

Soft market presents a buying opportunity

We expect the slow market to continue to impact Etteplan in 2024, while acquisitions support net sales growth. Signs of market improvement are evident, and the long-term case remains attractive. We retain our TP at EUR 14.5 while upgrading our recommendation to BUY (prev. HOLD).

A trusted engineering partner with global experience

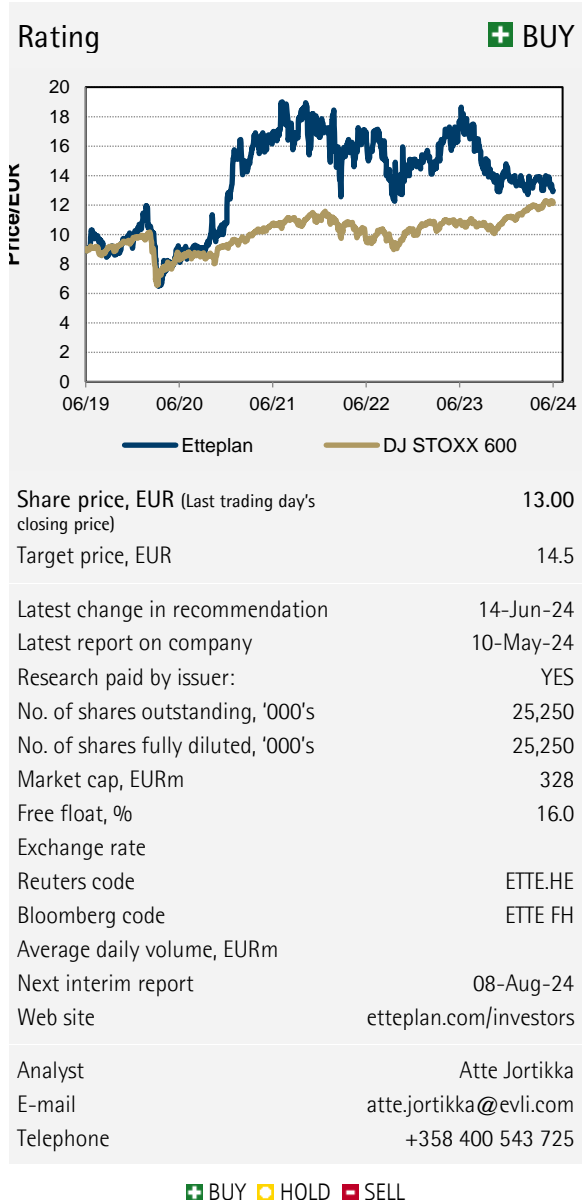
Etteplan is a global engineering technology company with a multiphase offering that consists of Engineering, Software & Embedded and Technical Communication solutions. Over half of Etteplan's revenue is based on managed services where the company takes full or comprehensive control of a customer's project or process. Through its managed services driven business model and complimentary offering and expertise, the company has become a strategic partner for several blue-chip corporations in Finland and abroad. Etteplan's business model requires a limited amount of tangible investment, and as a result, the good cash flow generation ability has funded its inorganic growth, enabling the company to expand its reach and diversify its operations globally.

Acquisitions drive growth in 24E while market remains slow

FY 2023 proved to be a difficult one for Etteplan as it suffered from the weakening end-market across its service offering. The first quarter of 2024 was a step into right direction as Etteplan was able to improve its profitability as expected and the company saw signs of improvement in market sentiment. While some market improvement is expected especially for H2, we estimate slow organic growth for 2024 while acquisition made in 2023 and H1/2024 boost the overall growth. With the estimated growth and further self-help, we expect profitability to improve y/y in 2024. In the long term, we estimate Etteplan to reach over 10% EBITA margin level yet we still see a somewhat limited potential to boost profitability significantly beyond the 10% mark.

BUY (prev. HOLD) with a TP of EUR 14.5

Etteplan trades at a discount to both its own historic multiple levels and its peer group. We note that a slight premium to peer group is justified driven by the above average margins, capital efficiency, and strong cash flow generation capability. While the market presents challenges in the short term, some preliminary signs of an improved market can already be seen ahead.



KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	350.2	28.6	8.2%	-4.5	0.73	15.2	1.2	15.2	-1.2	0.36
2023	360.0	25.5	7.1%	16.2	0.66	17.7	1.1	15.8	4.7	0.30
2024E	386.4	30.1	7.8%	10.1	0.80	16.2	1.0	12.9	3.1	0.40
2025E	402.3	33.4	8.3%	22.1	0.93	13.9	0.9	11.3	6.7	0.47
2026E	412.2	36.0	8.7%	25.4	1.05	12.4	0.9	10.1	7.7	0.52
Market cap, EURm		328	Gearing 2024E, %			47.8	CAGR EPS 2023-26, %			11.2
Net debt 2024E, EURm		61	Price/book 2024E			2.6	CAGR sales 2023-26, %			4.6
Enterprise value, EURm		389	Dividend yield 2024E, %			3.1	ROE 2024E, %			16.8
Total assets 2024E, EURm		301	Tax rate 2024E, %			22.1	ROCE 2024E, %			14.6
Goodwill 2024E, EURm		115	Equity ratio 2024E, %			42.0	PEG, P/E 24/CAGR			1.5

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

Investment summary

One of the leading engineering consultants in the Nordics

Etteplan is a global engineering technology company founded in 1983 by four Finnish engineers. Etteplan's multiphase offering consists of Engineering, Software & Embedded and Technical Communication solutions. Etteplan is a leading engineering and design company in the Nordics and one of the leading technical documentation providers in Europe.

Providing comprehensive lifecycle solutions

Etteplan is structured into three service areas: Engineering Solutions, Software and Embedded Solutions, and Technical Communication Solutions, previously known as Technical Documentation. These segments synergize effectively, allowing the company to assist clients throughout the entire product or solution lifecycle. Within Engineering Solutions, Etteplan aids in product development and machinery manufacturing for their clients. The Software and Embedded Solutions segment is responsible for integrating intelligence and connectivity into machinery and equipment. Lastly, the Technical Communication Solution focuses on producing and managing all technical data related to a client's product or plant, thereby enhancing the efficiency and quality of the technical documentation procedures.

Managed services model is an important part of the business model

Etteplan's business model is centered around managed services, where the company offers a comprehensive service package priced according to the value it adds. In this model, the service provider takes full or comprehensive control of the customer's project or process. In managed services, the service provider is able to price the service based on the generated value-add which tends to be higher than traditional hourly-based invoicing. Moreover, managed services deepen the customer relationship with service provider acting as an operating partner instead of a resource provider. Etteplan has been able to increase the share of managed Services during the last years, which has been one of the main contributors to the company's improved margins. Etteplan's target is to increase the share of managed services to 75% of net sales in 2024.

Capital and R&D investments drive the end-user demand

Etteplan's clientele is composed of both larger blue-chip and smaller European companies from various sectors, including industrial machinery and equipment, lifting and hoisting, energy, and pulp and paper, to name a few. The demand for Etteplan's services tends to fluctuate based on changes in its clients' market environments, which in turn affect their investment tendencies. The market conditions are influenced by the overall economic health, the specific industry's market climate, and prevailing megatrends. Despite having strong market shares in Finland and Sweden, Etteplan is still striving to establish a stronger foothold in Central Europe.

Profitable growth during the past five years

Etteplan's revenue has experienced a significant increase during the last five years, from EUR 263 million in 2019 to EUR 360 million in 2023, representing a compound annual growth rate of approximately 8%. Two-thirds of the growth is attributable to acquisitions and one-third to organic growth. Etteplan's growth has been profitable, the company's EBITA margin has hovered around 10% during the last five years. Profitability improved drastically during 2017-2018 as the market improved and the company's operational efficiency moved clearly to a new level. In addition to improved operational efficiency, Etteplan has been able to increase its share of managed services from 53% in 2016 to 68% in 2023.

BUY (prev. HOLD) with a TP of EUR 14.5

With only minor adjustments to our estimates, we retain our TP at EUR 14.5 while upgrading recommendation to BUY (prev. HOLD). Etteplan is currently priced at a discount to its peer group based on our estimates, in addition, it trades below its own historic multiple levels. Backing this, our DCF implies a discount of nearly 30% to fair value at the current market price. While the market presents challenges in the short term, the company is seeing some preliminary signs of an improved market ahead. We see the recent share price decline as a buying opportunity.

Company overview

Etteplan is a global engineering technology company founded in 1983 by four Finnish engineers. Etteplan's multiphase offering consists of engineering consulting services, software, embedded systems and technical communication. Over 60% of Etteplan's net sales are based on Managed Services in which the service provider offers the entire package, i.e., takes full or comprehensive control of a project or process. Etteplan serves a diverse clientele, encompassing major industrial enterprises like Valmet, Kone, Cargotec, and SSAB, while also extending its services to a wide range of sectors, including energy, pulp and paper, life science, transportation, and others, catering to both large corporations and smaller businesses.

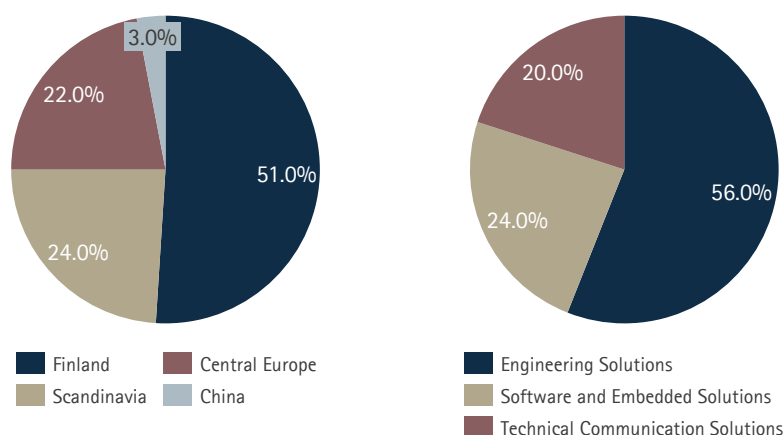
Strong market position in the Nordics

Etteplan is a leading engineering and design company in the Nordic region and a top provider of technical communication solutions in Europe. According to data by the Finnish Association of Consulting Firms (SKOL), Etteplan was among the five largest consulting companies in Finland in 2022. In addition to Nordics and Central Europe, the company operates in China. Over the last few years, Etteplan has enforced its software and IoT competencies and is currently also a notable software provider for industrial equipment and processes.

Three service areas that complement each other

Etteplan's business consists of three service areas or operating segments: Engineering Solutions, Software and Embedded Solutions, and Technical Communication Solutions (formerly known as Technical Documentation). In the Engineering Solutions segment, Etteplan offers design and innovation services for products, equipment, machinery, and facilities. The Software and Embedded Solutions segment focuses on developing software and embedded systems for products and processes, such as automation processes or IoT solutions. In the Technical Communication Solutions segment, Etteplan provides user guidelines and communication solutions for products and/or processes.

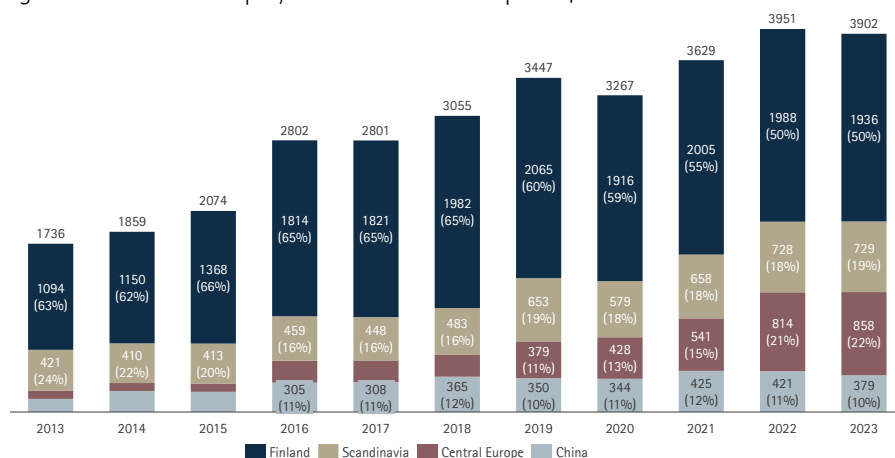
Figure 1: Sales distribution by geography (lhs) and service area (rhs), 2023, % of total



Source: Etteplan, Evli Research

Etteplan had net sales of EUR 360 million in 2023 (2022: EUR 350m) and an EBITA margin of 8.6% (9.7%). The Engineering Solutions segment, which is the largest one, made up more than half of the total net sales for the year. At the same time, Software and Embedded Solutions comprised 24%, and Technical Communication Solutions added 20% of total net sales. Geographically, over half (51%) of Etteplan's net sales in 2023 came from Finland, while Scandinavia brought in 24%. Central Europe made up 22% of the total net sales, and China produced the rest.

Figure 2: Number of employees at the end of the period, 2013–2023



Source: Etteplan, Evli Research

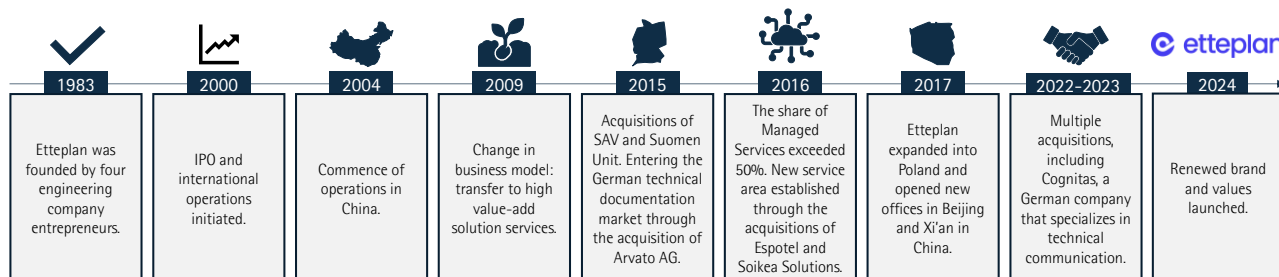
Roughly half of the staff is located in Finland

As a company specializing in engineering consultancy and design, Etteplan's most valuable resource is its personnel. As of the end of 2023, the company employed nearly 4,000 individuals across three continents. The bulk of these employees are involved in engineering operations, with administrative roles making up only a small share of the total workforce. In terms of geographic distribution, approximately half of the personnel are based in Finland, 19% in Scandinavia, 22% in Central Europe, and 10% in China. Notably, Etteplan was the first Nordic engineering solutions provider to venture into the Chinese market in 2004 and currently operates in ten different cities throughout China.

Established in 1983, Etteplan has grown its presence globally over the years

Etteplan was established in 1983 by four entrepreneurs and the company went public in 2000, the same year it began its international operations by setting up an international business unit. The company broadened its global reach in 2004 by opening a Shanghai office in China. In 2009, Etteplan started shifting towards a business model focused on high value-added services and solutions, and by 2016, managed services already made up over 50% of its operations. Throughout the 2010s, Etteplan expanded its market presence and fueled growth through numerous acquisitions, which allowed it to penetrate new geographic markets outside the Nordics, such as Germany and Poland. Today, the company boasts a workforce of nearly 4000 professionals spread across more than 80 offices in 8 countries. The company's international expansion has been particularly noteworthy in the recent years, with the revenue share from outside of Finland increasing from 32% in 2018 to 49% in 2023.

Figure 3: Etteplan history



Source: Etteplan, Evli Research

Business model overview

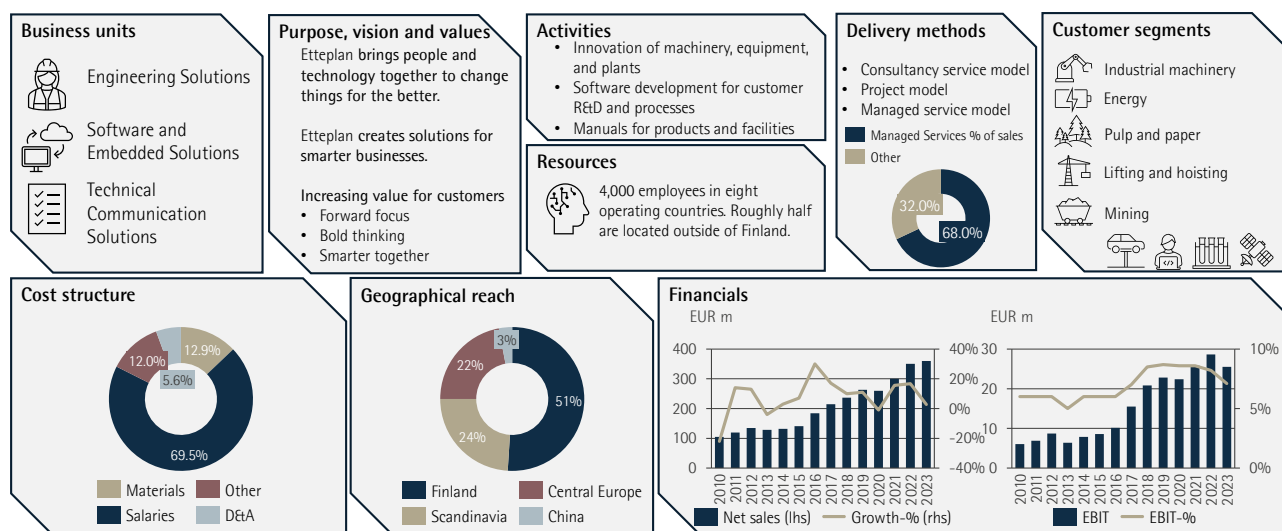
Complementary and broad offering

Etteplan offers its customers a comprehensive offering including services in engineering, software & embedded systems, and technical communication. In addition, its offering contains solutions for sustainability and cyber security. The company's services help its customers to make their products and processes more intelligent while focusing on their core business. Etteplan aims to improve the competitiveness and efficiency of its customers products and engineering processes throughout the lifecycle as it offers engineering design services, analysis and testing, embedded systems, software and digitalization and finally technical documentation and communication.

