Robust business, sluggish share price

Mainly due to very strong results in the Software & Solutions business, Kontron reported an Q3 group EBITDA that exceeded consensus and our expectations by approximately 20%. Against the backdrop of a strong order book of EUR 2.0bn and a book-to-bill ratio of 1.2x, Kontron's full-year earnings guidance appears to be comfortably within reach. As all valuation metrics point to a substantial share price upside, we reiterate our "buy" recommendation, based on an undemanding PT of EUR 28.

Q3 was a positive surprise

Due to very strong results in the Software & Solutions business, Kontron reported Q3 group EBITDA that exceeded consensus and our expectations by approximately 20%. The Katek acquisition, many activities of which have been integrated into Software & Solutions, appears to be developing well under Kontron's management.

Full year guidance should be reached

Against the backdrop of a strong order book of EUR 2.0bn and a book-to-bill ratio of 1.2x (Software & Solutions: 1.9x), Kontron reiterated its full-year EBITDA and net income guidance, which points to EUR 190m and EUR 100m, respectively. However, the revenue outlook was revised down from EUR 1.9bn to EUR 1.8bn, as KTN terminated EUR 200m of low-margin revenues acquired with the former Katek business. Notwithstanding, the revenues guidance might still be a stretch for Kontron but should be well achievable as far as earnings are concerned.

Unchanged PT of EUR 28

Our DCF analysis suggests an unchanged price target of EUR 28, which implies an upside of more than 40%. We cross-verify our results by multiplying the respective multiple of relevant peers with the EBITDA that we project for 2024. Even if we apply the lowest peer multiple, we arrive at a reassuring price level of EUR 38 per share as a result of this exercise. Therefore, our recommendation remains 'buy'.

EURm	2022	2023	2024e	2025e	2026e
Revenues	1,064	1,226	1,751	1,937	2,053
EBITDA	70	126	203	227	246
EBIT	(2)	86	131	155	169
EPS	3.66	1.23	1.57	2.07	2.27
EPS adj	3.66	1.23	1.57	2.07	2.27
DPS	1.00	0.50	0.79	1.03	1.14
EV/EBITDA	12.2	9.8	6.1	5.2	4.6
EV/EBIT	-	14.4	9.4	7.7	6.7
P/E adj	4.2	17.5	12.5	9.5	8.6
P/B	1.53	2.25	1.83	1.64	1.48
ROE (%)	44.2	12.6	15.4	18.2	18.0
Div yield (%)	6.5	2.3	4.0	5.3	5.8
Net debt	(118)	(121)	(5)	(47)	(97)

Source: Pareto Securities

Target price (EUR)	**28**	▲ **BUY**
Share price (EUR)	20	– HOLD
		▼ SELL

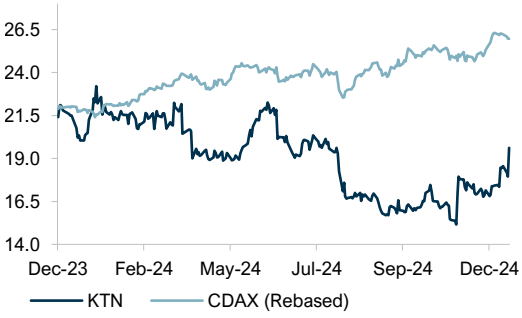
Forecast changes

%	2024e	2025e	2026e
Revenues	(2)	(2)	(2)
EBITDA	8	(2)	(2)
EBIT adj	7	(3)	(3)
EPS reported	(1)	(3)	(3)
EPS adj	(1)	(3)	(3)

Source: Pareto Securities

Ticker	KTN.DE, KTN GY
Sector	Hardware & Equipment
Shares fully diluted (m)	63.2
Market cap (EURm)	1,240
Net debt (EURm)	-5
Minority interests (EURm)	3
Enterprise value 24e (EURm)	1,228
Free float (%)	0

Performance



Source: FactSet

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Wrap up Q2 2024 results

9M

Kontron AG (EURm)	9M 2023	Actual 9M 2024	yoy (%)
Revenues	**861**	**1,208**	**40**
Europe	195	259	33
Global	49	55	12
Software & Solutions	56	114	103
Gross profit	**341**	**519**	**52**
margin	*39.6%*	*42.9%*	*335 bps*
EBITDA	**95.9**	**141.3**	**47**
margin	*11.1%*	*11.7%*	*56 bps*
Europe	57.7	62.1	8
margin	*29.6%*	*24.0%*	*-564 bps*
Global	13.3	12.4	-7
margin	*26.9%*	*22.5%*	*-442 bps*
Software & Solutions	24.9	66.8	168
margin	*44.5%*	*58.7%*	*1423 bps*
EBIT	**67.9**	**85.0**	**25**
margin	*7.9%*	*7.0%*	*-85 bps*
Net Income (cont. oper.)	**54.6**	**62.3**	**14**
margin	*6.3%*	*5.2%*	*-118 bps*
EPS	**0.86**	**1.00**	**16**

Source: Company, Pareto Securities

Q2

Kontron AG (EURm)	Q3 2023	Actual Q3 2024	yoy (%)
Revenues	**300**	**428**	**43**
Europe	195	259	33
Global	49	55	12
Software & Solutions	56	114	103
Gross profit	**119**	**191**	**61**
margin	*39.5%*	*44.7%*	*520 bps*
EBITDA	**35.0**	**59.4**	**70**
margin	*11.7%*	*13.9%*	*224 bps*
Europe	23.0	21.0	-9
margin	*11.8%*	*8.1%*	*-372 bps*
Global	4.4	3.9	-12
margin	*9.0%*	*7.1%*	*-189 bps*
Software & Solutions	7.5	34.5	359
margin	*13.4%*	*30.3%*	*1690 bps*
EBIT	**25.1**	**36.6**	**46**
margin	*8.4%*	*8.6%*	*20 bps*
Net Income (cont. oper.)	**19.0**	**24.4**	**28**
margin	*6.3%*	*5.7%*	*-62 bps*
EPS	**0.30**	**0.39**	**30**

Source: Company, Pareto Securities

Due to very strong results in the Software & Solutions business, Kontron reported Q3 group EBITDA that exceeded consensus and our expectations by approximately 20%. The Katek acquisition, many activities of which have been integrated into Software & Solutions, appears to be developing well under Kontron's management.

