

## Weaker market beginning to show

Etteplan reported Q2 results that were below our estimates. Etteplan's sales and EBIT from business operations were at EUR 89.8m (Evli est. EUR 93.2m) and EUR 6.1m (Evli est. EUR 7.8m) respectively. The Software and Embedded Solutions segment underperformed due to market weakness, especially in early Q2.

### Profitability suffered from a weak market

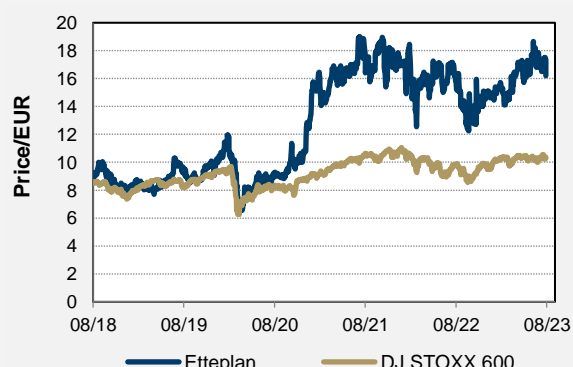
In Q2, Etteplan's revenue growth slowed down to 0.7% as the company's revenue came in at EUR 89.8m (EUR 89.3m in Q2/22, EUR 93.2m Evli est.). With the slow growth, the company's EBIT decreased by 10.3% to EUR 6.1m (EUR 6.8m in Q2/22, EUR 7.8m Evli est.). As a result of the softer Q2, the company specified its financial guidance; 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.

### FY 2023 estimates revised downwards

The Q2 softness was led by the Software and Embedded Solutions service area, where activity notably slowed in April. Client R&D projects are being deferred due to a challenging macroeconomic environment with high interest rates and persistent inflation. Despite the slowdown, the company saw improving activity already at the end of the quarter as several major contracts were secured. We raised revenue growth forecasts for Engineering Solutions due to strong Q2 performance and the LAE Engineering acquisition in early Q3. Conversely, we revised Software and Embedded, and Technical Communication Solutions estimates downward due to lower expected volumes and softness seen during H1. We now estimate net sales of EUR 371.0m and EBIT of EUR 28.5m for FY 2023.

### HOLD with a target price of EUR 15.0 (16.0)

Etteplan's weak H1 puts pressure to H2, our estimate for the FY EBIT lies in the lower end of the current guidance range. We revise our target price to EUR 15.0 (16.0), HOLD-rating intact due to the elevated 2023E multiples based on our updated estimates. When looking at 2024E multiples, our target P/E and EV/EBIT multiples are roughly in line with the company's historic average levels. In addition, the current valuation is significantly below the value derived from our discounted cash flow valuation.

 Rating 🟡 HOLD


Share price, EUR (Last trading day's closing price) 16.20

Target price, EUR 15.0

Latest change in recommendation 31-Oct-22

Latest report on company 12-May-23

Research paid by issuer: YES

No. of shares outstanding, '000's 25,111

No. of shares fully diluted, '000's 25,111

Market cap, EURm 407

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-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	371.0	28.5	7.7%	22.1	0.79	20.5	1.3	16.3	5.4	0.40
2024E	395.7	34.8	8.8%	27.1	1.01	16.1	1.1	12.8	6.7	0.50
2025E	413.3	37.8	9.1%	30.1	1.12	14.5	1.0	11.4	7.4	0.56
Market cap, EURm	407			Gearing 2023E, %	49.5			CAGR EPS 2022-25, %	16.5	
Net debt 2023E, EURm	58			Price/book 2023E	3.5			CAGR sales 2022-25, %	5.7	
Enterprise value, EURm	465			Dividend yield 2023E, %	2.4			ROE 2023E, %	17.8	
Total assets 2023E, EURm	284			Tax rate 2023E, %	21.9			ROCE 2023E, %	14.5	
Goodwill 2023E, EURm	105			Equity ratio 2023E, %	41.3			PEG, P/E 23/CAGR	1.5	

