

Finalization of restructuring comes closer

Schaltbau Holding achieved a good start in Q1 '19, that supported our view, that FY2019e will be the last year of restructuring. The full-year EBIT operating margin guidance of 5.0 – 6.0% now looks somewhat conservative. Having in mind the volatile project business we confirm our margin estimate of 5.5%. The next upcoming trigger could be the successful financial restructuring with the replacement of a syndicated credit line of EUR 100.0m. The separation from Sepsa and the planned sale of Alte are also of key importance. Buy with a TP of EUR 35.20 from EUR 34.90 per share.

Q1 '19 results beat our estimates

The EBIT operating margin reached 7.6% and beat our estimate of 5.0%. Schaltbau confirms its full-year guidance range of around 5.0-6.0%, that compares to our estimate of 5.5%.

Financial restructuring will continue

End of December 2019e a syndicated credit line of EUR 100m has to be refinanced. Negotiations are already set in place in our view and various options are under consideration. We expect the finalization to be in time.

Further upside potential for the shares

Our TP slightly increased to rounded EUR 35.20 from EUR 34.90 thus offering a further upside potential of 25%. The implicit P/E 19e equals to 25.9x and for 2020e to 23.0x. In a bull case scenario (sustainable margin of 9.0% instead of 7.5% currently used) the TP amounted to EUR 44.50 per share.

EURm	2017	2018	2019e	2020e	2021e
Revenues	516	518	507	530	559
EBITDA	20	23	35	42	46
EBIT	(25)	(10)	23	30	34
EPS	(8.03)	(1.94)	0.99	1.53	1.86
EPS adj	(5.27)	(0.03)	1.36	1.53	1.86
DPS	-	-	-	-	0.20
EV/EBITDA	17.8	13.7	10.9	8.9	7.9
EV/EBIT	-	-	16.4	12.1	10.5
P/E adj	-	-	20.7	18.4	15.1
P/B	4.29	2.77	3.39	2.86	2.41
ROE (%)	-	-	12.7	16.9	17.3
Div yield (%)	-	-	-	-	0.7
Net debt	159	100	103	91	82

Source: Pareto

Target price (EUR)	35
Share price (EUR)	28

Forecast changes	2019e	2020e	2021e
%			
Revenues	-	-	-
EBITDA	-	-	-
EBIT adj	3	-	-
EPS reported	-	-	-
EPS adj	4	-	-

Source: Pareto

Ticker	SLTG.DE, SLT GY
Sector	Industrials
Shares fully diluted (m)	8.9
Market cap (EURm)	249
Net debt (EURm)	103
Minority interests (EURm)	29
Enterprise value 19e (EURm)	381
Free float (%)	32

Performance



Source: Factset

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Investment case

The Schaltbau Group has gone through three to four years of a deep restructuring process. Within the three years from 2015 to 2018 the group had to report an accumulated substantial negative EBIT of EUR 44.8m. More critical in our view was the stressed financial situation with a peak net debt including pensions of EUR 196m for FY 2017.

Final stage of restructuring

With the support from an external consultant the group executed an in-depth restructuring plan including e.g. the sale and planned sale of loss-making companies, the sale of companies having no perspective for a sufficient and sustainable level of profitability, cost savings programs, and the financial debt recovery. From today's point of view it seems that at the end of FY 2019e the period of restructuring will come to its end and Schaltbau can turn over a new leaf in its history in our view.

Since the last AGM in summer 2018 this was accompanied by a partly changed management and supervisory board.

MTT segment mainly will increase the group's profitability

The profile of the "new" Schaltbau Group will become more and more visible. The company will continue to operate in the three segments Mobile Transportation Technology (MTT), Stationary Transportation Technology (STT) and Components (COM). The main drivers for the expected improved profitability will be the MTT segment, dominated by the Bode group (door specialist), followed by the STT segment. The Components segment is expected to remain on its high level of profitability. Mid- to long-term a sustainable EBIT-margin of 7.0% – 9.0% should be reached. This is a challenging target but achievable, in our view. On this basis the reopening of dividend payments from 2021e is also realistic to reach. Our forecast amounts to EUR 0.20 per share.

