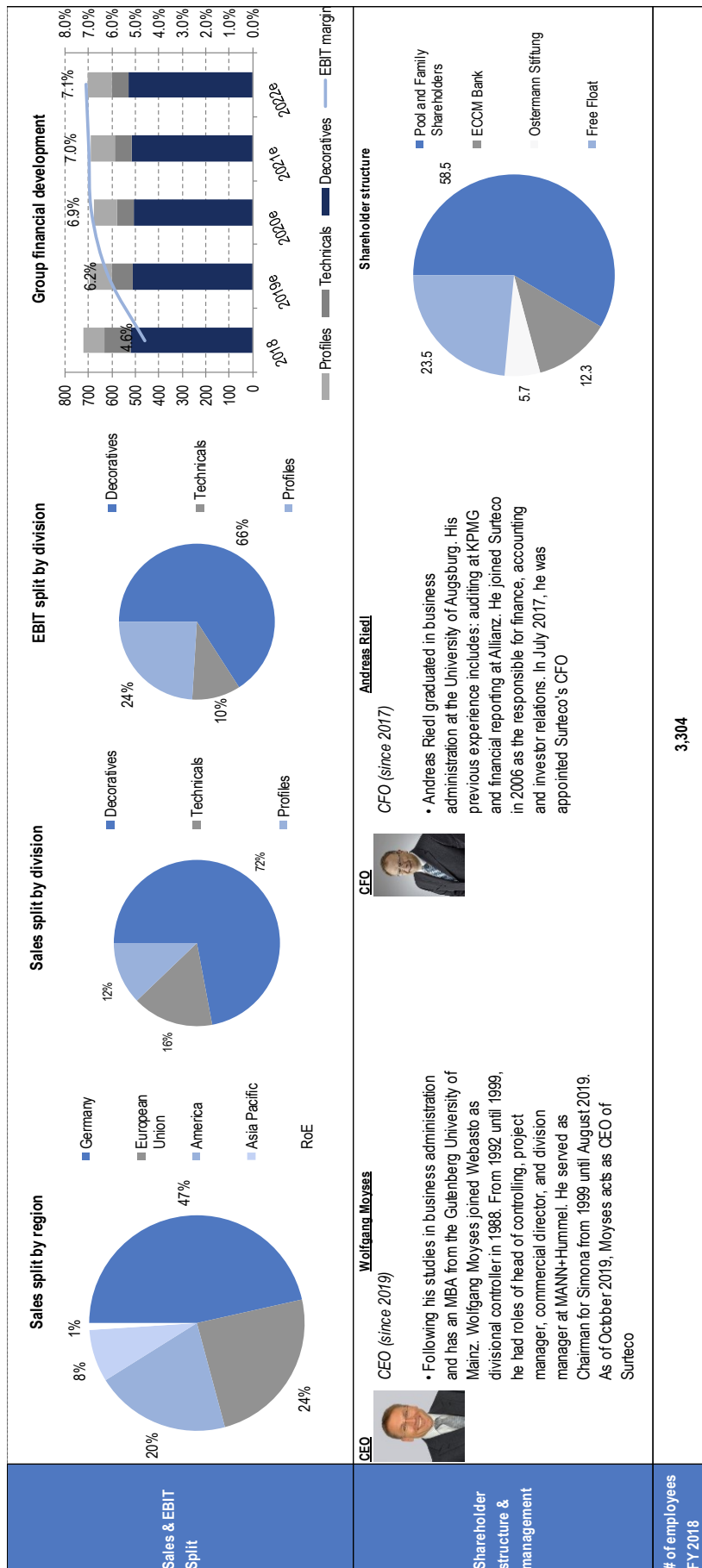
Source: Surteco, Pareto

Exhibit 9: At a glance

Business Units	Decoratives	Technicals	Profiles																																		
																																					
Products/ applications																																					
Customers	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%)																																		
Market share/ positioning	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																																		
Drivers	60% European market share for paper-based edge bands and 25% market share for thermoplastic edges																																				
Main competitors	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																																				
Entry barriers/ competitive advantage	Neodecortech, Schaitdecor, Interprint (now part of the Toppan group), Rehau, MKT (edgebanding), Impress (paper) plus many smaller names																																				
Strategy & Guidance	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																																				
2018	<p>Strategy:</p> <ul style="list-style-type: none"> (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 achieve consolidation in: paper and plastic edges, paper and plastic foils, and decorative