The business model places Managed Services at its core

Etteplan's business model is centered around Managed Services, where Etteplan offers a comprehensive service package priced according to the value-add. In this model, the service provider takes full or comprehensive control of the customer's project or process. In the traditional model, Etteplan's customers have outsourced some of their non-core business processes in the control of Etteplan. Managed Services model enables more efficient resource allocation and the control for Etteplan to deliver services based on its core competencies. However, the Managed Services model also entails the transfer of risks from the customer to Etteplan, distinguishing it from traditional engineering services. Managed Services have several advantages over traditional design services. Firstly, the service provider is able to price the service based on the generated value-add which tends to be higher than traditional hourly-based invoicing. Moreover, Managed Services deepen the customer relationship with service provider acting as an operating partner instead of resource provider. In our view, for a customer it is easier to change or compare prices between traditional resource providers than a cooperating partner. Most of Etteplan's clients are engaged in cyclical sectors, and with a greater proportion of continuous services, the company gains enhanced visibility into customer demand. As a result, Etteplan's business becomes less reliant on industrial cycles. Nonetheless, resource hiring remains a component of Etteplan's operations and will persist, but the company's ambitious objective is to raise the portion of Managed Services to 75% by the conclusion of 2024, compared to 68% in 2023.

Figure 4: Etteplan business model overview



Source: Etteplan, Evli Research

Service areas

Engineering Solutions

In the Engineering Solutions segment, Etteplan focuses on innovating and engineering machinery, equipment, and plants tailored to its customers' needs. The company generally provides its services for new product development projects and Engineering-to-Order endeavors. The fundamental concept behind Etteplan's Engineering Solutions business is to enhance customer competitiveness through efficient engineering. The products and plants play a pivotal role in the customer's business.

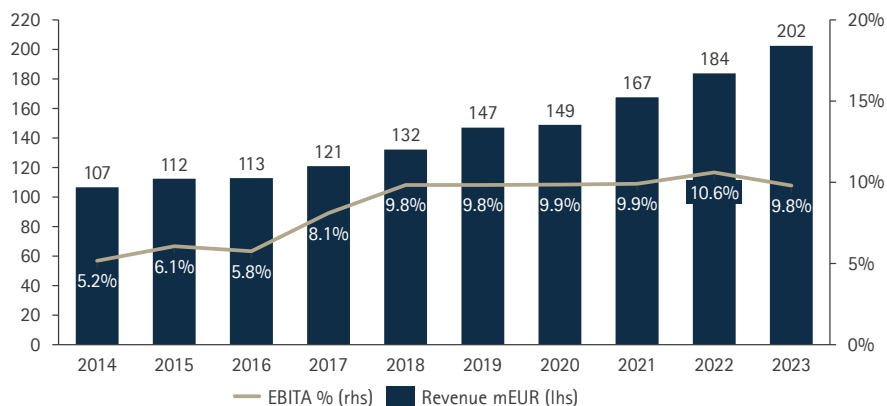
Etteplan's Engineering Solutions segment offers for example the following:

- Product development projects
- Engineer-to-Order projects
- Plant engineering
- Engineering analysis
- Project management
- Product safety
- Product cost analyses

Engineering Solutions is the company's largest segment by revenue

In 2023, 56% (52% in 2022) of the company's total sales came from the Engineering Solutions segment making it the company's largest segment by revenue. The sales grew 10.2% y/y comprising of both organic and inorganic growth. Profitability declined slightly as EBITA % came in at 9.8% in 2023 (10.6% in 2022), profitability was still at a very good level yet declined slightly driven mainly by the lower demand for customers' delivery related project engineering and NRIs. The share of managed services increased from 64% in 2022 to 66% in 2023. Engineering Solutions has performed well despite the difficult market environment as its operational efficiency has remained high and the company has implemented adaptation measures to tackle the weaker demand. Etteplan's Engineering Solutions segment is primarily influenced by the capital investment initiatives of client companies, in contrast to the Software and Embedded Solutions segment, which is more driven by research and development activities. The investment cycles are generally longer as the investments are planned for longer when compared to R&D investments. Because of the long investment cycles, the weakness in the client's business is typically reflected in Etteplan's Engineering Solutions with a slight lag.

Figure 5: Etteplan Engineering Solutions, net sales EUR m (lhs) and EBITA % (rhs)



Source: Etteplan, Evli Research

Software and Embedded Solutions

The Software and Embedded Solutions segment was established in 2016 as Etteplan acquired Espotel Oy and Soikea Solutions Oy. In Software and Embedded Solutions, Etteplan offers product development services and software and technology solutions that enable the digitalization of customers' products, business processes along with the intelligence and connectivity of machinery and equipment. The idea of Etteplan's Software and Embedded Solutions is to bring intelligence to machines and equipment and enable their networking (IoT). Etteplan's Software and Embedded Solutions help the customers improve their business processes and production or develop new products.

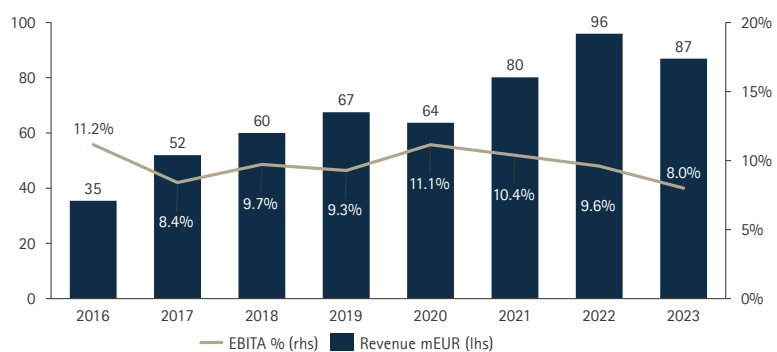
Etteplan's Software and Embedded Solutions segment offers for example the following:

- Product creation and software development services
- Technology consulting
- Software testing and cyber security
- Test equipment and testing solutions
- Laboratory services
- Digital Apps and Services
- Cloud transformation

Software and Embedded Solutions suffered from a weak market in 2023

Fiscal year 2023 proved to be challenging for the company's Software and Embedded Solutions as the segments sales decreased 9.4% y/y and comprised 24% of total net sales (down from 28% in 2022). With the lower sales, the segments EBITA margin fell to 8.0% (down from 9.6% in 2022). The decrease in profitability was influenced by challenging market conditions and cost inflation, leading to delays or slower starts for product development projects. While the demand was soft, the company was still able to retain profitability at a moderate level driven by the adaptation measures implemented during the year. Etteplan has continued to support the segment's growth by acquiring smaller companies in Europe, in September, Etteplan acquired High Vision Engineering Sweden AB which specializes in electrification of vehicle fleets as well as electronics, software and connected vehicles. In January 2024, Etteplan strengthened its market position in Denmark by acquiring software and embedded service company STRONGIT ApS and in May, the company acquired Swedish AFFRA AB specializing in testing. High Vision Engineering employs 40, STRONGIT 13 (in addition to 70 freelancers) and AFFRA 23 experts which were transferred to Etteplan. Etteplan's Software and Embedded Solutions encompass a range of services, such as embedded systems, software testing, and digitalization. These services enable Etteplan to deliver secure industrial IoT solutions to its customers. The company's Software and Embedded Solutions complement the Engineering Solutions segment effectively, thanks to Etteplan's expertise and competence in industrial equipment and products. This expertise sets Etteplan apart from competitors who specialize in software and embedded systems, lacking a comprehensive knowledge of industrial equipment.

Figure 6: Etteplan Software and Embedded Solutions, sales EUR m (lhs) and EBITA % (rhs)



Source: Etteplan, Evli Research

Technical Communication Solutions

Etteplan's Technical Communication Solutions segment offers documentation services for a product's technical attributes, such as manuals, service instructions for the users of a product and spare parts information. In addition to the manuals and service instructions, the company offers content management and distribution services.

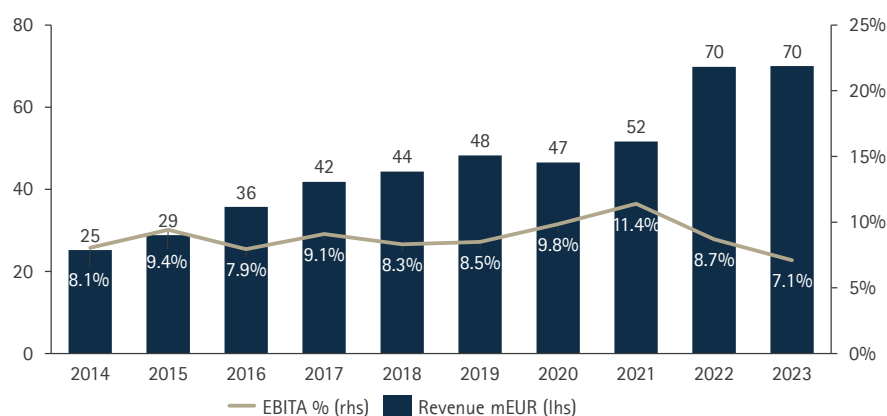
Etteplan's Technical Communication Solutions segment offers for example the following:

- Technical writing and illustrations
- Animations and simulations
- Digital systems for distributing technical documentation to service and maintenance personnel
- Software and methods for producing high-quality technical content

Technical Communication Solutions have suffered from

Technical Communication Solutions had almost no revenue growth in 2023 as the revenue reached EUR 70m (EUR 69.8m in 2022). The segments EBITA margin dropped to 7.1% (8.7% in 2022) partly due to the weak revenue growth. In addition to slow revenue growth, profitability was still affected by the Cognitas acquisition. In January 2022, Etteplan acquired Cognitas GmbH from Germany which specializes in technical information life cycle management. Of the three most recent acquisitions in Technical Communication Solutions, Cognitas GmbH is the largest as the company employed roughly 200 employees at the time of the acquisition. The profitability of the Technical Communication Solutions segment decreased from EBITA % of 11.4% in 2021 to 8.7% in 2022. One of the main factors contributing to the drop in profitability was the lower-than-anticipated profitability of Cognitas driven by some poorly performing contracts. Despite the lower profitability for the segment for FY 2023, the EBITA margin rose to 9.4% in Q4/23, up from 7.7% in Q4/22 thanks to improved operational efficiency. Profitability is still at a relatively modest level as we see that Technical Communication Solutions has the potential to be more profitable than the company's legacy Engineering Solutions segment.

Figure 7: Etteplan Technical Communication Solutions, net sales EUR m (lhs) and EBITA % (rhs)



Source: Etteplan, Evli Research

Technical documentation is business critical for clients

Etteplan's Technical Communication services can help its clients improve the usability, safety, and regulatory compliance of their products and services. Technical communication activities are normally Etteplan's customers non-core operations yet are necessary as the manuals and service instructions have a significant impact on the efficiency of the end-customer's maintenance service operations. Typically, technical documentation such as spare parts books and user and maintenance manuals are drawn up by design or plant

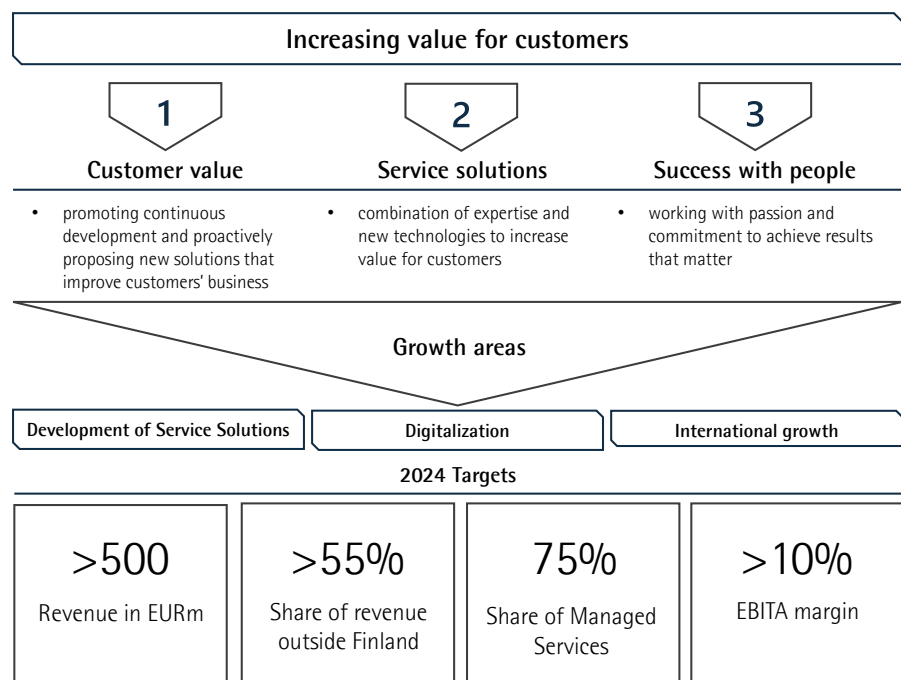
engineers alongside their actual duties. Etteplan's technical documentation services help clients to shorten product's time-to-market, save costs and offers opportunities regarding digitalization of the company's technical product information. Etteplan's technical documentation service portfolio includes services that support client's operations throughout the product life cycle. In the R&D and manufacturing phase, Etteplan's services help to increase efficiency through resource optimization and freeing up time for R&D and product management from the client's own workforce. In the installations and commissioning phase, Etteplan's technical documentation services enable high quality learning materials and installation information that complies to directives, standards and regulations. In the operation phase of the product life cycle, Etteplan's services offer safe and efficient operations through operator's information documentation. Lastly, in the maintenance and service phase of the product life cycle, Etteplan offers high quality maintenance, service and spare parts information to improve the client's aftermarket business.

Strategy

Increasing value for customers at the core of the strategy

Etteplan has shown strong growth in the past and continues to seek profitable growth in the future. The core of Etteplan's strategy relies on increasing the value generated for its customers. The key elements of Etteplan's strategy are 1) Customer value, 2) Service solutions and 3) Success with people.

Figure 8: Strategy overview



Source: Etteplan, Evli Research

- 1) Customer value:** By understanding its customers' businesses and utilizing its wide experience, and with new innovations and technologies, Etteplan aims to offer value generating service solutions to improve its customers' businesses.
- 2) Service solutions:** By researching and understanding new technologies and actively incorporating them into its solutions, Etteplan seeks to improve its service portfolio. Etteplan's expertise and experience enable it to help our customers to solve complex challenges.

- 3) **Success with people:** By maintaining, developing and attracting talented employees Etteplan aims to succeed in executing its strategy in collaboration with its customers and partners.

Digitalization

In the last few years, the company has enforced its digital offering. We see that the offering of software for Internet of Things (IoT) and embedded systems offer Etteplan notable potential among its industrial customers. Furthermore, digital services offer Etteplan cross-selling opportunities.

Expanding to Central Europe

Etteplan's position in its domestic markets is very strong and growth opportunities in Finland are somewhat restricted. Therefore, the company has named international growth as one of its growth factors. By expanding its service portfolio especially within Central Europe, the company intends to tap into new customers and gain market share.

Strong position in Managed Services

Etteplan is one of the forerunners in its industry. Managed services offer Etteplan more defensive and profitable growth as well as deepen its customer relationships. We see the demand for outsourced services increasing, which creates additional growth opportunities.