Since end of January 2019 the share price rallied to the current level of EUR 28.0 per share. Looking to our DCF-model and our derived target price of EUR 35.20 per share there is further significant upside potential, while the peer-group comparison currently shows that Schaltbau's multiples higher than the median figures, that is typical to some extent for turnaround situations. We will keep our Buy recommendation. Schaltbau remains as **one of our top picks** within the German small cap Industrials universe.

See our latest, more detailed [Update](#)

Risks to the investment case

- ▶ The expected growth of the global railway markets will not meet Schaltbau's expectations with regard to their own targets
- ▶ The company will not meet all milestones fixed in the general restructuring plan, e.g. profitability improvement or working capital reduction targets
- ▶ Reduction of the group's financial debt might take longer than expected
- ▶ General inherent risks of the project business could lead to cost overruns or other burdening factors
- ▶ Further impairment risks in the group's company portfolio

Valuation Update

Buy, TP EUR 35.20 from EUR 34.90 per share

- ▶ Sustainable margin slightly lifted to 7.5% from 7.0%
- ▶ Buy recommendation confirmed
- ▶ Updated TP increased to EUR 35.20 from 34.90 per share (+0.9%)
- ▶ Current upside potential of 25%

Exhibit 1: DCF valuation signals clear upside potential for the shares

EUR m	Phase I					Phase II					Phase III
	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	
Revenues	507.0	530.0	559.0	589.0	616.0	641.6	665.5	687.3	707.0	724.1	
growth rate	-2.2%	4.5%	5.5%	5.4%	4.6%	4.2%	3.7%	3.3%	2.9%	2.4%	
EBIT	27.7	30.1	34.1	37.7	42.3	44.8	47.4	49.8	52.1	54.3	
EBIT margin	5.5%	5.7%	6.1%	6.4%	6.9%	7.0%	7.1%	7.2%	7.4%	7.5%	
Tax	-8.3	-9.0	-10.2	-11.3	-12.7	-13.5	-14.2	-14.9	-15.6	-16.3	
Tax rate	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	
Depr. & Amort.	12.0	11.5	11.5	11.5	11.7	12.2	12.7	13.1	13.5	13.8	
% of sales	2.4%	2.2%	2.1%	2.0%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	
Capex	-14.5	-15.0	-15.1	-14.9	-15.0	-14.2	-14.0	-14.1	-14.3	-14.5	
% of sales	2.9%	2.8%	2.7%	2.5%	2.4%	2.2%	2.1%	2.1%	2.0%	2.0%	
Change in WC & P	-2.1	-2.4	-1.9	-2.3	-2.5	-2.6	-2.7	-2.8	-2.9	-3.0	
% of sales	0.4%	0.4%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
Free Cash Flow	14.8	15.2	18.4	20.7	23.8	26.7	29.0	31.0	32.7	34.3	633.7
growth rate	nm	2.9%	20.6%	12.7%	14.7%	12.5%	8.7%	6.7%	5.5%	5.0%	2.0%
Present Value FCF	14.1	13.5	15.2	15.9	16.9	17.7	17.9	17.8	17.5	17.0	314.5

PV Phase I	75.6	Risk free rate	3.50%	Targ. equity ratio	65%
PV Phase II	87.9	Premium Equity	5.00%	Beta	1.2
PV Phase III	314.5	Premium Debt	2.00%	WACC	7.5%

Enterprise value		Sensitivity	Growth in phase III				
			1.0%	1.5%	2.0%	2.5%	3.0%
- Net Debt (Cash)	100.4						
- Pension Provisions	36.8	6.77%	36.4	40.0	44.4	49.8	56.6
- Minorities & Peripherals	29.2	7.15%	32.7	35.8	39.5	43.9	49.4
+ MV of financial assets		WACC 7.52%	29.5	32.1	35.2	38.9	43.5
- Paid-out dividends for last FY	0.0	7.90%	26.6	28.8	31.5	34.6	38.4
+/- Other EV items		8.27%	24.0	25.9	28.2	30.9	34.1

Equity value	311.7
Number of shares	8.85
Value per share (€)	35.21
Current Price (€)	28.10
Upside	25.3%

Source: FactSet (closing price as of 03 May 2019), Pareto Securities Research

Schaltbau started into the year 2019 better than expected by us. It is highlighted by a pleasant increase of the EBIT operating-margin to 7.6% from 3.3% a year before. Based on the comfortable order book of more than EUR 600m together with a promising market outlook and stable customer relationships in particular in rail markets and other factors we have lifted our sustainable margin level to 7.5% from 7.0%, that compares to Schaltbau's own mid-term margin target of 7.0% - 9.0%. In summary, our new DCF-based TP is up by 0.9% to EUR 35.20 per share. Despite the already achieved significant increase of the share price currently there is a further upside potential of 25%.

