

Difficulties continued during Q4

Etteplan gave a profit warning as its EBIT fell short of expectations in Q4. The profit warning came as no surprise as the guidance allowed little margin for error in Q4. The EBIT miss vs. our estimates was only slight, roughly 2%.

Guidance allowed little margin for error in Q4

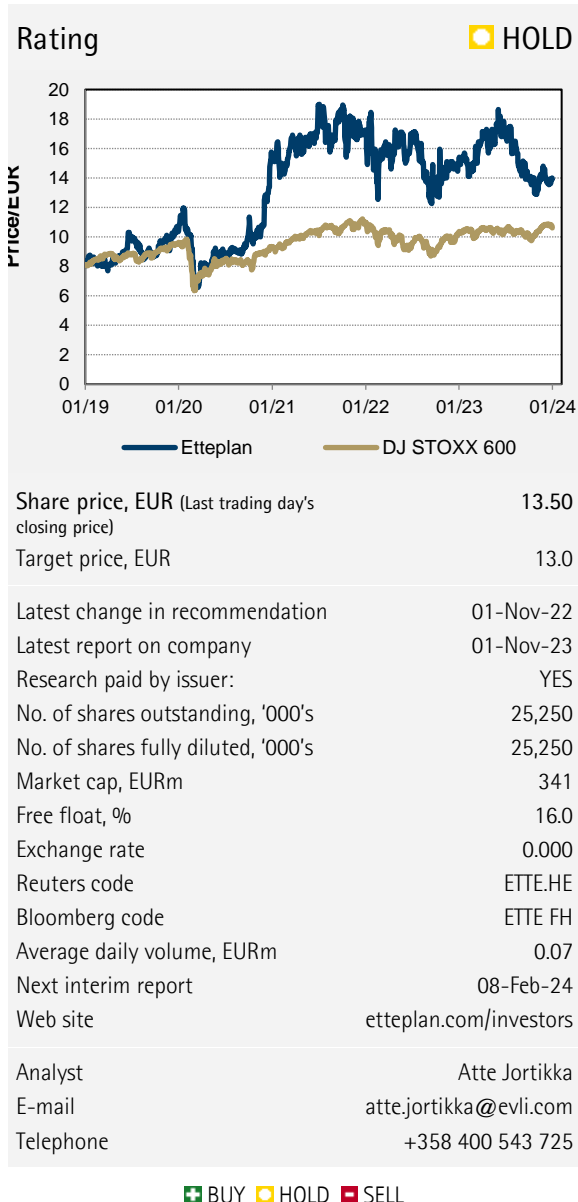
In its interim report published in October, the company estimated its revenue in 2023 to be EUR 355-370m and EBIT EUR 26-28.5m. Etteplan's Q3 was soft and as we commented in our Q3 company update, it made Q4 more challenging to achieve the guidance. The guidance implied revenue of roughly EUR 90-105m and EBIT of roughly EUR 9-11m for Q4. According to the preliminary figures, the company's Q4 net sales came in at roughly EUR 94m and EBIT was EUR 8.1 m, for FY, the company net sales were at EUR 359m and EBIT at EUR 25.4m. We forecasted net sales of EUR 360.4m and EBIT of EUR 26.0m for FY 2023. Our prediction for net sales was close to the actual results, but the actual EBIT was 2.3% lower than our prediction. The main causes for the EBIT shortfall were the ongoing weak market, the high rate of sick leaves and more holidays taken than expected during Christmas time. As the guidance was tight, the problems quickly led to the EBIT shortfall.

Acquisitions provide a slight boost to net sales for FY 2024

We have adjusted our model in accordance with the preliminary numbers for FY 2023, in addition, we have made some changes to our FY 2024 forecasts. We now expect net sales of EUR 380.5m for FY 2024 (prev. 369.4m) driven by the acquisitions completed during H2 2023. In terms of profitability, we still anticipate a margin increase vs. FY 2023, yet the visibility remains low. Our revised FY 2024 EBITA forecast is EUR 35.4m, up from EUR 34.9m, due to anticipated higher net sales and year-over-year profitability improvement. We have also reduced our margin estimates for some of the segments.

HOLD with a TP of EUR 13.0

The valuation is still reasonable with our updated estimates. Etteplan trades at a premium of roughly 13% when compared to our peer group on 23-24E EV/EBITDA basis, yet roughly in line with its own historic multiple levels. We retain our rating at HOLD with a TP of EUR 13.0.



