



Investing in broader telco solutions

Covid-19 has added to the restraints placed on Gigaset's traditional DECT phones segment, but the group continues to build-out a broader position in telecommunications with the expansion of the group's B2B professional solutions and the smartphone offer, whilst strengthening the currently small position in the huge but dynamic smart home sector. We have a Buy rating with EUR 0.40 TP.

Covid-19 to weigh heavily on Q2 sales and profit

Since retail is the dominant sales channel for Gigaset, the lockdown at many retail partners resulting from government measures to stem the Covid-19 pandemic in Germany and abroad likely had a massive negative impact on reported sales during Q2-20: we model -32% drop to EUR 41.5m, with an EBITDA loss of EUR -1.3m.

Current assumptions assume recovery to 2019 levels in 2021

Assuming our Q2-20e forecasts are broadly met, the sales shortfall at H1-20e (31%) and loss at EBITDA (EUR -8.7m) will likely be too big to recover in H2-20. However, we currently believe it realistic to anticipate a major recovery next year (getting back to 2019 sales and clean EBITDA levels), followed by a further improvement in 2022e.

Returns from Phones to be invested into growing segments

Despite the Covid-19 pandemic, we believe that the group has a credible plan to mitigate a declining market for DECT cordless phones (where it is European leader) and invest the cash generated therefrom into building a stronger position in the Smartphones and Professional segments as well as establishing a growing role in the fast expanding but highly fragmented Smart Home segment.

EURm	2018	2019	2020e	2021e	2022e
Revenues	280	258	208	263	272
EBITDA	22	29	(5)	21	24
EBIT	9	14	(21)	5	8
EPS	0.03	0.09	(0.12)	0.02	0.04
EPS adj	0.03	0.03	(0.12)	0.02	0.04
DPS	-	-	-	-	-
EV/EBITDA	4.0	4.3	-	5.8	5.0
EV/EBIT	10.5	8.8	-	24.6	15.7
P/E adj	11.5	10.6	-	11.5	7.1
P/B	1.56	2.43	-	-	33.31
ROE (%)	13.8	51.9	-	(1306.6)	2493.1
Div yield (%)	-	-	-	-	-
Net debt	50	76	90	89	86

Source: Pareto

Target price (EUR)	0.40
Share price (EUR)	0.26

Forecast changes

%	2020e	2021e	2022e
Revenues	NM	NM	NM
EBITDA	NM	NM	NM
EBIT adj	NM	NM	NM
EPS reported	NM	NM	NM
EPS adj	NM	NM	NM

Source: Pareto

Ticker	GGS.DE, GGS.GY
Sector	Hardware & Equipment
Shares fully diluted (m)	132.5
Market cap (EURm)	34
Net debt (EURm)	90
Minority interests (EURm)	0
Enterprise value 20e (EURm)	125
Free float (%)	26

Performance



Source: Factset

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Analysts

Mark Josefson
+49 69 58997 437, mark.josefson@paretosec.com

A difficult Q2 needs to be overcome, before returning to growth in 2021

Already in Q1-20, the initial negative effects from Covid-19 were being felt and this will likely be more noticeable in Q2-20e (due 24 September) across all four operating segments. The resulting deficit with the H1-20 results is unlikely to be made good during H2. Nonetheless, we would anticipate that the group's broad positioning in the telecommunication sector will first allow a sharp recovery in 2021, followed by steady growth in the top line together with an improving operating margin going forward.

Recent years have seen the group evolve into two distinct business elements with differing but complimentary characteristics. The core operation targets to maintain share in the declining DECT Phones segment, generating stable profits and rising cashflow for the investment into the fast-growing segments encompassing Smartphones, Smart Home and Professional.

Gigaset's development in these business areas should be promoted by its product offering which may gain a competitive advantage by aging demographics in the key markets of Germany and Western Europe, as well as being influenced by the trend to an ecosystem of digitally connected products for around the home and for use in home office environment.

Our expectations for Q2-20e

Although the group has invested in the expansion of its own e-commerce operations and supported similar activities of business partners, retail remains the dominant sales channel for Gigaset. Thus, the lockdown at many retail partners resulting from government measures to stem the Covid-19 pandemic in Germany and abroad likely had a massive negative impact on reported sales during Q2-20: we model -32% to EUR 41.5m.