In a bull case scenario, taken a higher sustainable margin level of 9.0%, the target price would amount to EUR 44.50 per share.

Exhibit 2: Schaltbau Holding: Peer-group comparison

Company	PE 2019e	PE 2020e	EV/EBIT 2019e	EV/EBIT 2020e	EV/Sales 2019e	EV/Sales 2020e
Vossloh AG	28.8	18.5	17.7	13.6	1.1	1.0
Ansaldo STS SpA	nm	nm	nm	nm	nm	nm
Construcciones y Auxiliar de Ferrocarriles, S.A.	15.6	13.1	9.3	8.3	0.7	0.7
Talgo SA	17.2	11.8	11.0	8.0	1.5	1.1
Westinghouse Air Brake Technologies Corporation	18.0	15.5	8.0	7.4	1.1	1.1
Greenbrier Companies, Inc.	10.0	9.0	6.2	5.4	0.5	0.4
Knorr-Bremse AG	21.9	20.8	13.8	12.7	2.2	2.1
Median	17.6	14.3	10.2	8.1	1.1	1.0
Schaltbau Holding AG	20.7	18.4	14.5	13.0	0.8	0.7

Source: FactSet (closing prices as of 03 May 2019); Pareto Securities Research

Schaltbau Holding Group in Q1 2019

Q1 '19 results beat our estimates

The reported set of Q1 2019 results beats our estimates. On a like-for-like basis the order intake was up by 13.3% to EUR 152.5m, reflecting solid demand from rail markets. The increase was mainly driven by the Mobile Transportation Technology (MTT) segment (+16.7% yoy), followed by Components (COM, +15.8% yoy), while in contrast Stationary Transportation Technology (STT) declined by 9.6% yoy. On group level the book-to-bill-ratio reached 1.27 compared to 1.29 in Q1 2018. The order book reached a favourable level of EUR 610.4m, that compares to EUR 583.0m from end of December 2018.

Q1 '19 group sales jumped by 15.2% yoy to EUR 120.0m and clearly overshoot our own forecast of EUR 102.6m. By segment, the strongest growth rate was achieved in STT with 71.8% yoy, mainly driven by additional sales for platform screen doors (PSD) in Sao Paulo. The MTT segment benefitted from higher sales at the Bode Group and Rawag and was related to the rail business. The less volatile Components business increased sales by 5.4% yoy and largely meet our expectations.

The operating EBIT of EUR 9.1m (+168% yoy) clearly beats our estimate of EUR 5.1m. All segments reported positive numbers. The strongest swing with EUR +4.6m was achieved in the STT segment, mainly due to higher sales of material for platform screen doors for the former loss-making project in Sao Paulo. MTT achieved a positive EBIT swing of EUR 3.7m coming from Bode Group and Rawag. Due to investments in further growth opportunities Components had to report a decline to EUR 7.1m (-14.5% yoy). The group's EBIT operating margin reached 7.6%, that is already higher than the full-year target range of 5.0 – 6.0%. With 5.5% for the full year our estimate currently is in the mid-point of the guided range.