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	15.2	1.2	15.2	-1.2	0.36
2023E	359.0	25.4	7.1%	14.6	0.66	17.8	1.1	16.0	4.3	0.33
2024E	380.5	30.2	7.9%	16.7	0.81	16.6	1.0	13.2	4.9	0.41
2025E	393.9	32.9	8.3%	20.3	0.90	14.9	1.0	11.8	5.9	0.45

Market cap, EURm	341	Gearing 2023E, %	57.5	CAGR EPS 2022-25, %	-2.1
Net debt 2023E, EURm	65	Price/book 2023E	3.0	CAGR sales 2022-25, %	4.0
Enterprise value, EURm	406	Dividend yield 2023E, %	2.4	ROE 2023E, %	15.1
Total assets 2023E, EURm	285	Tax rate 2023E, %	22.9	ROCE 2023E, %	12.8
Goodwill 2023E, EURm	105	Equity ratio 2023E, %	39.9	PEG, P/E 23/CAGR	2.1

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

Table 1: Peer group overview

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
SWECO	4358	16.4x	14.8x	13.8x	21.3x	18.7x	17.1x	26.1x	22.7x	20.4x
AFRY	1421	7.6x	7.2x	6.5x	11.7x	10.5x	9.1x	13.2x	11.5x	9.8x
Alten	4665	10.1x	9.1x	8.4x	12.8x	11.3x	10.3x	17.1x	14.8x	13.6x
Bertrandt	519	6.4x	5.4x	4.6x	12.9x	9.3x	7.1x	15.3x	10.6x	8.0x
Multiconsult	305	7.6x	6.9x	6.6x	11.9x	10.6x	10.0x	12.5x	11.3x	10.6x
TietoEVRY	2550	7.9x	7.5x	7.2x	11.2x	10.5x	9.6x	10.7x	10.1x	9.3x
Peer Group Average	1801	9.3x	8.5x	7.8x	13.6x	11.8x	10.5x	15.8x	13.5x	11.9x
Peer Group Median	970	7.8x	7.3x	6.9x	12.3x	10.5x	9.8x	14.2x	11.4x	10.2x
Etteplan (Evli est.)	350	8.7x	8.3x	7.6x	14.3x	13.3x	11.9x	17.6x	16.8x	15.0x
<i>Etteplan prem./disc. to peer median</i>		<i>12.5%</i>	<i>13.5%</i>	<i>10.5%</i>	<i>16.1%</i>	<i>26.0%</i>	<i>21.3%</i>	<i>23.4%</i>	<i>47.1%</i>	<i>47.7%</i>

Source FactSet, Evli Research

Table 2: Estimate changes

Estimate changes	2023E		Change %	2024E		Change %
	Old	New		Old	New	
Net sales	360.4	359.0	-0.4%	369.4	380.5	3.0%
Sales growth %	2.9%	2.5%		2.5%	6.0%	
EBITA	31.3	30.6	-2.2%	34.9	35.4	1.3%
EBITA margin %	8.7%	8.5%		9.5%	9.3%	
EBIT	26.0	25.4	-2.2%	29.7	30.2	1.8%
EBIT margin %	7.2%	7.1%		8.0%	7.9%	

Source: Etteplan, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	13.50 PV of Free Cash Flow	265 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	20.38 PV of Horizon value	344 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	50.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	22.4 Marketable securities	20 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	18.7 Debt - dividend	-86 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	56.4 Value of stock	529 Nr of shares, Mn	25.2 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	350	359	381	394	404	414	424	435	446	457	466	475
<i>Sales growth, %</i>	<i>16.7</i>	<i>2.5</i>	<i>6.0</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	25	30	33	35	36	37	38	39	40	41	42
<i>Operating income margin, %</i>	<i>8.2</i>	<i>7.1</i>	<i>7.9</i>	<i>8.3</i>	<i>8.6</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>
+ Depreciation+amort.	20	18	18	19	19	20	20	21	22	22	23	
EBITDA	49	44	48	51	54	56	58	59	61	62	64	
- Paid taxes	-6	-6	-7	-8	-8	-8	-9	-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>6.9</i>	<i>6.4</i>	<i>6.2</i>	<i>6.0</i>	<i>5.9</i>	<i>5.7</i>	<i>5.5</i>	<i>5.4</i>	<i>5.2</i>	<i>5.1</i>	
+ Change in other liabs	-3	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-9	-10	-9	-9	-9	-10	-10	-10	-11	-11	
<i>opCAPEX / Sales, %</i>	<i>3.3</i>	<i>5.7</i>	<i>5.8</i>	<i>5.4</i>	<i>5.3</i>	<i>5.3</i>	<i>5.3</i>	<i>5.3</i>	<i>5.3</i>	<i>5.4</i>	<i>5.4</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	29	32	35	37	39	40	41	42	42	43	702
= Discounted FCFF		29	29	30	29	28	27	25	24	22	21	344
= DFCF min WACC		29	29	30	30	29	27	26	25	23	22	389
= DFCF max WACC		29	29	29	29	28	26	25	23	22	20	306