paper <p>Guidance (14/11/2019):</p> <table border="0"> <tr> <td>Revenue:</td> <td>EUR 655m - EUR 685m</td> <td>Revenue:</td> <td>EUR 676m</td> </tr> <tr> <td>y/y</td> <td>-4.1%</td> <td>y/y</td> <td>-3.4%</td> </tr> <tr> <td>EBIT:</td> <td>EUR 38-40m</td> <td>EBIT:</td> <td>EUR 42m</td> </tr> <tr> <td>EBIT margin</td> <td>5.8%</td> <td>EBIT margin</td> <td>6.2%</td> </tr> </table> <p>Consensus (ex Pareto)</p> <table border="0"> <tr> <td>Revenue:</td> <td>EUR 679m</td> </tr> <tr> <td>y/y</td> <td>-2.9%</td> </tr> <tr> <td>EBIT:</td> <td>EUR 40m</td> </tr> <tr> <td>EBIT margin</td> <td>5.9%</td> </tr> </table> <p>2018</p> <table border="0"> <tr> <td>Sales (EURm)</td> <td>699.0</td> <td>EBITDA</td> <td>32.2</td> <td>Sales 5Y hist. CAGR</td> <td>11.6%</td> </tr> <tr> <td>y/y</td> <td></td> <td>Margin</td> <td>4.6%</td> <td>Organic growth/y</td> <td>3.5%</td> </tr> </table>	Revenue:	EUR 655m - EUR 685m	Revenue:	EUR 676m	y/y	-4.1%	y/y	-3.4%	EBIT:	EUR 38-40m	EBIT:	EUR 42m	EBIT margin	5.8%	EBIT margin	6.2%	Revenue:	EUR 679m	y/y	-2.9%	EBIT:	EUR 40m	EBIT margin	5.9%	Sales (EURm)	699.0	EBITDA	32.2	Sales 5Y hist. CAGR	11.6%	y/y		Margin	4.6%	Organic growth/y	3.5%
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Source: Pareto Securities Research