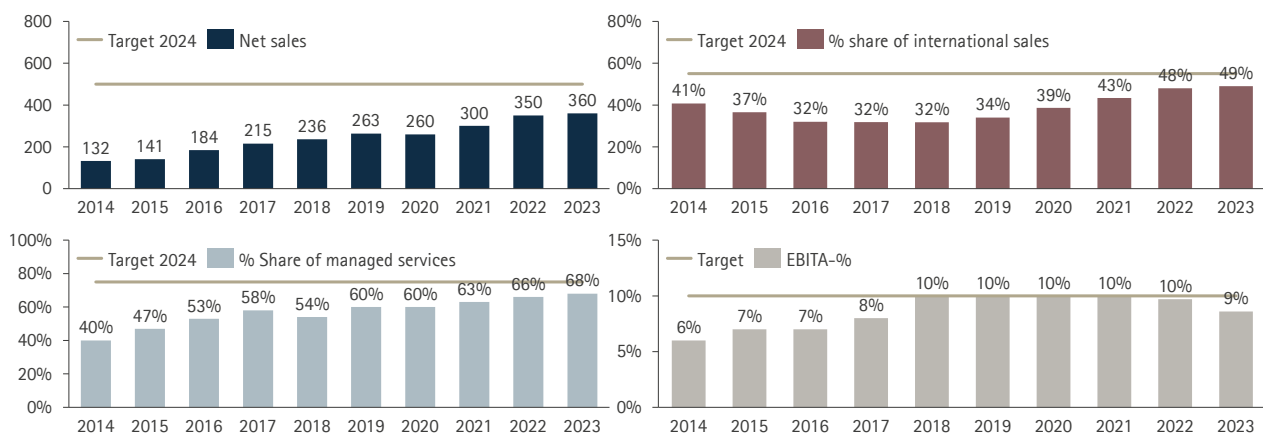
Etteplan updated its financial targets and extended the strategy period

In April 2023, Etteplan updated its financial targets and extended the 2020-2022 strategy period to the years 2023-2024. The financial targets are the following:

- Revenue more than EUR 500m in 2024
- The share of revenue coming from outside Finland is at least 55% in 2024
- The share of revenue from Managed Services is 75% in 2024
- Operating profit (EBITA margin) >10%

In its 2023 update, Etteplan kept the target for revenue growth (EUR 500m in 2024) and share of Managed Services (75% in 2024) unchanged. The company increased the targets for the share of revenue coming from outside Finland from at least 50% to at least 55% in 2024 and EBITA margin target to over 10% from 10%. The increases for the targets were made as the company was close to reaching the previously set goals already before the end of the strategy period. The targets for revenue and share of Managed Services were unchanged and are significantly more challenging to reach. To achieve the revenue target for 2024, Etteplan needs to grow nearly 40% year over year which necessitates acquisitions.

Figure 9: Etteplan's financial targets 2023-2024 vs. historic actual figures



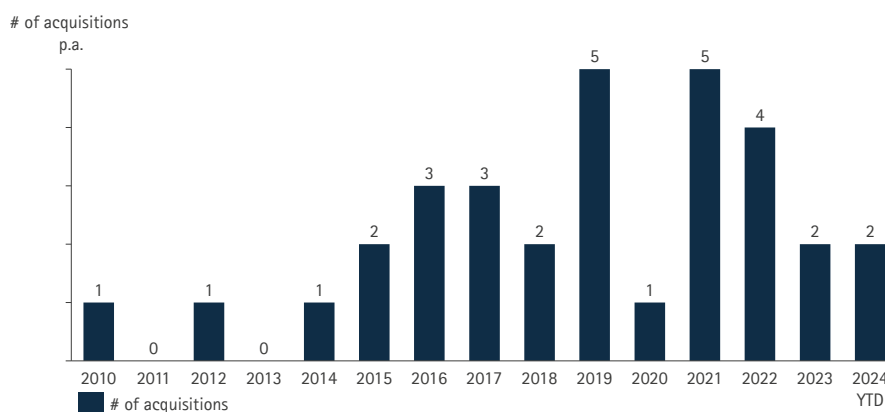
Source: Etteplan, Evli Research

Acquisitions

Acquisition activity has ramped up from 2019 onwards

Etteplan aims to increase its revenue considerably by both expanding its existing business and acquiring new ones. Etteplan has been very active in making bolt-on acquisitions, having bought more than 10 companies since 2020. As the industry continues to consolidate, M&A offers a great chance for Etteplan to grow further. The company's reasons for acquisition can be categorized into three: 1) Service offering expansion 2) Increasing competence capital and 3) Geographic expansion.

Figure 10: Number of companies acquired by Etteplan, by year



Source: Etteplan, Evli Research

Etteplan has focused on international acquisitions

Etteplan acquired four companies in total in 2022 of which three were outside Finland. The largest acquisition was Cognitas GmbH from Germany which is a technical information lifecycle management company. Other acquisitions in 2022 included Syncore Technologies AB, LCA Consulting, and DDCOM B.V., operating in Sweden, Finland, and the Netherlands respectively. Syncore Technologies AB, with its focus on embedded systems, enhances Etteplan's embedded systems offerings and market position in Sweden. LCA Consulting, with its specialization in life cycle assessment, carbon footprinting, and expert training, bolsters Etteplan's position as a leader in sustainable development. DDCOM B.V., providing 3D content-based animation and visualization services for technical documentation across a wide range of industries, strengthens Etteplan's operations in the Netherlands and augments the company's Technical Communication Solutions offerings. In 2023, Etteplan maintained its international acquisition momentum by acquiring German LAE Engineering and Swedish High Vision Engineering. Both these companies are relatively small, with LAE Engineering and High Vision Engineering adding approximately 70 and 40 personnel respectively to Etteplan's workforce. Etteplan has acquired two companies in 2024 so far, the acquisitions have continued with similar characteristics as in 2023, being both international and quite small in size when compared to Etteplan.

Table 1: Etteplan acquisition history 2015-2024

Year	Name of the company	Business area	Country	Number of acquired personnel	Sales (mEUR)	EV (mEUR)	EV/Sales
2 024	AFFRA AB	SE	Sweden	23	2.0		
2 024	STRONGIT Aps	SE	Denmark	13 + 70	13.0		
2 023	High Vision Engineering AB	SE	Sweden	40	4.0		
2 023	LAE Engineering GmbH	E	Germany	70	5.0		
2 022	DDCom B.V.	TC	the Netherlands	15			
2 022	LCA Consulting	E	Finland	11	0.8		
2 022	Syncore Technologies AB	SE	Sweden	46	5.0	2.1	0.4x
2 022	Cognitas GmbH	TC	Germany	200	15		
2 021	BST Buck Systemtechnik GmbH	E	Germany	30			
2 021	Adina Solutions Oy	TC	Finland	13			
2 021	Skyrise.tech	SE	Poland	80	3.5	1.9	0.5x
2 021	F.I.T. Fahrzeug Ingenieurtechnik GmbH	TC	Germany	15			
2 021	TekPartner	E, SE & TC	Denmark	19	8.0		
2 020	Tegema	E	the Netherlands	100	11		
2 019	Triview Technical Communication BV	TC	the Netherlands	30			
2 019	Teknifo AB	TC	Sweden	20			
2 019	Mikoplan Oy	E	Finland	4			
2 019	EMP Engineering Alliance	E	Germany	130	16.8		
2 019	Devex Mekatronik	E & SE	Sweden	120	9.2		
2 018	Eatech Oy	SE	Finland	over 100	9.5	13.6	1.4x
2 018	Koodain Solutions	E & SE	Finland	11			
2 017	Etteplan Vatable Technology Center Ltd	E & TC	China	n/a			
2 017	Sorona Innovations	TC	Sweden	9			
2 017	SDS Aura	E	Finland	16			
2 016	Espotel Oy & Soikea Solutions	E & SE	Finland	330	29.0	29.0	1.0x
2 016	Suomen Unit Oy	E	Finland	17			
2 015	Technical documentation services from arvato AG	TC	Germany and the Netherlands	35			
2 015	SAV Oy	E	Finland	190	12.5	7.0	0.6x

E = Engineering solutions, SE = Software & Embedded Solutions & TC = Technical Communication Solutions

Source: Etteplan, Evli Research

Acquisitions have been a vital part of the growth story

Etteplan has acquired over 20 companies across Europe and China between 2015 and 2023. While the company has been able to grow organically, approximately two thirds of the total revenue growth during the mentioned period is attributed to inorganic growth, which underscores the significance of acquisitions for the company's growth. The largest acquisitions during this period were SAV Oy and Soikea & Espotel from Finland in 2015 and 2016 respectively and the Cognitas acquisition in 2022 from Germany. Most of the recent acquisitions have been international and have complimented Etteplan's Software & Embedded and Technical Communication offerings.

Unsuccessful Semcon bid would have increased Etteplan's size significantly

In August 2022, Etteplan announced a recommended cash offer for Swedish technology company Semcon. Semcon is Etteplan's direct competitor with revenue of roughly EUR 170m in 2021. The acquisition was sizeable as it would have increased Etteplan's revenue by roughly 50%. Etteplan's bid was approximately SEK 2.7b or EUR 250m. In the end, Etteplan's bid failed as Ratos AB, a Swedish private equity firm, presented a higher offer. If the acquisition had been successful, Etteplan would have reached the company's growth target of revenue of more than EUR 500m.

Examples of some of the recent completed acquisitions

05/24



In May 2024, Etteplan acquired AFFRA AB, a Swedish consulting company specializing in software testing and in particular Hardware in the Loop testing for the automotive and transport industry. AFFRA will become a part of the company's Software and Embedded Solutions service area. Hardware in the Loop testing ensures that quality assurance during software and hardware development is implemented efficiently and safely. The acquisition builds on the company's acquisition of High Vision in 2023 which also has a strong position among the automotive industry. In 2023, AFFRA had a revenue of roughly EUR 2m.

01/24



In January 2024, Etteplan acquired STRONGIT ApS, a Danish consultancy company focused on product design services and embedded solutions. The acquisition strengthens Etteplan's position in Denmark where the company has an excellent customer base. The purchase price will be paid through a share issue to the sellers and cash. As part of the financing of the transactions, the sellers subscribed for 150 000 Etteplan's new shares at a subscription price per share of EUR 14.048 (EUR 2.1m in total). In 2023, STRONGIT's revenue was approximately EUR 13m.

07/23



In September 2023, Etteplan announced the acquisition of a Swedish engineering service company High Vision Engineering AB. High Vision provides services across various phases of product development for the Swedish automotive and manufacturing industry. High Vision employs 40 people which will transfer to Etteplan. The acquisition strengthens Etteplan's position in the automotive and manufacturing industry in Western Sweden. According to data by Factset, High Vision's revenue was some SEK 54m in 2022 with net income of SEK 4.3m.

07/23



In July 2023, Etteplan announced the acquisition of LAE Engineering GmbH which is an engineering company from Germany. LAE offers specialized expertise across electrical engineering planning, power generation, building and industrial automation, as well as information management systems, and industrial IT. LAE employs approximately 70 employees, after the acquisition, Etteplan employs over 500 people in Germany in 15 different locations.

01/22



In 2022, Etteplan acquired Cognitas GmbH, a German technical information lifecycle management company from Canon Germany GmbH to support its Technical Communication Solutions segment growth and presence in the Central Europe. With the acquisition of Cognitas, Etteplan became the market leader in technical documentation in Germany. Cognitas has an annual turnover of around EUR 15m and employs roughly 200 professionals. The main rationale for the acquisition was to support Etteplan's strategic expansion and growth strategy in Germany. The Cognitas acquisition has yet to prove value as the acquisition has hindered development of Etteplan's Technical Communication Solutions segment. The issues pertain to certain client contracts within the company, where the commercial terms have been found to be less than satisfactory. The Cognitas acquisition serves as evidence of acquisition risks, highlighting the possibility of unexpected issues despite thorough due diligence.

09/20



In 2020, Etteplan completed the acquisition of Tegema, a company based in the Netherlands, as part of its strategic expansion into the engineering services market in the country. Etteplan did not have prior presence in the engineering services in the Netherlands as the company was only active in technical documentation services prior to the acquisitions. Tegema's services include production solutions, production cells and equipment, its customers are active in the fields of semiconductors, electronics, mobility, photonics and medical. In 2019, Tegema generated approximately EUR 11 million in revenue and employed approximately 100 experts in Eindhoven and Arnhem. The rationale for the acquisition was to support Etteplan's expansion in the Netherlands as the company aims to have full service offering in all of its current markets.

Market overview

The engineering services market can be divided into several subsegments, of which engineering services related to industrial machinery and equipment is the focus area of Etteplan. Geographically, Etteplan operates in the Nordics, Europe and China. In 2023, 51% of the company's total sales came from Finland, Etteplan's target is to have more than 55% of revenue coming from outside Finland in 2024. According to data by the Finnish Association of Consulting Firms, the total Finnish consulting engineering market (comprising of industrial, social and construction engineering consulting services) grew by roughly 4% y/y in 2023 with total turnover of almost EUR 8b. Industrial consulting services is roughly one third of the total Finnish consulting engineering market. According to data by Federation of Swedish Innovation Companies, the total Swedish consulting engineering market (comprising of architects, building and engineering consultancy companies) grew by approximately 5% in 2023 with total turnover of roughly EUR 11b.

Etteplan's customers operate in wide variety of industries

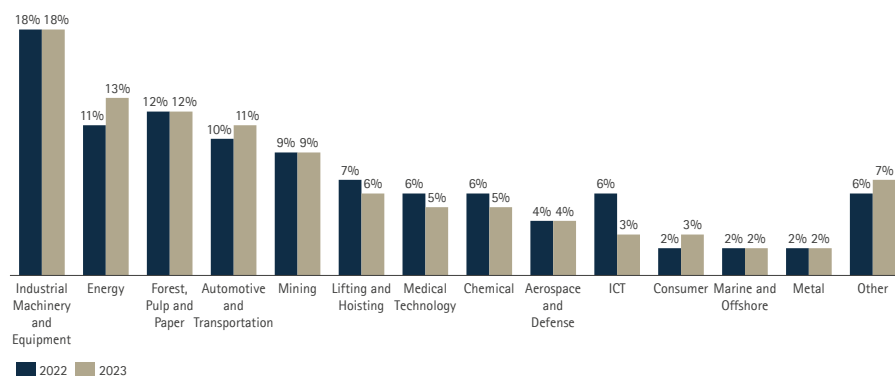
The demand for Etteplan's services fluctuates based on the changes in the market environment of its customers. The demand for Etteplan's services is driven mainly by the capital and R&D investments made by its customers. The rate of investments is affected by the overall health of economy, market environment of the given industry and the underlying megatrends. During the years, Etteplan has become a strategic partner for several blue-chip corporations in Finland and abroad. In addition to international blue-chip companies, the customer base includes start-ups operating in various industries.

Figure 11: Evli Research estimate of Etteplan's clients by sector (non-exhaustive list, some of the companies might be clients in multiple sectors)



Source: Etteplan, Evli Research

Figure 12: Etteplan sales by customer industry, % of total sales, 2022-2023



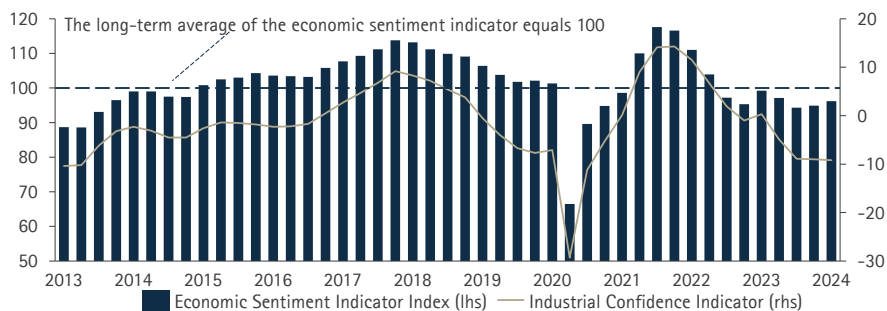
Source: Etteplan, Evli Research

The largest customer group by industry for Etteplan is industrial machinery and equipment companies. In addition to industrial machinery and equipment, pulp & paper, energy and automotive and transportation had over 10% share of total sales in 2023. The largest growth was seen in the energy customer group which increased from 11% to 13% during 2023. Investments related to the defense industry, energy efficiency and green transition continued growing during the year despite the challenging general market environment.

Etteplan's customer end-markets recovered well after COVID-19

European economic sentiment indicator tanked to multi-year lows in Q2 2020 as the COVID-19 pandemic brought the economy to a sudden stop. Etteplan's customers were heavily affected by this and implemented various adaptation and cost-saving measures, which led to temporary suspensions and cancellations of assignments. The economic recovery from the pandemic was rapid as the vaccination coverage improved globally which can be seen from the fact that the European economic sentiment index reached new highs during the first half of 2021.