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INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3	2023Q4E	2023E	2024E	2025E
Net sales	89.6	89.3	80.3	91.0	350.2	95.0	89.8	80.0	94.3	359.0	380.5	393.9
EBITDA	12.6	11.8	10.9	13.4	48.7	11.0	10.8	9.5	12.3	43.6	48.2	51.4
<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>11.9</i>	<i>13.0</i>	<i>12.1</i>	<i>12.7</i>	<i>13.0</i>
EBIT	7.6	6.8	5.8	8.4	28.6	6.3	6.1	5.0	8.1	25.4	30.2	32.9
<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>6.2</i>	<i>8.5</i>	<i>7.1</i>	<i>7.9</i>	<i>8.3</i>
Net financial items	-0.3	0.0	-6.2	0.4	-6.2	-0.7	-0.9	-1.5	-0.7	-3.9	-3.6	-3.2
Pre-tax profit	7.3	6.8	-0.4	8.8	22.4	5.6	5.2	3.4	7.3	21.5	26.6	29.6
Tax	-1.5	-1.2	-0.2	-1.4	-4.2	-1.2	-1.4	-0.8	-1.5	-4.9	-6.1	-6.8
<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>24.3</i>	<i>20.0</i>	<i>22.9</i>	<i>22.9</i>	<i>22.9</i>
Net profit	5.8	5.6	-0.6	7.4	18.2	4.3	3.8	2.6	5.9	16.6	20.5	22.8
EPS	0.23	0.22	-0.03	0.30	0.73	0.17	0.15	0.10	0.23	0.66	0.81	0.90
EPS adjusted (diluted no. of shares)	0.23	0.22	0.19	0.28	0.96	0.25	0.17	0.11	0.23	0.76	0.81	0.90
Dividend per share	0.00	0.00	0.00	0.00	0.36	0.00	0.00	0.00	0.00	0.33	0.41	0.45
SALES, EURm												
Engineering Solutions	46.7	46.2	41.9	48.9	183.7	51.7	51.0	45.1	53.2	201.0	208.0	214.3
Software and Embedded Solutions	24.6	25.1	22.0	24.2	95.9	23.9	21.2	19.2	23.7	88.0	101.1	106.2
Technical Communication Solutions	18.1	17.7	16.3	17.7	69.8	19.2	17.4	15.5	17.2	69.3	70.7	72.8
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	80.0	94.3	359.0	380.5	393.9
SALES GROWTH, YYY %												
<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>7.6</i>	<i>8.8</i>	<i>9.4</i>	<i>3.5</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>-12.5</i>	<i>-2.2</i>	<i>-8.3</i>	<i>14.9</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>-5.0</i>	<i>-2.7</i>	<i>-0.7</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>10.5</i>	<i>-13.0</i>	<i>-6.7</i>	<i>0.0</i>	<i>0.0</i>
Total	22.8	18.9	20.1	6.8	16.7	6.0	0.7	-0.4	3.6	2.5	6.0	3.5
EBIT, EURm												
Engineering Solutions	4.9	4.9	4.3	5.3	19.4	4.9	5.2	3.9	5.8	19.9	21.0	21.6
Software and Embedded Solutions	2.3	1.9	2.2	2.8	9.2	1.6	1.1	2.0	2.5	7.3	9.6	10.6
Technical Communication Solutions	1.8	1.5	1.3	1.4	6.1	1.2	1.4	0.7	1.2	4.5	5.7	6.7
Other	-1.5	-1.5	-2.0	-1.0	-6.0	-1.5	-1.7	-1.6	-1.4	-6.2	-6.1	-6.1
Total	7.6	6.8	5.8	8.4	28.6	6.3	6.1	5.0	8.1	25.4	30.2	32.9
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>8.6</i>	<i>10.9</i>	<i>9.9</i>	<i>10.1</i>	<i>10.1</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>10.4</i>	<i>10.5</i>	<i>8.2</i>	<i>9.5</i>	<i>10.0</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>4.5</i>	<i>7.0</i>	<i>6.4</i>	<i>8.0</i>	<i>9.2</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>-952.1</i>	<i>-805.6</i>	<i>-900.4</i>	<i>-887.9</i>	<i>-887.9</i>
Total	8.5	7.6	7.2	9.2	8.2	6.6	6.8	6.2	8.5	7.1	7.9	8.3