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/'23	Q3/'23E	Q4/'23E	2023E	2024E	2025E
Net sales	300.1	89.6	89.3	80.3	91.0	350.2	95.0	89.8	86.0	100.2	371.0	395.7	413.3
<i>sales growth %</i>	15.6%	22.8%	18.9%	20.1%	6.8%	16.7%	6.0%	0.7%	7.0%	10.1%	5.9%	6.7%	4.4%
EBITA	30.1	9.0	8.1	7.1	9.7	33.9	7.6	7.4	7.8	10.8	33.7	40.1	43.0
<i>EBITA margin</i>	10.0%	10.0%	9.1%	8.8%	10.7%	9.7%	8.0%	8.3%	9.1%	10.8%	9.1%	10.1%	10.4%
EBIT	25.8	7.6	6.8	5.8	8.4	28.6	6.3	6.1	6.5	9.5	28.5	34.8	37.8
<i>EBIT margin</i>	8.6%	8.5%	7.6%	7.2%	9.2%	8.2%	6.6%	6.8%	7.6%	9.5%	7.7%	8.8%	9.1%
EBIT (excl. NRIs)	26.5	7.9	7.2	6.5	8.1	29.7	8.3	6.5	6.5	9.5	30.9	34.8	37.8
<i>-margin</i>	8.8%	8.8%	8.0%	8.1%	8.9%	8.5%	8.7%	7.2%	7.6%	9.5%	8.3%	8.8%	9.1%
<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/'23</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	51.0	47.8	55.8	206.3	218.7	227.5
<i>sales growth %</i>	12.5%	12.8%	10.0%	13.4%	3.8%	9.7%	10.7%	10.4%	14.1%	14.1%	12.3%	6.0%	4.0%
EBITA	16.6	4.9	4.9	4.3	5.3	19.4	4.9	5.2	4.9	6.5	21.6	23.0	23.9
<i>EBITA margin</i>	9.9%	10.6%	10.6%	10.3%	10.8%	10.6%	9.5%	10.3%	10.3%	11.6%	10.5%	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/'23</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	21.2	21.5	25.1	91.7	99.1	104.0
<i>sales growth %</i>	25.8%	30.8%	26.5%	21.4%	3.7%	19.7%	-3.0%	-15.4%	-2.1%	3.6%	-4.4%	8.0%	5.0%
EBITA	8.3	2.3	1.9	2.2	2.8	9.2	1.6	1.1	1.8	2.6	7.2	10.2	11.4
<i>EBITA margin</i>	10.4%	9.5%	7.4%	9.9%	11.6%	9.6%	6.8%	5.3%	8.4%	10.4%	7.8%	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/'23</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	17.4	16.5	19.1	72.2	77.3	81.1
<i>sales growth %</i>	10.9%	44.3%	36.4%	38.8%	23.3%	35.2%	6.0%	-1.5%	0.9%	8.1%	3.4%	7.0%	5.0%
EBITA	5.9	1.8	1.5	1.3	1.4	6.1	1.2	1.4	1.3	1.9	5.8	7.7	8.5
<i>EBITA margin</i>	11.5%	10.1%	8.7%	8.1%	7.7%	8.7%	6.0%	8.1%	7.9%	9.9%	8.0%	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	3342	13.4x	12.5x	11.8x	17.7x	16.0x	14.7x	20.6x	18.6x	16.9x
AFRY	1397	7.4x	6.9x	6.3x	11.0x	9.7x	8.7x	12.3x	10.5x	9.2x
Alten	4472							14.5x	13.3x	12.4x
Bertrandt	469							13.7x	9.7x	
Multiconsult	364	7.3x	7.0x	6.7x	11.0x	10.4x	10.0x	13.2x	12.4x	11.8x
TietoEVRY	2709	7.4x	6.9x	6.7x	10.3x	9.5x	9.1x	10.3x	9.6x	9.0x
Peer Group Average	1884	<b>8.9x</b>	<b>8.3x</b>	<b>7.9x</b>	<b>12.5x</b>	<b>11.4x</b>	<b>10.6x</b>	<b>14.1x</b>	<b>12.3x</b>	<b>11.9x</b>
Peer Group Median	1397	<b>7.4x</b>	<b>7.0x</b>	<b>6.7x</b>	<b>11.0x</b>	<b>10.1x</b>	<b>9.5x</b>	<b>13.4x</b>	<b>11.4x</b>	<b>11.8x</b>
Etteplan (Evli est.)	<b>412</b>	<b>9.8x</b>	<b>8.4x</b>	<b>7.5x</b>	<b>16.5x</b>	<b>13.0x</b>	<b>11.5x</b>	<b>20.7x</b>	<b>16.3x</b>	<b>14.7x</b>

