

Announces cash offer for Semcon

Etteplan announced a recommended cash offer of SEK 149 per Semcon's share, for a total value of approx. SEK 2,699m. Semcon would in our view be a suitable fit for Etteplan, strengthening the service offering and international presence along with offered synergy effects.

- Etteplan announced a recommended cash offer of SEK 149 in cash per Semcon's share. The total value of the offer is approximately SEK 2,699m. The offer price will not be increased.
- The offer price represents a premium of 31.6 percent compared to the closing price of Semcon shares on Nasdaq Stockholm on 22 August 2022 and 32.0/27.6 percent compared to the volume-weighted average trading price during the last 30/180 trading days prior to the announcement of the offer.
- The Board of Directors of Semcon unanimously recommends that the shareholders of Semcon accept the offer.
- The Offer is conditional among other things upon the offer being accepted to such extent that Etteplan becomes the owner of shares in Semcon representing more than 90 percent of the total number of shares in Semcon (on a fully diluted basis).
- Semcon is an international technology company with more than 2,000 employees in seven different countries. Semcon's revenue in 2021 amounted to SEK 1,711.3m and operating profit to SEK 175.1m.
- On 2022 estimates (one analyst) the offer would value Semcon at ~16x P/E and EV/EBIT of ~12x, roughly in line with Etteplan's current valuation.

Rating	HOLD
Share price, EUR (Last trading day's closing price)	15.10
Target price, EUR	16.0
Latest change in recommendation	06-May-21
Latest report on company	11-Aug-22
Research paid by issuer:	YES
No. of shares outstanding, '000's	25,042
No. of shares fully diluted, '000's	25,042
Market cap, EURm	378
Free float, %	16.0
Exchange rate	0.000
Reuters code	ETTE.HE
Bloomberg code	ETTE FH
Average daily volume, EURm	0.07
Next interim report	31-Oct-22
Web site	etteplan.com/investors
Analyst	Jerker Salokivi
E-mail	jerker.salokivi@evli.com
Telephone	+358 9 4766 9149

BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2020	259.7	22.4	8.6%	11.1	0.68	18.9	1.4	16.2	3.4	0.34
2021	300.1	25.8	8.6%	8.1	0.80	21.1	1.6	18.3	1.9	0.40
2022E	355.9	29.2	8.2%	5.6	0.90	16.7	1.2	14.8	1.5	0.45
2023E	377.8	33.4	8.8%	27.4	1.04	14.5	1.1	12.4	7.2	0.52
2024E	394.8	38.1	9.7%	30.7	1.20	12.6	1.0	10.4	8.1	0.60
Market cap, EURm		378	BV per share 2022E, EUR		47.1	CAGR EPS 2021-24, %		14.3		
Net debt 2022E, EURm		53	Price/book 2022E		3.4	CAGR sales 2021-24, %		9.6		
Enterprise value, EURm		431	Dividend yield 2022E, %		3.0	ROE 2022E, %		21.5		
Total assets 2022E, EURm		288	Tax rate 2022E, %		19.5	ROCE 2022E, %		15.5		
Goodwill 2022E, EURm		107	Equity ratio 2022E, %		38.7	PEG, P/E 22/CAGR		1.8		

All the important disclosures can be found on the last pages of this report.

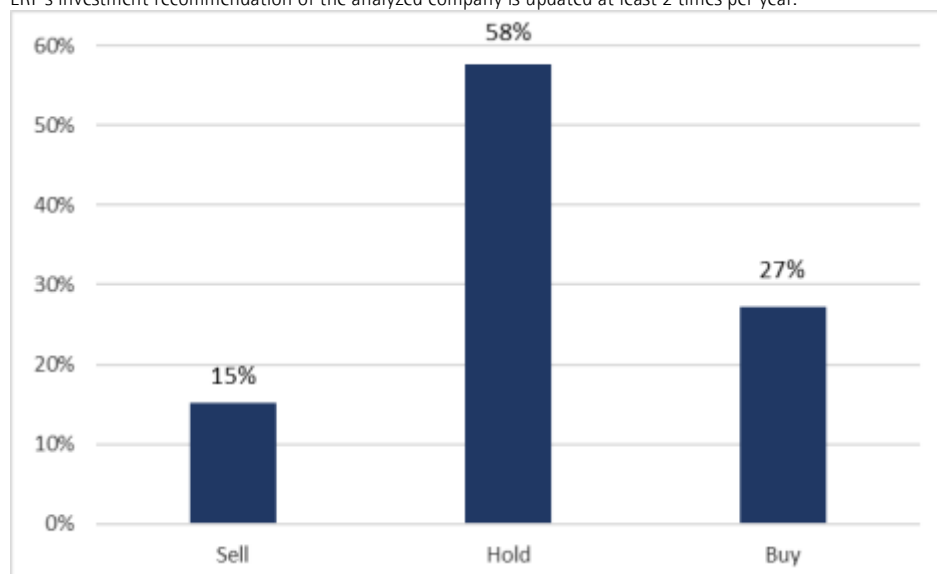
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Salokivi

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Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Arttu Heikura +358 40 082 8098
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205



EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000