Margin growth in Software & Solutions was driven by the delivery of rail business projects in France and Germany, a strong defense business, and the start of design box deliveries. The strong position in the defense business was further supported by another EUR 165m order from a leading European company in the defense, security, and aerospace technology sector, announced on December 18th. Positively, more than 50% of revenues in this segment are recurring.

Net income was impacted by PPA of EUR 2.6m (not expected to recur in 2025) and restructuring costs of EUR 2.4m as KTN reduced its headcount by 296. On the other hand, the divestment of Telealarm resulted in a one-off gain of EUR 4.8m. Consequently, organic growth for the quarter was 6.2%.

Against the backdrop of a strong order book of EUR 2.0bn and a book-to-bill ratio of 1.2x (Software & Solutions: 1.9x), Kontron reiterated its full-year EBITDA and net income guidance, which points to EUR 190m and EUR 100m, respectively. However, the revenue outlook was revised down from EUR 1.9bn to EUR 1.8bn, as KTN terminated EUR 200m of low-margin revenues acquired with the former Katek business. In the solar business, also acquired with Katek (a white-label supplier of inverters), Kontron expects to make EUR 80m in revenues at a loss in 2024 but anticipates high growth and margin recovery beginning in H2 2025. After digesting the Katek deal in 2024, Kontron might consider some smaller acquisitions in FY 2025 and possibly divest some non-core businesses (EMS, hardware, remaining IT Service business).

Finally, Kontron provided an updated assessment of its core end markets. Notably, the 50% market share in the high-speed train business is impressive. Additionally, the 25% margin

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expectation for the defense sector bodes well for the coming years, especially given the recent strong order intake.

Update on end markets by KTN

	High-speed trains	Defense & Aerospace	Charger for eCars	Solar + Energy mgmt
Market	EU: increase 11k -> 30k km of high speed lines by 2030 Driven by climate targets	Global increase in defense budgets	EU permits only eCars 2035, Recently less subsidies in Germany	After hype in 2023 market is in a crisis 2024 -> will recover H2/2025
Position of Kontron	> 50% market share in EU, support by UIC regulation	Leading ITAR Technology supplier for defense companies,	Preferred technology for car makers to bundle with eCars	White label solar inverter supplier, Top 5 in Germany
Competitors	Nokia, Huawei	Mercury, Curtiss-Wright	Not yet	Chinese players, Fronius, Kostal
Technology USP	Only supplier compliant to new 2026 standard FRMCS	VPX paralell mulitprocessor, encrypted Switch fabric 6.25 Gb/s data connectivity NIST - IEC 62443 registered	Unique smart IoT connected wallboxes matched to the car -> Decrease cost, longer battery life	Smart IoT connected solar inverters in preparation
KPIs (2024e)	EUR 150m biz @ > 20% EBITDA	EUR 140m biz @ > 25% EBITDA	EUR 100m biz @ ~15% EBITDA, >60% growth p.a., EUR 350m orders in 2024	EUR 80m biz @ 5% of loss
Next steps	Only supplier for FRMCS edge devices	Xfer to USA	2026 EU market leader in res-idential market, bidirectional	Release HEMS, make Foxconn batteries smart

Source: KTN

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Estimates update

Our fundamental assumption remains that Kontron can achieve an organic growth of 6% p.a. While Kontron targets a 10% organic growth moving forward, it also occasionally discontinues unprofitable activities, which are challenging to predict externally. Therefore, we believe a 6% (net) growth could be a reasonable estimate for the future.

We anticipate that all combined acquisitions (besides Katek, we're referring to Comlab, the Cellular Automotive Module purchased from Telit, Hartmann & W-IE-NE-R, Altimate, and BSquare) will contribute approximately EUR 450m in revenues in 2024.

In terms of EBITDA, it was pleasantly surprising to see that the substantial M&A activities did not dilute the group margin. On the contrary, they led to an increase in the gross margin to over 40% and an EBITDA margin to more than 11% of sales after 9 months. As a result, we are now more optimistic about the full-year margin and expect it to be 11.6%.

Consequently, we believe the 2024 guidance (revenues of EUR 1,800m, EBITDA of EUR 190m, and a net income of EUR 100m) might be a stretch for Kontron in terms of revenues but is clearly achievable as far as earnings are concerned. For 2025e, we currently project revenues of EUR 1,937m, an EBITDA margin of 11.7%, and a net income of EUR 130m. However, these figures will ultimately depend on the size and profitability of potential future acquisitions, which, of course, we cannot accurately forecast.