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INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	236.4	262.7	259.7	300.1	350.2	359.0	380.5	393.9
<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>2.5</i>	<i>6.0</i>	<i>3.5</i>
EBITDA	26.0	37.5	40.4	43.6	48.7	43.6	48.2	51.4
<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>12.1</i>	<i>12.7</i>	<i>13.0</i>
Depreciation	-5.8	-14.7	-18.0	-17.8	-20.0	-18.2	-18.0	-18.5
EBITA	20.2	22.8	22.4	25.8	28.6	25.4	30.2	32.9
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	25.4	30.2	32.9
<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>7.1</i>	<i>7.9</i>	<i>8.3</i>
Reported EBIT	20.2	22.8	22.4	25.8	28.6	25.4	30.2	32.9
<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>7.1</i>	<i>7.9</i>	<i>8.3</i>
Net financials	-0.8	-0.9	-1.3	-0.9	-6.2	-3.9	-3.6	-3.2
Pre-tax profit	19.4	21.9	21.1	24.9	22.4	21.5	26.6	29.6
Taxes	-4.1	-4.5	-4.0	-4.8	-4.2	-4.9	-6.1	-6.8
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	16.6	20.5	22.8
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	41	43	45
Goodwill	65	79	84	92	105	105	105	105
Right of use assets	12	15	23	22	21	21	23	23
Inventory	0	0	0	0	1	1	1	1
Receivables	53	62	57	75	94	95	99	102
Liquid funds	16	16	24	30	20	20	21	22
Total assets	173	203	218	253	281	285	294	300
Liabilities								
Shareholder's equity	68	77	87	99	106	114	126	139
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	23	23
Deferred taxes	5	6	7	7	10	10	10	10
Interest bearing debt	36	41	40	56	69	64	56	46
Non-interest bearing current liabilities	48	61	57	66	66	68	72	75
Other interest-free debt	4	2	2	3	8	8	8	8
Total liabilities	173	203	218	253	281	285	294	300
CASH FLOW, EURm								
+ EBITDA	26	38	40	44	49	44	48	51
- Net financial items	-1	-1	-1	-1	-6	-4	-4	-3
- 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	35	39	41
- Capex	-2	-13	-21	-12	-12	-20	-22	-21
- 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	15	17	20
+/- New issues/buybacks	0	-1	2	0	-1	0	0	0
- Paid dividend	-6	-7	-9	-8	-10	-9	-8	-10
+/- Other	-1	9	4	6	4	-5	-7	-9
Change in cash	6	0	9	6	-11	0	1	1

