

Softness continues

Etteplan's sales and EBIT for Q3 were lower than expected at EUR 80.0m and EUR 5.0m respectively. Market remained tough as customers remain slow to make decisions on starting new projects.

- Net sales in Q3 were EUR 80.0m (EUR 80.3m in Q3/22), slightly below our estimates and consensus estimates (EUR 81.7m/82.0m Evli/Cons.). Revenue decreased 0.4% y/y, yet increased 2.1% at comparable FX rates.
- EBIT in Q3 amounted to EUR 5.0m (EUR 5.8m in Q3/22), below our estimates and consensus estimates (EUR 5.8m/6.0m Evli/cons.), at a margin of 6.2%. EBIT was affected by weaker profitability in the Engineering Solutions and Technical Communication Solutions segments.
- EPS in Q3 amounted to EUR 0.10 (EUR -0.03 in Q3/22), below our estimates (EUR 0.16 Evli).
- Net sales in Engineering Solutions in Q3 were EUR 45.1m vs. EUR 44.5m Evli. EBITA in Q3 amounted to EUR 3.9m vs. EUR 4.5m Evli.
- Net sales in Software and Embedded Solutions in Q3 were EUR 19.2m vs. EUR 21.5m Evli. EBITA in Q3 amounted to EUR 2.0m vs. EUR 1.7m Evli.
- Net sales in Technical Communication Solutions in Q3 were EUR 15.5m vs. EUR 15.6m Evli. EBITA in Q3 amounted to EUR 0.7m vs. EUR 1.1m Evli.
- Guidance for 2023 (**unchanged from September**): revenue in 2023 to be EUR 355-370 million, and operating profit (EBIT) in 2023 to be EUR 26-28.5 million.
- The clear positive of the report was the quick rebound of Software and Embedded Solutions as the segment's profitability bounced back quickly from the low levels seen during Q2

Rating 🟡 HOLD

Q3/23	Actual	Evli	Consensus	Q3/22	Q2/23
Net sales	80.0	81.7	82.0	80.3	89.8
EBITA	6.3	7.4	-	7.1	7.4
EBIT	5.0	5.8	6.0	5.8	6.1
EPS	0.10	0.16	0.17	-0.03	0.15

Deviation	Actual	Evli	Consensus	Q3/22	Q2/23
Net sales		-2 %	-2 %	0 %	-11 %
EBITA		-15 %	-	-11 %	-15 %
EBIT		-14 %	-16 %	-14 %	-18 %
EPS		-39 %	-40 %	-491 %	-34 %

Consensus by Bloomberg

Share price, EUR(Last trading day's closing price) 13.80
Target price, EUR 13.0

Latest change in recommendation	01-Nov-22
Latest report on company	25-Oct-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	347
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
Web site	etteplan.com/investors

Analyst	Atte Jortikka
E-mail	atte.jortikka@evli.com
Telephone	

+ 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
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	26.5	7.3%	21.1	0.73	19.0	1.1	15.3	6.1	0.36
2024E	370.4	29.9	8.1%	24.3	0.85	16.3	1.1	13.1	7.0	0.42
2025E	383.4	32.1	8.4%	26.1	0.93	14.8	1.0	11.7	7.5	0.47
Market cap, EURm		347	BV per share 2023E, EUR		51.0	CAGR EPS 2022-25, %				9.8
Net debt 2023E, EURm		59	Price/book 2023E		3.0	CAGR sales 2022-25, %				3.1
Enterprise value, EURm		405	Dividend yield 2023E, %		2.6	ROE 2023E, %				16.5
Total assets 2023E, EURm		281	Tax rate 2023E, %		22.0	ROCE 2023E, %				13.5
Goodwill 2023E, EURm		105	Equity ratio 2023E, %		41.1	PEG, P/E 23/CAGR				1.4

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



ETTEPLAN

Commercial Services & Supplies/Finland, October 31, 2023

News Flash

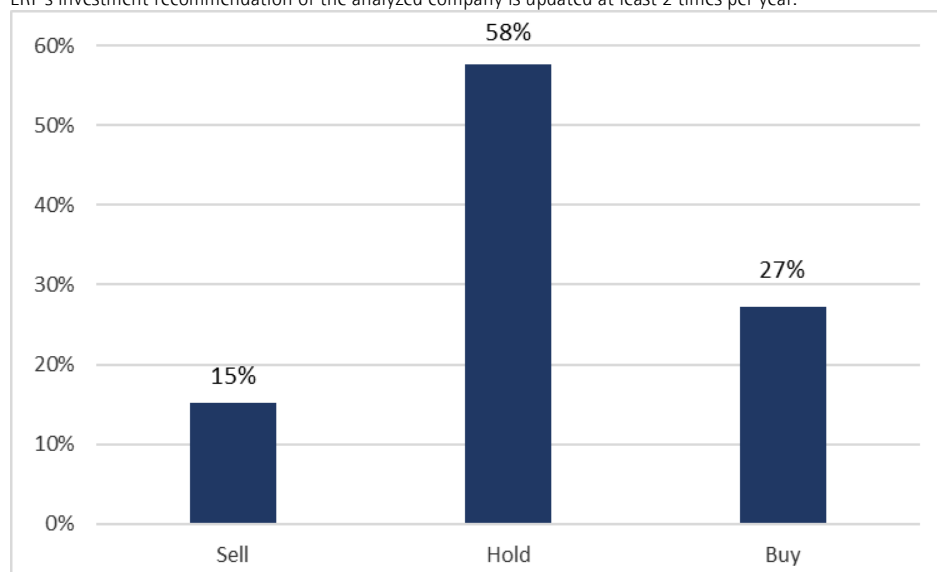
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Investment recommendations are defined as follows:

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): Jortikka

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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