Figure 13: Eurozone Economic Sentiment Indicator Index & Eurozone Industrial Confidence Indicator

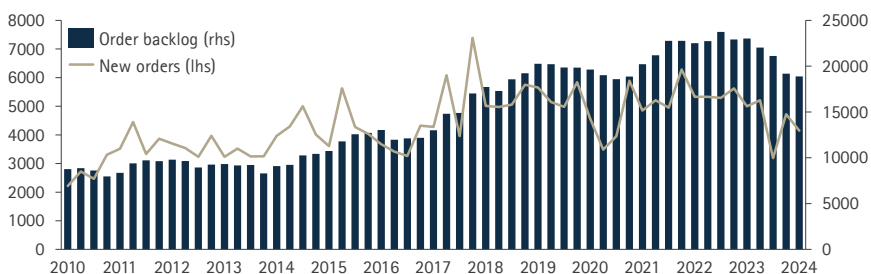


The European economic sentiment has declined from the 2021 highs

Source: European Commission, Factset, Evli Research

In early 2022, Russia started war in Ukraine which accelerated inflation and increased uncertainty. Some of Etteplan's customer industries were more heavily affected by the uncertain markets than others. Some investments were again postponed but some customer industries such as defense and energy developed mainly positively. Even though the uncertainty increased, the Finnish mechanical engineering new orders stayed relatively flat during H2 2022, and order backlogs were still at healthy levels.

Figure 14: Finnish mechanical engineering order backlog and new orders 2010-2023, by quarter, in mEUR



The Finnish mechanical engineering order backlog peaked during H2 2022

Source: The Federation of Finnish Technology Industries' order book survey's respondent companies, Evli Research

Soft market has begun to show

During Q2 2023, Etteplan started to see signs of the weaker market as the Software and Embedded Solutions service area's performance was weaker due to low level of R&D investment. In September 2023, the company released a profit warning and lowered its guidance for FY 2023 as the demand of consumer product manufacturing customers in the Technical Communication Solutions service area in Central Europe weakened. The R&D side of Etteplan's business tends to respond more swiftly to shifts in market sentiment, whether during economic downturns or upswings.

Table 2: Revenue growth actual 2020-2023 and future estimates 2024-2025E, selected publicly listed blue chip customers

2024E revenue estimates point towards slower growth for Etteplan's customers

Company name	2020	2021	2022	2 023	2024E	2025E
Cargotec	(12.2)%	2.4 %	25.5 %	9.3 %	(9.4)%	1.5 %
Kone	(0.4)%	5.8 %	3.7 %	0.4 %	2.5 %	4.0 %
Wartsila	(10.9)%	3.8 %	22.3 %	3.0 %	10.4 %	10.8 %
Konecranes	(4.4)%	0.2 %	5.6 %	17.9 %	2.1 %	1.8 %
Valmet	5.4 %	5.2 %	28.9 %	9.0 %	(2.3)%	(5.3)%
Metso	17.7 %	27.6 %	17.3 %	8.5 %	(1.7)%	5.4 %
Epiroc	(10.8)%	13.5 %	19.6 %	12.5 %	9.4 %	7.5 %
Sandvik	(15.5)%	2.6 %	25.1 %	4.4 %	2.4 %	5.1 %
Airbus	(29.2)%	4.5 %	12.7 %	11.4 %	9.5 %	13.1 %
Boeing	(25.4)%	3.3 %	20.3 %	13.5 %	2.0 %	18.7 %
Agco	(0.6)%	17.4 %	27.7 %	10.7 %	(7.1)%	(2.2)%
ABB	(8.5)%	7.1 %	14.6 %	5.7 %	3.7 %	5.7 %
Siemens	(5.5)%	12.7 %	15.6 %	8.0 %	2.4 %	5.3 %
Getinge	13.3 %	(6.2)%	(0.2)%	4.2 %	10.3 %	4.5 %
Median	(7.0)%	4.8 %	18.5 %	8.7 %	2.4 %	5.2 %

Source: Factset, Evli Research

Most of Etteplan's customers witnessed double digit growth during 2022 driven by improved market conditions and the effect of inflation on the companies' selling prices. The prevailing consensus forecasts indicate a deceleration in growth for most OEMs in 2024. However, for many of them, these estimates still indicate growth, thanks to their relatively robust backlog levels still supporting net sales going forward.

Market trends

Despite the temporary market slowness, the demand for Etteplan's services is driven by multiple larger underlying market trends such as digital transformation, sustainability and outsourcing. In addition, the market is affected by dynamics such as lack of engineering resources and ongoing market consolidation.

Digital transformation

The modern equipment and plants are connected and automated which increases efficiency and productivity, improves access to data and makes business processes more agile. Industrial digitalization has been described as the fourth industrial revolution. In Industry 4.0, interactions between the cyber- and physical systems are allowed by connected devices (Internet-of-Things, IoT) and internet-based information networks. Industrial digitalization solutions empower companies to streamline operations, eradicate errors, and enhance operational transparency. Etteplan provides clients with a wide array of options to fulfil their industrial digitalization requirements, including services for data and analytics, cloud-based solutions, and IoT solutions, among others.

Sustainability

As concerns over climate change continue to mount, there is a rising need for sustainable solutions across all industries. Many businesses are now recognizing this imperative and are setting goals to reduce their carbon footprint, thereby contributing to the broader effort to mitigate climate change. The ongoing green transition requires investments that support the structural adjustment of the economy and help to build a carbon-neutral society. Examples of technological solutions that drive the green transition include renewable energy production, energy storage, circular economy solutions and electric vehicles. Most of Etteplan's customer industries are affected by the green transition yet industries such as energy, automotive and mining & metals see the greatest effects. Etteplan also offers customers different sustainability solutions such as waste management services, life cycle assessments and carbon footprint calculations.

Outsourcing

Outsourcing is becoming popular as companies are trying to maximize the best use of their competencies and improve their cost effectiveness. One of the ways to maximize effectiveness is by outsourcing the non-core functions and focusing on the core functions of the business. Etteplan's business model caters well for the outsourcing mega trend as the company can offer outsourcing services with multiple different delivery models based on the customers' need.

Lack of engineering resources

The demand for engineering and design services is growing because of the beforementioned trends. The need for competent engineers is growing in different areas of technology. According to study by Engineers Finland, the ongoing green transition itself requires addition of roughly 3000-4500 engineer work years by 2030 while currently roughly 8300 engineers graduate per year in Finland. The scarcity of engineering resources has far-reaching implications for the entire market, including Etteplan. The company has repeatedly emphasized the fierce competition for talent in favorable market conditions and the limited availability of specialized experts, which has had a notable impact on the sector's overall development.

Market consolidation

The engineering consultancy market is consolidating and many of the companies are actively seeking suitable targets to support organic growth. Etteplan has also been active on the acquisition front, and we see it likely to continue in the future. Industry consolidation is driven by multiple factors. Customers seek to reduce the number of partners they work with and engage in close cooperation with the selected stable partners. Projects are also becoming increasingly complex and therefore require greater breadth and depth in terms of competence. In addition to competence, customers value the breadth of the service offering.

Competition

Market leader in Finland,
strong position in Sweden

Etteplan is active in Finland, Scandinavia, Central Europe and China, in addition, it has a sales office in the United States. The competition differs geographically and by segment. According to data by the Finnish Association of Consulting Firms, the total Finnish consulting engineering market (comprising of industrial, social and construction engineering consulting services) grew by roughly 3% y/y in 2023 with total turnover of almost EUR 8b. The largest companies by revenue include Sweco, Ramboll, AFRY, Sitowise, Etteplan, Granlund, Rejlers, A-Insinöörit and Finnish Consulting Group. The market can be divided into two main groups: 1) companies that offer a wide range of engineering consulting services including industrial, social and construction engineering consulting services, and 2) companies that focus on certain niches of the market. Etteplan focuses on industrial consulting services providing engineering, digital and documentation solutions. Most of the larger engineering companies in Finland offer a wide variety of services including social and construction engineering consulting services and therefore are not Etteplan's direct competitors. Etteplan is one of the leading companies in the Finnish industrial engineering and design, Etteplan's direct competitors in Finland include companies such as Comatec, Citec and Elomatic. In Sweden, Etteplan is among the largest companies operating in the industrial engineering market. According to data by Federation of Swedish Innovation Companies, in 2021, Etteplan Sweden was the 11th largest industrial engineering company in Sweden. Direct competitors in Sweden include for example Sigma, Semcon, Alten, Aleido and Prevas.

Main competitors

Afry is a Swedish company listed in the Stockholm stock exchange with roughly EUR 2.4b in annual sales (2023) and 19,000 employees globally. AFRY is the result of a merger between ÅF and Pöyry in 2019. Afry offers engineering consulting services in wide variety of segments including infrastructure, energy, buildings, bioindustry etc. Afry's industrial sectors of focus include pulp & paper, mining & metal, energy transformation and electrification.

Sigma is a Swedish private company with roughly 5,000 employees globally. The company consists of the following business areas: Technology, Connectivity, Industry, Civil and Software. Through its 5 subsidiaries Sigma Group engages in engineering, software, and documentation consulting services. Sigma's business model resembles that of Etteplan as Sigma also provides both traditional and managed services. The company also has near-/off-shore destinations such as in Hungary, Poland, Ukraine, and India.

Semcon is a Swedish private company owned by Ratos AB that employs roughly 2,000 employees across seven different countries. The company offers engineering and digital services and in addition technical documentation. Semcon is active in many industries such as automotive, energy, industry, life science, telecom, public sector and rail. In 2023, Semcon spun off its product information business area and launched a new and standalone company Aleido.

Sweco is a Swedish company listed on Nasdaq Stockholm with roughly EUR 2.5b of net sales and staff of roughly 21,000 architects, engineers and specialists. Sweco offers services in three segments: buildings and urban areas; water, energy and industry; and transportation infrastructure. Sweco's services in the industry segment include process engineering, plant design, logistics planning and project management.

Prevas is a Swedish company listed in the Stockholm stock exchange with roughly EUR 130m in annual sales (2023) and 850 employees. Prevas specializes in product and production solutions and offers engineering consulting services in various industries such as energy, automotive, engineering, life science, energy and telecom.

Rejlers is a Swedish company listed in the Stockholm stock exchange with roughly EUR 370m in annual sales (2023) and 3,254 employees. The company is one of the leading engineering consultancy firms in the Nordic region. Approximately two-thirds of Rejlers sales originate from Sweden, one-third from Finland, and a minor portion from Norway.

Comatec is a Finnish private company with roughly EUR 45m in annual sales (2022) and 600 employees. Comatec's core competencies include mechanical design, hydraulic design and electrical and automation design. Comatec offers its services for companies in various industries such as energy, automotive & transportation, material handling, marine, process.










Elomatic is a Finnish private company with roughly EUR 102m in annual sales (2022) and 1,300 employees. Elomatic's offering includes technical consulting, project management, product and service development, turnkey deliveries, products and solutions, software development. Elomatic serves a diverse customer base that includes companies from industries such as biotech and pharmaceuticals, energy, machinery and equipment manufacturing, marine, offshore, process industries and starch and potato processing.

Citec Group (part of Cyient) is based in Vaasa, Finland, and has branches in Finland, Sweden, Norway, France, Germany and India. Citec Group had a revenue of about EUR 80m in FY 2021 with roughly 1,000 employees. Citec provides engineering and technical documentation services for different sectors such as energy, process, oil & gas, electro fuels and machinery & equipment.

Alten is a French public company listed on the Paris Stock Exchange with annual sales of EUR 4.1b (2023) and 57,000 employees. Alten offers engineering, R&D outsourcing and IT services for its customers in different sectors such as aeronautics, automotive, energy, life sciences, TMT, retail and public sector.

Bertrandt is a German public company listed on the Frankfurt Stock Exchange with annual sales of EUR 1.2b (FY 2022/2023) and 14,276 employees. Bertrandt offers digital and physical engineering services. The company is active in various industries such as automotive, trucks and aeronautics

Figure 15: Etteplan vs. competitors' industry split

	Industrial machinery/ equipment	Lifting & hoisting	Energy	Pulp & paper	Mining	Automotive & transportation	Life science & chemistry	Metals	ICT
	✓	✓	✓	✓	✓	✓	✓	✓	✓
	✓	✗	✓	✗	✗	✓	✓	✗	✗
	✓	✗	✓	✓	✓	✓	✓	✓	✓
	✓	✗	✓	✓	✓	✗	✓	✓	✗
	✓	✗	✗	✗	✗	✓	✓	✗	✓
	✓	✗	✓	✗	✗	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✗	✓	✓	✗
	✓	✓	✓	✓	✓	✓	✗	✓	✗
	✓	✓	✓	✓	✓	✓	✓	✗	✗
	✓	✓	✓	✓	✗	✓	✓	✓	✓
	✓	✗	✓	✓	✓	✓	✓	✓	✓
	✓	✗	✓	✗	✗	✓	✓	✗	✓

Source: Company materials, Evli Research

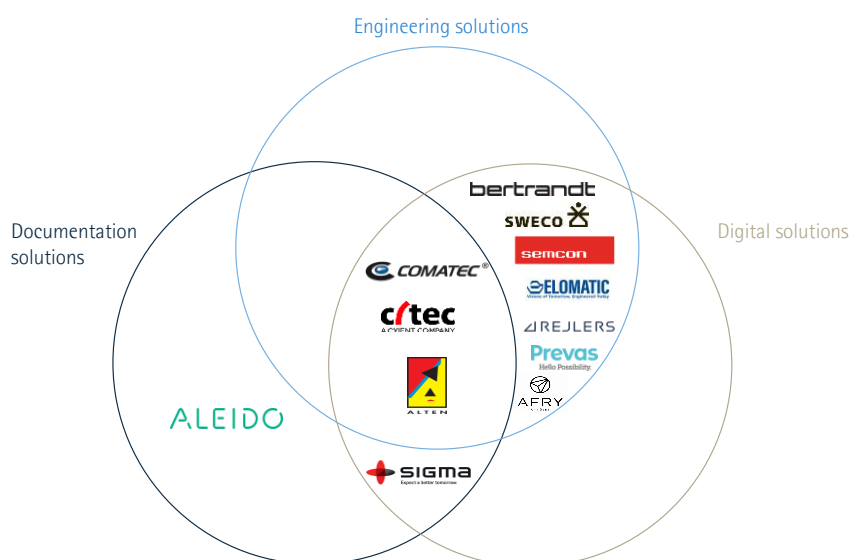
Etteplan serves various industries

As a result of Etteplan's long history in engineering services and design, the company has expertise in multiple industries. Etteplan's customers operate in different industries and require industry specific solutions for their engineering problems. Etteplan has acquired knowledge of different industries through working with clients and through acquisitions. According to our analysis, Etteplan has one of the widest industry coverages in the market.

Only few competitors are active in all of Etteplan's service areas

Etteplan offers services through its engineering solutions, digital solutions and technical communication solutions segments. Most of the competitors offer services in one or two of these segments. According to our analysis, Comatec, Alten, Citec and Semcon (incl. Aleido) offer services in all Etteplan's service segments and are therefore among the main competitors. According to our analysis, Etteplan is the largest company active in all the segments in Finland. Alten Finland, Citec and Comatec are important competitors for the company in Finland in all of the relevant segments. In Sweden, Etteplan's main competitor is Semcon (incl. Aleido) which provides services in all of the service segments.

Figure 16: Etteplan competition by focus segment



Source: Company materials, Evli Research

Etteplan competes with broad offering in various industries with long-term key account relationships

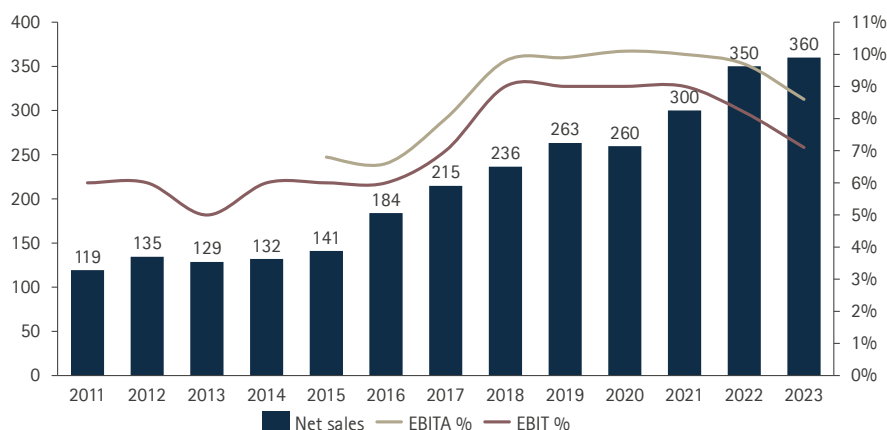
Based on our analysis, Etteplan benefits from both its extensive range of services and presence across multiple industries. The company's engineering, digital, and documentation solutions complement each other effectively, appealing to customers who prefer a comprehensive provider capable of supporting the entire life cycle of their products or equipment. The growing trend of digitalization further reinforces Etteplan's position, as customers seek a solutions provider with both traditional engineering and design expertise, as well as embedded and IoT solutions. Etteplan's longstanding presence in the market has facilitated the establishment of strong, long-term partnerships with renowned companies that rely on its services. In addition to engineering and digital solutions, the offering supports Etteplan's technical documentation business as it is natural for customers to purchase technical documentation solutions from the company which has been designing and engineering the product or plant.