Following strict health and hygiene procedures suggested by local authorities as well as the Robert Koch Institute, the group was able to continue production in Q2, albeit at a restricted level. "Kurzarbeit" or short time working hours was in place throughout April and early May and impacted all reporting segments.

Exhibit 1: Expectations for Q2-20e: a difficult trading period for all

EUR m	Q2 - 20e	Q2 - 19	% yoy	H1 - 20e	H1 - 19	% yoy
Revenues	41.5	61.3	-32%	73.9	107.1	-31%
<i>of which: Phones</i>	27.0	43.4	-38%	52.3	76.4	-32%
<i>of which: Professional</i>	10.9	14.5	-25%	20.5	24.9	-18%
<i>of which: Smartphones</i>	2.5	2.4	2%	-1.3	4.2	-130%
<i>of which: Smart Home</i>	1.0	1.0	4%	2.2	1.6	40%
<i>Change inventories</i>	-0.9	-1.2	-23%	1.5	-3.0	-150%
<i>Purchased goods</i>	-21.0	-29.1	-28%	-39.5	-50.0	-21%
<i>Gross profit</i>	19.6	31.0	-37%	35.8	54.0	-34%
<i>Own production capitalised</i>	2.3	1.8	24%	4.5	3.3	35%
<i>Other op. income</i>	2.1	6.4	-67%	5.3	9.3	-43%
<i>Personnel expenses</i>	-12.2	-14.4	-16%	-28.1	-29.3	-4%
<i>Other op. expenses</i>	-13.1	-16.3	-20%	-26.2	-30.7	-15%
EBITDA	-1.3	8.5	n.a	-8.7	6.7	n.a
EBITDA margin	-3.0%	13.9%	-17 pp	-11.8%	6.2%	-9.3 pp
EBIT	-5.2	5.1	n.a	-16.7	-0.3	n.a
EBIT margin	-12.6%	8.3%	-20.9 pp	-22.6%	-0.3%	-12.3 pp
Pretax	-5.5	6.0	n.a	-17.1	0.3	n.a
Pretax margin	-13.3%	9.8%	-23.1 pp	-23.2%	0.3%	-13.5 pp
Net income	-3.9	4.6	n.a	-12.0	0.5	n.a

Source: Pareto

The main **Phones segment** produces and distributes DECT cordless phones and DECT/CAT-iq mobile component, largely to private consumers. It has been facing a declining market for several years, although the group could partially compensate by increasing share (it is clear market leader in Germany and Europe). However, with some 30,000 retail outlets forced to close given measures in different European countries to stem Covid-19, the segment's main distribution channel was significantly impacted. For Q2-20e we model -38% drop in sales for the Phones segment (EUR 27m).

The **Professional segment** targets SMEs with communication solutions, offering products in area of multi-cell systems, DECT-based cordless telephones, non-proprietary desk telephones. This division has also been impacted as corporate clients adopted a "wait and see" attitude through much of the pandemic, deferring some projects. Nonetheless, business has continued, albeit at a much-reduced rate during Q2-20e for which we model EUR 10.9m sales (-25%).

The **Smartphones segment** provides a "Made in Germany" range of smartphones mainly in the low-mid-price segment (to EUR 300). As well as serving private customers, Gigaset also has a B2B operation working with business customers on numerous bespoke solutions. This division was most impacted by Covid-19 during Q1-20 since many retailers utilised a supply clause which allowed them to return unsold smartphones back to Gigaset (resulting in negative sales). We believe that the re-opening of shops around Europe has got retail customers to again stock-up leading to Q2-20e sales of EUR 2.5m, up 2% yoy.

By contrast, the **Smart Home segment** had a strong Q1-20 in doubling sales. Whilst still quite small today, this division operates in a huge, fast-growing and heavily fragmented market offering security & alarm solutions, home comfort solutions, including energy management and smart home care. This is a division for which we have high hopes for fast growth going forward albeit for Q2-20e we model a flattish (+4%) performance to EUR 1.0m

Assuming EUR -0.9m change in inventories we forecast EUR 40.6m total operating performance (TOP) for Q2-20e. **Cost of sales** as a ratio-to-sales is expected to increase 320bp in the period (Pareto 51.6%) meaning that we model a drop in the gross margin to 48.4% with gross profit at EUR 19.6m (down 37%).