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KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	253	323	424	366	341	341	341
Net debt (excl. convertibles)	40	41	48	71	65	57	47
Enterprise value	294	364	472	437	406	398	388
Sales	263	260	300	350	359	381	394
EBITDA	38	40	44	49	44	48	51
EBIT	23	22	26	29	25	30	33
Pre-tax	22	21	25	22	22	27	30
Earnings	17	17	20	18	17	20	23
Equity book value (excl. minorities)	77	87	99	106	114	126	139
Valuation multiples							
EV/sales	1.1	1.4	1.6	1.2	1.1	1.0	1.0
EV/EBITDA	7.8	9.0	10.8	9.0	9.3	8.3	7.6
EV/EBITA	12.9	16.2	18.3	15.2	16.0	13.2	11.8
EV/EBIT	12.9	16.2	18.3	15.2	16.0	13.2	11.8
EV/OCF	8.9	9.6	17.4	15.5	11.7	10.3	9.4
EV/FCFF	27.3	11.5	41.1	57.3	13.9	12.6	11.2
P/FCFE	-247.0	29.2	52.6	-81.8	23.4	20.4	16.8
P/E	15.6	18.9	21.1	15.2	17.8	16.6	14.9
P/B	3.3	3.7	4.3	3.4	3.0	2.7	2.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.0	8.0	7.3
Target EV/EBIT	0.0	0.0	0.0	0.0	15.5	12.8	11.4
Target EV/FCF	0.0	0.0	0.0	0.0	27.1	23.1	18.5
Target P/B	0.0	0.0	0.0	0.0	2.9	2.6	2.4
Target P/E	0.0	0.0	0.0	0.0	17.1	16.0	14.4
Per share measures							
Number of shares	24,963	24,963	25,083	25,042	25,250	25,250	25,250
Number of shares (diluted)	24,963	24,963	25,083	25,042	25,250	25,250	25,250
EPS	0.70	0.68	0.80	0.73	0.66	0.81	0.90
Operating cash flow per share	1.32	1.52	1.08	1.12	1.38	1.53	1.64
Free cash flow per share	-0.04	0.44	0.32	-0.18	0.58	0.66	0.80
Book value per share	3.07	3.49	3.94	4.25	4.51	4.99	5.49
Dividend per share	0.35	0.34	0.40	0.36	0.33	0.41	0.45
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	3.0	3.4
FCF yield, %	-0.4	3.4	1.9	-1.2	4.3	4.9	5.9
Efficiency measures							
ROE	24.1	20.9	21.6	17.7	15.1	17.1	17.3
ROCE	18.3	15.7	15.7	15.3	12.8	14.9	15.9
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	26.0	25.8
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	6.9	6.4	6.2
Operative CAPEX/sales, %	4.9	8.1	4.0	3.3	5.7	5.8	5.4
CAPEX/sales (incl. acquisitions), %	-3.1	5.9	1.7	-2.6	5.7	5.8	5.4
FCFF/EBITDA	0.3	0.8	0.3	0.2	0.7	0.7	0.7
Net debt/EBITDA, book-weighted	1.1	1.0	1.1	1.5	1.5	1.2	0.9
Debt/equity, market-weighted	0.2	0.1	0.1	0.2	0.2	0.2	0.1
Equity ratio, book-weighted	37.8	40.0	39.1	37.8	39.9	42.8	46.2
Gearing, %	52.6	46.6	48.7	66.8	57.5	45.3	34.0

Commercial Services & Supplies/Finland, January 19, 2024
Preview

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	224.929	66.0%
Oy Fincorp Ab	2,530,531	34.162	10.0%
Varma Mutual Pension Insurance Company	985,593	13.306	3.9%
Tuori Klaus	309,134	4.173	1.2%
Tuori Aino	308,275	4.162	1.2%
Ilmarinen Mutual Pension Insurance Company	298,311	4.027	1.2%
Elo Mutual Pension Insurance Company	212,000	2.862	0.8%
VAS Invest Oy	194,035	2.619	0.8%
Taaleri Mikro Markka fund	154,048	2.080	0.6%
Näkki Juha Antti Ilmari	137,739	1.859	0.5%
Ten largest	21,791,050	294.179	86%
Residual	3,458,822	46.694	14%
Total	25,249,872	340.873	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 Tornainen	

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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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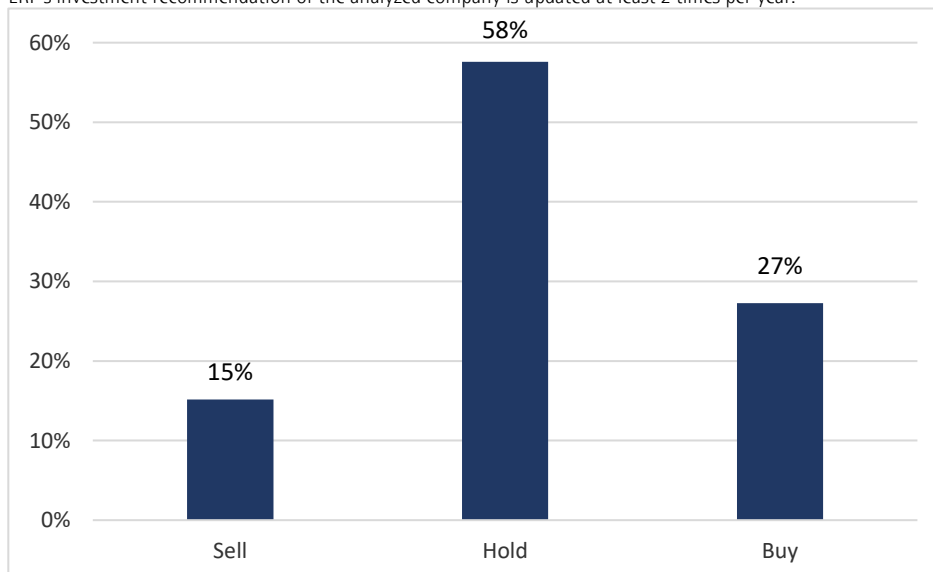
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Investment recommendations are defined as follows:

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

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

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