Financial performance

Profitable growth driven by inorganic & organic growth, improved operational efficiency and managed services

Etteplan's revenue has grown considerably in the past five years, from EUR 263 million in 2019 to EUR 360 million in 2023, showing a compound annual growth rate of around 8%. Two-thirds of the growth is attributable to acquisitions and one-third to organic growth. Over the last five years, the company's organic growth averaged approximately 3%, while its inorganic growth averaged 6% per annum. The COVID-19 pandemic caused a 1.4% decline in the company's total sales in 2020, which is the only year during the last five years when the company experienced a decrease y/y in total revenue. Etteplan's growth has also been profitable, the company's EBITA margin has hovered around 10% during the last five years, which is close to the company's target margin of over 10%. The profitability improved drastically during 2017-2018 as the market improved and the company's operational efficiency moved to a new level. In addition to improved operational efficiency, Etteplan has been able to increase its share of managed services from 53% in 2016 to 68% in 2023 which has further enhanced the profitability.

Figure 17: Net sales in EUR m (lhs), EBITA & EBIT margin in % (rhs), 2011-2023



Source: Etteplan, Evli Research

FY 2023 proved to be a more difficult one

Driven by the weakening market environment, FY 2023 presented challenges for Etteplan. The Software and Embedded Solutions segment faced reduced client R&D activity and saw the suspension of some projects due to the weak market conditions. The Technical Communication Solutions segment also faced challenges in the softer market conditions and the acquisition of Cognitas continued to impact the segment's profitability negatively. In addition to the operational weakness, Etteplan's Q1 2023 was burdened by NRIs. Due to the weak H1 2023, the company specified its guidance in connection with the Q2 result. In September, Etteplan issued a profit warning as the market environment weakened, in particular, the demand of consumer product manufacturing customers weakened in the Technical Communication Solutions service area in Central Europe. Etteplan gave a second profit warning in January 2024, as its operating profit fell short of the lower end of the guidance range by approximately 2% (actual EUR 25.5m vs. guidance range lower end of EUR 26m). The main drivers for the guidance miss were that the demand situation did not improve during the Q4 and Etteplan faced larger-than-expected number of holidays taken at Christmas time. In addition, the result was weakened by corrections in cost bookings.

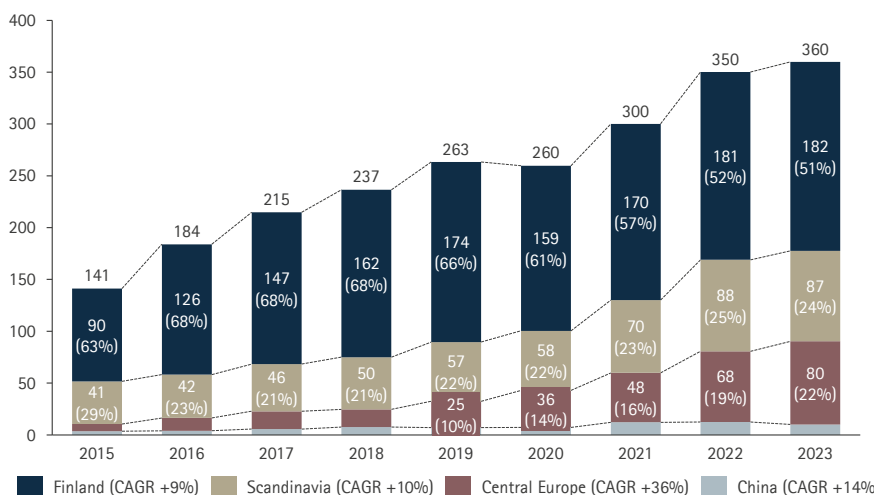
Q1/24 was a step into right direction

Net sales in Q1 were EUR 97.1m (Evli est. EUR 98.6m, EUR 95.0m in Q1/23), revenue increased 2.3% y/y, only slightly below our estimate. EBIT amounted to EUR 6.7m (Evli est. EUR 7.3m, EUR 6.3m in Q1/23), at a margin of 6.9%. While the EBIT missed our estimates slightly, the direction was as expected. The Engineering Solutions service area missed our estimates as the company's organic sales declined more than we estimated coupled with operational efficiency issues in Germany. On the positive side, the company is starting to see the first signs of improved investment activity in the European markets. The investments typically start with product development, affecting the company's Software and Embedded and to some extent Engineering Solutions service areas. Unsurprisingly the demand situation in the defense industry, the energy industry and electrification remained at a high level during the first quarter while other areas still showed weak demand.

Revenue

Etteplan's revenue consists of project deliveries and engineering and design outsourcing services provided for customers in various industries. The company's revenue is divided into three operating segments: Engineering Solutions, Embedded and Software Solutions and Technical Communication Solutions. Engineering Solutions is the largest segment with 56% of total sales, while Software and Embedded comprise 24% and Technical Communication 20%. Roughly half of the company's revenue comes from Finland, one fourth from Scandinavia, one fifth from CE and under 5% from China. The largest customer group by revenue is Industrial Machinery and Equipment, other large customer sectors include Forest, Pulp & Paper, Energy and Automotive & Transport. Etteplan uses various delivery models such as consultancy service model, project model and managed service model. In the traditional consultancy service model, the client pays for the hours, in managed services, Etteplan executes work orders based on a predefined scope of work.

Figure 18: Revenue development 2015–2023 by geography, in EUR m



Source: Etteplan, Evli Research

The portion of revenue outside of the Nordics has increased from 8% in 2015 to 25% in 2023

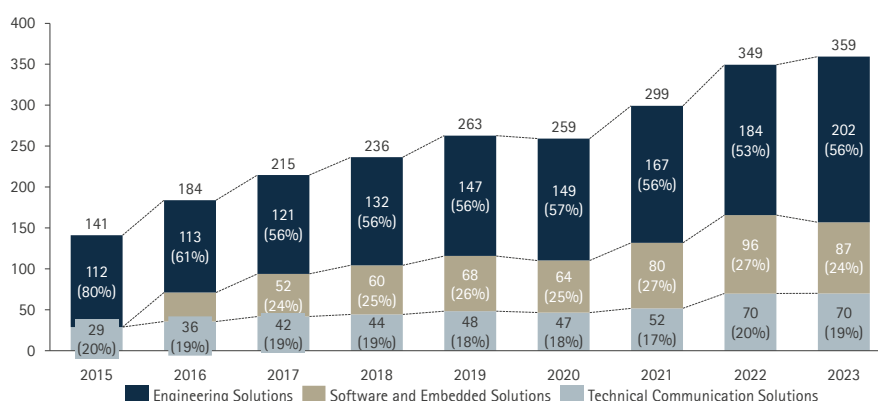
Growth has been rapid outside the Nordics

Etteplan has grown at roughly 12% CAGR during 2015–2023 from total revenue of EUR 141m in 2015 to EUR 360m in 2023, roughly two thirds of the total growth have come from inorganic growth. During the period, the share of Engineering Solutions of total sales has decreased from 80% in 2015 to 56% in 2023. The share of Technical Communication Solutions has remained at close to 20% throughout the period. In 2016, Etteplan established a third service area, Software and Embedded Solutions through the acquisitions of Espotel Oy and Soikea Solutions Oy. The share of Software and Embedded Solutions has increased from 19% in 2016 to 24% in 2023. Etteplan has focused on

international growth as the percentage of sales from Finland has decreased to 51% in 2023 while it was 63% in 2015. The company's target is to have over 55% of revenue from outside Finland in 2024. The growth outside Finland has come mainly from Central Europe as the share of sales from Central Europe has increased to 22% in 2023 from just 5% in 2015 with CAGR of 36%. Etteplan has made multiple acquisition in the Netherlands, Germany and Poland to boost the Central European growth, the company's largest acquisitions in Central Europe during the recent years have been Cognitas GmbH, EMP Engineering Alliance, Tegema and Skyrise.tech.

Figure 19: Revenue development 2015-2023 by segment, in EUR m

The portion of revenue from Engineering Solutions has decreased from 80% in 2015 to 56% in 2023

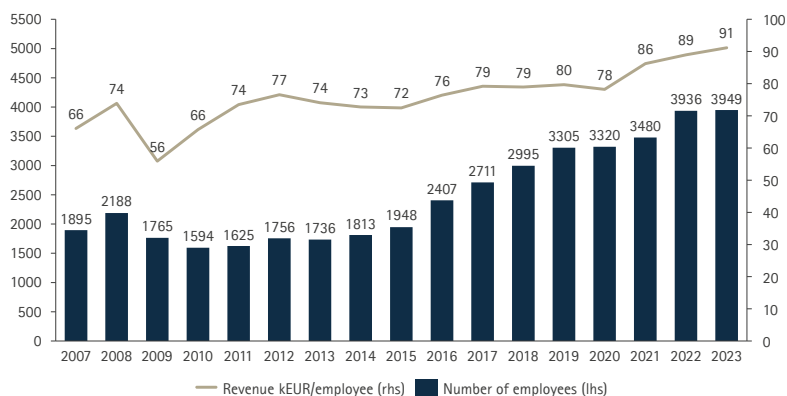


Source: Etteplan, Evli Research

Growth has been driven by organic and inorganic headcount growth and improved revenue per employee efficiency

Etteplan's primary enabler of sales and growth is its workforce. In 2023, Etteplan employed 3,949 employees on average. From the end of 2014, when the company had 1859 employees, it has more than doubled its headcount over the period 2015-2023. Of the 2,092 employees recruited during this time, roughly two thirds, or 1,400, were obtained through acquisitions. Half of the employees work in Finland, roughly 20% in both Scandinavia and Central Europe and rest in China. Half of the company's workforce are aged between 20-39 and over 80% have a university degree. Etteplan's revenue per employee has improved from roughly EUR 72k per employee in 2015 to EUR 91k in 2023. There are multiple reasons for the improved efficiency; the market has been favorable which has boosted the billable hours development, the company has increased the use of subcontractors, and the share of managed services has increased which has led to better control of internal resources and improved allocation of workforce.

Figure 20: Revenue per own employee (kEUR per employee, rhs) and average number of employees (lhs) 2007-2023



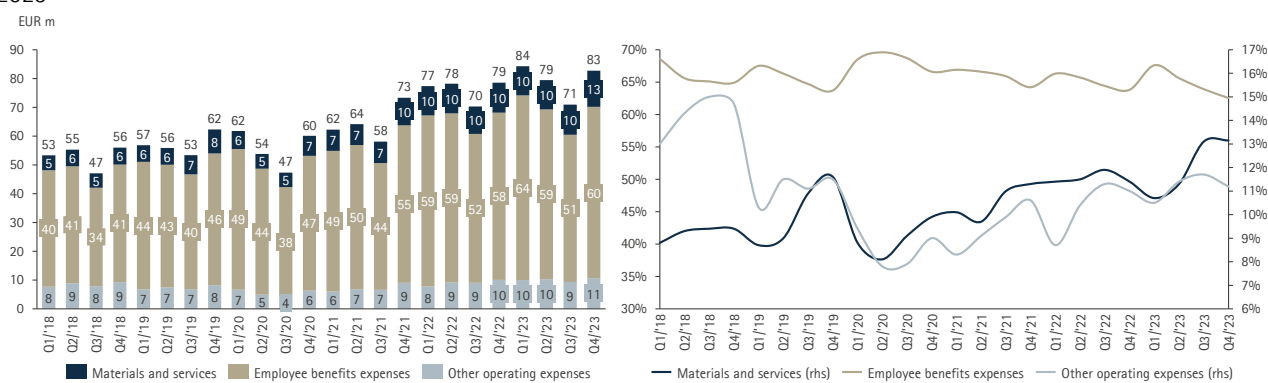
Source: Etteplan, Evli Research

Profitability

Etteplan's largest cost item is employee expenses

In 2023, employee costs constituted the greatest portion of operating costs, accounting for approximately three quarters of the total operating costs. The second largest item is materials and services which was approximately 14% of total operating costs in 2023. Materials and services costs include materials and services purchased from other companies. Other operating expenses, comprising roughly 13% of total operating costs in 2022, are only marginally smaller than materials and services. Notable items in this category included software and telecommunications, travel, and voluntary personnel expenditures. In terms of cost trends as a percentage of revenue, staff expenses have declined from 72% in 2015 to 65%. Conversely, the proportion of materials and services costs to total revenue doubled from 6% in 2015 to 12% in 2023.

Figure 21: Operating costs in EUR m (left) and operating costs as percentage of revenue (right), by category, quarterly, 2018-2023



Source: Etteplan, Evli Research

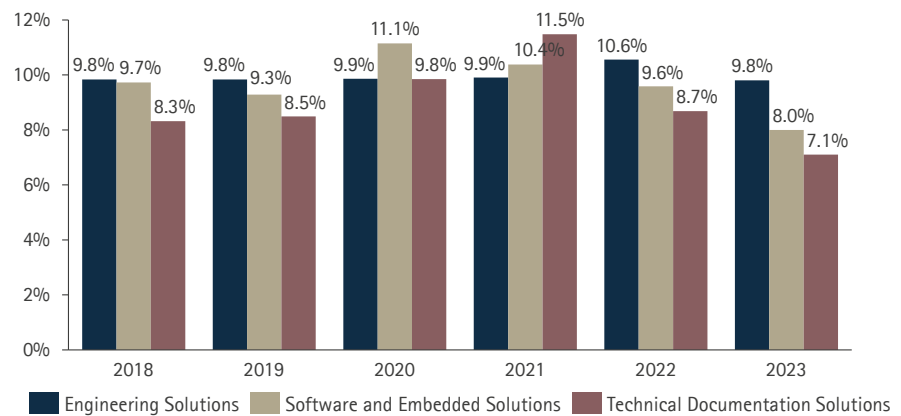
Profitability of Engineering Solutions has stayed at a good level, while the profitability of other segments has been more volatile

Etteplan has been able to improve its Engineering Solutions segment profitability steadily towards the long-term EBITA-% target. In 2023, the development took a slight step back as the demand for customers' delivery related project engineering decreased in the latter part of the year, in addition, the segment suffered from challenges in certain projects in Central Europe and weakened market situation in China. Etteplan's Software and Embedded Solutions and Technical Communication Solutions segments have had more volatile profitability development during recent years. In Software and Embedded Solutions, the company's profitability peaked in 2020 as the segment had record profitability of 11.1% EBITA-margin. In 2023, the company's Software and Embedded Solutions segment reached EBITA-% of 8.0%, down from 9.6% in 2022. The primary cause of reduced profitability was the weak performance in the first half of 2023, which was driven by an increase in general costs and delays or postponements in the company's projects and exceptional items during the first quarter. Also, the Technical Communication Solutions segment's profitability weakened during 2023 as the EBITA-margin decreased from 8.7% in 2022 to 7.1% in 2023. The main driver behind the weakened profitability was the weakened market environment, especially in Central Europe where the company's consumer product manufacturing customers faced a tough market. As well as a weak market situation, the segment's profitability is still affected by the Cognitas acquisition.

Improved pricing dynamics and utilization rates have contributed to higher margins

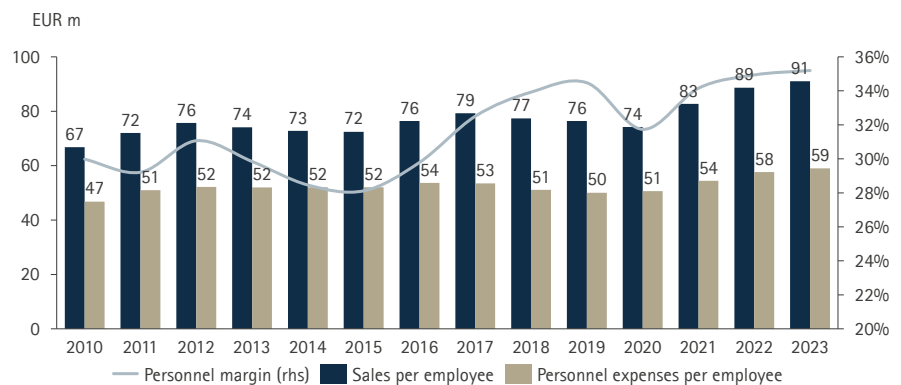
Similarly to the improved sales per employee dynamic, Etteplan's improved margins can be attributed to higher utilization rates and enhanced efficiency. The company's profitability experienced a significant boost in 2018, as the EBIT margin rose from 8% in the previous year to 9.3%. In addition to operational efficiency, the increased portion of managed services of total sales and favorable market conditions in recent years have also contributed to the company's profitability. Etteplan's personnel margin has improved steadily throughout the company's recent history reaching 35% during 2023.