Other operating income (EUR 6.6m in Q2-19) was boosted by EUR 3.3m rebate of legal fees which will not be repeated this year and thus we model EUR 2.1m for Q2-20e. **Personnel costs** would have benefited from the furloughing of staff during the lockdown and we forecast EUR -14.4m expenses in Q2, down 10% yoy and representing 23.5% ratio to TOP. We also model 20% reduction in other operating expenses for Q2-20e to EUR 13.1m (31.6% ratio to TOP).

Consequently, we model a loss at the **EBITDA** level of EUR 1.3m in Q2-20e (vs. EUR 8.5m profit in Q2-19), a negative margin of -3.0%. After depreciation & amortisation of EUR 4m (EUR 3.4m) we forecast an **EBIT loss** of EUR -5.3m (vs. EUR 5.1m profit) for EBIT margin of -12.6%. After EUR -0.3m financial result, we look for EUR -5.5m loss at the pretax level (vs. EUR 6m profit).

No guidance has been possible for 2020, given the uncertainties stemming from the Covid-19 fall-out. That still may be the case post the publication of Q2 given the recent resurgence of cases and different actions being considered by the authorities in different countries.

Assuming our Q2-20e forecasts are broadly met, the sales shortfall at H1-20e (31%) and drop in EBITDA (EUR 15.4m) will likely be too big to recover in H2-20. We forecast EUR 208m sales in 2020e with an EBITDA loss of EUR -5.2m. However, we currently believe it realistic to anticipate a major recovery next year, followed by a further improvement in 2022e.

Thus, we envisage the group recovering to the 2019 sales level already by next year. However, Covid-19 will likely have left scars in terms of profitability and we currently assume 2021e EBITDA to be below last year's reported level. On an adjusted basis (excluding EUR 7m of exceptional gains recorded in 2019) it may be that 2021e recovers to last year's underlying profit level.

Our segmental forecasts 2020e through 2022e are presented below.

Exhibit 2: Segmental sales and P&L forecasts 2020e through 2022e

EUR m	FY - 19	FY - 20e	% yoy	FY - 21e	% yoy	FY - 22e	% yoy
Revenues	257.9	208.2	-19%	263.0	26%	272.4	4%
<i>of which: Phones</i>	176.3	137.5	-22%	161.6	18%	153.5	-5%
<i>of which: Professional</i>	56.6	48.7	-14%	63.3	30%	72.8	15%
<i>of which: Smartphones</i>	21.2	17.5	-18%	31.5	80%	37.8	20%
<i>of which: Smart Home</i>	3.7	4.4	20%	6.6	50%	8.2	25%
<i>Change inventories</i>	2.9	2.0	-31%	2.0	0%	1.0	-50%
<i>Purchased goods</i>	-130.9	-110.3	-16%	-132.8	20%	-136.2	3%
<i>Gross profit</i>	129.8	99.8	-23%	132.2	32%	137.2	4%
<i>Own production capitalised</i>	9.2	8.0	-13%	10.0	25%	10.5	5%
<i>Other op. income</i>	18.5	8.0	-57%	4.0	-50%	4.5	13%
<i>Personnel expenses</i>	-59.4	-58.7	-1%	-61.8	5%	-63.3	2%
<i>Other op. expenses</i>	-69.7	-62.3	-11%	-63.1	1%	-64.7	2%
EBITDA	28.5	-5.2	n.a	21.3	n.a	24.2	14%
EBITDA margin	11.1%	-2.5%	-13.6 pp	8.1%	10.6 pp	8.9%	0.8 pp
Adjusted EBITDA	21.5	-5.2	n.a	21.3	n.a	24.2	14%
Adjusted EBITDA margin	8.3%	-2.5%	-10.8 pp	8.1%	10.6 pp	8.9%	0.8 pp
EBIT	13.7	-21.2	n.a	5.0	n.a	7.7	53%
EBIT margin	5.3%	-10.2%	-17.9 pp	1.9%	12.1 pp	2.8%	0.9 pp
Pretax	14.5	-22.0	n.a	4.3	n.a	7.1	66%
Pretax margin	5.6%	-10.6%	-18.9 pp	1.6%	12.2 pp	2.6%	1 pp
Net income	11.3	-15.4	n.a	3.0	n.a	4.9	64%