P&L

Profit & Loss	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Revenue	882	991	1,123	1,255	1,342	1,064	1,226	1,751	1,937	2,053	2,177
% yoy	*75.1%*	*12.3%*	*13.3%*	*11.7%*	*6.9%*	*-20.7%*	*15.2%*	*42.9%*	*10.6%*	*6.0%*	*6.0%*
EBITDA	68	91	112	130	126	70	126	203	227	246	261
% of sales	*7.7%*	*9.1%*	*9.9%*	*10.4%*	*9.4%*	*6.6%*	*10.3%*	*11.6%*	*11.7%*	*12.0%*	*12.0%*
EBIT	42	62	62	69	63	-2	87	131	155	169	178
% of sales	*4.7%*	*6.2%*	*5.5%*	*5.5%*	*4.7%*	*-0.2%*	*7.1%*	*7.5%*	*8.0%*	*8.2%*	*8.2%*
Pretax Profit	35	56	54	61	54	-11	79	111	145	159	168
% of sales	*4.0%*	*5.7%*	*4.8%*	*4.8%*	*4.0%*	*-1.0%*	*6.5%*	*6.3%*	*7.5%*	*7.7%*	*7.7%*
Net Profit	23	45	49	56	48	232	78	98	130	143	144
% of sales	*2.6%*	*4.5%*	*4.4%*	*4.4%*	*3.6%*	*21.9%*	*6.3%*	*5.6%*	*6.7%*	*6.9%*	*6.6%*
EPS	0.43	0.70	0.74	0.85	0.75	3.66	1.23	1.57	2.07	2.27	2.30
% yoy	*30.8%*	*61.3%*	*6.4%*	*14.8%*	*-11.9%*	*385.3%*	*-66.4%*	*27.6%*	*31.8%*	*9.9%*	*1.2%*
DPS	0.13	0.16	0.00	0.30	0.35	1.00	0.50	0.79	1.03	1.14	1.15
Payout ratio	*30%*	*23%*	*0%*	*35%*	*46%*	*27%*	*50%*	*50%*	*50%*	*50%*	*50%*

Source: KTN, Pareto Securities

The consensus for 2024 looks quite reasonable to us. Looking at longer-term consensus does not make much sense for serial acquirers like Kontron, we believe.

Pareto vs consensus

	2024e			2025e			2026e		
	Pareto	Cons.	Delta	Pareto	Cons.	Delta	Pareto	Cons.	Delta
Revenues	1,751.3	1,757.6	-0.4%	1,937.1	1,948.9	-0.6%	2,053.3	2,108.5	-2.6%
EBITDA	202.8	187.9	7.9%	226.8	231.6	-2.1%	246.4	260.8	-5.5%
EBIT	130.6	119.7	9.1%	154.8	154.1	0.4%	168.8	180.6	-6.5%
Net result	98.4	95.1	3.5%	129.8	123.8	4.9%	142.6	143.8	-0.8%
EPS	1.57	1.50	4.7%	2.07	1.94	6.8%	2.27	2.24	1.6%

Source: Factset, Pareto Securities

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Valuation update

DCF

EUR m	Phase I 2024e	2025e	2026e	2027e	2028e	Phase II 2029e	2030e	2031e	2032e	2033e	Phase III
Revenues	**1,751**	**1,937**	**2,053**	**2,177**	**2,307**	**2,434**	**2,556**	**2,671**	**2,778**	**2,875**	
growth rate	*43%*	*11%*	*6%*	*6%*	*6%*	*5%*	*5%*	*4%*	*4%*	*4%*	
EBITDA	**203**	**227**	**246**	**261**	**277**	**292**	**307**	**320**	**333**	**345**	
EBITDA margin	*11.6%*	*11.7%*	*12.0%*	*12.0%*	*12.0%*	*12.0%*	*12.0%*	*12.0%*	*12.0%*	*12.0%*	
Depr. & Amort. (FA)	**33**	**51**	**55**	**59**	**64**	**80**	**79**	**77**	**90**	**103**	
% of sales	*1.9%*	*2.6%*	*2.7%*	*2.7%*	*2.8%*	*3.3%*	*3.1%*	*2.9%*	*3.2%*	*3.6%*	
Depr. & Amort. (RoU)	**19**	**21**	**23**	**24**	**25**	**27**	**28**	**29**	**31**	**32**	
% of sales	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	*1.1%*	
EBIT	**131**	**155**	**169**	**178**	**188**	**185**	**199**	**214**	**212**	**210**	
EBIT margin	*7.5%*	*8.0%*	*8.2%*	*8.2%*	*8.1%*	*7.6%*	*7.8%*	*8.0%*	*7.7%*	*7.3%*	
Tax	**(13)**	**(15)**	**(17)**	**(25)**	**(38)**	**(37)**	**(40)**	**(43)**	**(42)**	**(42)**	
Tax rate	*10%*	*10%*	*10%*	*14%*	*20%*	*20%*	*20%*	*20%*	*20%*	*20%*	
Capex	**(66)**	**(73)**	**(78)**	**(82)**	**(87)**	**(92)**	**(97)**	**(101)**	**(105)**	**(109)**	
% of sales	*3.8%*	*3.8%*	*3.8%*	*3.8%*	*3.8%*	*3.8%*	*3.8%*	*3.8%*	*3.8%*	*3.8%*	
Acquisitions (ex NWC)	**(102)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
% of sales	*5.8%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*1.9%*	*2.8%*	*3.3%*	*3.5%*	*9.0%*	
Change in WC & P	**(65)**	**(17)**	**(5)**	**(5)**	**(16)**	**(17)**	**(17)**	**(18)**	**(19)**	**(20)**	
% of sales	*3.7%*	*0.9%*	*0.2%*	*0.2%*	*0.7%*	*0.7%*	*0.7%*	*0.7%*	*0.7%*	*0.7%*	
Free Cash Flow	**(83)**	**100**	**125**	**126**	**111**	**120**	**125**	**129**	**136**	**143**	**2,459**
growth rate	*nm*	*nm*	*25%*	*1%*	*(12)%*	*8%*	*4%*	*4%*	*5%*	*5%*	*3%*
Present Value FCF	**(83)**	**91**	**104**	**97**	**78**	**78**	**74**	**71**	**68**	**66**	**1,129**