Figure 22: Annual EBITA margin by segment, 2018-2023, in percentage



Source: Etteplan, Evli Research

Figure 23: Sales and expenses per own employee (average during the FY, lhs) in k EUR and personnel margin (rhs) development in percentage, 2010-2023

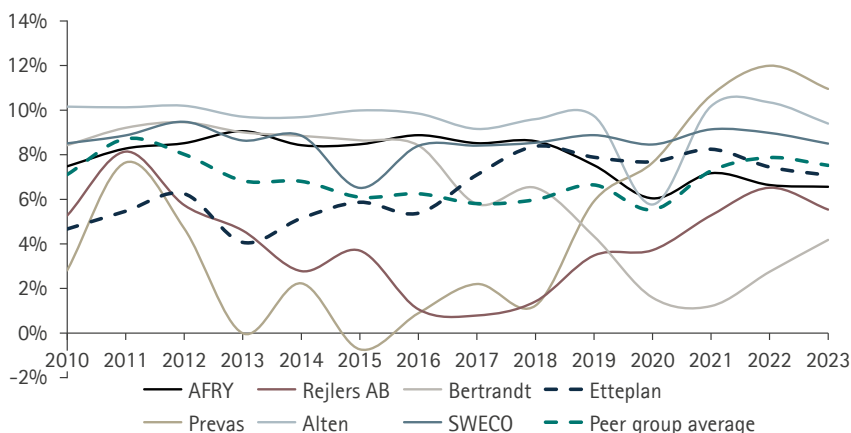


Source: Etteplan, Evli Research

The peer group average EBIT-margin has hovered around 6-8% from 2010 to 2022. As a result of Etteplan's improved operational performance, the company's EBIT-margin climbed above the peer group average during 2017-2021. With slightly softer performance during 2022-2023, Etteplan's profitability has been at a touch lower level when compared to peers. Prevas had the highest EBIT-margin of Etteplan's competitors in 2023. Prevas has improved its profitability drastically during the recent years as its EBIT margin has improved from low single-digit level to above 10%, the turnaround is a result of a transformation programme which has focused on decentralization of the organization. In addition to Prevas, only Alten and Sweco had higher EBIT margin in 2023 when compared to Etteplan.

Figure 24: EBIT margin %, publicly listed peer companies, 2010-2023

The EBIT margin of the peer group has hovered within the range of 6-8% from 2010 to 2023



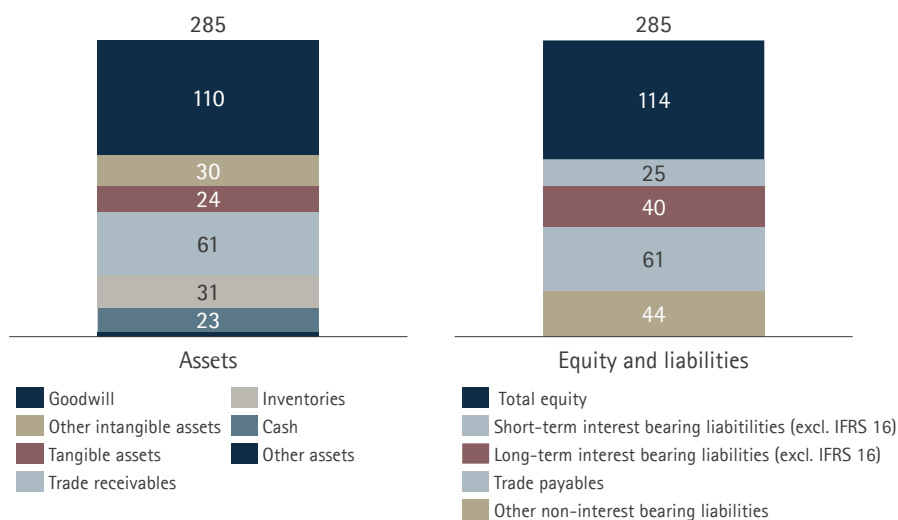
Source: Factset, Evli Research

Balance sheet

Business model requires limited amount of investments

The company's business model requires a limited amount of tangible investments per year. The single largest balance sheet item for the company is goodwill, which was roughly 40% of Etteplan's total assets at the end of 2023. The goodwill is a result of the numerous acquisitions the company has conducted during the years. In 2022, the company acquired multiple companies and the two of the largest acquisitions, Cognitas and Syncore formed roughly EUR 14m of the total goodwill. In 2023, the company acquired LAE Engineering and High Vision Engineering which resulted in EUR 4m additional goodwill related to the technical know-how of the acquiree's personnel and the synergies arising from the acquisitions. The second largest asset item for the company is trade receivables which comprised roughly 20% of Etteplan's total assets at the end of 2023. At the end of 2023, the company had EUR 65m of interest-bearing current and non-current liabilities (excl. lease liabilities), down from EUR 69m at the end of 2022.

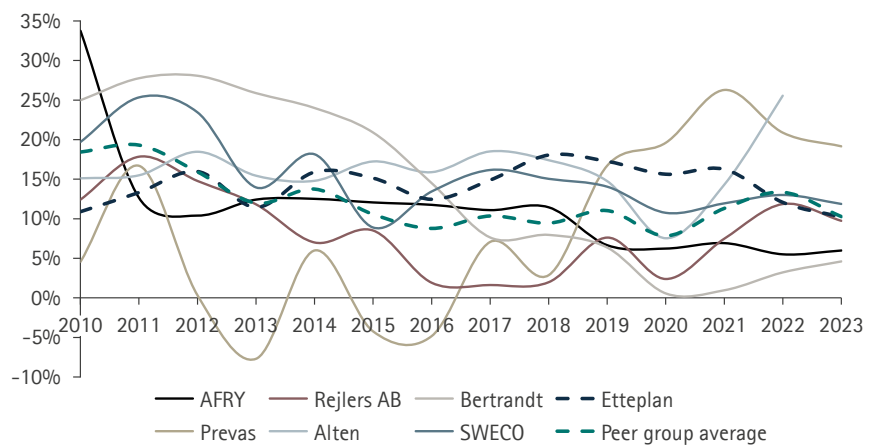
Figure 25: Balance sheet, in EUR m, at the end of 2023



Source: Etteplan, Evli Research

Limited capital needs coupled with improved margins have led to relatively strong ROIC

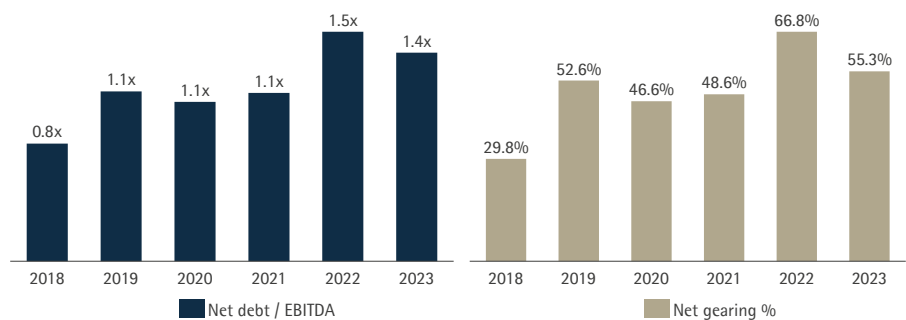
Figure 26: Return on invested capital, publicly listed peer companies, 2010-2023



Source: Factset, Evli Research

Etteplan had EUR 86.6m of interest-bearing debt (incl. leases) at the end of 2023 (EUR 90.6m at the end of 2022), with nearly EUR 23.4m (EUR 19.6m) cash position, the net debt came in at EUR 63.2m (EUR 71m). The lower net debt was due to continued good cash generation and lower amount of acquisition when compared to FY 2022. The company's net debt increased over 47% y/y during 2022, the increase was attributable to the four new acquisitions, Cognitas, Syncore, LCA and DDCom during 2022. Due to increased interest-bearing debt and lower cash holdings, the company's leverage ratios such as net debt/EBITDA and net gearing % were also higher in 2022. The net gearing was at 55% at the end of FY 2023, which is still well inside the parameters as the company aims to keep the ratio within 30-100%.

Figure 27: Net debt/EBITDA (lhs), Net gearing % (rhs), 2018 – 2023



Source: Etteplan, Evli Research

Estimates

FY 2024 guidance was in line with our prior estimates

FY 2023 was challenging for the company as it gave two profit warnings driven mainly by the weaker than expected market development. Prior to the Q4 2023 earnings release, our FY 2024 estimates for revenue and EBIT were EUR 380.5m and EUR 30.2m respectively. In connection with Q4 earnings release, Etteplan gave its numerical guidance for FY 2024:

- Revenue is estimated to be EUR 375-415m (2023: EUR 360.0m).
- EBIT EUR 28-34m (2023: EUR 25.5m)

The guidance middle points towards revenue of EUR 395m and EBIT of EUR 31m. Our current estimates for both revenue and profitability stand slightly below the guidance middle point.

Engineering Solutions expected to grow slowly yet maintain its profitability in 2024E

Etteplan's legacy business Engineering Solutions kept on delivering solid growth and profitability amid difficult market conditions during FY 2023. We anticipate that the segment will keep performing well in 2024E as its growth will be slightly boosted by the acquisition of LAE Engineering in 2023. We still estimate only moderate organic growth, especially for H1 as we expect no sudden improvement in the demand picture after the slower Q1. On the other hand, we estimate organic growth to pick up slightly during the second half of 2024. In terms of profitability, we expect similar profitability when compared to last year driven by profitability measures taken in 2023 despite slower growth expected for 2024.

Software and Embedded solutions to grow inorganically in 2024E

For Software and Embedded Solutions, we expect stronger growth throughout FY 2024. Organic growth is supported by the rather weak comparison period and slowly improving demand for software and product development projects while the acquisitions of High Vision Engineering in September, STRONGIT in January and AFFRA AB in May will boost the inorganic growth throughout the year. The segment had already a strong start to the fiscal year in Q1 in terms of profitability as EBITA margin improved to 9.1% (6.8% Q1/23). We anticipate a clear improvement y/y in EBITA % to 9.6% (8.0% in 2023) as we foresee y/y improvement continuing to Q2 which was relatively weak in 2023 driven by the soft market environment.

Expecting self-help to improve margins for Technical Communication Solutions in 2024E

Similarly to Engineering Solutions, we expect Technical Communication Solutions to continue to suffer from a weak market in Q2 while growth is expected to pick up in H2, especially due to a weaker comparison period. Etteplan has not carried out any acquisitions during 2023 or early 2024 which would support the segment's growth further. Despite relatively conservative growth estimates for the segment in 2024, we expect a significant improvement in profitability from 7.1% EBITA in 2023 to 8.4% in 2024. The main drivers behind the margin improvement are the measures to improve the service area's operational efficiency which have already proved successful during Q4/23 and Q1/24. We see it likely that relatively soft market development especially in Europe will keep affecting the segment's profitability and therefore while improving, the margin levels are still substantially lower than the potential in 2024.

Profitable growth estimated to continue in 2025E

For 2025-2026E we expect growth to continue albeit at a slower rate. Our estimates do not include inorganic growth except for 2025E where a small amount of inorganic growth is expected to materialize from the acquisition of AFFRA AB in 2024. We now estimate net sales of EUR 402m for 2025E with y/y growth of approximately 4%. Growth is expected to be driven by Software and Embedded and Technical Communication Solutions. In terms of profitability, we estimate EBITA margin to climb to 9.7% in 2025E as we expect improved profitability especially for the Technical Communication Solutions segment.

Long-term case remains attractive

We think the company's >10% EBITA margin goal is realistic in the long term as Etteplan has already demonstrated its ability to achieve EBITA margins of 10% previously. We now estimate that Etteplan will reach the target in 2026E. We believe that, particularly for Technical Communication Solutions, the margins are currently low and do not reflect the business area's long-term prospects. In our opinion, Technical Communication should attain higher margins compared to the company's legacy Engineering Solutions business area in a more normal market situation. However, we still see somewhat limited opportunities to improve profitability significantly beyond the 10% EBITA mark. Reflecting this, our long-term estimates beyond 2026E are based on slightly above 10% long-term EBITA margin.

Strong cash flow enables generous dividend payout and/or further acquisitions

Etteplan's business model requires a limited amount of capital which leads to good cash flow generation ability and relatively strong returns on capital. We expect the company to distribute 50% of its earnings as dividends going forward. The company also has a solid financial position that allows it to pursue growth-enhancing acquisitions that are not included in our forecasts. However, we note that the engineering services market is undergoing consolidation, and many players are actively looking for suitable targets to complement organic growth. Etteplan has been among the active acquirers, and we assume this will continue in the future.

Table 3: Estimate overview

Etteplan	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	350.2	95.0	89.8	80.0	95.2	360.0	97.1	98.0	88.6	102.7	386.4	402.3	412.2
<i>sales growth %</i>	16.7%	6.0%	0.7%	-0.4%	4.6%	2.8%	2.3%	9.1%	10.8%	7.9%	7.3%	4.1%	2.5%
EBITA	33.9	7.6	7.4	6.3	9.6	30.9	8.2	9.0	8.2	10.4	35.7	39.1	41.7
<i>EBITA margin</i>	9.7%	8.0%	8.3%	7.9%	10.0%	8.6%	8.4%	9.2%	9.2%	10.1%	9.2%	9.7%	10.1%
EBIT	28.6	6.3	6.1	5.0	8.2	25.5	6.7	7.6	6.8	9.0	30.1	33.4	36.0
<i>EBIT margin</i>	8.2%	6.6%	6.8%	6.2%	8.6%	7.1%	6.9%	7.8%	7.7%	8.7%	7.8%	8.3%	8.7%
NRIs	-1.0	-0.9	-0.4	-0.2	-0.2	-1.7	-0.2				-0.2	0.0	0.0
EBIT (excl. NRIs)	29.7	7.2	6.5	5.2	8.4	27.2	6.9	7.6	6.8	9.0	30.3	33.4	36.0
<i>-margin</i>	8.5%	7.5%	7.2%	6.5%	8.8%	7.6%	7.1%	7.8%	7.7%	8.7%	7.8%	8.3%	8.7%
Engineering Solutions	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	183.7	51.7	51.0	45.1	54.6	202.4	52.3	53.3	47.3	57.4	210.3	216.6	221.0
<i>sales growth %</i>	9.7%	10.7%	10.4%	7.6%	11.7%	10.2%	1.1%	4.5%	5.0%	5.0%	3.9%	3.0%	2.0%
EBITA	19.4	4.9	5.2	3.9	5.9	19.9	4.7	5.2	4.7	6.0	20.6	22.1	22.5
<i>EBITA margin</i>	10.6%	9.5%	10.3%	8.6%	10.8%	9.8%	9.0%	9.8%	10.0%	10.4%	9.8%	10.2%	10.2%
Software and Embedded Solutions	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	95.9	23.9	21.2	19.2	22.6	86.9	26.3	26.8	24.4	26.4	103.8	110.6	113.9
<i>sales growth %</i>	19.7%	-3.0%	-15.4%	-12.5%	-6.9%	-9.4%	10.1%	26.0%	27.0%	17.0%	19.5%	6.5%	3.0%
EBITA	9.2	1.6	1.1	2.0	2.2	6.9	2.4	2.5	2.4	2.7	10.0	10.8	11.6
<i>EBITA margin</i>	9.6%	6.8%	5.3%	10.4%	9.6%	8.0%	9.1%	9.2%	10.0%	10.2%	9.6%	9.8%	10.2%
Technical Communication Solutions	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	69.8	19.2	17.4	15.5	17.8	70.0	18.5	17.7	16.7	18.7	71.6	74.4	76.7
<i>sales growth %</i>	35.2%	6.0%	-1.5%	-5.0%	0.9%	0.2%	-3.7%	1.5%	7.5%	5.0%	2.3%	4.0%	3.0%
EBITA	6.1	1.2	1.4	0.7	1.7	4.9	1.4	1.6	1.3	1.9	6.0	7.1	8.4
<i>EBITA margin</i>	8.7%	6.0%	8.1%	4.5%	9.4%	7.1%	7.3%	8.8%	7.5%	10.0%	8.4%	9.5%	11.0%

Source: Etteplan, Evli Research estimates

Valuation

BUY (prev. HOLD) with a TP of EUR 14.5

With only slight adjustments to our estimates, we retain our TP at EUR 14.5 while upgrading our rating to BUY (prev. HOLD). Etteplan is currently trading below its historic multiple levels and the main peer group. We argue that given its above-average margins, capital efficiency, and strong cash flow generation capacity, the company should trade at a slight premium when compared to the peer group. In addition, our DCF implies a discount of nearly 30% to fair value at the current market price. While the market presents some challenges in the short term, the company is seeing some preliminary signs of an improved market ahead. We see the recent share price decline as a buying opportunity.

Trading below its historic multiple levels and main peer group

Based on historic median FWD P/E and EV/EBITDA, the company is currently trading below the five-year median level. The valuation has neutralized from the high levels witnessed especially during 2021. The five-year historic median for the company's FWD P/E stands at roughly 16x and EV/EBITDA at 8.5x respectively. On our estimates, the company trades at 2024E adj. P/E of roughly 13x and EV/EBITDA of 8x. We consider EV/EBITDA as a relevant multiple when comparing the company to Etteplan's peer companies as it excludes the effects of PPA amortizations. The company has been historically priced roughly at par or at a slight premium when compared to the peer group on EV/EBITDA basis. Following the recent drop in share price, the premium relative to the peer group has fallen from the ranges of 20-30% back to in line with the peers.