Exhibit 3: Q1 2019 with strong margin improvement

Schaltbau Holding (EUR m) Deviation	Q1 '18 reported*	Q1 '19 reported*	Q1 '19e Pareto	Q1 '19e consensus**	Deviation		Pareto estimates		
					Pareto	consensus**	2019e	2020e	2021e
Mobile Transportation Techn. (MTT)	76.8	89.6							
Stationary Transportation Techn. (STT)	17.8	16.1							
Components (COM)	40.4	46.8							
Consolidation/Other	-0.4	0.0							
Group Incoming orders	134.6	152.5	133.0	n.a.	14.7%	565.0	583.0	602.2	
Mobile Transportation Techn. (MTT)	59.0	66.7				280.0	300.0	326.0	
Stationary Transportation Techn. (STT)	8.5	14.6				72.0	71.0	72.0	
Components (COM)	36.7	38.7				156.0	160.0	162.0	
Consolidation/Other	0.0	0.0				-1.0	-1.0	-1.0	
Group sales	104.2	120.0	102.6	n.a.	17.0%	507.0	530.0	559.0	
Mobile Transportation Techn. (MTT)	-0.3	3.4							
Stationary Transportation Techn. (STT)	-3.5	1.1							
Components (COM)	8.3	7.1							
Consolidation/Other	-2.5	-3.2							
Group EBIT, reported	2.0	8.4	5.1			23.0	30.1	34.1	
Group EBIT, operating	3.4	9.1	5.1		78.4%	27.7	30.1	34.1	
Net income after minorities	-2.5	4.8	2.9						
EPS, EUR	-0.46	0.51	0.34	n.a.	50.0%	0.99	1.53	1.9	
ANALYSIS GROUP									
Mobile Transportation Techn. (MTT)	n.m.	5.1%							
Stationary Transportation Techn. (STT)	n.m.	7.5%							
Components (COM)	22.6%	18.3%							
Consolidation/Other	n.m.	n.m.							
Group EBIT reported-margin, %	1.9%	7.0%	5.0%			4.5%	5.7%	6.1%	
Group EBIT operating-margin, %	3.3%	7.6%	5.0%			5.5%	5.7%	6.1%	
Mobile Transportation Techn. (MTT)	1.30	1.34							
Stationary Transportation Techn. (STT)	2.09	1.10							
Components (COM)	1.10	1.21							
Book-to-bill-ratio Group	1.29	1.27	1.30			1.11	1.10	1.08	

* like-for-like figures; ** FactSet

Source: Company data, Pareto Securities Research

Following a significant improvement in financial debt reduction in FY 2018, in Q1 2019 net financial debt again increased by EUR 10m to EUR 110.1m. It is explained mainly by the higher operational business and the need to finance the related higher working capital.

End of FY 2019e a syndicated credit line of EUR 100m will become due and has to be refinanced. The Schaltbau management is already in negotiations to secure future liquidity and has various options in focus, as there are e.g. an asset securitisation, a new credit line, and a bonds issue. According to our own assessment these negotiations are in an advanced stage and will be finalized timely.

The group of lenders of the bonded loans will have an extraordinary right of termination with effect as of 31 December 2019 and has to be executed until 30 June 2019. Last year one lender voted for a termination in an amount of EUR 5.0m.

Exhibit 4: Schaltbau Holding group: Financial debt and maturities overview

Financial instrument	Volume (EUR m)	date of maturity
Syndicated credit line (bridge financing) + credit amortisation rate	32.5	28.02.2018
Syndicated credit line	100.0	31.12.2019
Bonded loan	28.5	30.06.2022
Bonded loan	41.5	30.06.2025
Total amount Schaltbau group	202.5	

Source: Company data, Pareto Securities Research

Schaltbau on track to reach full-year 2019e targets

Schaltbau's management confirmed the full-year 2019e financial targets. Group sales should reach EUR 480.0 – 500.0m and compare to our unchanged estimate of EUR 507.0m. Perhaps from 2020e onwards the company in Germany could benefit from higher investments of Deutsche Bahn in both rolling stock and infrastructure. Our EBIT operating estimate 2019e amounted to EUR 27.7m, that resulted in a margin of 5.5%. This is in the middle of the guided range of 5.0% - 6.0%. From today's point of view from FY 2020e onwards we expect no further extraordinary items to occur and thus indicating a further "normalization" of the overall business.

Based on the achievements reached in the first quarter 2019 we see the group on track to reach their full-year and mid-term financial targets.

