

## Not in the clear just yet

Etteplan's Q2 fell short of our estimates due to continued low customer activity. While the slower H1 creates pressure to meet the specified guidance, we continue to see the long-term prospects attractive.

### Slow customer activity continued in Q2

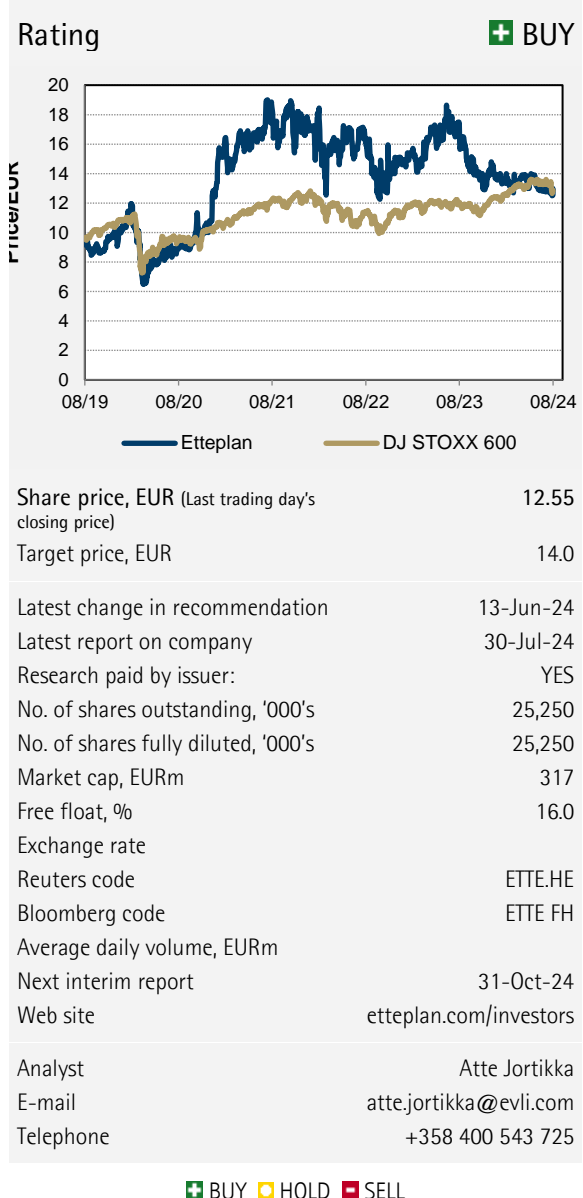
Net sales in Q2 were EUR 92.6m (Evli est. EUR 98.0m, EUR 89.8m in Q2/23), revenue increased 3.1% y/y while we expected growth of 9.1% y/y. As expected, the growth was driven by acquisitions made during the second half of last year and the first half of this year. Organic net sales declined by 3.3% and revenue from key accounts decreased by 6.9%. Generally, the main reason for the slower than estimated net sales growth was Etteplan's customers continued slower decision-making regarding new investments. Sectors such as industrial machinery, forest and metals and mining have remained challenging during 2024. For example, client order-related engineering has slowed down due to lower order intake in some of the aforementioned customer categories. With the slower than expected growth, EBIT in Q2 amounted to EUR 5.3m (Evli est. EUR 9.0m, EUR 6.1m in Q2/23), at a margin of 5.8% as the operational efficiency was at a moderate level.

### Some work to do during H2 to meet the specified guidance

With the weaker H1, the company specified its guidance: revenue in 2024 is estimated to be EUR 375–390m (prev. EUR 375–415m) and EBIT 28–30m (prev. EUR 28–34m). After adjusting our estimates, we model net sales of EUR 379.6m (prev. EUR 386m) and EBIT slightly below the revised guidance low range at EUR 27.6m (prev. EUR 30m). We expect that the market will remain quite soft during the second half. While we estimate some market headwind to persist in H2, the company's acquisitions made during 2024 will continue to drive growth for Software and Embedded coupled with the outsourcing agreements that will help Engineering Solutions.

### BUY with a TP of EUR 14.0 (prev. EUR 14.5)

Despite the weak H1/24 creating pressure in the short-term, we continue to see the long-term case attractive. Etteplan is currently priced with a discount vs. peers on our estimates for 2025–2026E. Additionally, the current pricing presents a discount to the historical multiple levels and fair value derived from our DCF.



## 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	379.6	27.6	7.3%	8.7	0.72	17.5	1.0	13.7	2.7	0.36
2025E	395.3	32.6	8.3%	21.5	0.91	13.8	0.9	11.2	6.8	0.45
2026E	405.1	35.2	8.7%	24.8	1.02	12.3	0.9	10.0	7.8	0.51
Market cap, EURm		317	Gearing 2024E, %			49.8	CAGR EPS 2023-26, %			10.3
Net debt 2024E, EURm		62	Price/book 2024E			2.5	CAGR sales 2023-26, %			4.0
Enterprise value, EURm		379	Dividend yield 2024E, %			2.8	ROE 2024E, %			15.1
Total assets 2024E, EURm		299	Tax rate 2024E, %			21.9	ROCE 2024E, %			13.4
Goodwill 2024E, EURm		115	Equity ratio 2024E, %			41.7	PEG, P/E 24/CAGR			1.2