Etteplan prem./disc. to peer median

33 %    20 %    12 %    50 %    29 %    21 %    54 %    43 %    25 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	16.20 PV of Free Cash Flow	304 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	23.73 PV of Horizon value	372 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	46.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	26.0 Marketable securities	20 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	21.8 Debt - dividend	-100 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	55.0 Value of stock	596 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	371	396	413	424	434	445	456	468	479	489	499
<i>Sales growth, %</i>	<i>16.7</i>	<i>5.9</i>	<i>6.7</i>	<i>4.4</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	28	35	38	39	40	41	42	43	44	45	46
<i>Operating income margin, %</i>	<i>8.2</i>	<i>7.7</i>	<i>8.8</i>	<i>9.1</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	19	19	20	19	19	19	19	19	20	20	
EBITDA	49	48	54	58	58	59	60	61	62	64	65	
- Paid taxes	-6	-6	-8	-8	-9	-9	-9	-9	-9	-10	-10	
- 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>5.7</i>	<i>5.6</i>	<i>5.4</i>	<i>5.3</i>	<i>5.1</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	-7	
<i>opCAPEX / Sales, %</i>	<i>3.3</i>	<i>4.6</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	37	41	44	44	44	45	46	47	48	49	786
= Discounted FCFF		36	37	36	34	31	29	27	26	24	23	372
= DFCF min WACC		36	37	37	34	32	30	28	27	25	24	422
= DFCF max WACC		35	37	36	33	31	29	27	25	23	22	330