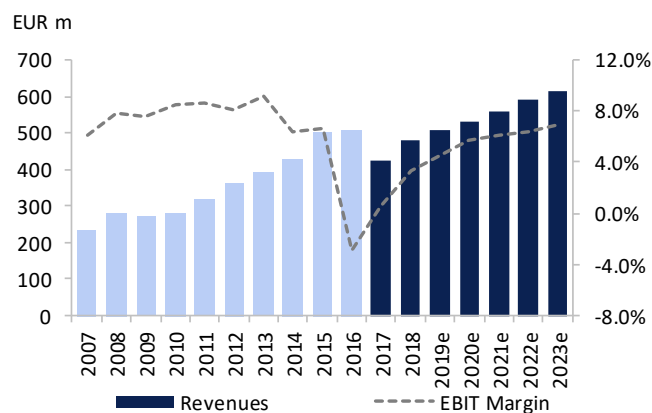
Exhibit 5: Schaltbau Holding: with better earnings quality to come

EUR m	2015	2016	2017	2018	2019e	2020e	2021e	2022e	2023e
EBIT reported	33.4	-14.5	-23.0	-7.3	23.0	30.1	34.1	37.7	42.3
one-off / extraordinary income (-)									
Revaluation of Albatros S.L.U. (Spain) "Sepsa"		-7.0							
Revaluation RDS (Poland)	-2.5								
Income related to prior periods	-3.5	-3.4		-3.2					
one-off / extraordinary expenses (+)									
general restructuring expenses									
impairment at Alte & Bode U.K.				13.9	0.7				
depreciation of other assets at Alte Techn.									
extraord. expenses related to Sepsa insolvency					4.0				
Revaluation: Schaltbau Sepsa			24.2						
Revaluation: Pintsch Bubbenzer			1.1	0.6					
Expenses related to prior periods	0.6	0.6	0.1	5.2					
IFRS 5 effect Sepsa real estate				3.8					
Further revaluation at Alte Technologies S.L.U.				3.0					
EBIT operating	28.0	-24.3	2.4	16.0	27.7	30.1	34.1	37.7	42.3
EBIT operating - margin, %	5.6%	n.m.	0.6%	3.3%	5.5%	5.7%	6.1%	6.4%	6.9%

Source: Company data, Pareto Securities Research

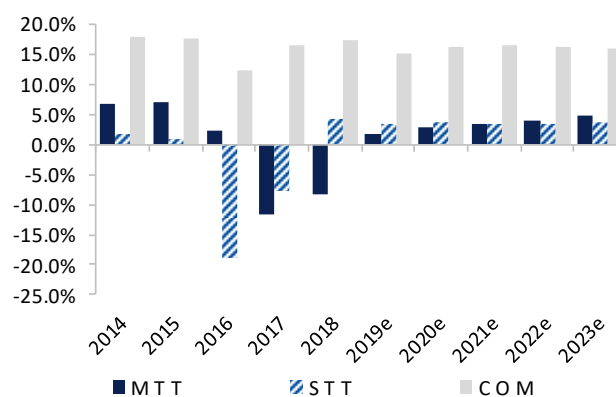
Appendix

Exhibit 6: Recovery of EBIT-margin



Source: Company data, Pareto Securities Research; from 2017 onwards like-for-like figures

Exhibit 7: EBIT-margins by segment



Source: Company data, Pareto Securities Research; from 2017 onwards like-for-like figures

Exhibit 8: Schaltbau Holding Group: Financial recovery expected during the next years

Credit metrics	2014	2015	2016	2017	2018	2019e	2020e	2021e	2022e	2023e
Leverage ratios										
IBD / EBITDA (x)	2.8	3.5	10.9	9.1	5.4	3.8	3.2	2.8	2.6	2.3
NIBD / EBITDA (x)	2.1	2.8	9.1	7.9	4.5	2.9	2.2	1.8	1.5	1.1
Coverage ratios										
Equity ratio, %	25.8%	20.5%	16.1%	8.7%	16.3%	17.8%	20.2%	23.3%	26.2%	29.2%
Net gearing, %	127.3%	182.8%	255.4%	499.2%	212.4%	191.2%	147.6%	115.9%	91.9%	70.4%
Cash earnings, EUR m	35.5	40.6	13.6	13.3	20.8	26.9	32.7	35.3	37.6	41.1
Cash earnings / IBD (x)	0.3	0.3	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.3
Cash earnings interest coverage (x)	7.9	7.0	2.1	1.1	2.9	3.1	3.6	3.9	4.0	4.1
EBITDA interest coverage (x)	8.5	8.0	2.5	1.7	3.1	4.0	4.6	5.1	5.2	5.4
Operating Cash Flow / capex, %	91.3%	82.3%	129.0%	45.7%	-38.5%	137.3%	214.3%	214.4%	228.0%	253.8%