Source: Pareto

Exhibit 3: DCF model points to EUR 0.40 target on 12-months view

EUR m	Phase I					Phase II					Phase III
	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	
Revenues	208	263	272	281	293	303	312	319	326	331	
<i>growth rate</i>	-19.3%	26.4%	3.6%	3.3%	4.0%	3.5%	3.0%	2.5%	2.0%	1.5%	
EBIT	-21.2	5.0	7.7	10.8	14.2	14.8	15.3	15.8	16.2	16.5	
<i>EBIT margin</i>	-10.2%	1.9%	2.8%	3.8%	4.8%	4.9%	4.9%	4.9%	5.0%	5.0%	
Tax	6.6	-1.3	-2.2	-3.3	-4.4	-4.6	-4.8	-4.9	-5.1	-5.2	
<i>Tax rate</i>	31%	26%	29%	30%	31%	31%	31%	31%	31%	31%	
Depr. & Amort.	16	16	17	17	17	16	16	16	16	16	
<i>% of sales</i>	7.7%	6.2%	6.1%	6.0%	5.8%	5.3%	5.0%	4.9%	4.8%	4.8%	
Capex	-11	-13	-14	-15	-17	-16	-16	-16	-16	-17	
<i>% of sales</i>	5.3%	4.9%	5.1%	5.3%	5.6%	5.3%	5.2%	5.1%	5.0%	5.0%	
Change in WC & P	5	-1	-1	-2	-2	-2	-1	-1	-1	-1	
<i>% of sales</i>	-2.4%	0.4%	0.5%	0.5%	0.6%	0.5%	0.5%	0.4%	0.3%	0.2%	
Free Cash Flow	-4.6	6.0	6.7	7.8	8.5	8.4	8.7	9.0	9.4	9.8	159.3
<i>growth rate</i>		<i>nm</i>	12.5%	15.8%	8.8%	-0.5%	2.7%	4.1%	4.5%	4.0%	1.0%
Present Value FCF	-4.5	5.5	5.7	6.2	6.3	5.8	5.6	5.4	5.3	5.1	83.1
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PV Phase I		19				Risk free rate	3.50%	Targ. equity ratio		50%	
PV Phase II		27				Premium Equity	5.00%	Beta		1.50	
PV Phase III		83				Premium Debt	1.50%	WACC		7.22%	
Enterprise value		129				Sensitivity		Growth in phase III			
- Net Debt (Cash)		-16					0.0%	0.5%	1.0%	1.5%	2.0%
- Pension Provisions		93				6.5%	0.4	0.5	0.5	0.6	0.7
- Minorities & Peripherals		0				6.9%	0.4	0.41	0.47	0.54	0.6
+/- Other EV items		0				WACC	7.2%	0.3	0.35	0.40	0.46
							7.6%	0.3	0.30	0.34	0.39
							7.9%	0.2	0.3	0.3	0.3
Equity value		53									
Number of shares		132.5									
Value per share (€)		0.40									
Current Price (€)		0.24									
Upside		67%									

Source: Pareto

We continue to refer to the DCF model in setting our 12-months target price. We apply a WACC of 7.2% (a risk-free rate of 3.5%, market premium of 5.0%, a beta of 1.5 and 31% normal tax rate). We conservatively model 5.0% terminal margin which we know is below the 6.5% level that management target for the longer-term but will review this rate if the group makes quicker than anticipated strides towards the 13% EBITDA 7 6.5% EBIT margins.

We currently see EUR 0.40 as an appropriate TP. Given 67% upside from last night's closing price we continue with our previous Buy rating.