Exhibit 10: At a glance



Source: Pareto Securities Research

PROFIT & LOSS (fiscal year) (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Revenues	618	638	640	690	699	676	656	669
EBITDA	63	65	74	83	73	86	85	87
Depreciation & amortisation	(35)	(34)	(33)	(38)	(41)	(44)	(40)	(40)
EBIT	28	31	41	45	32	42	45	47
Net interest	(10)	(8)	(8)	(8)	(6)	(5)	(4)	(4)
Other financial items	4	4	2	(4)	0	-	-	-
Profit before taxes	22	27	35	34	27	37	41	43
Taxes	(4)	(9)	(11)	(7)	(8)	(11)	(11)	(12)
Minority interest	(0)	0	0	(0)	(0)	(0)	(0)	(0)
Net profit	18	18	24	26	19	26	30	31
EPS reported	1.19	1.14	1.54	1.69	1.20	1.67	1.92	2.01
EPS adjusted	1.62	1.56	1.64	1.78	1.54	1.67	1.92	2.01
DPS	0.70	0.80	0.80	0.80	0.55	0.60	0.65	0.70
BALANCE SHEET (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Tangible non current assets	237	245	246	258	256	256	256	256
Other non-current assets	157	160	167	258	245	245	245	245
Other current assets	199	186	201	193	223	216	211	215
Cash & equivalents	43	66	60	133	121	88	112	29
Total assets	637	656	674	843	845	806	825	745
Total equity	321	335	347	349	353	371	392	413
Interest-bearing non-current debt	183	187	124	318	253	264	264	162
Interest-bearing current debt	6	5	72	6	66	-	-	-
Other Debt	114	116	118	157	160	158	156	157
Total liabilities & equity	637	656	674	843	845	806	825	745
CASH FLOW (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Cash earnings	59	64	60	75	66	70	70	72
Change in working capital	(5)	6	(1)	8	(5)	4	3	(2)
Cash flow from investments	(27)	(28)	(54)	(115)	(49)	(44)	(40)	(40)
Cash flow from financing	(35)	(18)	(9)	107	(24)	(63)	(9)	(112)
Net cash flow	(8)	23	(5)	73	(12)	(33)	24	(83)
CAPITALIZATION & VALUATION (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Share price (EUR end)	24.0	21.7	23.7	26.9	22.3	22.0	22.0	22.0
Number of shares end period	16	16	16	16	16	16	16	16
Net interest bearing debt	146	127	136	190	198	176	152	133
Enterprise value	531	476	519	623	559	533	510	491
EV/Sales	0.9	0.7	0.8	0.9	0.8	0.8	0.8	0.7
EV/EBITDA	8.5	7.3	7.0	7.5	7.7	6.2	6.0	5.6
EV/EBIT	19.2	15.3	12.7	13.9	17.4	12.8	11.3	10.5
P/E reported	20.2	19.0	15.4	15.9	18.6	13.2	11.5	11.0
P/E adjusted	14.9	13.9	14.4	15.1	14.4	13.2	11.5	11.0
P/B	1.2	1.0	1.1	1.2	1.0	0.9	0.9	0.8
FINANCIAL ANALYSIS & CREDIT METRICS	2014	2015	2016	2017	2018	2019e	2020e	2021e
ROE adjusted (%)	7.9	7.4	7.5	7.9	6.8	7.1	7.8	7.7
Dividend yield (%)	2.9	3.7	3.4	3.0	2.5	2.7	3.0	3.2
EBITDA margin (%)	10.2	10.2	11.6	12.0	10.4	12.7	13.0	13.0
EBIT margin (%)	4.5	4.9	6.4	6.5	4.6	6.2	6.9	7.0
NIBD/EBITDA	2.32	1.95	1.82	2.29	2.71	2.05	1.78	1.52
EBITDA/Net interest	7.48	8.95	9.46	11.04	13.27	16.81	19.33	20.93

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Appendix A

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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	13,685,885	19.59%	Sparebanken Vest	4,507,960	7.64%

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 1Østfold Akersl	1,140,010	9.20%
Pareto Bank ASA	13,685,885	19.59%	Sparebanken Møre	305,239	3.09%
Selvaag Bolig ASA	2,172,147	2.32%	Sparebanken Sør	433,149	2.77%
SpareBank 1BV	1,650,920	2.62%	Sparebanken Vest	4,507,960	7.64%
SpareBank 1Nord-Norge	3,240,880	3.23%	Totens Sparebank	79,246	129%
SpareBank 1SMN	1,878,192	145%			