PV Phase I	**288**
PV Phase II	**356**
PV Phase III	**1,129**
Enterprise value	**1,773**
- Net debt (cash)	**121**
- Pension provisions	**-14**
- Minorities & Peripherals	**-39**
- Leasing liabilities	**-52**
- Paid-out dividends for last FY	**-31**
+ Outstanding purchase price	**0**
Equity value	**1,758**
Number of shares (m)	**62.7**
Value per share (€)	**28.0**
Current Price (€)	**19.6**
Upside	**43%**

Risk free rate	3.5%	**Targ. equity ratio**	100%
Premium Equity	5.0%	**Beta**	1.1
Premium Debt	1.5%	**WACC**	9.0%

Sensitivity		**Growth in phase III**				
		2.0%	**2.5%**	**3.0%**	**3.5%**	**4.0%**
	8.1%	29.4	31.2	33.3	35.9	39.2
	8.6%	27.2	28.7	30.5	32.6	35.2
WACC	**9.0%**	29.4	26.6	**28.0**	29.8	31.9
	9.5%	23.7	24.7	26.0	27.4	29.1
	9.9%	22.2	23.1	24.1	25.4	26.8

Source: Pareto Securities

Our DCF analysis suggests an unchanged price target of EUR 28, implying an upside of more than 40%. Please note that we partially record the estimated cash outflows for the Katek acquisition in the 'acquisition' column and partially as investments into Net Working Capital (NWC), which is consequently included in the 'Change of WC & P' line.

As is our standard practice, we cross-verify our results by multiplying the respective multiple of relevant peers with the EUR 203m EBITDA projected for 2024. Unlike the DCF approach, we need to deduct the EUR 184m within the SOTP framework that will be paid for the 2023 acquisitions.

Even if we apply the lowest peer EBITDA multiple, we arrive at a reassuring price level of EUR 38 per share as a result of this exercise, given that KTN's multiple is only 50% of Seco's level. Therefore, our recommendation remains 'buy'.

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Significant re-rating potential

Division	EBITDA 2024e (mEUR)	Peers	EV/ EBITDA x	EV (m EUR)
IoT Business	203	*Advantech, Seco Spa*	*12.9x*	*2,613*
Enterprise value				*2,613*
- Net debt (cash)				*121*
- Pension provisions				*-14*
- Minorities & Peripherals				*-39*
- Leasing liabilities				*-52*
- Paid-out dividends for last FY				*-31*
+ Outstanding purchase price				*0*
- Payout for 2024 acquisitions				*-184*
Equity value				*2,414*
Number of shares (m)				*62.7*
Value per share (EUR)				***38.5***
Current Price (EUR)				*19.6*
Upside				*96%*

Source: Factset, Pareto Securities

Peer multiples

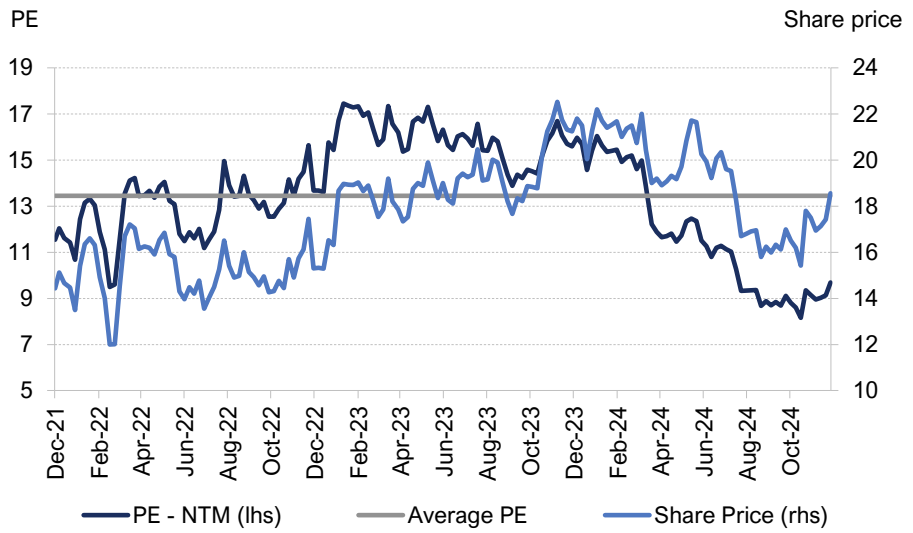
Company	Country	Share price	MV (m EUR)	Beta	P/E 2024e	P/E 2025e	EV/EBITDA 2024e	EV/EBITDA 2025e	EV/EBIT 2024e	EV/EBIT 2025e	DY 2024e	EBITDA margin	EBITDA/ Assets
IoT													
Advantech Co., Ltd.	TAIWAN	353	8,949	0.7	35.0	28.5	28.7	23.0	32.3	24.7	2.4%	20.5%	19.3%
SECO S.p.A.	ITALY	1.76	234	0.9	-76.5	25.7	12.9	8.2	168.6	17.4	0.0%	20.7%	8.1%
Median IoT				**0.8**	**-20.8**	**27.1**	**20.8**	**15.6**	**100.5**	**21.1**	**1.2%**	**20.6%**	**13.7%**
Indizes													
TECDAX					27.5	23.4	11.7	10.7	18.2	16.1	1.6%		
CDAX					14.2	12.9	8.5	8.1	14.3	13.2	2.9%		
Kontron AG													
Kontron	**GERMANY**	**19.1**	**1,263**	**1.2**	**13.1**	**10.1**	**8.1**	**6.6**	**12.7**	**9.9**	**3.5%**	**10.4%**	**12.4%**
Premium/ Discount KTN to …													
IoT Peer Group					-163%	-63%	-61%	-58%	-87%	-53%	192%	-50%	-9%
TECDAX					-52%	-57%	-31%	-38%	-30%	-39%	119%		
CDAX					-8%	-21%	-4%	-19%	-11%	-25%	22%		

