

Lowers 2023 guidance

Etteplan issued a profit warning and lowered its guidance for FY 2023. The profit warning doesn't come as a surprise considering the soft H1 which increased pressure for the rest of the year, as outlined in our previous update.

Lowered guidance due to the weakening market

Due to weaker market situation, in particular in the demand of consumer product manufacturing customers in the Technical Communication Solutions, Etteplan lowers its guidance for 2023. According to the new estimate, the revenue is estimated to be EUR 355-370m (prev. EUR 360-380m) and EBIT to be EUR 26-28.5m (prev. EUR 28-31m).

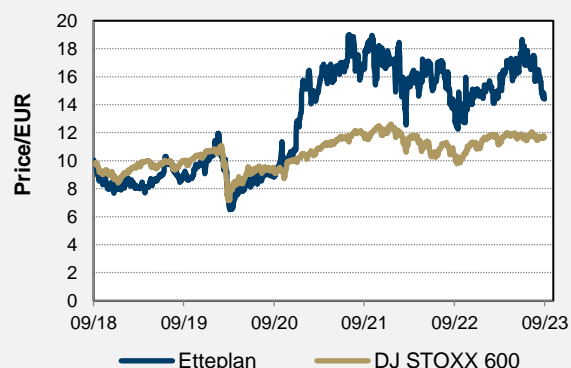
Downward estimate revisions across the board

Our estimates after Q2 were at the lower end of the earlier guidance and roughly at the top end of the updated guidance (net sales of EUR 371.0m and EBIT of EUR 28.5m for FY 2023). The profit warning did not come as a surprise as the company's soft H1 left little room for error in H2. With the weaker outlook, we have made multiple adjustments to our estimates for 2023E and beyond. Our updated estimate for 2023E revenue comes in at EUR 360.7m (-2.8% vs. prev. estimate) and EBIT EUR 26.6m (-6.8% vs. prev. estimate). We have made negative estimate adjustments especially for the Technical Communication Solutions segment as the segment was flagged weaker than expected due to negative changes in the demand of consumer product manufacturing customers. While the consumer segment was only 2% of the total revenue in H1 2023, we continue to see more pronounced signs of a slowdown across Etteplan's customer's end markets, therefore we have also revised our growth and profitability estimates downwards beyond 2023. With the revised estimates, we no longer expect that the company reaches its target level of profitability in 2024.

HOLD with a target price of EUR 13.0 (15.0)

With our updated estimates, Etteplan trades at a 10-15% premium vs. our peer group on adj. EV/EBIT 23-24E basis. Driven by the adjustments to our estimates and the expected near-term pressure due to weak market sentiment, we further decrease our target price to EUR 13.0 (15.0) while keeping our rating at HOLD.

Rating

■ HOLD


Share price, EUR (Last trading day's closing price) 14.40

Target price, EUR 13.0

Latest change in recommendation 31-Oct-22

Latest report on company 11-Aug-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 362

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	360.7	26.6	7.4%	21.2	0.73	19.7	1.2	15.8	5.9	0.37
2024E	373.7	30.9	8.3%	24.8	0.88	16.4	1.1	13.1	6.9	0.44
2025E	386.8	33.5	8.7%	27.2	0.98	14.7	1.0	11.6	7.5	0.49
Market cap, EURm	362			Gearing 2023E, %	50.9			CAGR EPS 2022-25, %	11.5	
Net debt 2023E, EURm	59			Price/book 2023E	3.1			CAGR sales 2022-25, %	3.4	
Enterprise value, EURm	420			Dividend yield 2023E, %	2.5			ROE 2023E, %	16.5	
Total assets 2023E, EURm	281			Tax rate 2023E, %	22.0			ROCE 2023E, %	13.6	
Goodwill 2023E, EURm	105			Equity ratio 2023E, %	41.2			PEG, P/E 23/CAGR	1.4	

