

## Good quarter excluding NRI's

Etteplan's continued good performance in Q1 was overshadowed by significant non-recurring items. The outlook still remains quite decent in the uncertain market.

### Profitability burdened by non-recurring items

Etteplan's Q1 results, operatively speaking, were slightly better than we expected. Net sales amounted to EUR 95.0m (EUR 92.0m/91.7m Evli/Cons.), with growth of 8% (6.9% organic) at comparable FX. EBIT came in at EUR 6.3m (EUR 7.4m/7.0m Evli/cons.). EBIT included exceptional items amounting to EUR -2.0m. We had anticipated some softness due to the anticipated one-off salary payments in accordance with the collective labour agreement in Finland, but Etteplan also booked EUR 0.9m in NRI's mainly due to organizational restructuring costs concerning Technical Communication Solutions. In terms of service areas, the operational efficiency of Engineering Solutions was again at a good level, while Software and Embedded Solutions and Technical Communication Solutions remained sub-par.

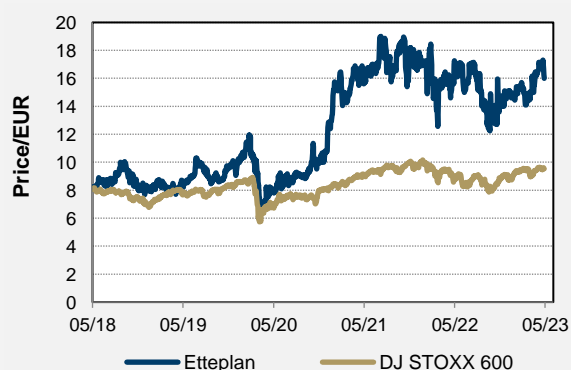
### Room for margin improvement

Our estimates on an annual basis remain quite unchanged excl. the Q1 NRI's, with our EBIT estimate now at EUR 29.9m (prev. 31.5m, co's guidance 28-33m). Potential for improvement towards the upper half of the guidance remains from the still somewhat underperforming services areas, with Etteplan seeing potential for the latter half of the year after actions taken, but we still remain cautious. We see no clear changes to the market outlook, with the overall demand situation remaining modest. Customer demand potential appears firm, but investment willingness is still bogged down by macroeconomic uncertainties. We continue to see potential for Etteplan to move above the 10% EBITA-margin mark on group level in 2024, providing earnings upside amidst the slower growth environment.

### HOLD with a target price of EUR 16.0

Without any notable changes to our estimates, views, or valuation multiples, we retain our HOLD-rating and target price of EUR 16.0, valuing Etteplan at a slight premium to peers.

### Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 16.00

Target price, EUR 16.0

Latest change in recommendation 31-Oct-22

Latest report on company 20-Feb-23

Research paid by issuer: YES

No. of shares outstanding, '000's 25,130

No. of shares fully diluted, '000's 25,130

Market cap, EURm 402

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 10-Aug-23

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■ BUY ■ HOLD ■ SELL

### KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2021	300.1	25.8	8.6%	8.1	0.80	21.1	1.6	18.3	1.9	0.40
2022	350.2	28.6	8.2%	-4.5	0.73	20.7	1.2	15.2	-1.2	0.36
2023E	371.9	29.9	8.0%	24.6	0.86	18.6	1.2	15.3	6.1	0.43
2024E	392.9	34.7	8.8%	28.7	1.03	15.6	1.1	12.7	7.1	0.51
2025E	410.4	37.7	9.2%	31.6	1.14	14.0	1.0	11.2	7.9	0.57
Market cap, EURm	402			Gearing 2023E, %	46.6			CAGR EPS 2022-25, %	17.4	
Net debt 2023E, EURm	55			Price/book 2023E	3.4			CAGR sales 2022-25, %	5.4	
Enterprise value, EURm	457			Dividend yield 2023E, %	2.7			ROE 2023E, %	19.2	
Total assets 2023E, EURm	283			Tax rate 2023E, %	20.4			ROCE 2023E, %	15.3	
Goodwill 2023E, EURm	105			Equity ratio 2023E, %	41.9			PEG, P/E 23/CAGR	1.6	