Commercial Services & Supplies/Finland, August 11, 2023  
Company update

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	89.6	89.3	80.3	91.0	350.2	95.0	89.8	86.0	100.2	371.0	395.7	413.3
EBITDA	12.6	11.8	10.9	13.4	48.7	11.0	10.8	11.5	14.5	47.8	54.2	57.6
<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>12.1</i>	<i>13.3</i>	<i>14.4</i>	<i>12.9</i>	<i>13.7</i>	<i>13.9</i>
EBIT	7.6	6.8	5.8	8.4	28.6	6.3	6.1	6.5	9.5	28.5	34.8	37.8
<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>6.8</i>	<i>7.6</i>	<i>9.5</i>	<i>7.7</i>	<i>8.8</i>	<i>9.1</i>
Net financial items	-0.3	0.0	-6.2	0.4	-6.2	-0.7	-0.9	-0.7	-0.7	-3.0	-2.5	-1.9
Pre-tax profit	7.3	6.8	-0.4	8.8	22.4	5.6	5.2	5.8	8.8	25.4	32.3	35.8
Tax	-1.5	-1.2	-0.2	-1.4	-4.2	-1.2	-1.4	-1.2	-1.8	-5.6	-7.1	-7.8
<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>27.2</i>	<i>20.0</i>	<i>20.0</i>	<i>21.9</i>	<i>21.9</i>	<i>21.9</i>
Net profit	5.8	5.6	-0.6	7.4	18.2	4.3	3.8	4.7	7.1	19.9	25.2	28.0
EPS	0.23	0.22	-0.03	0.30	0.73	0.17	0.15	0.19	0.28	0.79	1.01	1.12
EPS adjusted (diluted no. of shares)	0.23	0.22	0.19	0.28	0.70	0.17	0.15	0.19	0.28	0.79	1.01	1.12
Dividend per share	0.00	0.00	0.00	0.00	0.36	0.00	0.00	0.00	0.00	0.40	0.50	0.56
<b>SALES, EURm</b>												
Engineering Solutions	46.7	46.2	41.9	48.9	183.7	51.7	51.0	47.8	55.8	206.3	218.7	227.5
Software and Embedded Solutions	24.6	25.1	22.0	24.2	95.9	23.9	21.2	21.5	25.1	91.7	99.1	104.0
Technical Communication Solutions	18.1	17.7	16.3	17.7	69.8	19.2	17.4	16.5	19.1	72.2	77.3	81.1
Other	0.2	0.2	0.2	0.2	0.7	0.2	0.1	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>89.8</b>	<b>86.0</b>	<b>100.2</b>	<b>371.0</b>	<b>395.7</b>	<b>413.3</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>10.4</i>	<i>14.1</i>	<i>14.1</i>	<i>12.3</i>	<i>6.0</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>-15.4</i>	<i>-2.1</i>	<i>3.6</i>	<i>-4.4</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>-1.5</i>	<i>0.9</i>	<i>8.1</i>	<i>3.4</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>-31.3</i>	<i>17.6</i>	<i>-13.0</i>	<i>-5.2</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>0.7</b>	<b>7.0</b>	<b>10.1</b>	<b>5.9</b>	<b>6.7</b>	<b>4.4</b>
<b>EBIT, EURm</b>												
Engineering Solutions	4.9	4.9	4.3	5.3	19.4	4.9	5.2	4.9	6.5	21.6	23.0	23.9
Software and Embedded Solutions	2.3	1.9	2.2	2.8	9.2	1.6	1.1	1.8	2.6	7.2	10.2	11.4
Technical Communication Solutions	1.8	1.5	1.3	1.4	6.1	1.2	1.4	1.3	1.9	5.8	7.7	8.5
Other	-1.5	-1.5	-2.0	-1.0	-6.0	-1.5	-1.7	-1.5	-1.5	-6.0	-6.0	-6.0
<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>6.1</b>	<b>6.5</b>	<b>9.5</b>	<b>28.5</b>	<b>34.8</b>	<b>37.8</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>10.3</i>	<i>10.3</i>	<i>11.6</i>	<i>10.5</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>5.3</i>	<i>8.4</i>	<i>10.4</i>	<i>7.8</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>8.1</i>	<i>7.9</i>	<i>9.9</i>	<i>8.0</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>-1,203.6</i>	<i>-811.1</i>	<i>-811.1</i>	<i>-866.3</i>	<i>-866.3</i>	<i>-866.3</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>6.8</b>	<b>7.6</b>	<b>9.5</b>	<b>7.7</b>	<b>8.8</b>	<b>9.1</b>