Date 19.12.2024

Source: Factset, Pareto Securities

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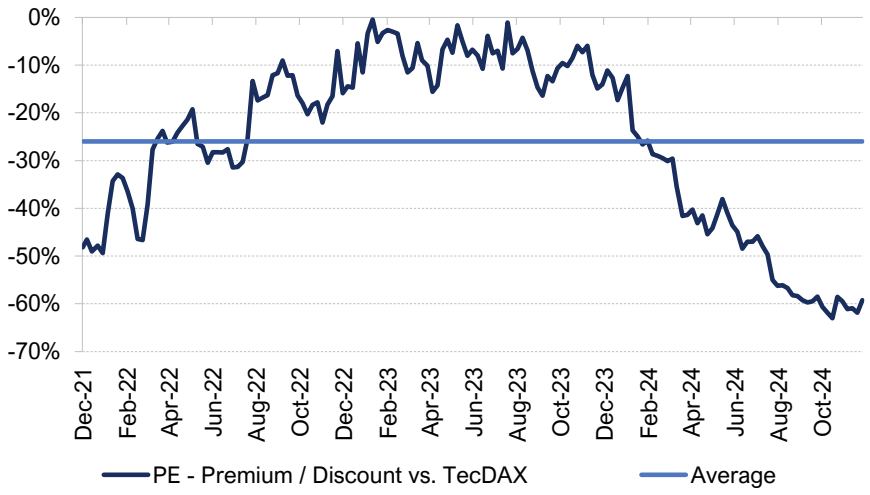
Historical PE (consensus-based)



Source: Factset, Pareto Securities

Kontron trades at a 12m forward PE multiple of ~10x, which compares to an historical average of 13.4x. Moreover, Kontron continues to trade at a steep discount of more than 50% to the TecDax, while the average discount is more around 26%. All in, the current share price looks like an interesting entry level for one the few European IoT pure plays with excellent growth prospects.

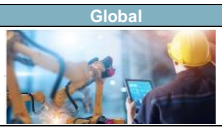
Discount vs. TecDAX



Source: Factset, Pareto Securities

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At a glance

Business Units	Europe	Global	Software & Solutions
			
Products/ applications	Contains the divisions Industrial IoT (industrial, medical, defense), ODM, Services (remaining IT Service activities in AT, HU and RO) and Communications (5G solutions).	Acts as sales channels for Industrial IoT Europe in the US and Asia, with proprietary solutions in avionics. Global supply chain hub in Taiwan.	Software: Supplies connectivity SW language for IOT grids. Transport: Supplies communication / data for high speed trains.
Customers	Industrial: Dräger, Kuka, B&R Industrial Automation, Thales. ODM: TGW, Vector, Gorenje. Communications: DARS, TELEKOM SLOVENIJE, Railway Slovenia, Ukrtelecom	Americas: GE HC, Rockwell, Medtronic, Micron, Caterpillar, TK. Asia: Air China, GE, CRCC, FoxConn	Software: Infineon, Hauser, Zeiss. Transport: DB, SNCF, NRT.
Market share/ positioning	Market leader in Europe for IoT solutions. Otherwise serving niche markets.	Serving niches markets.	European market leader in transport.
Drivers	Strong demand for IoT solutions and 5G connectivity. ODM additionally driven by return of production from China	Recovery of avionics. Otherwise same as for Europe.	Early adoption of 5G connectivity. Roll-out of European solutions in US and China.
Main competitors	Beckhoff, ABB, Seco and Eurotech in IoT. Bechtle, Cancom, and other IT services companies in IT Service.	Mercury, Curtiss Wright, Advantech and Adlink.	In Transport: Nokia, Huawei, Atos.
Entry barriers/ competitive advantage	High market fragmentation. Limited economies of scale and the dominance of niche markets prevent big players from entering the IoT space. Kontron is in a privileged position through the technology and production collaboration with FoxConn / Ennoconn.		

Strategy & Guidance

Strategy:
(I) Concentrate on IoT solutions
(II) Benefit from megatrends (increased device and machine connectivity, security/firewall requirements, outsourcing)
(III) Increase the share of proprietary software in IoT solutions.
(IV) Support growth by frequent acquisitions, esp. turnarounds at low multiples.

