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News Flash

Profitability below expectations

Etteplan's sales and EBIT from business operations were at EUR 89.8m and EUR 6.1m respectively. EBIT was below our estimates especially due to weaker profitability in Software and Embedded solutions.

- Net sales in Q2 were EUR 89.8m (EUR 89.3m in Q2/22), slightly below our estimates and consensus estimates (EUR 93.2m/93.9m Evli/Cons.). Growth in Q2 amounted to 0.7% y/y, of which 0.3% organic growth (3.2% and 2.7% at comparable FX respectively).
- EBIT in Q2 amounted to EUR 6.1m (EUR 6.8m in Q2/22), below our estimates and consensus estimates (EUR 7.8m/7.6m Evli/cons.), at a margin of 6.8%. EBIT was affected by weak profitability in the Software and Embedded Solutions segment as it faced particularly difficult market conditions.
- EPS in Q2 amounted to EUR 0.15 (EUR 0.22 in Q2/22), below our estimates (EUR 0.22 Evli).
- Net sales in Engineering Solutions in Q2 were EUR 51.0m vs. EUR 50.8m Evli. EBITA in Q2 amounted to EUR 5.2m vs. EUR 5.3m Evli.
- Net sales in Software and Embedded Solutions in Q2 were EUR 21.2m vs. EUR 23.2m Evli. EBITA in Q2 amounted to EUR 1.1m vs. EUR 2.2m Evli.
- Net sales in Technical Communication Solutions in Q2 were EUR 17.4m vs. EUR 19.0m Evli. EBITA in Q2 amounted to EUR 1.4m vs. EUR 1.7m Evli.
- Guidance for 2023 specified: revenue in 2023 to be EUR 360-380 (previously 360-390) million, and operating profit (EBIT) in 2023 to be EUR 28-31 (previously 28-33) million.

Rating					OHOLD	
02/23	Actual	Evli	Consensus	02/22	Q1/23	
Net sales	89.8	93.2	93.9	89.3	95.0	
EBITA	7.4	9.1	-	8.1	7.6	
EBIT	6.1	7.8	7.6	6.8	6.3	
EPS	0.15	0.22	0.23	0.22	0.17	
Deviation	Actual	Evli	Consensus	o 02/22	Q1/23	
Net sales	/ (Ctual	-4 %	-4 %	1 %	-5 %	
EBITA		-18 %	-	-9 %	-2 %	
EBIT		-21%	-20 %	-11 %	-3 %	
EPS		-33 %	-35 %	-33 %	-13 %	
Consensus	by Bloom		00 %	00 70	.0 %	
Share price, EUR(Last trading day's closing price)						
Target price, EUR 16.0						
Latest change in recommendation Latest report on company Research paid by issuer: No. of shares outstanding, '000's No. of shares fully diluted, '000's Market cap, EURm Free float, % Exchange rate Reuters code Bloomberg code Average daily volume, EURm Next interim report					01-Nov-22 12-May-23 YES 25,130 25,130 436 16.0 0.000 ETTE.HE ETTE FH 0.07 10-Aug-23	
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■ BUY □ HOLD ■ SELL

PRE-REPO	ORT KEY FIG	URES								
	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	20.2	1.3	16.4	5.7	0.43
2024E	392.9	34.7	8.8%	28.7	1.03	16.9	1.2	13.6	6.6	0.51
2025E	410.4	37.7	9.2%	31.6	1.14	15.2	1.1	12.1	7.3	0.57
Market cap	, EURm		436 B	V per share 20	23E, EUR		46.6 CAGR	EPS 2022-2	5, %	17.4
Net debt 20	023E, EURm		55 P	rice/book 2023	3E		3.7 CAGR	sales 2022-	25, %	5.4
Enterprise value, EURm 491		491 D	Dividend yield 2023E, %		2.5 ROE 2023E, %			19.2		
Total assets	s 2023E, EURn	n	283 Ta	ax rate 2023E,	%		20.4 ROCE	2023E, %		15.3
Goodwill 2	023E, EURm		105 E	quity ratio 202	23E, %		41.9 PEG, F	P/E 23/CAGR		1.8

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

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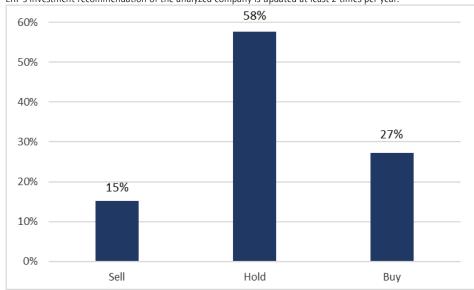
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Target price compared to share price Recommendation

< -10 % SELL -10 - (+10) % HOLD > 10 % BUY

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

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