IBD = Interst Bearing Debt; NIBD = Net Interst Bearing Debt

Source: Company data, Pareto Securities Research

Exhibit 9: Schaltbau Group: Divisional forecasts

Schaltbau Holding Group (EUR m) *	2017	2018	2019e	2020e	2021e	2022e	2023e
Order Intake							
MTT	304.3	326.0	325.0	335.0	345.0	352.0	355.0
STT	60.4	77.1	75.0	78.0	82.0	87.0	92.0
COM	146.3	150.5	165.0	170.0	175.0	167.0	170.0
Other/Consolidation	0.1	0.3	0.0	0.0	0.2	0.2	0.2
Order intake Group	511.1	553.9	565.0	583.0	602.2	606.2	617.2
Growth yoy							
MTT		7.1%	-0.3%	3.1%	3.0%	2.0%	0.9%
STT		27.6%	-2.7%	4.0%	5.1%	6.1%	5.7%
COM		2.9%	9.6%	3.0%	2.9%	-4.6%	1.8%
Order intake Group, growth yoy		8.4%	2.0%	3.2%	3.3%	0.7%	1.8%
Group sales							
MTT	228.0	271.5	280.0	300.0	326.0	350.0	371.0
STT	70.8	60.9	72.0	71.0	72.0	74.0	76.0
COM	130.7	145.2	156.0	160.0	162.0	166.0	170.0
Other/Consolidation	-3.2	0.1	-1.0	-1.0	-1.0	-1.0	-1.0
Group sales	426.3	477.7	507.0	530.0	559.0	589.0	616.0
Growth (yoy)							
MTT		19.1%	3.1%	7.1%	8.7%	7.4%	6.0%
STT		-14.0%	18.2%	-1.4%	1.4%	2.8%	2.7%
COM		11.1%	7.4%	2.6%	1.3%	2.5%	2.4%
Group sales		12.1%	6.1%	4.5%	5.5%	5.4%	4.6%
EBIT before extraord. items							
MTT	-2.2	-0.9	8.5	8.5	11.0	14.0	18.2
STT	-4.4	-0.7	2.5	2.6	2.5	2.6	2.8
COM	21.4	25.1	23.5	26.0	26.6	27.1	27.3
Other/Consolidation	-12.4	-7.5	-6.8	-7.0	-6.0	-6.0	-6.0
Group EBIT before extraord. items	2.4	16.0	27.7	30.1	34.1	37.7	42.3
EBIT-margin (%)							
MTT	-1.0%	-0.3%	3.0%	2.8%	3.4%	4.0%	4.9%
STT	-6.2%	-1.1%	3.5%	3.7%	3.5%	3.5%	3.7%
COM	16.4%	17.3%	15.1%	16.3%	16.4%	16.3%	16.1%
Group EBIT before extraord. items	0.6%	3.3%	5.5%	5.7%	6.1%	6.4%	6.9%
Book-to-bill-ratio							
MTT	1.33	1.20	1.16	1.12	1.06	1.01	0.96
STT	0.85	1.27	1.04	1.10	1.14	1.18	1.21
COM	1.12	1.04	1.06	1.06	1.08	1.01	1.00
Group sales	1.20	1.16	1.11	1.10	1.08	1.03	1.00

MTT = Mobile Transportation Technology; STT = Stationary Transportation Technology; COM = Components

* like-for-like figures continuing operations

Source: Company data, Pareto Securities Research

Next events:

- ▶ 18 June Annual General Meeting
- ▶ 31 July H1 2019 report

PROFIT & LOSS (fiscal year) (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Revenues	430	502	509	516	518	507	530	559
EBITDA	38	46	16	20	23	35	42	46
Depreciation & amortisation	(11)	(13)	(31)	(43)	(30)	(12)	(12)	(12)
EBIT	40	35	(11)	(25)	(10)	23	30	34
Net interest	(4)	(5)	(5)	(11)	(6)	(7)	(7)	(7)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	35	30	(16)	(36)	(16)	16	23	27
Taxes	(6)	(8)	4	(14)	2	(5)	(7)	(8)
Minority interest	(4)	(6)	(4)	(2)	(2)	(3)	(3)	(3)
Net profit	25	17	(16)	(52)	(17)	9	14	16
EPS reported	4.04	2.79	(2.61)	(8.03)	(1.94)	0.99	1.53	1.86
EPS adjusted	4.04	2.16	(3.75)	(5.27)	(0.03)	1.36	1.53	1.86
DPS	1.00	1.00	-	-	-	-	-	0.20
BALANCE SHEET (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Tangible non current assets	69	77	88	72	76	77	78	80
Other non-current assets	80	113	106	82	67	70	69	72
Other current assets	186	223	234	272	233	236	240	244
Cash & equivalents	26	32	30	25	21	28	42	48
Total assets	361	446	459	452	397	411	429	444
Total equity	113	125	107	71	94	103	116	133
Interest-bearing non-current debt	105	162	178	184	122	131	133	129
Interest-bearing current debt	-	-	-	-	-	-	-	-
Other Debt	104	122	134	160	145	140	143	144
Total liabilities & equity	361	446	459	452	397	411	429	444
CASH FLOW (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Cash earnings	42	59	37	(24)	8	22	34	34
Change in working capital	(15)	(29)	(11)	35	(14)	(2)	(2)	(2)
Cash flow from investments	(38)	(49)	(18)	(34)	28	(15)	(13)	(16)
Cash flow from financing	(14)	(18)	(10)	19	43	3	(6)	(11)
Net cash flow	11	7	(2)	(5)	(4)	7	14	5
CAPITALIZATION & VALUATION (EURm)	2014	2015	2016	2017	2018	2019e	2020e	2021e
Share price (EUR end)	39.8	48.2	29.1	25.5	20.2	28.1	28.1	28.1
Number of shares end period	6	6	6	7	9	9	9	9
Net interest bearing debt	80	130	148	159	100	103	91	82
Enterprise value	344	460	360	358	308	381	369	360
EV/Sales	0.8	0.9	0.7	0.7	0.6	0.8	0.7	0.6
EV/EBITDA	9.0	9.9	22.1	17.8	13.7	10.9	8.9	7.9
EV/EBIT	8.7	13.0	-	-	-	16.4	12.1	10.5
P/E reported	9.8	17.3	-	-	-	28.5	18.4	15.1
P/E adjusted	9.8	22.3	-	-	-	20.7	18.4	15.1
P/B	2.6	3.2	2.4	4.3	2.8	3.4	2.9	2.4
FINANCIAL ANALYSIS & CREDIT METRICS	2014	2015	2016	2017	2018	2019e	2020e	2021e
ROE adjusted (%)	24.6	10.9	-	-	-	12.2	12.4	13.3
Dividend yield (%)	2.5	2.1	-	-	-	-	-	0.7
EBITDA margin (%)	8.9	9.3	3.2	3.9	4.3	6.9	7.9	8.2
EBIT margin (%)	9.2	7.1	-	-	-	4.6	5.7	6.2
NIBD/EBITDA	2.08	2.79	9.08	7.89	4.46	2.94	2.18	1.80
EBITDA/Net interest	8.91	8.61	3.13	1.84	3.95	4.88	5.57	6.23

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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	2,010,785	9.63%	SpareBank 1Østfold Akersl	1,140,010	9.20%
Pareto Bank ASA	10,846,900	18.50%	Sparebanken Vest	4,507,960	7.64%

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Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
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NHST Media Group AS	21,475	1.85%	SpareBank 1Østfold Akersl	1,140,010	9.20%
Pareto Bank ASA	10,846,900	18.50%	Sparebanken Møre	311,739	3.15%
Selvaag Bolig ASA	2,174,147	2.32%	Sparebanken Sør	460,589	2.94%
SpareBank 1BV	1,557,140	2.48%	Sparebanken Vest	4,507,960	7.64%
SpareBank 1Nord-Norge	1,040,659	1.04%			