Commercial Services & Supplies/Finland, August 11, 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	371.0	395.7	413.3
<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>5.9</i>	<i>6.7</i>	<i>4.4</i>
EBITDA	26.0	37.5	40.4	43.6	48.7	47.8	54.2	57.6
<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>12.9</i>	<i>13.7</i>	<i>13.9</i>
Depreciation	-5.8	-14.7	-18.0	-17.8	-20.0	-19.3	-19.3	-19.8
EBITA	20.2	22.8	22.4	25.8	28.6	28.5	34.8	37.8
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	28.5	34.8	37.8
<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>7.7</i>	<i>8.8</i>	<i>9.1</i>
Reported EBIT	20.2	22.8	22.4	25.8	28.6	28.5	34.8	37.8
<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>7.7</i>	<i>8.8</i>	<i>9.1</i>
Net financials	-0.8	-0.9	-1.3	-0.9	-6.2	-3.0	-2.5	-1.9
Pre-tax profit	19.4	21.9	21.1	24.9	22.4	25.4	32.3	35.8
Taxes	-4.1	-4.5	-4.0	-4.8	-4.2	-5.6	-7.1	-7.8
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	19.9	25.2	28.0
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	36	33	30
Goodwill	65	79	84	92	105	105	105	105
Right of use assets	12	15	23	22	21	22	24	25
Inventory	0	0	0	0	1	1	1	1
Receivables	53	62	57	75	94	97	102	105
Liquid funds	16	16	24	30	20	21	22	23
Total assets	173	203	218	253	281	284	288	290
<b>Liabilities</b>								
Shareholder's equity	68	77	87	99	106	117	132	148
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	24	25
Deferred taxes	5	6	7	7	10	10	10	10
Interest bearing debt	36	41	40	56	69	57	39	22
Non-interest bearing current liabilities	48	61	57	66	66	70	75	78
Other interest-free debt	4	2	2	3	8	8	8	8
Total liabilities	173	203	218	253	281	284	288	290
<b>CASH FLOW, EURm</b>								
+ EBITDA	26	38	40	44	49	48	54	58
- Net financial items	-1	-1	-1	-1	-6	-3	-3	-2
- Taxes	-4	-4	-5	-6	-5	-6	-7	-8
- 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	39	45	48
- Capex	-2	-13	-21	-12	-12	-17	-18	-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	22	27	30
+/- New issues/buybacks	0	-1	2	0	-1	0	0	0
- Paid dividend	-6	-7	-9	-8	-10	-9	-10	-13
+/- Other	-1	9	4	6	4	-12	-16	-17
Change in cash	6	0	9	6	-11	1	1	1

Commercial Services & Supplies/Finland, August 11, 2023  
Company update

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	253	323	424	366	407	407	407
Net debt (excl. convertibles)	40	41	48	71	58	41	23
Enterprise value	294	364	472	437	465	448	430
Sales	263	260	300	350	371	396	413
EBITDA	38	40	44	49	48	54	58
EBIT	23	22	26	29	28	35	38
Pre-tax	22	21	25	22	25	32	36
Earnings	17	17	20	18	20	25	28
Equity book value (excl. minorities)	77	87	99	106	117	132	148
<b>Valuation multiples</b>							
EV/sales	1.1	1.4	1.6	1.2	1.3	1.1	1.0
EV/EBITDA	7.8	9.0	10.8	9.0	9.7	8.3	7.5
EV/EBITA	12.9	16.2	18.3	15.2	16.3	12.8	11.4
EV/EBIT	12.9	16.2	18.3	15.2	16.3	12.8	11.4
EV/OCF	8.9	9.6	17.4	15.5	11.8	10.0	9.0
EV/FCFF	27.3	11.5	41.1	57.3	12.7	10.8	9.8
P/FCFE	-247.0	29.2	52.6	-81.8	18.4	15.0	13.5
P/E	15.6	18.9	21.1	20.7	20.5	16.1	14.5
P/B	3.3	3.7	4.3	3.4	3.5	3.1	2.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.1	7.7	6.9
Target EV/EBIT	0.0	0.0	0.0	0.0	15.3	12.0	10.6
Target EV/FCF	0.0	0.0	0.0	0.0	19.7	15.4	13.3
Target P/B	0.0	0.0	0.0	0.0	3.2	2.8	2.5
Target P/E	0.0	0.0	0.0	0.0	19.0	14.9	13.5
<b>Per share measures</b>							
Number of shares	24,963	24,963	25,083	25,042	25,111	25,111	25,111
Number of shares (diluted)	24,963	24,963	25,083	25,042	25,111	25,111	25,111
EPS	0.70	0.68	0.80	0.73	0.79	1.01	1.12
Operating cash flow per share	1.32	1.52	1.08	1.12	1.57	1.78	1.91
Free cash flow per share	-0.04	0.44	0.32	-0.18	0.88	1.08	1.20
Book value per share	3.07	3.49	3.94	4.25	4.67	5.28	5.89
Dividend per share	0.35	0.34	0.40	0.36	0.40	0.50	0.56
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	2.4	3.1	3.4
FCF yield, %	-0.4	3.4	1.9	-1.2	5.4	6.7	7.4
<b>Efficiency measures</b>							
ROE	24.1	20.9	21.6	17.7	17.8	20.2	20.0
ROCE	18.3	15.7	15.7	15.3	14.5	17.8	19.4
<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	25.7	25.4
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	4.6	4.4	4.3
CAPEX/sales (incl. acquisitions), %	-3.1	5.9	1.7	-2.6	4.6	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	1.2	0.8	0.4
Debt/equity, market-weighted	0.2	0.1	0.1	0.2	0.1	0.1	0.1
Equity ratio, book-weighted	37.8	40.0	39.1	37.8	41.3	46.0	50.9
Gearing, %	52.6	46.6	48.7	66.8	49.5	30.8	15.7