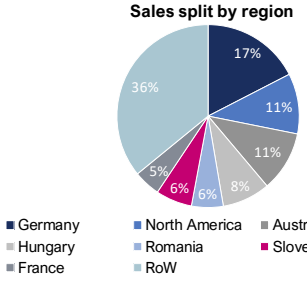
	Guidance (11/2024)	PASe	Consensus
Revenues:	EUR 1,800m	EUR 1,751m	EUR 1,758m
y/y	*46.8%*	*42.8%*	43.4%
EBITDA	EUR 190m	EUR 203m	EUR 188m
margin	*10.6%*	11.6%	10.7%

2023

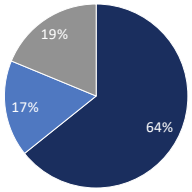
Sales (EURm)	1,226	EBITDA (EURm)	126	EBIT adj. (EURm)	87	Sales 5Y hist. CAGR	4%
y/y		*Margin*	*10.3%*	*Margin*	*7.1%*		

Sales & EBIT Split

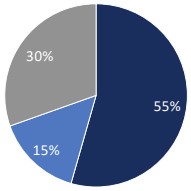
Sales split by region



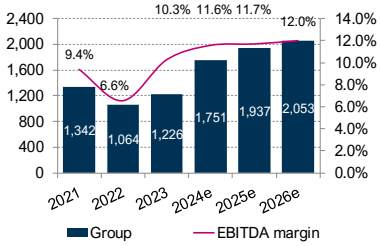
Sales split by division



EBITDA split by division



Group financial



Shareholder structure & management

CEO



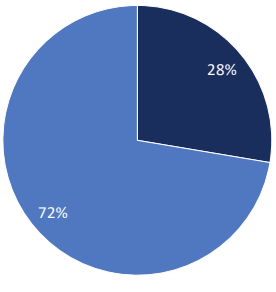
Hannes Niederhauser
CEO (since 2011)
• Hannes Niederhauser joined the company in 2011 as CEO. Following his studies in electrical engineering at the Graz University of Technology, the Austrian-born manager worked as a developer of microchips and in the embedded computer segment. Prior he has been the main shareholder and CEO of Kontron AG from 1999 to 2007, which became the world's largest provider in the field of embedded computing.

CFO, CCO



Clemens Billek
CFO, CCO (since 2022)
• Clemens Billek is responsible for the topics law, compliance, internal audit, risk management and corporate governance. He started his career at the stock exchange supervisory authority in the Austrian Takeover Commission (later returning as head of the office) and at an international investment bank. Clemens Billek has extensive professional experience in the fields of compliance, legal and IR at listed companies and in the field of digitalization respectively as the founder of a telemedicine platform.

Shareholder structure



# of employees FY 2023	4,838

Source: Company, Pareto Securities

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PROFIT & LOSS (fiscal year) (EURm)	2019	2020	2021	2022	2023	2024e	2025e	2026e
Revenues	**1,123**	**1,255**	**1,342**	**1,064**	**1,226**	**1,751**	**1,937**	**2,053**
EBITDA	**112**	**130**	**126**	**70**	**126**	**203**	**227**	**246**
Depreciation & amortisation	(50)	(62)	(64)	(72)	(40)	(72)	(72)	(78)
EBIT	**62**	**68**	**63**	**(2)**	**86**	**131**	**155**	**169**
Net interest	(8)	(8)	(8)	(9)	(7)	(20)	(10)	(10)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	**54**	**61**	**54**	**(11)**	**79**	**111**	**145**	**159**
Taxes	(5)	(6)	(5)	(2)	(4)	(11)	(14)	(16)
Minority interest	(0)	1	(1)	1	(0)	(0)	(0)	(0)
Net profit	**49**	**56**	**48**	**232**	**78**	**98**	**130**	**143**
EPS reported	0.74	0.85	0.75	3.66	1.23	1.57	2.07	2.27
EPS adjusted	**0.74**	**0.85**	**0.75**	**3.66**	**1.23**	**1.57**	**2.07**	**2.27**
DPS	-	0.30	0.35	1.00	0.50	0.79	1.03	1.14

BALANCE SHEET (EURm)	2019	2020	2021	2022	2023	2024e	2025e	2026e
Tangible non current assets	38	80	86	65	73	138	155	172
Other non-current assets	392	403	424	493	428	480	485	491
Other current assets	483	481	545	445	538	708	753	765
Cash & equivalents	312	282	297	438	332	216	258	308
Total assets	**1,226**	**1,247**	**1,352**	**1,441**	**1,371**	**1,542**	**1,650**	**1,736**
Total equity	385	409	423	636	606	674	755	833
Interest-bearing non-current debt	283	262	311	320	211	211	211	211
Interest-bearing current debt	-	-	-	-	-	-	-	-
Other Debt	549	565	608	479	540	643	671	679
Total liabilites & equity	**1,226**	**1,247**	**1,352**	**1,441**	**1,371**	**1,542**	**1,650**	**1,736**

CASH FLOW (EURm)	2019	2020	2021	2022	2023	2024e	2025e	2026e
Cash earnings	82	112	84	49	172	132	181	198
Change in working capital	2	29	12	(5)	(47)	(65)	(17)	(5)
Cash flow from investments	(56)	(77)	(66)	144	26	(152)	(73)	(78)
Cash flow from financing	84	(66)	(20)	(91)	(190)	(31)	(49)	(65)
Net cash flow	141	(30)	15	141	(51)	(116)	41	51