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

Table 1: Estimate overview

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	82.7	93.1	360.7	373.7	386.8
sales growth %	15.6%	22.8%	18.9%	20.1%	6.8%	16.7%	6.0%	0.7%	3.0%	2.3%	3.0%	3.6%	3.5%
EBITA	30.1	9.0	8.1	7.1	9.7	33.9	7.6	7.4	7.6	9.1	31.8	36.1	38.7
EBITA margin	10.0%	10.0%	9.1%	8.8%	10.7%	9.7%	8.0%	8.3%	9.2%	9.8%	8.8%	9.7%	10.0%
EBIT	25.8	7.6	6.8	5.8	8.4	28.6	6.3	6.1	6.3	7.8	26.6	30.9	33.5
EBIT margin	8.6%	8.5%	7.6%	7.2%	9.2%	8.2%	6.6%	6.8%	7.7%	8.4%	7.4%	8.3%	8.7%
EBIT (excl. NRIs)	26.5	7.9	7.2	6.5	8.1	29.7	8.3	6.5	6.3	7.8	29.0	30.9	33.5
-margin	8.8%	8.8%	8.0%	8.1%	8.9%	8.5%	8.7%	7.2%	7.7%	8.4%	8.0%	8.3%	8.7%
Engineering Solutions	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23	Q2/'23	Q3/'23E	Q4/'23E	2023E	2024E	2025E
Net sales	167.5	46.7	46.2	41.9	48.9	183.7	51.7	51.0	45.5	53.0	201.2	209.3	215.6
sales growth %	12.5%	12.8%	10.0%	13.4%	3.8%	9.7%	10.7%	10.4%	8.7%	8.4%	9.6%	4.0%	3.0%
EBITA	16.6	4.9	4.9	4.3	5.3	19.4	4.9	5.2	4.7	5.6	20.5	21.1	22.2
EBITA margin	9.9%	10.6%	10.6%	10.3%	10.8%	10.6%	9.5%	10.3%	10.3%	10.6%	10.2%	10.1%	10.3%
Software and Embedded Solutions	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23	Q2/'23	Q3/'23E	Q4/'23E	2023E	2024E	2025E
Net sales	80.1	24.6	25.1	22.0	24.2	95.9	23.9	21.2	21.5	23.5	90.1	93.7	98.4
sales growth %	25.8%	30.8%	26.5%	21.4%	3.7%	19.7%	-3.0%	-15.4%	-2.1%	-3.0%	-6.1%	4.0%	5.0%
EBITA	8.3	2.3	1.9	2.2	2.8	9.2	1.6	1.1	1.9	2.4	7.1	9.2	10.3
EBITA margin	10.4%	9.5%	7.4%	9.9%	11.6%	9.6%	6.8%	5.3%	8.8%	10.2%	7.8%	9.8%	10.5%
Technical Communication Solutions	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23	Q2/'23	Q3/'23E	Q4/'23E	2023E	2024E	2025E
Net sales	51.6	18.1	17.7	16.3	17.7	69.8	19.2	17.4	15.6	16.4	68.6	70.0	72.1
sales growth %	10.9%	44.3%	36.4%	38.8%	23.3%	35.2%	6.0%	-1.5%	-4.7%	-7.0%	-1.7%	2.0%	3.0%
EBITA	5.9	1.8	1.5	1.3	1.4	6.1	1.2	1.4	1.2	1.3	5.1	6.6	7.0
EBITA margin	11.5%	10.1%	8.7%	8.1%	7.7%	8.7%	6.0%	8.1%	7.7%	7.9%	7.4%	9.4%	9.7%