Figure 29: Etteplan 5-year historical 12-month FWD P/E (lhs) & EV/EBITDA (rhs)

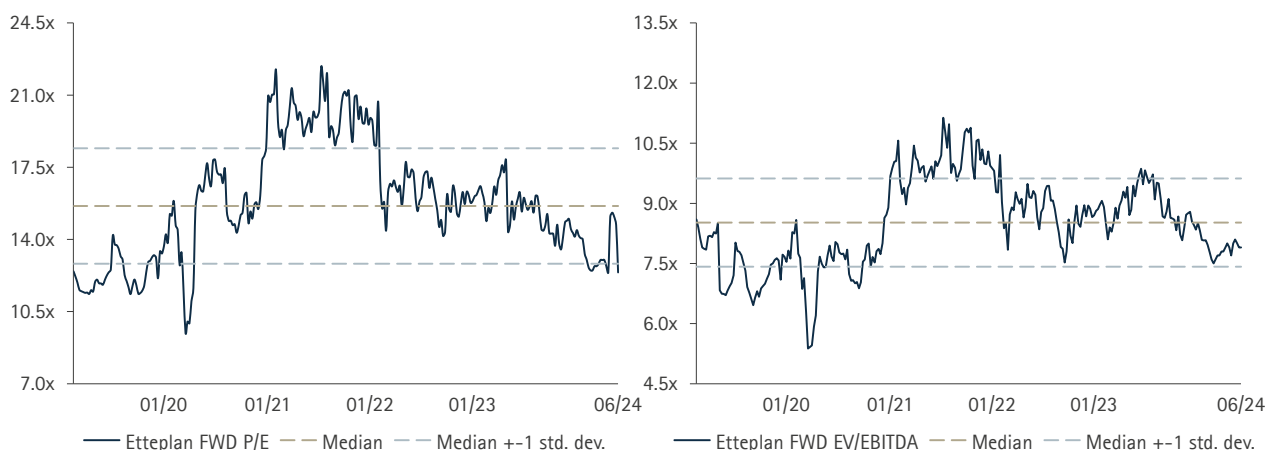
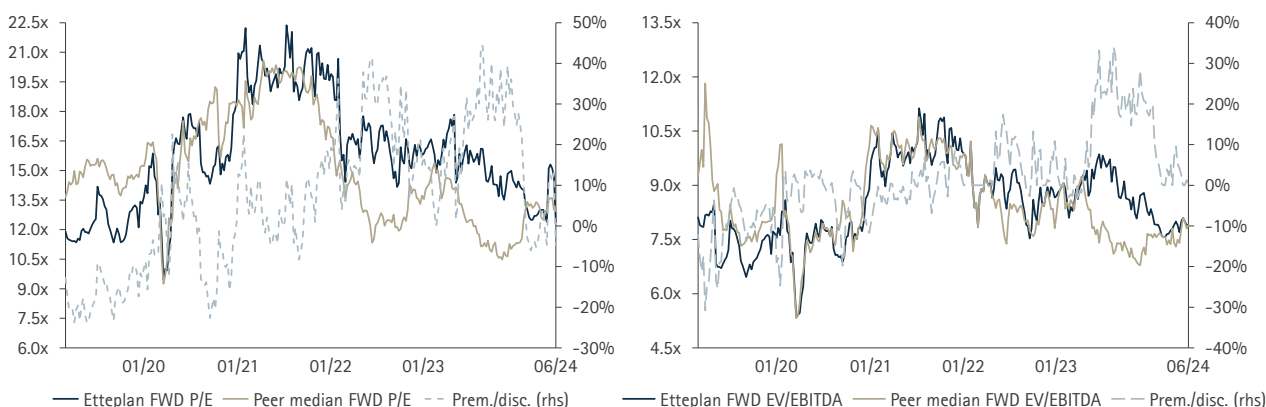
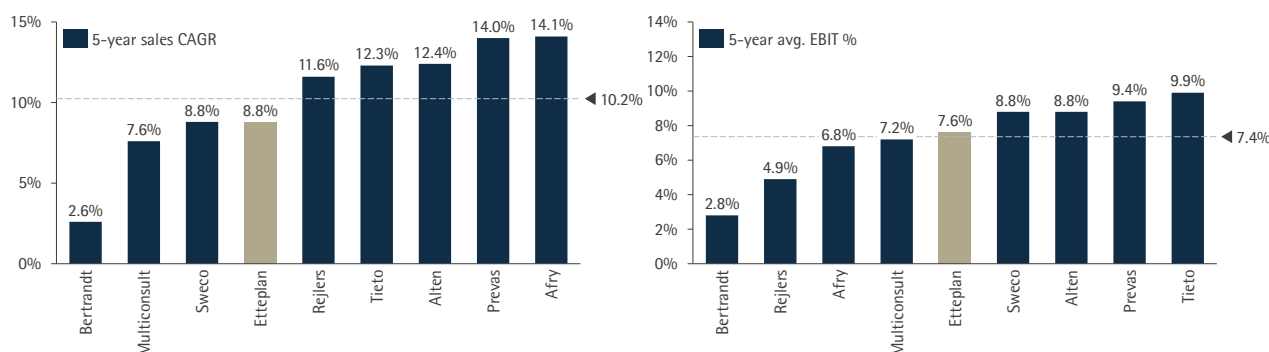


Figure 30: 12-month FWD P/E & EV/EBITDA Etteplan vs. peer group



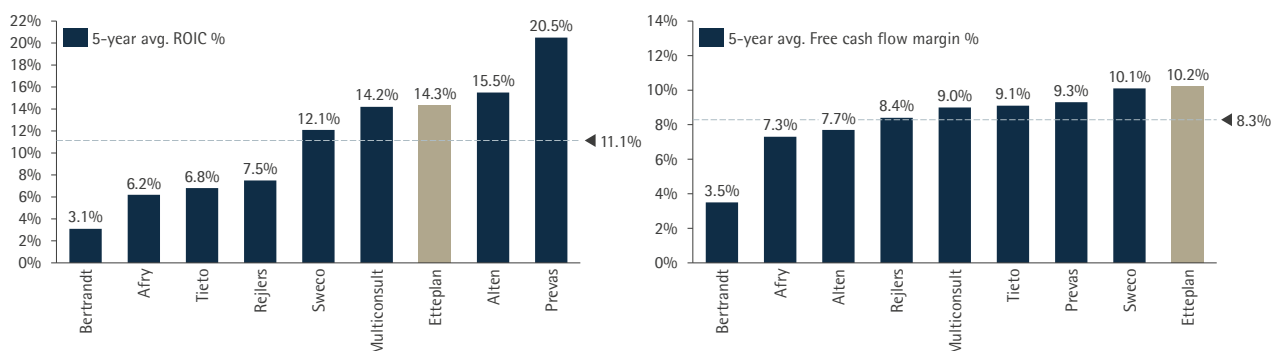
Source: Factset, Evli Research

Figure 31: 5-year sales CAGR % & 5-year avg. EBIT % Etteplan vs. Peer group



Source: Factset, Evli Research

Figure 32: 5-year avg. ROIC % & 5-year avg. FCF margin % Etteplan vs. Peer group

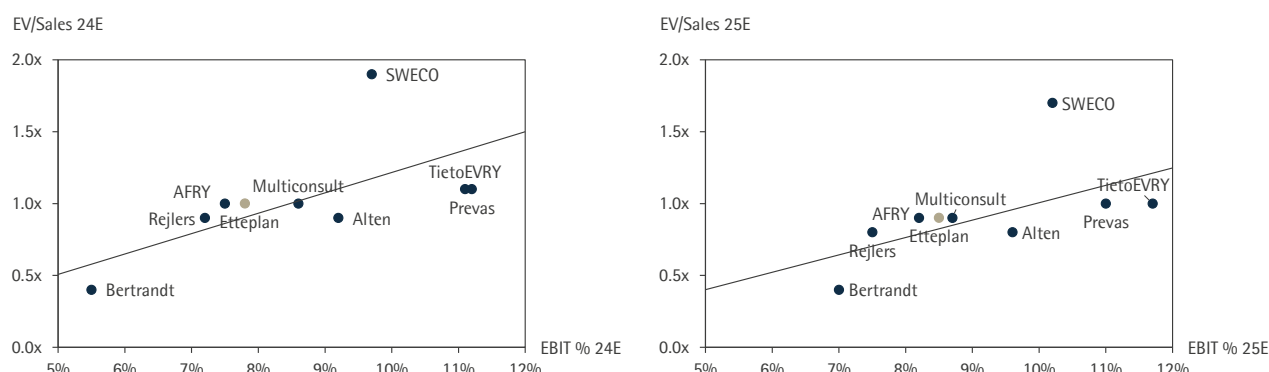


Source: Factset, Evli Research

Slight premium justified with above average performance

The peer group's 5-year revenue CAGR averages 10% while Etteplan's growth has been slightly lower compared to its main peers. In terms of profitability, Etteplan outperforms the average peer slightly with a 5-year average EBIT % of 7.6% compared to 7.4% for the average peer. Given its above-average margins, capital efficiency, and strong cash flow generation capacity, both Etteplan's ROIC % and free cash flow margin % have exceeded the peer group average over the past five years.

Figure 33: EV/Sales vs. EBIT % for 2024E & 2025E



Source: Factset, Evli Research

Trades at a discount to fair value on our estimates

We base our valuation of Etteplan on the company's own historic multiple levels and relative peer group multiples, additionally our DCF implies a notable discount to fair value from the current price levels. We model Etteplan reaching 8.8% EBIT margin in 2027E with net sales of EUR 423m resulting in EBIT of EUR 37m. In terms of EBITA, our long-term profitability estimates imply a margin of roughly 10.3%. As earlier mentioned, the company's EBITA-margin target is to reach a margin of over 10%. We see the target realistic while we continue to wait for further evidence on the company's ability to improve its profitability drastically over the 10% mark. With WACC of 8.8%, our DCF points towards a fair value of approximately EUR 16.7 per share, considerably higher than the current market pricing.

Table 4: Peer group

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			EV/Sales		
		24	25	26	24	25	26	24	25	26	24	25	26
SWECO	4750	15.3x	14.1x	13.0x	20.1x	18.2x	16.6x	25.3x	22.3x	20.2x	1.9x	1.8x	1.6x
AFRY	1879	8.8x	8.0x	7.4x	12.6x	11.1x	9.9x	15.0x	12.6x	11.0x	1.0x	0.9x	0.8x
Alten	3913	8.3x	7.6x	7.2x	10.1x	9.1x	8.6x	13.2x	11.9x	11.0x	0.8x	0.7x	0.7x
Bertrandt	364	4.4x	3.6x		7.9x	5.8x		8.2x	5.8x		0.4x	0.3x	
Multiconsult	366	7.6x	7.2x	6.7x	11.9x	11.1x	10.4x	13.5x	12.5x	11.7x	1.0x	0.9x	0.8x
TietoEVRY	2155	6.6x	6.3x	6.1x	9.6x	8.8x	8.3x	9.0x	8.1x	7.6x	1.0x	1.0x	1.0x
Rejlers AB	297	7.8x	7.4x	6.9x	12.5x	11.5x	10.6x	13.4x	12.0x	11.1x	1.7x	1.6x	1.5x
Prevas	151	7.8x	7.7x	6.8x	9.8x	9.7x	8.4x	13.8x	12.9x	11.1x	1.0x	1.0x	0.9x
Peer Group Average	1960	8.3x	7.8x	7.9x	11.8x	10.8x	10.7x	13.9x	12.2x	12.1x	1.1x	1.0x	1.1x
Peer Group Median	1879	7.8x	7.4x	7.2x	11.0x	10.1x	9.9x	13.3x	12.2x	11.0x	1.0x	0.9x	0.8x
Etteplan (Evli est.)	350	7.8x	7.0x	6.5x	10.9x	9.6x	8.7x	13.0x	11.4x	10.4x	1.0x	0.9x	0.9x

Etteplan prem./disc. to peer median

-0.6% -5.3% -10.1% -0.6% -4.6% -12.1% -2.4% -6.3% -6.3% 3.1% 4.4% 4.1%

Multiples adjusted for NRIs & PPA amortization

Source FactSet, Evli Research

Investment risks

Cyclicality of the customer end-markets	<p>Etteplan has become a strategic partner for several blue-chip corporations in Finland and abroad. In addition to international blue-chip companies, the customer base includes start-ups operating in various industries. Etteplan services companies in various industries such as industrial machinery and equipment manufacturing, pulp & paper, automotive and energy among others. Etteplan's customer companies end-markets are prone to market cycles which naturally affects also the demand of Etteplan's services. The market risk is alleviated by the fact that Etteplan's customers operate in various industries and that Etteplan has formed long-term strategic partnerships with the customer companies. Additionally, the company's service mix alleviates the cyclicality, the company's engineer-to-order and plant engineering services are typically more late cyclical when compared to R&D driven Software and Embedded services.</p>
Customer retention	<p>Etteplan doesn't have customers that make up more than 10% of the company's revenue yet the size of a single customer can be significant for a particular segment or geography. Customer retention regarding the most important clients such as Valmet is important for Etteplan's volumes.</p>
Employee retention	<p>Etteplan's primary enabler of sales and growth is its workforce. At the end of 2022, the number of people employed at Etteplan was 3,951. From the end of 2014, when the company had 1,859 employees, it has more than doubled its headcount over the period 2015-2022. Naturally, personnel are one of the key elements of the company's strategy. Etteplan aims to maintain, develop, and attract talented employees. Ultimately, if Etteplan is not able to have the best people working for them, it can lead to lost customers and market share as the company's services are not seen as attractive.</p>
Acquisitions	<p>Etteplan is focused on achieving substantial revenue growth through both organic and inorganic means. In recent years, Etteplan has significantly increased its number of bolt-on acquisitions, having already acquired over 10 companies since 2020. According to our calculations, roughly 2/3 of the company's revenue growth during recent years has stemmed from M&A. Given the industry's ongoing consolidation trend, M&A presents a significant growth opportunity for Etteplan also in the future. The Cognitas acquisition serves as evidence of acquisition risks, highlighting the possibility of unexpected issues despite thorough due diligence. The Cognitas acquisition has yet to prove value as the acquisition has hindered the development of Etteplan's Technical Communication Solutions segment. The issues pertain to certain client contracts within the company, where the commercial terms have been found to be less than satisfactory. As M&A is in the DNA of the company, such risks can materialize in the future.</p>
Technology	<p>Etteplan functions in sectors where product and service-related technology is in a constant state of flux. As these technologies advance, they could alter the competitive landscape of the market and potentially render some of the company's knowledge and expertise outdated.</p>
Competition	<p>Etteplan operates in a competitive market with multiple local and global competitors. The company is a market leader in Finland and a notable player in Sweden and Central Europe. Based on our analysis, Etteplan benefits from its extensive range of services and presence across multiple industries. The company's engineering, digital, and documentation solutions complement each other effectively, appealing to customers who prefer a comprehensive provider capable of supporting the entire life cycle of their products or equipment. However, the company is not immune to competition and its competitive edge hinges on its capacity to anticipate future market trends and align itself in response.</p>

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	13.00 PV of Free Cash Flow	259 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	16.71 PV of Horizon value	234 WACC, %	8.8 Market risk premium, %
Share price potential, %	28.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	18.1 Marketable securities	23 Minimum WACC, %	8.3 Equity beta coefficient
Minimum value	15.5 Debt - dividend	-94 Maximum WACC, %	9.3 Target debt ratio, %
Horizon value, %	47.5 Value of stock	422 Nr of shares, Mn	25.2 Effective tax rate, %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	360	386	402	412	423	433	444	455	466	478	488	497
<i>Sales growth, %</i>	<i>2.8</i>	<i>7.3</i>	<i>4.1</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>2.5</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	26	30	33	36	37	38	39	40	41	42	43	44
<i>Operating income margin, %</i>	<i>7.1</i>	<i>7.8</i>	<i>8.3</i>	<i>8.7</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>	<i>8.8</i>
+ Depreciation+amort.	19	20	19	20	20	20	20	21	21	22	23	
EBITDA	44	50	52	56	58	58	60	61	63	64	65	
- Paid taxes	-5	-7	-7	-8	-8	-8	-9	-9	-9	-9	-9	
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>6.6</i>	<i>6.1</i>	<i>5.8</i>	<i>5.6</i>	<i>5.4</i>	<i>5.3</i>	<i>5.1</i>	<i>4.9</i>	<i>4.8</i>	<i>4.6</i>	<i>4.5</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-9	-18	-8	-9	-9	-9	-9	-9	-10	-10	-10	
<i>opCAPEX / Sales, %</i>	<i>5.5</i>	<i>7.9</i>	<i>5.0</i>	<i>5.1</i>	<i>5.1</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>4.9</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	-12	
= FCFF	31	26	37	39	40	41	42	43	44	45	35	521
= Discounted FCFF		24	32	32	30	28	26	25	23	22	16	234
= DFCF min WACC		25	32	32	30	29	27	26	24	23	16	264
= DFCF max WACC		24	32	31	29	28	26	24	23	21	15	208