PROFIT & LOSS (fiscal year) (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Revenues	305	282	293	280	258	208	263	272
EBITDA	8	30	30	22	29	(5)	21	24
Depreciation & amortisation	(21)	(18)	(18)	(14)	(15)	(16)	(16)	(17)
EBIT	(16)	13	12	9	14	(21)	5	8
Net interest	(3)	(1)	(1)	(1)	1	(1)	(1)	(1)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	(20)	12	11	7	15	(22)	4	7
Taxes	(2)	(7)	(3)	(4)	(3)	7	(1)	(2)
Minority interest	-	-	-	-	-	-	-	-
Net profit	(22)	4	8	3	11	(15)	3	5
EPS reported	(0.17)	0.03	0.06	0.03	0.09	(0.12)	0.02	0.04
EPS adjusted	(0.17)	0.03	0.06	0.03	0.03	(0.12)	0.02	0.04
DPS	-	-	-	-	-	-	-	-
BALANCE SHEET (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Tangible non current assets	30	25	23	23	28	27	22	16
Other non-current assets	67	65	62	50	51	52	54	56
Other current assets	83	84	93	103	108	100	96	91
Cash & equivalents	41	47	49	37	37	19	19	20
Total assets	221	222	227	213	223	198	189	184
Total equity	18	18	24	25	19	0	(1)	1
Interest-bearing non-current debt	-	-	-	14	13	12	9	6
Interest-bearing current debt	0	-	-	-	7	4	4	4
Other Debt	133	123	121	101	91	88	83	77
Total liabilities & equity	221	222	227	213	223	198	189	184
CASH FLOW (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Cash earnings	6	31	31	16	22	(2)	21	24
Change in working capital	(2)	(13)	(16)	(26)	(5)	5	(1)	(1)
Cash flow from investments	(14)	(11)	(12)	(14)	(16)	(11)	(13)	(14)
Cash flow from financing	0	(1)	(1)	12	(2)	(7)	(7)	(7)
Net cash flow	(10)	7	2	(12)	(0)	(15)	(1)	1
CAPITALIZATION & VALUATION (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Share price (EUR end)	0.58	0.82	0.61	0.30	0.34	0.26	0.26	0.26
Number of shares end period	132	132	132	132	132	132	132	132
Net interest bearing debt	29	33	32	50	76	90	89	86
Enterprise value	106	142	113	89	121	125	123	120
EV/Sales	0.3	0.5	0.4	0.3	0.5	0.6	0.5	0.4
EV/EBITDA	14.2	4.7	3.7	4.0	4.3	-	5.8	5.0
EV/EBIT	-	11.1	9.2	10.5	8.8	-	24.6	15.7
P/E reported	-	25.2	10.2	11.5	4.0	-	11.5	7.1
P/E adjusted	-	25.2	10.2	11.5	10.6	-	11.5	7.1
P/B	4.3	6.1	3.3	1.6	2.4	-	-	33.3
FINANCIAL ANALYSIS & CREDIT METRICS	2015	2016	2017	2018	2019	2020e	2021e	2022e
ROE adjusted (%)	-	24.2	37.6	13.8	19.5	-	(1306.6)	2493.1
Dividend yield (%)	-	-	-	-	-	-	-	-
EBITDA margin (%)	2.5	10.8	10.4	7.9	11.1	-	8.1	8.9
EBIT margin (%)	-	4.6	4.2	3.0	5.3	-	1.9	2.8
NIBD/EBITDA	3.93	1.10	1.06	2.26	2.67	(17.35)	4.18	3.56
EBITDA/Net interest	2.29	28.09	27.71	20.78	-	-	28.35	40.29