Source: Etteplan, Evli Research estimates

Table 2: Estimate changes

Estimate changes	2023		Change %	2024		Change %
	Old	New		Old	New	
Group level						
Net sales	371.0	360.7	-2.8%	395.7	373.7	-5.6%
sales growth %	5.9%	3.0%		6.7%	3.6%	
EB ITA	33.7	31.8	-5.6%	40.1	36.1	-10.0%
EBITA margin	9.1%	8.8%		10.1%	9.7%	
EB IT	28.5	26.6	-6.8%	34.8	30.9	-10.0%
EBIT margin	7.7%	7.4%		8.8%	8.3%	
Engineering Solutions						
Net sales	206.3	201.2	-2.5%	218.7	209.3	-4.3%
sales growth %	12.3%	9.6%		6.0%	4.0%	
EB ITA	21.6	20.5	-5.1%	23.0	21.1	-8.0%
EBITA margin	10.5%	10.2%		10.5%	10.1%	
Software and Embedded Solutions						
Net sales	91.7	90.1	-1.7%	99.1	93.7	-5.4%
sales growth %	-4.4%	-6.1%		8.0%	4.0%	
EB ITA	7.2	7.1	-1.4%	10.2	9.2	-10.0%
EBITA margin	7.8%	7.8%		10.3%	9.8%	
Technical Communication Solutions						
Net sales	72.2	68.6	-5.0%	77.3	70.0	-9.4%
sales growth %	3.4%	-1.7%		7.0%	2.0%	
EB ITA	5.8	5.1	-12.1%	7.7	6.6	-14.9%
EBITA margin	8.0%	7.4%		10.0%	9.4%	

Source: Etteplan, Evli Research estimates

Table 3: Peer valuation

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
SWECO	3059	13.2x	12.2x	12.0x	16.9x	15.3x	14.1x	19.1x	17.3x	15.8x
AFRY	1237	6.9x	6.5x	5.9x	10.3x	9.2x	8.3x	11.1x	9.6x	8.4x
Alten	4534	8.5x	7.9x	7.3x	10.6x	9.7x	8.9x	14.3x	13.2x	12.1x
Bertrandt	436	17.8x	4.7x	4.1x	11.1x	7.8x	7.0x	11.3x	8.1x	7.9x
Multiconsult	337	7.8x	7.5x	7.3x	11.8x	11.3x	10.7x	12.8x	12.3x	11.5x
TietoEVERY	2639	7.5x	7.0x	6.7x	10.9x	9.7x	8.8x	10.0x	9.3x	8.7x
Peer Group Average	1906	10.3x	7.6x	7.2x	11.9x	10.5x	9.6x	13.1x	11.6x	10.7x
Peer Group Median	1938	8.2x	7.2x	7.0x	11.0x	9.7x	8.9x	12.0x	10.9x	10.1x
Etteplan (Evli est.)	362	8.7x	8.1x	7.3x	12.3x	11.2x	10.0x	17.4x	16.4x	14.7x
<i>Etteplan prem./disc. to peer median</i>		<i>6.7%</i>	<i>11.5%</i>	<i>4.1%</i>	<i>11.6%</i>	<i>15.7%</i>	<i>13.4%</i>	<i>44.8%</i>	<i>70.8%</i>	<i>68.7%</i>

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	14.40 PV of Free Cash Flow	290 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	22.58 PV of Horizon value	357 WACC, %	8.3 Market risk premium, %
Share price potential, %	56.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	24.7 Marketable securities	20 Minimum WACC, %	7.8 Equity beta coefficient
Minimum value	20.8 Debt - dividend	-100 Maximum WACC, %	8.8 Target debt ratio, %
Horizon value, %	55.1 Value of stock	567 Nr of shares, Mn	25.1 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	350	361	374	387	396	406	416	427	438	449	457	467
<i>Sales growth, %</i>	<i>16.7</i>	<i>3.0</i>	<i>3.6</i>	<i>3.5</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	27	31	33	36	37	38	39	40	41	42	43
<i>Operating income margin, %</i>	<i>8.2</i>	<i>7.4</i>	<i>8.3</i>	<i>8.7</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	19	20	
EBITDA	49	46	50	53	56	56	57	58	59	60	62	
- Paid taxes	-6	-6	-7	-7	-8	-8	-8	-9	-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>6.8</i>	<i>6.6</i>	<i>6.3</i>	<i>6.1</i>	<i>6.0</i>	<i>5.8</i>	<i>5.7</i>	<i>5.5</i>	<i>5.4</i>	<i>5.2</i>	
+ Change in other liabs	-3	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-5	-5	-5	-5	-6	-6	-6	-6	-6	-6	
<i>opCAPEX / Sales, %</i>	<i>3.3</i>	<i>4.6</i>	<i>4.5</i>	<i>4.5</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</i>	<i>4.4</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	35	38	41	42	42	43	44	44	45	46	748
= Discounted FCFF		34	35	34	33	30	28	26	25	23	22	357
= DFCF min WACC		34	35	34	33	31	29	27	26	24	23	404
= DFCF max WACC		34	34	34	32	30	27	26	24	23	21	317