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	95.0	89.8	80.0	95.2	360.0	97.1	98.0	88.6	102.7	386.4	402.3	412.2
EBITDA	11.0	10.8	9.5	13.1	44.4	11.6	12.6	11.8	14.0	50.0	51.9	56.0
<i>EBITDA margin (%)</i>	<i>11.6</i>	<i>12.1</i>	<i>11.9</i>	<i>13.8</i>	<i>12.3</i>	<i>11.9</i>	<i>12.9</i>	<i>13.3</i>	<i>13.6</i>	<i>12.9</i>	<i>12.9</i>	<i>13.6</i>
EBIT	6.3	6.1	5.0	8.2	25.5	6.7	7.6	6.8	9.0	30.1	33.4	36.0
<i>EBIT margin (%)</i>	<i>6.6</i>	<i>6.8</i>	<i>6.2</i>	<i>8.6</i>	<i>7.1</i>	<i>6.9</i>	<i>7.8</i>	<i>7.7</i>	<i>8.7</i>	<i>7.8</i>	<i>8.3</i>	<i>8.7</i>
Net financial items	-0.7	-0.9	-1.5	-1.6	-4.7	-1.1	-1.0	-1.0	-1.0	-4.1	-3.2	-2.1
Pre-tax profit	5.6	5.2	3.4	6.6	20.8	5.6	6.6	5.8	8.0	26.0	30.2	33.9
Tax	-1.2	-1.4	-0.8	-0.7	-4.2	-1.7	-1.3	-1.2	-1.6	-5.7	-6.7	-7.5
<i>Tax rate (%)</i>	<i>21.9</i>	<i>27.2</i>	<i>24.3</i>	<i>10.5</i>	<i>20.0</i>	<i>29.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>22.1</i>	<i>22.1</i>	<i>22.1</i>
Net profit	4.3	3.8	2.6	5.9	16.6	3.9	5.3	4.6	6.4	20.3	23.5	26.5
EPS	0.17	0.15	0.10	0.23	0.66	0.16	0.21	0.18	0.25	0.80	0.93	1.05
EPS adjusted (diluted no. of shares)	0.25	0.17	0.11	0.23	0.76	0.16	0.21	0.18	0.25	0.80	0.93	1.05
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.40	0.47	0.52
SALES, EURm												
Engineering Solutions	51.7	51.0	45.1	54.6	202.4	52.3	53.3	47.3	57.4	210.3	216.6	221.0
Software and Embedded Solutions	23.9	21.2	19.2	22.6	86.9	26.3	26.8	24.4	26.4	103.8	110.6	113.9
Technical Communication Solutions	19.2	17.4	15.5	17.8	70.0	18.5	17.7	16.7	18.7	71.6	74.4	76.7
Other	0.2	0.1	0.2	0.2	0.7	0.1	0.2	0.2	0.2	0.7	0.7	0.7
Total	95.0	89.8	80.0	95.2	360.0	97.1	98.0	88.6	102.7	386.4	402.3	412.2
SALES GROWTH, YYY %												
<i>Engineering Solutions</i>	<i>10.7</i>	<i>10.4</i>	<i>7.6</i>	<i>11.7</i>	<i>10.2</i>	<i>1.1</i>	<i>4.5</i>	<i>5.0</i>	<i>5.0</i>	<i>3.9</i>	<i>3.0</i>	<i>2.0</i>
<i>Software and Embedded Solutions</i>	<i>-3.0</i>	<i>-15.4</i>	<i>-12.5</i>	<i>-6.9</i>	<i>-9.4</i>	<i>10.1</i>	<i>26.0</i>	<i>27.0</i>	<i>17.0</i>	<i>19.5</i>	<i>6.5</i>	<i>3.0</i>
<i>Technical Communication Solutions</i>	<i>6.0</i>	<i>-1.5</i>	<i>-5.0</i>	<i>0.9</i>	<i>0.2</i>	<i>-3.7</i>	<i>1.5</i>	<i>7.5</i>	<i>5.0</i>	<i>2.3</i>	<i>4.0</i>	<i>3.0</i>
<i>Other</i>	<i>14.3</i>	<i>-31.3</i>	<i>10.5</i>	<i>-25.6</i>	<i>-10.2</i>	<i>-61.0</i>	<i>44.9</i>	<i>18.3</i>	<i>29.9</i>	<i>2.6</i>	<i>1.3</i>	<i>0.0</i>
Total	6.0	0.7	-0.4	4.6	2.8	2.3	9.1	10.8	7.9	7.3	4.1	2.5
EBIT, EURm												
Engineering Solutions	4.9	5.2	3.9	5.9	19.9	4.7	5.2	4.7	6.0	20.6	22.1	22.5
Software and Embedded Solutions	1.6	1.1	2.0	2.2	6.9	2.4	2.5	2.4	2.7	10.0	10.8	11.6
Technical Communication Solutions	1.2	1.4	0.7	1.7	4.9	1.4	1.6	1.3	1.9	6.0	7.1	8.4
Other	-1.5	-1.7	-1.6	-1.5	-6.3	-1.7	-1.6	-1.6	-1.6	-6.5	-6.6	-6.6
Total	6.3	6.1	5.0	8.2	25.5	6.7	7.6	6.8	9.0	30.1	33.4	36.0
EBIT margin, %												
<i>Engineering Solutions</i>	<i>9.5</i>	<i>10.3</i>	<i>8.6</i>	<i>10.8</i>	<i>9.8</i>	<i>9.0</i>	<i>9.8</i>	<i>10.0</i>	<i>10.4</i>	<i>9.8</i>	<i>10.2</i>	<i>10.2</i>
<i>Software and Embedded Solutions</i>	<i>6.8</i>	<i>5.3</i>	<i>10.4</i>	<i>9.6</i>	<i>8.0</i>	<i>9.1</i>	<i>9.2</i>	<i>10.0</i>	<i>10.2</i>	<i>9.6</i>	<i>9.8</i>	<i>10.2</i>
<i>Technical Communication Solutions</i>	<i>6.0</i>	<i>8.1</i>	<i>4.5</i>	<i>9.4</i>	<i>7.1</i>	<i>7.3</i>	<i>8.8</i>	<i>7.5</i>	<i>10.0</i>	<i>8.4</i>	<i>9.5</i>	<i>11.0</i>
<i>Other</i>	<i>-733.0</i>	<i>-1,203.6</i>	<i>-952.1</i>	<i>-995.5</i>	<i>-948.4</i>	<i>-2,229.5</i>	<i>-800.0</i>	<i>-822.0</i>	<i>-780.0</i>	<i>-965.0</i>	<i>-959.1</i>	<i>-959.1</i>
Total	6.6	6.8	6.2	8.6	7.1	6.9	7.8	7.7	8.7	7.8	8.3	8.7

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Company report

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	262.7	259.7	300.1	350.2	360.0	386.4	402.3	412.2
<i>Sales growth (%)</i>	<i>11.1</i>	<i>-1.1</i>	<i>15.6</i>	<i>16.7</i>	<i>2.8</i>	<i>7.3</i>	<i>4.1</i>	<i>2.5</i>
EBITDA	37.5	40.4	43.6	48.7	44.4	50.0	51.9	56.0
<i>EBITDA margin (%)</i>	<i>14.3</i>	<i>15.6</i>	<i>14.5</i>	<i>13.9</i>	<i>12.3</i>	<i>12.9</i>	<i>12.9</i>	<i>13.6</i>
Depreciation	-14.7	-18.0	-17.8	-20.0	-18.9	-19.9	-18.5	-20.0
EBITA	22.8	22.4	25.8	28.6	25.5	30.1	33.4	36.0
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	22.8	22.4	25.8	28.6	25.5	30.1	33.4	36.0
<i>EBIT margin (%)</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.2</i>	<i>7.1</i>	<i>7.8</i>	<i>8.3</i>	<i>8.7</i>
Reported EBIT	22.8	22.4	25.8	28.6	25.5	30.1	33.4	36.0
<i>EBIT margin (reported) (%)</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.2</i>	<i>7.1</i>	<i>7.8</i>	<i>8.3</i>	<i>8.7</i>
Net financials	-0.9	-1.3	-0.9	-6.2	-4.7	-4.1	-3.2	-2.1
Pre-tax profit	21.9	21.1	24.9	22.4	20.8	26.0	30.2	33.9
Taxes	-4.5	-4.0	-4.8	-4.2	-4.2	-5.7	-6.7	-7.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	17.4	17.1	20.1	18.2	16.6	20.3	23.5	26.5
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	30	29	32	39	36	40	40	41
Goodwill	79	84	92	105	110	115	115	115
Right of use assets	15	23	22	21	21	22	23	24
Inventory	0	0	0	1	1	1	1	1
Receivables	62	57	75	94	92	96	99	101
Liquid funds	16	24	30	20	23	25	26	27
Total assets	203	218	253	281	285	301	307	310
Liabilities								
Shareholder's equity	77	87	99	106	114	127	140	155
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	16	24	23	22	21	22	23	24
Deferred taxes	6	7	7	10	10	10	10	10
Interest bearing debt	41	40	56	69	65	64	52	38
Non-interest bearing current liabilities	61	57	66	66	67	72	75	76
Other interest-free debt	2	2	3	8	8	8	8	8
Total liabilities	203	218	253	281	285	301	307	310
CASH FLOW, EURm								
+ EBITDA	38	40	44	49	44	50	52	56
- Net financial items	-1	-1	-1	-6	-5	-4	-3	-2
- Taxes	-4	-5	-6	-5	-5	-6	-7	-7
- Increase in Net Working Capital	4	1	-10	-17	1	0	0	0
+/- Other	-4	3	1	8	0	0	0	0
= Cash flow from operations	33	38	27	28	36	40	42	47
- Capex	-13	-21	-12	-12	-20	-30	-20	-21
- Acquisitions	-21	-6	-7	-21	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-1	11	8	-4	16	10	22	25
+/- New issues/buybacks	-1	2	0	-1	0	0	0	0
- Paid dividend	-7	-9	-8	-10	-9	-8	-10	-12
+/- Other	9	4	6	4	-3	-1	-11	-13
Change in cash	0	9	6	-11	4	2	1	1

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Company report

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	323	424	366	341	328	328	328
Net debt (excl. convertibles)	41	48	71	63	61	49	35
Enterprise value	364	472	437	404	389	377	363
Sales	260	300	350	360	386	402	412
EBITDA	40	44	49	44	50	52	56
EBIT	22	26	29	26	30	33	36
Pre-tax	21	25	22	21	26	30	34
Earnings	17	20	18	17	20	24	26
Equity book value (excl. minorities)	87	99	106	114	127	140	155
Valuation multiples							
EV/sales	1.4	1.6	1.2	1.1	1.0	0.9	0.9
EV/EBITDA	9.0	10.8	9.0	9.1	7.8	7.3	6.5
EV/EBITA	16.2	18.3	15.2	15.8	12.9	11.3	10.1
EV/EBIT	16.2	18.3	15.2	15.8	12.9	11.3	10.1
EV/OCF	9.6	17.4	15.5	11.2	9.6	8.9	7.8
EV/FCFF	11.5	41.1	57.3	12.8	15.2	10.3	9.3
P/FCFE	29.2	52.6	-81.8	21.1	32.4	14.9	12.9
P/E	18.9	21.1	15.2	17.7	16.2	13.9	12.4
P/B	3.7	4.3	3.4	3.0	2.6	2.3	2.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.5	8.0	7.2
Target EV/EBIT	0.0	0.0	0.0	0.0	14.2	12.4	11.1
Target EV/FCF	0.0	0.0	0.0	0.0	42.1	18.8	15.8
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	18.1	15.6	13.8
Per share measures							
Number of shares	24,963	25,083	25,042	25,250	25,250	25,250	25,250
Number of shares (diluted)	24,963	25,083	25,042	25,250	25,250	25,250	25,250
EPS	0.68	0.80	0.73	0.66	0.80	0.93	1.05
Operating cash flow per share	1.52	1.08	1.12	1.43	1.60	1.67	1.85
Free cash flow per share	0.44	0.32	-0.18	0.64	0.40	0.87	1.01
Book value per share	3.49	3.94	4.25	4.52	5.02	5.55	6.13
Dividend per share	0.34	0.40	0.36	0.30	0.40	0.47	0.52
Dividend payout ratio, %	49.6	49.9	49.6	45.5	50.0	50.0	50.0
Dividend yield, %	2.6	2.4	2.5	2.2	3.1	3.6	4.0
FCF yield, %	3.4	1.9	-1.2	4.7	3.1	6.7	7.7
Efficiency measures							
ROE	20.9	21.6	17.7	15.1	16.8	17.6	17.9
ROCE	15.7	15.7	15.3	12.9	14.6	15.6	16.7
Financial ratios							
Inventories as % of sales	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Receivables as % of sales	21.8	24.9	26.7	25.5	24.9	24.6	24.4
Non-interest bearing liabilities as % of sales	22.1	21.8	19.0	18.5	18.5	18.5	18.5
NWC/sales, %	-0.9	2.6	7.0	6.6	6.1	5.8	5.6
Operative CAPEX/sales, %	8.1	4.0	3.3	5.5	7.9	5.0	5.1
CAPEX/sales (incl. acquisitions), %	5.9	1.7	-2.6	5.5	7.9	5.0	5.1
FCFF/EBITDA	0.8	0.3	0.2	0.7	0.5	0.7	0.7
Net debt/EBITDA, book-weighted	1.0	1.1	1.5	1.4	1.2	0.9	0.6
Debt/equity, market-weighted	0.1	0.1	0.2	0.2	0.2	0.2	0.1
Equity ratio, book-weighted	40.0	39.1	37.8	40.1	42.0	45.7	49.9
Gearing, %	46.6	48.7	66.8	55.4	47.8	34.7	22.6

Commercial Services & Supplies/Finland, June 14, 2024
Company report

COMPANY DESCRIPTION: Etteplan is a specialist in industrial equipment engineering, embedded systems and IoT and technical communication 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 communication 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 Communication 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 the weekend overall demand situation.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,670,000	216.710	66.0%
Oy Fincorp Ab	2,560,344	33.284	10.1%
Varma Mutual Pension Insurance Company	985,593	12.813	3.9%
Ilmarinen Mutual Pension Insurance Company	343,618	4.467	1.4%
Tuori Klaus	309,134	4.019	1.2%
Tuori Aino	308,275	4.008	1.2%
Elo Mutual Pension Insurance Company	262,000	3.406	1.0%
VAS Invest Oy	194,035	2.522	0.8%
Aktia Mikro Markka fund	154,048	2.003	0.6%
OP Fin Small Cap	111,436	1.449	0.4%
Ten largest	21,898,483	284.680	87%
Residual	3,351,389	43.568	13%
Total	25,249,872	328.248	100%

EARNINGS CALENDAR

August 08, 2024

Q2 report

October 31, 2024

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Juha Näkki

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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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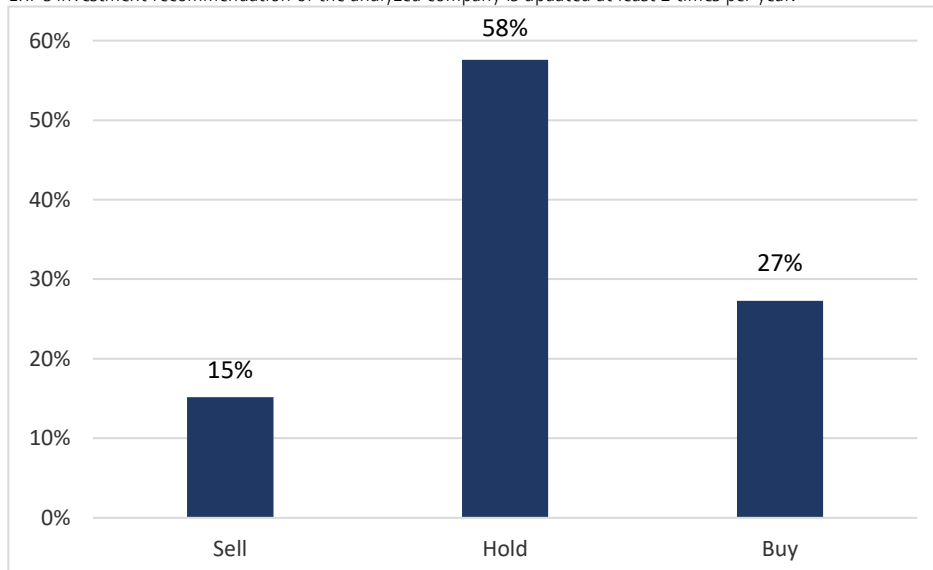
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Investment recommendations are defined as follows:

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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