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

Etteplan	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23	Q2/'23E	Q3/'23E	Q4/'23E	2023E	2024E	2025E
Net sales	300.1	89.6	89.3	80.3	91.0	350.2	95.0	93.2	85.2	98.6	371.9	392.9	410.4
<i>sales growth %</i>	15.6%	22.8%	18.9%	20.1%	6.8%	16.7%	6.0%	4.4%	6.1%	8.3%	6.2%	5.6%	4.5%
EBITA	30.1	9.0	8.1	7.1	9.7	33.9	7.6	9.1	7.8	10.7	35.1	39.9	42.9
<i>EBITA margin</i>	10.0%	10.0%	9.1%	8.8%	10.7%	9.7%	8.0%	9.7%	9.1%	10.9%	9.4%	10.2%	10.5%
EBIT	25.8	7.6	6.8	5.8	8.4	28.6	6.3	7.8	6.5	9.4	29.9	34.7	37.7
<i>EBIT margin</i>	8.6%	8.5%	7.6%	7.2%	9.2%	8.2%	6.6%	8.3%	7.6%	9.6%	8.0%	8.8%	9.2%
EBIT (excl. NRIs)	26.5	7.9	7.2	6.5	8.1	29.7	8.3	7.8	6.5	9.4	31.9	34.7	37.7
<i>-margin</i>	8.8%	8.8%	8.0%	8.1%	8.9%	8.5%	8.7%	8.3%	7.6%	9.6%	8.6%	8.8%	9.2%
<b>Engineering Solutions</b>	<b>2021</b>	<b>Q1/'22</b>	<b>Q2/'22</b>	<b>Q3/'22</b>	<b>Q4/'22</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23E</b>	<b>Q3/'23E</b>	<b>Q4/'23E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Net sales	167.5	46.7	46.2	41.9	48.9	183.7	51.7	50.8	44.4	51.8	198.7	206.7	214.9
<i>sales growth %</i>	12.5%	12.8%	10.0%	13.4%	3.8%	9.7%	10.7%	9.9%	6.0%	6.0%	8.2%	4.0%	4.0%
EBITA	16.6	4.9	4.9	4.3	5.3	19.4	4.9	5.3	4.4	5.8	20.4	21.7	22.6
<i>EBITA margin</i>	9.9%	10.6%	10.6%	10.3%	10.8%	10.6%	9.5%	10.4%	9.9%	11.2%	10.3%	10.5%	10.5%
<b>Software and Embedded Solutions</b>	<b>2021</b>	<b>Q1/'22</b>	<b>Q2/'22</b>	<b>Q3/'22</b>	<b>Q4/'22</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23E</b>	<b>Q3/'23E</b>	<b>Q4/'23E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Net sales	80.1	24.6	25.1	22.0	24.2	95.9	23.9	23.2	23.0	26.0	96.1	103.8	108.9
<i>sales growth %</i>	25.8%	30.8%	26.5%	21.4%	3.7%	19.7%	-3.0%	-7.7%	4.8%	7.3%	0.1%	8.0%	5.0%
EBITA	8.3	2.3	1.9	2.2	2.8	9.2	1.6	2.2	2.1	3.0	8.9	10.7	12.0
<i>EBITA margin</i>	10.4%	9.5%	7.4%	9.9%	11.6%	9.6%	6.8%	9.5%	9.1%	11.5%	9.3%	10.3%	11.0%
<b>Technical Communication Solutions</b>	<b>2021</b>	<b>Q1/'22</b>	<b>Q2/'22</b>	<b>Q3/'22</b>	<b>Q4/'22</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23E</b>	<b>Q3/'23E</b>	<b>Q4/'23E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Net sales	51.6	18.1	17.7	16.3	17.7	69.8	19.2	19.0	17.6	20.6	76.4	81.7	85.8
<i>sales growth %</i>	10.9%	44.3%	36.4%	38.8%	23.3%	35.2%	6.0%	7.3%	7.9%	16.5%	9.4%	7.0%	5.0%
EBITA	5.9	1.8	1.5	1.3	1.4	6.1	1.2	1.7	1.4	2.1	6.4	8.2	9.0
<i>EBITA margin</i>	11.5%	10.1%	8.7%	8.1%	7.7%	8.7%	6.0%	9.1%	8.1%	10.2%	8.4%	10.0%	10.5%