VALUATION (EURm)	2019	2020	2021	2022	2023	2024e	2025e	2026e
Share price (EUR end)	**21.3**	**19.3**	**14.7**	**15.3**	**21.5**	**19.6**	**19.6**	**19.6**
Number of shares end period	66	65	64	64	63	63	63	63
Net interest bearing debt	(30)	(20)	14	(118)	(121)	(5)	(47)	(97)
Enterprise value	**1,385**	**1,232**	**951**	**856**	**1,240**	**1,228**	**1,187**	**1,136**
EV/Sales	1.2	1.0	0.7	0.8	1.0	0.7	0.6	0.6
EV/EBITDA	**12.4**	**9.5**	**7.5**	**12.2**	**9.8**	**6.1**	**5.2**	**4.6**
EV/EBIT	22.4	18.0	15.2	-	14.4	9.4	7.7	6.7
P/E reported	28.6	22.6	19.5	4.2	17.5	12.5	9.5	8.6
P/E adjusted	**28.6**	**22.6**	**19.5**	**4.2**	**17.5**	**12.5**	**9.5**	**8.6**
P/B	3.8	3.1	2.2	1.5	2.2	1.8	1.6	1.5

FINANCIAL ANALYSIS	2019	2020	2021	2022	2023	2024e	2025e	2026e
ROE adjusted (%)	13.1	14.0	11.6	43.9	12.5	15.4	18.2	18.0
Dividend yield (%)	-	1.6	2.4	6.5	2.3	4.0	5.3	5.8
EBITDA margin (%)	9.9	10.4	9.4	6.6	10.3	11.6	11.7	12.0
EBIT margin (%)	5.5	5.4	4.7	-	7.0	7.5	8.0	8.2
NIBD/EBITDA	(0.26)	(0.16)	0.11	(1.69)	(0.96)	(0.03)	(0.21)	(0.39)
EBITDA/Net interest	14.54	16.89	15.02	8.14	17.80	10.19	22.54	24.97

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

Companies	No. of shares	Holdings in %
Austevoll Seafood	1,074,265	0.53 %
Bonheur	243,969	0.57 %
Pareto Bank	16,207,826	21.11 %
Pexip Holding	904,486	0.85 %
SpareBank 1 Nord-Norge	5,264,071	5.24 %
SpareBank 1 SMN	2,972,599	2.29 %
SpareBank 1 Østfold Akershus	1,236,488	9.98 %
SpareBank 1 Østlandet	7,600,227	7.16 %
Sparebanken Sør	1,149,766	2.76 %
Sparebanken Vest	10,007,823	9.12 %
SpareBank 1 Sør-Norge	4,073,780	1.09 %

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
2G Energy		340
ABB Ltd.		580
ABL Group		45,913
Aker ASA	500	2,042
Aker BP		15,405
Aker Carbon Capture		12,766
AMSC ASA		3,640
Aprila Bank		22,675
Austevoll Seafood		1,300
AutoStore		80,000
B2 Impact		16,500
B3 Consulting Group		2,441
BB Biotech		460
Belships		13,600
BioInvent		15,000
Boliden		1,250
Bonheur		31,248
Bouvet		3,200
BW Energy		50,959
BW Offshore		3,000
Crayon		19,205
Deep Value Driller		9,850
Dermapharm Holding SE		300
DNB		32,202
DNO		74,331
Elkem		318,200
Elmera Group ASA		32,755
Elopak		77,300
Embracer Group		55,520
Entra ASA		11,070
Envipco Holding		970
Equinor		6,088
Essity		168
Europris		20,018
Flex LNG		250
Frontline		8,722
Genel Energy		5,700
Gentoo Media		10,010
GFT Technologies		420
Gjensidige Forsikring		2,569
Grieg Seafood		16,801
Hafnia Ltd.		71,230
Hennes & Mauritz B		1,085
Himalaya Shipping		16,830
Höegh Autoliners		651
International Petroleum Corp		7,901
Kitron		21,438
Knowit		1,350
Komplett ASA		304,614
Kongsberg Gruppen		208
Kontron AG		350
Leabank		31,355
Lerøy Seafood Group		34,106
Link Mobility Group		117,352
Lundin Mining Corp.		7,897
Magnora ASA		50,670
Morrow Bank		722,056
Mowi		3,645
Multitude		2,443
Mutares SE & Co. KGaA		433
Nor AM Drilling		5,000
NORBIT		627
Nordic Semiconductor		72,380
Norsk Hydro		79,561
Norske Skog		74,149
Odfjell Drilling		3,000
Odfjell SE		10,000
Odfjell Technology		54,575
Okeanis Eco Tankers		4,922
Orkla		6,543
Panoro Energy		31,920
Pareto Bank		851,342
PetroTal		20,000
Pexip Holding		904,486
Protector Forsikring		4,620
PSI Software		300
Quantafuel		16,665
Rogaland Sparebank		8,906
SalMar		2,294
Scorpio Tankers		5,000
Seadrill Ltd		406
Securitas AB		656
Solstad Offshore		1,500
SpareBank 1 Nord-Norge		11,019
SpareBank 1 SMN		16,308
SpareBank 1 Sør-Norge		36,390
SpareBank 1 Østfold Akershus		1,240
SpareBank 1 Østlandet		20,156
Sparebanken Møre		4,582
Sparebanken Sør		36,552
Sparebanken Vest		2,319
Sparebanken Øst		15,869
Star Bulk Carriers		3,500
Stolt-Nielsen		2,000
Stora Enso		31,396
Storebrand		4,150
Storytel		22,115
Subsea 7		10,937
Telenor		8,563
Telia Company		5,000
TGS		1,300
Thule Group		800
TORM		2,000
Transocean		10,000
Valaris		3,577
Vestas Wind Systems		1,275
Viscom		1,300
Vår Energi		281,610
Wallenius Wilhelmsen		6,750
Yara		22,084
Zaptec		45,500

This overview is updated monthly (last updated 16.12.2024).