Commercial Services & Supplies/Finland, September 19, 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	82.7	93.1	360.7	373.7	386.8
EBITDA	12.6	11.8	10.9	13.4	48.7	11.0	10.8	11.3	12.8	45.9	50.2	53.3
<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>12.1</i>	<i>13.6</i>	<i>13.7</i>	<i>12.7</i>	<i>13.4</i>	<i>13.8</i>
EBIT	7.6	6.8	5.8	8.4	28.6	6.3	6.1	6.3	7.8	26.6	30.9	33.5
<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>7.7</i>	<i>8.4</i>	<i>7.4</i>	<i>8.3</i>	<i>8.7</i>
Net financial items	-0.3	0.0	-6.2	0.4	-6.2	-0.7	-0.9	-0.7	-0.7	-3.0	-2.6	-2.0
Pre-tax profit	7.3	6.8	-0.4	8.8	22.4	5.6	5.2	5.6	7.1	23.5	28.3	31.5
Tax	-1.5	-1.2	-0.2	-1.4	-4.2	-1.2	-1.4	-1.1	-1.4	-5.2	-6.2	-6.9
<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>22.0</i>	<i>22.0</i>	<i>22.0</i>
Net profit	5.8	5.6	-0.6	7.4	18.2	4.3	3.8	4.5	5.7	18.3	22.1	24.5
EPS	0.23	0.22	-0.03	0.30	0.73	0.17	0.15	0.18	0.23	0.73	0.88	0.98
EPS adjusted (diluted no. of shares)	0.23	0.22	0.19	0.28	0.70	0.17	0.15	0.18	0.23	0.73	0.88	0.98
Dividend per share	0.00	0.00	0.00	0.00	0.36	0.00	0.00	0.00	0.00	0.37	0.44	0.49
SALES, EURm												
Engineering Solutions	46.7	46.2	41.9	48.9	183.7	51.7	51.0	45.5	53.0	201.2	209.3	215.6
Software and Embedded Solutions	24.6	25.1	22.0	24.2	95.9	23.9	21.2	21.5	23.5	90.1	93.7	98.4
Technical Communication Solutions	18.1	17.7	16.3	17.7	69.8	19.2	17.4	15.6	16.4	68.6	70.0	72.1
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
Total	89.6	89.3	80.3	91.0	350.2	95.0	89.8	82.7	93.1	360.7	373.7	386.8
SALES GROWTH, Y/Y %												
<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>8.7</i>	<i>8.4</i>	<i>9.6</i>	<i>4.0</i>	<i>3.0</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>-3.0</i>	<i>-6.1</i>	<i>4.0</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>-4.7</i>	<i>-7.0</i>	<i>-1.7</i>	<i>2.0</i>	<i>3.0</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>
Total	22.8	18.9	20.1	6.8	16.7	6.0	0.7	3.0	2.3	3.0	3.6	3.5
EBIT, EURm												
Engineering Solutions	4.9	4.9	4.3	5.3	19.4	4.9	5.2	4.7	5.6	20.5	21.1	22.2
Software and Embedded Solutions	2.3	1.9	2.2	2.8	9.2	1.6	1.1	1.9	2.4	7.1	9.2	10.3
Technical Communication Solutions	1.8	1.5	1.3	1.4	6.1	1.2	1.4	1.2	1.3	5.1	6.6	7.0
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
Total	7.6	6.8	5.8	8.4	28.6	6.3	6.1	6.3	7.8	26.6	30.9	33.5
EBIT margin, %												
<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>10.6</i>	<i>10.2</i>	<i>10.1</i>	<i>10.3</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>8.8</i>	<i>10.2</i>	<i>7.8</i>	<i>9.8</i>	<i>10.5</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>7.7</i>	<i>7.9</i>	<i>7.4</i>	<i>9.4</i>	<i>9.7</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>
Total	8.5	7.6	7.2	9.2	8.2	6.6	6.8	7.7	8.4	7.4	8.3	8.7