Source: Etteplan, Evli Research estimates

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
SWECO	4252	16.0x	14.8x	14.0x	20.7x	18.7x	17.4x	26.0x	23.4x	21.6x
AFRY	1909	8.9x	8.3x	7.7x	12.8x	11.6x	10.5x	14.9x	13.2x	11.8x
Alten	5331	10.1x	9.4x	8.7x	12.3x	11.3x	10.2x	17.0x	15.7x	14.4x
Bertrandt	480	5.4x	4.6x		10.4x	8.0x		12.6x	9.4x	
Multiconsult	391	8.1x	7.7x	7.5x	11.9x	11.3x	10.9x	14.4x	13.6x	13.1x
TietoEVRY	3166	7.8x	7.4x	7.2x	10.6x	10.2x	9.5x	11.2x	10.7x	10.0x
Peer Group Average	2276	9.4x	8.7x	9.0x	13.1x	11.9x	11.7x	16.0x	14.3x	14.2x
Peer Group Median	1909	8.5x	8.0x	7.7x	12.1x	11.3x	10.5x	14.6x	13.4x	13.1x
Etteplan (Evli est.)	402	9.3x	8.0x	7.2x	15.3x	12.7x	11.2x	18.6x	15.6x	14.0x
<i>Etteplan prem./disc. to peer median</i>		9 %	0 %	-7 %	26 %	12 %	6 %	27 %	16 %	7 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	16.00 PV of Free Cash Flow	304 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	23.51 PV of Horizon value	367 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	47.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	25.8 Marketable securities	20 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	21.6 Debt - dividend	-100 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	54.8 Value of stock	591 Nr of shares, Mn	25.1 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	350	372	393	410	421	431	442	453	464	476	486	495
<i>Sales growth, %</i>	<i>16.7</i>	<i>6.2</i>	<i>5.6</i>	<i>4.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	29	30	35	38	39	40	41	42	43	44	45	45
<i>Operating income margin, %</i>	<i>8.2</i>	<i>8.0</i>	<i>8.8</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>
+ Depreciation+amort.	20	20	20	21	20	19	19	19	19	19	19	20
EBITDA	49	49	55	58	58	59	60	61	62	63	64	
- Paid taxes	-6	-6	-7	-8	-8	-8	-8	-8	-9	-9	-9	
- Change in NWC	-17	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>7.0</i>	<i>6.6</i>	<i>6.2</i>	<i>5.9</i>	<i>5.8</i>	<i>5.6</i>	<i>5.4</i>	<i>5.3</i>	<i>5.2</i>	<i>5.0</i>	<i>4.9</i>	
+ Change in other liabs	-3	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-5	-5	-6	-6	-6	-6	-6	-6	-6	-6	
<i>opCAPEX / Sales, %</i>	<i>3.3</i>	<i>4.5</i>	<i>4.4</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.2</i>	
- Acquisitions	-21	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	8	0	0	0	0	0	0	0	0	0	0	
= FCFF	8	38	43	45	45	45	45	46	47	48	49	792
= Discounted FCFF		37	37	37	34	31	29	27	26	24	23	367
= DFCF min WACC		37	38	37	34	32	30	28	26	25	24	417
= DFCF max WACC		36	37	36	33	30	28	26	25	23	22	326