**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	269.914	66.4%
Oy Fincorp Ab	2,530,531	40.995	10.1%
Varma Mutual Pension Insurance Company	985,593	15.967	3.9%
Tuori Klaus	309,134	5.008	1.2%
Tuori Aino	308,275	4.994	1.2%
Ilmarinen Mutual Pension Insurance Company	298,311	4.833	1.2%
Elo Mutual Pension Insurance Company	212,000	3.434	0.8%
VAS Invest Oy	194,035	3.143	0.8%
Taaleri Mikro Markka fund	154,048	2.496	0.6%
Näkki Juha Antti Ilmari	137,739	2.231	0.5%
Ten largest	21,791,050	353.015	87%
Residual	3,319,837	53.781	13%
Total	25,110,887	406.796	100%

**EARNINGS CALENDAR**

October 31, 2023

Q3 report

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

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Tel: +358 1,0 3,070

IR: Outi Torniainen

## 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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



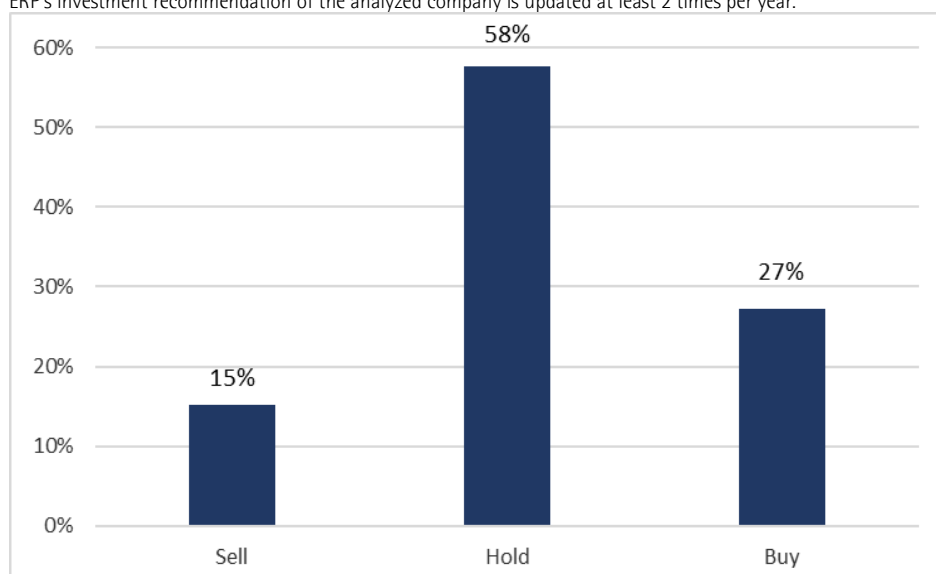
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Investment recommendations are defined as follows:

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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