PROFIT & LOSS (fiscal year) (EURm)	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20e	3Q'20e	4Q'20e
Revenues	46	61	50	100	32	41	41	94
EBITDA	(2)	9	5	17	(7)	(1)	(4)	8
Depreciation & amortisation	(4)	(3)	(4)	(4)	(4)	(4)	(4)	(4)
EBIT	(5)	5	1	13	(11)	(5)	(8)	4
Net interest	(0)	1	(0)	1	(0)	(0)	(0)	(0)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	(6)	6	1	13	(12)	(6)	(8)	4
Taxes	2	(1)	(1)	(2)	4	2	3	(1)
Minority interest	-	-	-	-	-	-	-	-
Net profit	(4)	5	(0)	11	(8)	(4)	(6)	2
EPS reported	(0.03)	0.03	(0.00)	0.08	(0.06)	(0.03)	(0.04)	0.02
EPS adjusted	(0.03)	0.01	(0.00)	0.05	(0.06)	(0.03)	(0.04)	0.02
DPS	-	-	-	-	-	-	-	-
BALANCE SHEET (EURm)	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20e	3Q'20e	4Q'20e
Tangible non current assets	27	28	27	28	27	26	26	27
Other non-current assets	53	54	59	51	55	54	53	52
Other current assets	95	90	101	108	83	90	98	100
Cash & equivalents	26	29	22	37	20	13	2	19
Total assets	201	201	209	223	185	184	180	198
Total equity	17	16	10	19	11	6	(2)	0
Interest-bearing non-current debt	17	13	14	13	16	14	13	12
Interest-bearing current debt	1	5	6	7	4	4	4	4
Other Debt	86	81	84	91	61	66	71	88
Total liabilities & equity	201	201	209	223	185	184	180	198
CASH FLOW (EURm)	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20e	3Q'20e	4Q'20e
Cash earnings	(2)	3	3	17	(6)	1	(3)	6
Change in working capital	(6)	5	(6)	2	(5)	(2)	(3)	15
Cash flow from investments	(2)	(4)	(5)	(5)	(3)	(2)	(3)	(3)
Cash flow from financing	(1)	-	-	-	(2)	-	-	-
Net cash flow	(11)	4	(8)	15	(17)	(3)	(9)	18
CAPITALIZATION & VALUATION (EURm)	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20e	3Q'20e	4Q'20e
Share price (EUR end)	0.43	0.40	0.38	0.34	0.28	0.26	0.26	0.26
Number of shares end period	132	132	132	132	132	132	132	132
Net interest bearing debt	73	75	93	76	93	99	108	90
P/E reported	68.3	13.3	5.5	4.0	5.0	-	-	-
P/E adjusted	68.3	-	8.5	10.5	-	-	-	-
P/B	3.4	3.4	5.0	2.4	3.5	5.7	-	-
FINANCIAL ANALYSIS & CREDIT METRICS	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20e	3Q'20e	4Q'20e
Dividend yield (%)	-	-	-	-	-	-	-	-
EBITDA margin (%)	-	13.9	9.8	16.9	-	-	-	8.1
EBIT margin (%)	-	8.3	2.6	12.7	-	-	-	3.9
NIBD/EBITDA	3.31	3.14	2.49	2.78	3.68	6.87	23.16	(18.76)
EBITDA/Net interest	14.41	-	-	-	-	36.56	2.26	-

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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

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Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
Helgeland Sparebank	2,009,280	9.63%	SpareBank 1 Østfold Akersh	1,139,560	9.20%
Pareto Bank ASA	14,903,900	21.34%	Sparebanken Vest	6,370,851	5.94%

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Companies	No. of shares	Holdings in %	Companies	No. of shares	Holdings in %
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NHST Media Group AS	17,900	1.39%	SpareBank 1 Østfold Akersh	1,139,560	9.20%
Pareto Bank ASA	14,903,900	21.34%	Sparebanken Møre	305,239	3.09%
Selvaag Bolig ASA	2,177,497	2.32%	Sparebanken Sør	433,444	2.77%
SpareBank 1 BV	1,655,220	2.62%	Sparebanken Vest	6,370,851	5.94%
SpareBank 1 Nord-Norge	3,245,305	3.23%	Totens Sparebank	78,246	1.28%