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	89.6	89.3	80.3	91.0	350.2	95.0	93.2	85.2	98.6	371.9	392.9	410.4
EBITDA	12.6	11.8	10.9	13.4	48.7	11.0	12.7	11.4	14.4	49.4	54.8	58.3
<i>EBITDA margin (%)</i>	<i>14.0</i>	<i>13.2</i>	<i>13.5</i>	<i>14.8</i>	<i>13.9</i>	<i>11.6</i>	<i>13.6</i>	<i>13.4</i>	<i>14.6</i>	<i>13.3</i>	<i>14.0</i>	<i>14.2</i>
EBIT	7.6	6.8	5.8	8.4	28.6	6.3	7.8	6.5	9.4	29.9	34.7	37.7
<i>EBIT margin (%)</i>	<i>8.5</i>	<i>7.6</i>	<i>7.2</i>	<i>9.2</i>	<i>8.2</i>	<i>6.6</i>	<i>8.3</i>	<i>7.6</i>	<i>9.6</i>	<i>8.0</i>	<i>8.8</i>	<i>9.2</i>
Net financial items	-0.3	0.0	-6.2	0.4	-6.2	-0.7	-0.7	-0.7	-0.7	-2.8	-2.3	-1.7
Pre-tax profit	7.3	6.8	-0.4	8.8	22.4	5.6	7.1	5.8	8.7	27.1	32.4	36.0
Tax	-1.5	-1.2	-0.2	-1.4	-4.2	-1.2	-1.4	-1.2	-1.7	-5.5	-6.6	-7.3
<i>Tax rate (%)</i>	<i>20.5</i>	<i>17.4</i>	<i>-43.2</i>	<i>15.6</i>	<i>18.9</i>	<i>21.9</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.4</i>	<i>20.4</i>	<i>20.4</i>
Net profit	5.8	5.6	-0.6	7.4	18.2	4.3	5.6	4.6	7.0	21.6	25.8	28.7
EPS	0.23	0.22	-0.03	0.30	0.73	0.17	0.22	0.18	0.28	0.86	1.03	1.14
EPS adjusted (diluted no. of shares)	0.23	0.22	0.19	0.28	0.70	0.17	0.22	0.18	0.28	0.86	1.03	1.14
Dividend per share	0.00	0.00	0.00	0.00	0.36	0.00	0.00	0.00	0.00	0.43	0.51	0.57
<b>SALES, EURm</b>												
Engineering Solutions	46.7	46.2	41.9	48.9	183.7	51.7	50.8	44.4	51.8	198.7	206.7	214.9
Software and Embedded Solutions	24.6	25.1	22.0	24.2	95.9	23.9	23.2	23.0	26.0	96.1	103.8	108.9
Technical Communication Solutions	18.1	17.7	16.3	17.7	69.8	19.2	19.0	17.6	20.6	76.4	81.7	85.8
Other	0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.2	0.2	0.7	0.7	0.7
<b>Total</b>	<b>89.6</b>	<b>89.3</b>	<b>80.3</b>	<b>91.0</b>	<b>350.2</b>	<b>95.0</b>	<b>93.2</b>	<b>85.2</b>	<b>98.6</b>	<b>371.9</b>	<b>392.9</b>	<b>410.4</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Engineering Solutions</i>	<i>12.8</i>	<i>10.0</i>	<i>13.4</i>	<i>3.8</i>	<i>9.7</i>	<i>10.7</i>	<i>9.9</i>	<i>6.0</i>	<i>6.0</i>	<i>8.2</i>	<i>4.0</i>	<i>4.0</i>
<i>Software and Embedded Solutions</i>	<i>30.8</i>	<i>26.5</i>	<i>21.4</i>	<i>3.7</i>	<i>19.7</i>	<i>-3.0</i>	<i>-7.7</i>	<i>4.8</i>	<i>7.3</i>	<i>0.1</i>	<i>8.0</i>	<i>5.0</i>
<i>Technical Communication Solutions</i>	<i>44.3</i>	<i>36.4</i>	<i>38.8</i>	<i>23.3</i>	<i>35.2</i>	<i>6.0</i>	<i>7.3</i>	<i>7.9</i>	<i>16.5</i>	<i>9.4</i>	<i>7.0</i>	<i>5.0</i>
<i>Other</i>	<i>-7.9</i>	<i>9.2</i>	<i>77.9</i>	<i>-53.4</i>	<i>-18.6</i>	<i>14.3</i>	<i>-10.4</i>	<i>17.6</i>	<i>-13.0</i>	<i>0.5</i>	<i>0.0</i>	<i>0.0</i>
<b>Total</b>	<b>22.8</b>	<b>18.9</b>	<b>20.1</b>	<b>6.8</b>	<b>16.7</b>	<b>6.0</b>	<b>4.4</b>	<b>6.1</b>	<b>8.3</b>	<b>6.2</b>	<b>5.6</b>	<b>4.5</b>
<b>EBIT, EURm</b>												
Engineering Solutions	4.9	4.9	4.3	5.3	19.4	4.9	5.3	4.4	5.8	20.4	21.7	22.6
Software and Embedded Solutions	2.3	1.9	2.2	2.8	9.2	1.6	2.2	2.1	3.0	8.9	10.7	12.0
Technical Communication Solutions	1.8	1.5	1.3	1.4	6.1	1.2	1.7	1.4	2.1	6.4	8.2	9.0
Other	-1.5	-1.5	-2.0	-1.0	-6.0	-1.5	-1.5	-1.5	-1.5	-5.8	-5.8	-5.8
<b>Total</b>	<b>7.6</b>	<b>6.8</b>	<b>5.8</b>	<b>8.4</b>	<b>28.6</b>	<b>6.3</b>	<b>7.8</b>	<b>6.5</b>	<b>9.4</b>	<b>29.9</b>	<b>34.7</b>	<b>37.7</b>
<b>EBIT margin, %</b>												
<i>Engineering Solutions</i>	<i>10.6</i>	<i>10.6</i>	<i>10.3</i>	<i>10.8</i>	<i>10.6</i>	<i>9.5</i>	<i>10.4</i>	<i>9.9</i>	<i>11.2</i>	<i>10.3</i>	<i>10.5</i>	<i>10.5</i>
<i>Software and Embedded Solutions</i>	<i>9.5</i>	<i>7.4</i>	<i>9.9</i>	<i>11.6</i>	<i>9.6</i>	<i>6.8</i>	<i>9.5</i>	<i>9.1</i>	<i>11.5</i>	<i>9.3</i>	<i>10.3</i>	<i>11.0</i>
<i>Technical Communication Solutions</i>	<i>10.1</i>	<i>8.7</i>	<i>8.1</i>	<i>7.7</i>	<i>8.7</i>	<i>6.0</i>	<i>9.1</i>	<i>8.1</i>	<i>10.2</i>	<i>8.4</i>	<i>10.0</i>	<i>10.5</i>
<i>Other</i>	<i>-846.3</i>	<i>-739.3</i>	<i>-1,326.1</i>	<i>-484.1</i>	<i>-814.9</i>	<i>-733.0</i>	<i>-811.1</i>	<i>-811.1</i>	<i>-811.1</i>	<i>-790.0</i>	<i>-790.0</i>	<i>-790.0</i>
<b>Total</b>	<b>8.5</b>	<b>7.6</b>	<b>7.2</b>	<b>9.2</b>	<b>8.2</b>	<b>6.6</b>	<b>8.3</b>	<b>7.6</b>	<b>9.6</b>	<b>8.0</b>	<b>8.8</b>	<b>9.2</b>