Commercial Services & Supplies/Finland, September 19, 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	360.7	373.7	386.8
<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>3.0</i>	<i>3.6</i>	<i>3.5</i>
EBITDA	26.0	37.5	40.4	43.6	48.7	45.9	50.2	53.3
<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>12.7</i>	<i>13.4</i>	<i>13.8</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	26.6	30.9	33.5
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	26.6	30.9	33.5
<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>7.4</i>	<i>8.3</i>	<i>8.7</i>
Reported EBIT	20.2	22.8	22.4	25.8	28.6	26.6	30.9	33.5
<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>7.4</i>	<i>8.3</i>	<i>8.7</i>
Net financials	-0.8	-0.9	-1.3	-0.9	-6.2	-3.0	-2.6	-2.0
Pre-tax profit	19.4	21.9	21.1	24.9	22.4	23.5	28.3	31.5
Taxes	-4.1	-4.5	-4.0	-4.8	-4.2	-5.2	-6.2	-6.9
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	18.3	22.1	24.5
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
BALANCE SHEET, EURm								
Assets								
Fixed assets	26	30	29	32	39	36	32	29
Goodwill	65	79	84	92	105	105	105	105
Right of use assets	12	15	23	22	21	21	22	23
Inventory	0	0	0	0	1	1	1	1
Receivables	53	62	57	75	94	96	98	100
Liquid funds	16	16	24	30	20	20	21	22
Total assets	173	203	218	253	281	281	281	282
Liabilities								
Shareholder's equity	68	77	87	99	106	116	129	142
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	21	22	23
Deferred taxes	5	6	7	7	10	10	10	10
Interest bearing debt	36	41	40	56	69	58	42	26
Non-interest bearing current liabilities	48	61	57	66	66	68	71	73
Other interest-free debt	4	2	2	3	8	8	8	8
Total liabilities	173	203	218	253	281	281	281	282
CASH FLOW, EURm								
+ EBITDA	26	38	40	44	49	46	50	53
- Net financial items	-1	-1	-1	-1	-6	-3	-3	-2
- Taxes	-4	-4	-5	-6	-5	-5	-6	-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	38	41	44
- Capex	-2	-13	-21	-12	-12	-17	-17	-17
- 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	21	25	27
+/- New issues/buybacks	0	-1	2	0	-1	0	0	0
- Paid dividend	-6	-7	-9	-8	-10	-9	-9	-11
+/- Other	-1	9	4	6	4	-12	-15	-15
Change in cash	6	0	9	6	-11	1	1	1

Commercial Services & Supplies/Finland, September 19, 2023
Company update

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	253	323	424	366	362	362	362
Net debt (excl. convertibles)	40	41	48	71	59	43	27
Enterprise value	294	364	472	437	420	405	389
Sales	263	260	300	350	361	374	387
EBITDA	38	40	44	49	46	50	53
EBIT	23	22	26	29	27	31	33
Pre-tax	22	21	25	22	24	28	31
Earnings	17	17	20	18	18	22	25
Equity book value (excl. minorities)	77	87	99	106	116	129	142
Valuation multiples							
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	9.2	8.1	7.3
EV/EBITA	12.9	16.2	18.3	15.2	15.8	13.1	11.6
EV/EBIT	12.9	16.2	18.3	15.2	15.8	13.1	11.6
EV/OCF	8.9	9.6	17.4	15.5	11.1	9.8	8.7
EV/FCFF	27.3	11.5	41.1	57.3	12.0	10.6	9.5
P/FCFE	-247.0	29.2	52.6	-81.8	17.1	14.6	13.3
P/E	15.6	18.9	21.1	20.7	19.7	16.4	14.7
P/B	3.3	3.7	4.3	3.4	3.1	2.8	2.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.4	7.4	6.6
Target EV/EBIT	0.0	0.0	0.0	0.0	14.5	12.0	10.6
Target EV/FCF	0.0	0.0	0.0	0.0	18.2	14.9	13.0
Target P/B	0.0	0.0	0.0	0.0	2.8	2.5	2.3
Target P/E	0.0	0.0	0.0	0.0	17.8	14.8	13.3
Per share measures							
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	0.73	0.88	0.98
Operating cash flow per share	1.32	1.52	1.08	1.12	1.50	1.65	1.77
Free cash flow per share	-0.04	0.44	0.32	-0.18	0.84	0.99	1.08
Book value per share	3.07	3.49	3.94	4.25	4.61	5.12	5.66
Dividend per share	0.35	0.34	0.40	0.36	0.37	0.44	0.49
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	2.5	3.1	3.4
FCF yield, %	-0.4	3.4	1.9	-1.2	5.9	6.9	7.5
Efficiency measures							
ROE	24.1	20.9	21.6	17.7	16.5	18.1	18.1
ROCE	18.3	15.7	15.7	15.3	13.6	15.9	17.5
Financial ratios							
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	26.5	26.2	25.9
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	6.8	6.6	6.3
Operative CAPEX/sales, %	4.9	8.1	4.0	3.3	4.6	4.5	4.5
CAPEX/sales (incl. acquisitions), %	-3.1	5.9	1.7	-2.6	4.6	4.5	4.5
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	1.3	0.9	0.5
Debt/equity, market-weighted	0.2	0.1	0.1	0.2	0.2	0.1	0.1
Equity ratio, book-weighted	37.8	40.0	39.1	37.8	41.2	45.7	50.4
Gearing, %	52.6	46.6	48.7	66.8	50.9	33.6	19.1