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

This report is generated for Group Investor Relations

Appendix B

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

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

24SevenOffice
3t Global
4human Invest
Advanzia Bank S.A.
Altera Infrastructure
Archer
Aregeo
Argeo
Blue Nord
Bonheur
Booster Precision Components GmbH
Borr Drilling Limited
BP Inv3 Topco Limited (TWMA)
BW Energy
BW Group Limited
Capsol Technologies AS
Circular Tire Services Europe Holding
Crayon
DNO
Dorian LPG
Exlog
First Camp Group
Floatel
GiG Software
Golar LNG
Greenfood
Grøntvedt
Hafslund Vekst
Hawk Infinity Software
Heimdall Power AS
Holmström Fastigheter Holding AB
Hunton Fiber AS
Inin Group
Insr ASA
Jarsteinen AS
Karlsberg Brauerei GmbH
Katjes International GmbH & Co
KIME Akva
Klaveness Combination Carriers
Kährs BondCo
Learnd SE
LifeFit
Link Mobility Group
Loch Duart Ltd.
Logistic Contracters AS
Minerva Topco AS
Mintra Group
Morrow Bank
Movel AS
MPC Container Ships
Mutares SE & Co. KGaA
NEXT Biometrics Group
NIP 3 AS
Nofitech
Nordic Aqua Partners
Nordic Halibut
Nordic Unmanned
Nordwest Industrie Finance
Norlandia Health & Care Group AS
Norsk Renewables
Norske Skog
North Investment Group AB (Sono Group)
Northern Ocean
Odfjell Partners Holding Ltd
Okea
Okechamp Global
One Publicus Midco AB
OP HoldCo GmbH
Paratus Energy Services
Pareto Bank
Pearl Petroleum
Pelagia Holding AS
Penfield Shipping LLC
PHM Group Holding
Ping Petroluem
Polaris Renewable Energy
poLight ASA
Priority 1 Logistics
Pronofa
Proximar Seafood
Quality Living Residential AS
Rasmussengruppen
Saga Robotics ASA
Samara Asset Group
Seacrest Petroleo
SFL Corp.
ShaMaran Petroleum
Shearwater Geoservices
Solstad Offshore
Sparebanken Sør
Talos Production Inc.
TeamElffel (Equipe Holdings 3 B.V.)
TGS
The Platform Group AG
The Ritz-Carlton Yacht Collection
Tomagruppen
Varel Energy Solutions
Varel Oil and Gas
Ventura Offshore Holding Ltd.
Volue
Vow
Vow Green Metals
Yinson Production Financial Services

This overview is updated monthly (this overview is for the period 01.12.2023 – 30.11.2024).

Appendix C

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

Distribution of recommendations

Recommendation	% distribution
Buy	70%
Hold	26%
Sell	1%
Not rated	4%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	65%
Hold	19%
Sell	0%
Not rated	16%

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

Appendix D

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

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

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

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

ADDvise Group AB
Awardit AB
B3 Consulting Group
Camurus AB
Cibus Nordic Real Estate AB
Cinis Fertilizer AB
Gaming Innovation Group
HANZA AB
Minesto AB
Modelon AB
Nordrest Holding AB
Scandinavian Astor Group AB
Teneo AI AB
Xbrane Biopharma AB
Verve Group SE
Vicore Pharna Holding AB
VNV Global AB
Webrock Ventures AB

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

Adtraction AB
Implantica AG
Lundin Gold
Maximum Entertainment AB
Mentice AB
Sedana Medical AB
VEF
Webrock Ventures 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

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

Aarhus Rssidentials
Backaheden Fastighets AB
Bonäsudden Holding AB (publ)
Borglanda Fastighets AB
Hallsell Property Invest AB
Korsängen Fastighets AB (publ)
Krona Public Real Estate AB
Logistri Fastighets AB
One Publicus Fastighets AB
Origa Care AB (publ)
Preservium Property AB
Solbox 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 16.12.2024).

Appendix E

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

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

ad pepper media International N.V.
Biotest
Corestate Capital Holding S.A.
Daldrup & Söhne
DEMIRE
DF Deutsche Forfait
Enapter
FORIS AG
Gesco SE
GFT Technologies SE
Heidelberg Pharma
Huddlestock Fintech AS
INTERSHOP Communications
IVU Traffic
Kontron
Logwin
Manz
MAX Automation SE
Merkur Privatbank
Meta Wolf
MLP SE
MPC Container Ships ASA
Mutares SE
OVB Holding
ProCredit Holding
PWO
PSI Software SE
Pyrum Innovations
Redcare Pharmacy N.V.
ReFuels N.V.
Seven Principles
SMT Scharf
Surteco SE
Syzygy
TTL Beteiligungs- und Grundbesitz
Uzin Utz SE
Viscom
WPU - Waste Plastic Upcycling AS

Appendix F

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

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

BB Biotech
Biotest
CLIQ Digital
Daldrup & Söhne
Dermapharm Holding SE
Enapter
Expres2ion Biotech Holding AB
GFT Technologies
H2APEX Group
Heidelberg Pharma
Hypoport SE
INDUSHolding
INTERSHOP Communications
Kontron
Logwin
Manz
MAX Automation
Merkur Privatbank
MLP SE
Mutares SE
Mynaric
OVB Holding
pferdewetten.de
ProCredit Holding
PSI Software
PWO
SMT Scharf
Surteco
Syzygy
Viscom

This overview is updated monthly (last updated 16.12.2024).

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