Commercial Services & Supplies/Finland, May 12, 2023  
Company update

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	236.4	262.7	259.7	300.1	350.2	371.9	392.9	410.4
<i>Sales growth (%)</i>	<i>10.1</i>	<i>11.1</i>	<i>-1.1</i>	<i>15.6</i>	<i>16.7</i>	<i>6.2</i>	<i>5.6</i>	<i>4.5</i>
EBITDA	26.0	37.5	40.4	43.6	48.7	49.4	54.8	58.3
<i>EBITDA margin (%)</i>	<i>11.0</i>	<i>14.3</i>	<i>15.6</i>	<i>14.5</i>	<i>13.9</i>	<i>13.3</i>	<i>14.0</i>	<i>14.2</i>
Depreciation	-5.8	-14.7	-18.0	-17.8	-20.0	-19.5	-20.1	-20.6
EBITA	20.2	22.8	22.4	25.8	28.6	29.9	34.7	37.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	20.2	22.8	22.4	25.8	28.6	29.9	34.7	37.7
<i>EBIT margin (%)</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.2</i>	<i>8.0</i>	<i>8.8</i>	<i>9.2</i>
Reported EBIT	20.2	22.8	22.4	25.8	28.6	29.9	34.7	37.7
<i>EBIT margin (reported) (%)</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.2</i>	<i>8.0</i>	<i>8.8</i>	<i>9.2</i>
Net financials	-0.8	-0.9	-1.3	-0.9	-6.2	-2.8	-2.3	-1.7
Pre-tax profit	19.4	21.9	21.1	24.9	22.4	27.1	32.4	36.0
Taxes	-4.1	-4.5	-4.0	-4.8	-4.2	-5.5	-6.6	-7.3
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	15.3	17.4	17.1	20.1	18.2	21.6	25.8	28.7
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	26	30	29	32	39	35	31	27
Goodwill	65	79	84	92	105	105	105	105
Right of use assets	12	15	23	22	21	22	23	24
Inventory	0	0	0	0	1	1	1	1
Receivables	53	62	57	75	94	98	101	105
Liquid funds	16	16	24	30	20	21	22	23
Total assets	173	203	218	253	281	283	286	287
<b>Liabilities</b>								
Shareholder's equity	68	77	87	99	106	119	134	150
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	12	16	24	23	22	22	23	24
Deferred taxes	5	6	7	7	10	10	10	10
Interest bearing debt	36	41	40	56	69	54	36	17
Non-interest bearing current liabilities	48	61	57	66	66	71	74	78
Other interest-free debt	4	2	2	3	8	8	8	8
Total liabilities	173	203	218	253	281	283	286	287
<b>CASH FLOW, EURm</b>								
+ EBITDA	26	38	40	44	49	49	55	58
- Net financial items	-1	-1	-1	-1	-6	-3	-2	-2
- Taxes	-4	-4	-5	-6	-5	-6	-7	-7
- Increase in Net Working Capital	2	4	1	-10	-17	0	0	0
+/- Other	-1	-4	3	1	8	0	0	0
= Cash flow from operations	23	33	38	27	28	41	46	49
- Capex	-2	-13	-21	-12	-12	-17	-17	-18
- Acquisitions	-8	-21	-6	-7	-21	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	13	-1	11	8	-4	25	29	32
+/- New issues/buybacks	0	-1	2	0	-1	0	0	0
- Paid dividend	-6	-7	-9	-8	-10	-9	-11	-13
+/- Other	-1	9	4	6	4	-14	-17	-18
Change in cash	6	0	9	6	-11	1	1	1