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Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings	Company	Analyst holdings*	Total holdings
Adevinta	0	574	Frontline	0	29,130	Protector Forsikring	0	14,000
AF Gruppen	0	19,125	Gjensidige Forsikring	0	7,280	Quantafuel	0	2,540
Aker	0	1,162	Golden Ocean Group	0	1,744	REC Silicon	0	32,708
Aker BP	0	22,626	Grieg Seafood	0	7,448	SalMar	0	505
American Shipping Compar	0	3,500	Hafnia Limited	0	30,000	Sandnes Sparebank	0	25,782
Arcus	0	2,684	Helgeland Sparebank	0	2,777	Sbanken	0	4,520
Atlantic Sapphire	0	1,105	Ice Group	0	104,391	Scatec Solar	0	35,000
Austevoll Seafood	0	635	Jæren Sparebank	0	500	Schibsted ASA A Aksjer	0	232
Avance Gas	0	4,456	Komplett Bank	0	94,300	Schibsted ASA B Aksjer	0	631
Axactor	0	11,376	Kongsberg Gruppen	0	34,274	SpareBank 1 BV	0	22,000
B2Holding	0	10,940	KWS	75	75	SpareBank 1 Nord-Norge	0	25,750
Bakkafrost	0	204	Lerøy Seafood	0	3,814	SpareBank 1 SMN	0	18,740
BASF	270	270	Mowi	0	4,904	SpareBank 1 SR-Bank	0	42,601
Bonheur	0	35,162	NORBIT	0	7,503	SpareBank 1 Østlandet	0	7,921
BRABank	0	1,371,000	Nordic Semiconductor	0	4,765	Sparebanken Sør	0	16,135
BW Energy Limited	0	43,075	Norsk Hydro	0	102,321	Sparebanken Vest	0	14,924
BW Offshore	0	8,326	Norske Skog	0	3,550	Sparebanken Øst	0	1,500
ContextVision	0	545	Norwegian Air Shuttle	0	40,028	Stolt-Nielsen	0	41,317
DNB	0	31,364	Norwegian Finans Holding	0	3,310	Storebrand	0	7,552
DNO	0	499,263	NTS	0	2,172	Subsea 7	0	3,198
Elkem	0	5,218	Ocean Yield	0	46,005	Telenor	0	2,076
Entra	0	10,442	Okeanis Eco Tankers	0	2,000	TGS-NOPEC	0	2,000
Equinor	0	4,922	Orkla	0	18,699	VOW ASA	0	4,781
Europris	0	13,269	Panoro Energy	0	9,285	XXL	0	12,573
Fjord1	0	50,000	Pareto Bank	0	1,280,290	Yara International	0	14,471
Fjordkraft Holding	0	10,000	Pexip Holding	0	8,130			

This overview is updated monthly (last updated 14.08.2020).

*Analyst holdings refers 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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Acconer AB	Helgeland Sparebank	Pinewood Laboratories	
Advanzia Bank	HKN Energy Ltd	Pioneer Property Group	
Africa Energy	Ice Group	Pioneer Property Group ASA	
African Petroleum Corporation	ICW Holding	Providences Inv. Mngmt Pty	
Aker ASA	Kingfish Zeeland	Salmon Evolution AS	
American Tanker, Inc.	Klaveness Combination Carriers ASA	Sandnes Sparebank	
Aprila Bank ASA	Komplett Bank ASA	Scorpio Bulkers Inc.	
Belships	Kongsberg Automotive	Seadrill	
Boreal Holding AS	LifeFit	Sparebanken Vest	
Borr Drilling Ltd.	Luxaviation Holding	Stolt Nilsen	
BRABank	Mercell Holding AS	TEMPTON Dienstleistungen	
BRABank ASA	Monobank ASA	United Camping AB	
BW Energy	M utares SE & Co. KGaA	Seadrill Ltd	
Cabonline Group Holding AB	Navigator Holdings	Sparebanken Vest	
Cibus Nordic Real Estate AB	Next Biometrics Group ASA ("NEXT")	Stolt-Nilsen	
Digiplex	Northern Ocean	TEMPTON Dienstleistungen	
DOF ASA	Norwegian Air Shuttle	United Camping AB	
DOF Subsea AS	Nouveau Monde Graphite	Watercircles Forsikring ASA	
Erwe Immobilien	Ocean Yield	-	
Euromicron AG	Odfjell SE	-	
Filo Mining Corp	Pareto Bank	-	
Floatel	Petroleum Geo-Services	-	

This overview is updated monthly (this overview is for the period 31.07.2019 – 31.07.2020).

Appendix C

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

Distribution of recommendations

Recommendation	% distribution
Buy	64%
Hold	31%
Sell	5%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	68%
Hold	32%
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

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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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	

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