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	239.924	66.4%
Oy Fincorp Ab	2,530,531	36.440	10.1%
Varma Mutual Pension Insurance Company	985,593	14.193	3.9%
Tuori Klaus	309,134	4.452	1.2%
Tuori Aino	308,275	4.439	1.2%
Ilmarinen Mutual Pension Insurance Company	298,311	4.296	1.2%
Elo Mutual Pension Insurance Company	212,000	3.053	0.8%
VAS Invest Oy	194,035	2.794	0.8%
Taaleri Mikro Markka fund	154,048	2.218	0.6%
Näkki Juha Antti Ilmari	137,739	1.983	0.5%
Ten largest	21,791,050	313.791	87%
Residual	3,319,837	47.806	13%
Total	25,110,887	361.597	100%

EARNINGS CALENDAR	
February 08, 2024	FY 2023 Results
May 08, 2024	Q1 report
August 08, 2024	Q2 report
October 31, 2024	Q3 report
OTHER EVENTS	

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

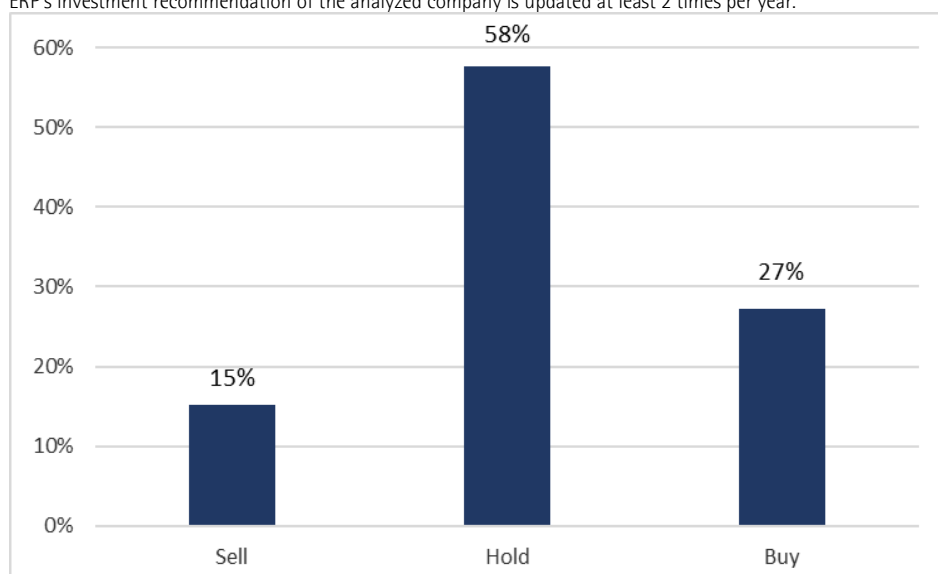
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< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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