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KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	253	323	424	366	402	402	402
Net debt (excl. convertibles)	40	41	48	71	55	37	19
Enterprise value	294	364	472	437	457	440	421
Sales	263	260	300	350	372	393	410
EBITDA	38	40	44	49	49	55	58
EBIT	23	22	26	29	30	35	38
Pre-tax	22	21	25	22	27	32	36
Earnings	17	17	20	18	22	26	29
Equity book value (excl. minorities)	77	87	99	106	119	134	150
<b>Valuation multiples</b>							
EV/sales	1.1	1.4	1.6	1.2	1.2	1.1	1.0
EV/EBITDA	7.8	9.0	10.8	9.0	9.3	8.0	7.2
EV/EBITA	12.9	16.2	18.3	15.2	15.3	12.7	11.2
EV/EBIT	12.9	16.2	18.3	15.2	15.3	12.7	11.2
EV/OCF	8.9	9.6	17.4	15.5	11.1	9.5	8.5
EV/FCFF	27.3	11.5	41.1	57.3	11.9	10.3	9.3
P/FCFE	-247.0	29.2	52.6	-81.8	16.3	14.0	12.7
P/E	15.6	18.9	21.1	20.7	18.6	15.6	14.0
P/B	3.3	3.7	4.3	3.4	3.4	3.0	2.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.3	8.0	7.2
Target EV/EBIT	0.0	0.0	0.0	0.0	15.3	12.7	11.2
Target EV/FCF	0.0	0.0	0.0	0.0	18.6	15.3	13.3
Target P/B	0.0	0.0	0.0	0.0	3.4	3.0	2.7
Target P/E	0.0	0.0	0.0	0.0	18.6	15.6	14.0
<b>Per share measures</b>							
Number of shares	24,963	24,963	25,083	25,042	25,130	25,130	25,130
Number of shares (diluted)	24,963	24,963	25,083	25,042	25,130	25,130	25,130
EPS	0.70	0.68	0.80	0.73	0.86	1.03	1.14
Operating cash flow per share	1.32	1.52	1.08	1.12	1.64	1.83	1.97
Free cash flow per share	-0.04	0.44	0.32	-0.18	0.98	1.14	1.26
Book value per share	3.07	3.49	3.94	4.25	4.73	5.33	5.96
Dividend per share	0.35	0.34	0.40	0.36	0.43	0.51	0.57
Dividend payout ratio, %	50.2	49.6	49.9	49.6	50.0	50.0	50.0
Dividend yield, %	3.4	2.6	2.4	2.5	2.7	3.2	3.6
FCF yield, %	-0.4	3.4	1.9	-1.2	6.1	7.1	7.9
<b>Efficiency measures</b>							
ROE	24.1	20.9	21.6	17.7	19.2	20.4	20.2
ROCE	18.3	15.7	15.7	15.3	15.3	17.9	19.6
<b>Financial ratios</b>							
Inventories as % of sales	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Receivables as % of sales	23.6	21.8	24.9	26.7	26.2	25.8	25.5
Non-interest bearing liabilities as % of sales	23.2	22.1	21.8	19.0	19.0	19.0	19.0
NWC/sales, %	-0.5	-0.9	2.6	7.0	6.6	6.2	5.9
Operative CAPEX/sales, %	4.9	8.1	4.0	3.3	4.5	4.4	4.3
CAPEX/sales (incl. acquisitions), %	-3.1	5.9	1.7	-2.6	4.5	4.4	4.3
FCFF/EBITDA	0.3	0.8	0.3	0.2	0.8	0.8	0.8
Net debt/EBITDA, book-weighted	1.1	1.0	1.1	1.5	1.1	0.7	0.3
Debt/equity, market-weighted	0.2	0.1	0.1	0.2	0.1	0.1	0.0
Equity ratio, book-weighted	37.8	40.0	39.1	37.8	41.9	46.9	52.1
Gearing, %	52.6	46.6	48.7	66.8	46.6	28.0	12.5