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Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings
AF Gruppen	0	18,475	Høegh LNG	0	3,890	Sandnes Sparebank	0	24,251
Aker	0	1,021	Jæren Sparebank	0	500	Scatec Solar	0	35,675
Aker BP	0	7,829	Komplett Bank	0	106,656	Schibsted ASA B Aksjer	0	453
AKVA Group	0	2,100	Kongsberg Gruppen	0	34,051	Seadrill	0	9,819
Atlantic Sapphire	0	3,805	KWS	75	75	Selvaag Bolig	0	3,000
Avance Gas	0	4,580	Lerøy Seafood	0	4,880	SpareBank 1BV	0	17,700
Axactor	0	8,709	Mowi	0	2,619	SpareBank 1Nord-Norge	0	26,500
BASF	270	270	NORBIT	0	18,864	SpareBank 1Ringerike Hadr	0	500
Bonheur	0	49,085	Nordic Semiconductor	0	6,000	SpareBank 1SMN	0	15,490
BRABank	0	1,371,000	Norsk Hydro	0	96,051	SpareBank 1SR-Bank	0	29,573
DNB	0	31,285	Northern Drilling	0	5,060	Sparebank 1Østfold Akersl	0	450
DNO	0	400,998	Norwegian Air Shuttle	0	40,447	SpareBank 1Østlandet	0	2,891
DNO Bull ETN	0	7,000	Norwegian Energy Compan	0	300	Sparebanken Sør	0	15,840
Entra	0	31,627	Ocean Yield	0	34,967	Sparebanken Vest	0	1,900
Equinor	0	6,431	Odjell Drilling	0	2,244	Sparebanken Øst	0	1,500
Europris	0	14,750	Okeanis Eco Tankers	0	2,228	Stolt-Nielsen	0	41,277
Fjord1	0	51,250	Orkla	0	19,148	Storebrand	0	5,565
Fjordkraft Holding	0	8,000	Panoro Energy	0	6,170	Subsea 7	0	1,162
Flex LNG	0	1,032	Pareto Bank	0	1,196,275	Telenor	0	19,111
Frontline	0	11,730	Pioneer Property	0	2,050	TGS-NOPEC	0	2,000
Gjensidige Forsikring	0	6,712	Protector Forsikring	0	14,385	XXL	0	8,879
Golden Ocean Group	0	1,744	REC Silicon	0	32,776	Yara International	0	13,545
Grieg Seafood	0	970	SalMar	0	280	Zenterio	0	78,865
Helgeland Sparebank	0	4,127						

This overview is updated monthly (last updated 18.11.2019).

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

Appendix B

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

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

2020Bulkers	Genel Energy	Nouveau Monde Graphite
Avanzia Bank	Gfinity Plc	Ocean Yield
African Petroleum	GG. St. Kongensgade 100 og 106	OKEA
Agder Energi	Hafslund E-CO	OkeanisEco Tankers
American Tanker	HKN Energy Ltd	Otiga Group
Andfjord Salmon	Hunter Group ASA	Panoro Energy
APC Forsikringsmæglere A/S	Hörmann Industries	Pareto Bank
BelshipsASA	Ice Group	Petroleum Geo-Services
Bluewater Holding	Jactel AS	PetroTal
BRAbank	KlavenessShip Holding	Pioneer Property Group
CentralNic Group	LifeFit	Point ResourcesAS
DNO	Lundin Petroleum	Questerre Energy
Dof Subsea	Magseis	Rødovre Port Holding A/S
Eco Atlantic Oil and Gas	Monobank ASA	Shamaran Petroleum
Euromicron AG	Navig8	Sparebank 1Østlandet
Exmar NV	Navigator Holdings	Stolt Nilsen
Filo Mining Corp	NGEx Resources	TEMPTON Dienstleistungen
Flex LNG	Norbit ASA	Vantage Drilling
Floatel	Norwegian Air Shuttle	

This overview is updated monthly (this overview is for the period 31.10.2018 – 31.10.2019).

Appendix C

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

Distribution of recommendations

Recommendation	% distribution
Buy	62%
Hold	33%
Sell	4%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	84%
Hold	11%
Sell	5%

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

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Bionvent	IRRAS AB	Pledpharma AB	ShaM aran Petroleum
Climeon	Jetpak Top Holding AB		

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Appendix E

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

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Appendix F

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

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B.R.A.I.N.	Hypoport AG	Merkur Bank	Siegfried Holding AG
comdirect	init	MOBOTIX AG	Vapiano
Daldrup & Söhne			

This overview is updated monthly (last updated 18.11.2019).