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Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings
AF Gruppen	0	1,675	Jæren Sparebank	0	500	REC Silicon	0	157,742
Aker	0	682	Komplett Bank	0	104,934	SailMar	0	280
Aker BP	0	5,080	Kongsberg Gruppen	0	5,901	Sandnes Sparebank	0	19,782
Aker Solutions	0	1,825	KWS Saat	15	15	Scatec Solar	0	35,635
AKVA Group	0	1,500	Lerøy Seafood	0	34,795	Seadrill	0	8,661
Archer	0	72,770	Mageis Fairfield	0	12,379	Selvaag Bolig	0	5,000
Atea	0	450	Monobank	0	1,371,000	SpareBank 1BV	0	17,700
Austevoll Seafood	0	5,780	Mowi	0	2,639	SpareBank 1Nord-Norge	0	25,000
Avance Gas	0	6,645	NEXT Biometrics	0	10,976	SpareBank 1Ringerike Had	0	500
Axactor	0	19,724	Nordic Semiconductor	0	6,000	SpareBank 1SMN	0	16,590
B2Holding	0	5,500	Norsk Hydro	0	126,295	SpareBank 1SR-Bank	0	29,391
Bonheur	0	55,209	Northern Drilling	0	6,060	Sparebank 1Østfold Akersl	0	450
Borr Drilling	0	4,685	Norwegian Air Shuttle	0	26,402	SpareBank 1Østlandet	0	4,042
BWLPG	0	5,569	Norwegian Energy Compan	0	400	Sparebanken Møre	0	6,550
DNB	0	35,132	Norwegian Property	0	150,000	Sparebanken Sør	0	43,280
DNO	0	29,377	Ocean Yield	0	32,967	Sparebanken Vest	0	1,900
Entra	0	14,362	Odjell Drilling	0	8,649	Sparebanken Øst	0	1,500
Equinor	0	10,201	Okeanis Eco Tankers	0	1,886	Stolt-Nielsen	0	900
Europris	0	10,850	Orkla	0	24,176	Storebrand	0	5,005
Flex LNG	0	1,182	Panoro Energy	0	5,670	Subsea 7	0	6,684
Frontline	0	13,003	Pareto Bank	0	971,027	Telenor	0	2,311
Gjensidige Forsikring	0	8,623	Petroleum Geo-Services	0	57,884	TGS-NOPEC	0	2,050
Golden Ocean Group	0	1,824	Pioneer Property	0	2,050	XXL	0	11,115
Grieg Seafood	0	970	Prosafe	0	3,484	Yara International	0	19,516
Helgeland Sparebank	0	4,282	Protector Forsikring	0	15,385	Zenterio	0	78,865
Høegh LNG	0	6,085						

This overview is updated monthly (last updated 16.04.2019).

*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:

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African Petroleum Corporation	Gfinity Plc	Okea AS
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American Tanker	Hert ha BSC GmbH	Panoro Energy
Andfjord Salmon	HKN Energy Ltd	Pareto Bank
APC Forsikringsmægler A/S	Hunter Group	Petro Matad Limited
Arnarlax	Ice Group	Petroleum Geo-Services
Atlantic Sapphire AS	Instabank	Pioneer Public Properties Finland Oy
Avida Holding AB	Jactel AS	Point Resources AS
Bank Norwegian	Klaveness Ship Holding	Quant AB
Bluewater Holding	Lundin Petroleum	Rødovre Port Holding A/S
DNO ASA	Magseis	SAS
DOF ASA	McDermott International	Scatec Solar
Dof Subsea AS	Monobank ASA	Scorpio Tankers
Echo Energy	Nemaska Lithium	Shamaran Petroleum
Eco Atlantic Oil and Gas	NGEX Resources	Sparebank 1 Østlandet
Eland Oil & Gas	Northern Drilling	SpareBank1 Buskerud-Vestfold
FFS Bidco	Northmill Group AB	Sparebanken Vest
Flex LNG	Norwegian Air Shuttle	Union Maritime Limited
Floatel	Odfjell	Vantage Drilling

This overview is updated monthly (this overview is for the period 31.03.2018 – 31.03.2019).

Appendix C

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

Distribution of recommendations

Recommendation	% distribution
Buy	65%
Hold	31%
Sell	4%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	93%
Hold	7%
Sell	0%

* 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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Appendix E

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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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This overview is updated monthly (last updated 24.04.2019).