**COMPANY DESCRIPTION:** Etteplan is a specialist in industrial equipment engineering, embedded systems and IoT and technical documentation solutions and services. The company is market leader in Finland and among the largest operators in the field in Sweden and one of the largest companies in Europe providing technical documentation solutions. Customers are leading global manufacturers of industrial equipment and machinery.

**INVESTMENT CASE:** Etteplan is in our view set to continue on a track of profitable growth. The comprehensive service offering and good market positioning provides organic growth opportunities while the company's M&A track record will see growth further boosted through acquisitions. Etteplan has achieved a solid level of relative profitability but some smaller challenges in Technical Documentation Solutions and Software and Embedded Solutions still remain. Bringing those service areas up to par and optimization of resources through an increase in Managed services and an increase in own software products could provide a further boost to margins. In the near-term, uncertainty is elevated by a weekend overall demand situation.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,661,384	266.582	66.3%
Oy Fincorp Ab	2,530,531	40.488	10.1%
Varma Mutual Pension Insurance Company	985,593	15.769	3.9%
Tuori Klaus	309,134	4.946	1.2%
Tuori Aino	308,275	4.932	1.2%
Ilmarinen Mutual Pension Insurance Company	298,311	4.773	1.2%
Elo Mutual Pension Insurance Company	212,000	3.392	0.8%
VAS Invest Oy	194,035	3.105	0.8%
Taaleri Mikro Markka fund	154,048	2.465	0.6%
Näkki Juha Antti Ilmari	137,739	2.204	0.5%
Ten largest	21,791,050	348.657	87%
Residual	3,338,822	53.421	13%
Total	25,129,872	402.078	100%

**EARNINGS CALENDAR**

August 10, 2023

Q2 report

October 31, 2023

Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

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## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



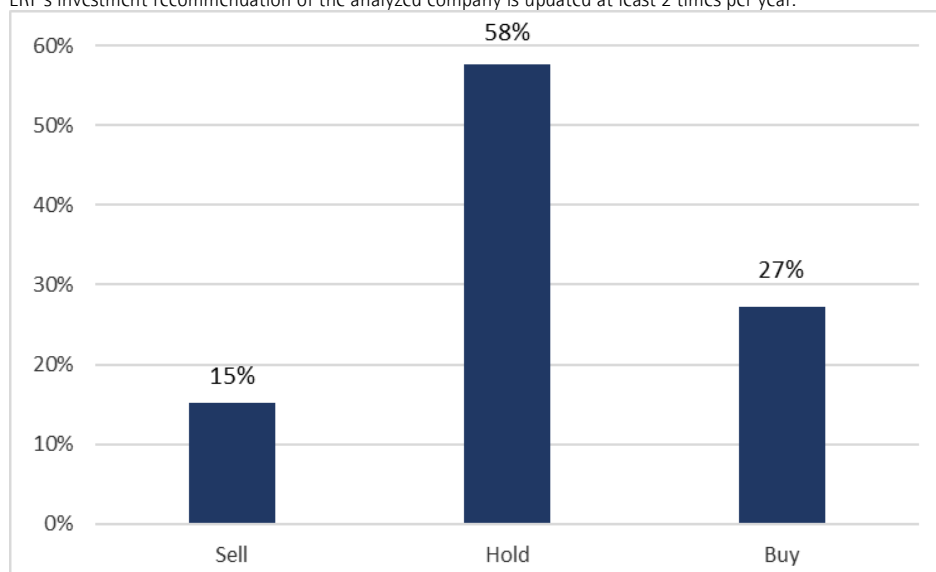
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Investment recommendations are defined as follows:

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

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

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