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

Table 1: Estimate summary

Etteplan	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	350.2	95.0	89.8	80.0	95.2	360.0	97.1	92.6	87.2	102.7	379.6	395.3	405.1
sales growth %	16.7%	6.0%	0.7%	-0.4%	4.6%	2.8%	2.3%	3.1%	9.0%	7.9%	5.5%	4.1%	2.5%
EBITA	33.9	7.6	7.4	6.3	9.6	30.9	8.2	6.8	8.0	10.4	33.4	38.4	41.0
EBITA margin	9.7%	8.0%	8.3%	7.9%	10.0%	8.6%	8.4%	7.4%	9.1%	10.2%	8.8%	9.7%	10.1%
EBIT	28.6	6.3	6.1	5.0	8.2	25.5	6.7	5.3	6.6	9.0	27.6	32.6	35.2
EBIT margin	8.2%	6.6%	6.8%	6.2%	8.6%	7.1%	6.9%	5.8%	7.5%	8.8%	7.3%	8.3%	8.7%
NRIs	-1.0	-0.9	-0.4	-0.2	-0.2	-1.7	-0.2	-0.4			-0.6	0.0	0.0
EBIT (excl. NRIs)	29.7	7.2	6.5	5.2	8.4	27.2	6.9	5.7	6.6	9.0	28.2	32.6	35.2
-margin	8.5%	7.5%	7.2%	6.5%	8.8%	7.6%	7.1%	6.2%	7.5%	8.8%	7.4%	8.3%	8.7%
<b>Engineering Solutions</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23</b>	<b>Q4/'23</b>	<b>2023</b>	<b>Q1/'24E</b>	<b>Q2/'24E</b>	<b>Q3/'24E</b>	<b>Q4/'24E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Net sales	183.7	51.7	51.0	45.1	54.6	202.4	52.3	49.6	46.9	57.4	206.2	212.4	216.6
sales growth %	9.7%	10.7%	10.4%	7.6%	11.7%	10.2%	1.1%	-2.7%	4.0%	5.0%	1.8%	3.0%	2.0%
EBITA	19.4	4.9	5.2	3.9	5.9	19.9	4.7	3.9	4.5	6.1	19.1	21.7	22.1
EBITA margin	10.6%	9.5%	10.3%	8.6%	10.8%	9.8%	9.0%	7.9%	9.5%	10.6%	9.3%	10.2%	10.2%
<b>Software and Embedded Solutions</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23</b>	<b>Q4/'23</b>	<b>2023</b>	<b>Q1/'24E</b>	<b>Q2/'24E</b>	<b>Q3/'24E</b>	<b>Q4/'24E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Net sales	95.9	23.9	21.2	19.2	22.6	86.9	26.3	24.9	23.4	26.4	101.0	107.6	110.8
sales growth %	19.7%	-3.0%	-15.4%	-12.5%	-6.9%	-9.4%	10.1%	17.4%	22.0%	17.0%	16.3%	6.5%	3.0%
EBITA	9.2	1.6	1.1	2.0	2.2	6.9	2.4	1.9	2.4	2.8	9.4	10.5	11.3
EBITA margin	9.6%	6.8%	5.3%	10.4%	9.6%	8.0%	9.1%	7.6%	10.2%	10.5%	9.3%	9.8%	10.2%
<b>Technical Communication Solutions</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23</b>	<b>Q4/'23</b>	<b>2023</b>	<b>Q1/'24E</b>	<b>Q2/'24E</b>	<b>Q3/'24E</b>	<b>Q4/'24E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Net sales	69.8	19.2	17.4	15.5	17.8	70.0	18.5	17.9	16.7	18.7	71.8	74.7	76.9
sales growth %	35.2%	6.0%	-1.5%	-5.0%	0.9%	0.2%	-3.7%	2.9%	7.5%	5.0%	2.6%	4.0%	3.0%
EBITA	6.1	1.2	1.4	0.7	1.7	4.9	1.4	1.2	1.3	1.8	5.7	7.1	8.5
EBITA margin	8.7%	6.0%	8.1%	4.5%	9.4%	7.1%	7.3%	6.8%	8.0%	9.5%	7.9%	9.5%	11.0%

Source: Etteplan, Evli Research estimates

Expecting improvement especially for H2/24 backed by the positive market comments

The company's remarks in the Q1 report were cautiously optimistic about market conditions, particularly outside Finland and for R&D projects, yet the market proved to be even tougher in Q2. While this caught us by surprise, the development is in line with the latest industry report from Technology Industries of Finland which shows that the order backlog of Finnish technology companies has kept declining throughout the first half of the year. Etteplan still expects that the demand situation will improve to a good level during the latter part of the year. This is driven by, for example, the decreasing interest rates which have not yet had an impact on demand yet are expected to accelerate investments towards the end of the year. We estimate a still rather weak market throughout the second half yet acknowledge that a change in demand picture could affect Etteplan's net sales quickly through, for example, pick-up in order and R&D related engineering. In terms of profitability, the company has implemented further adaptation measures for all of its business areas. The company has for example temporarily laid off 111 employees in Finland. We have revised our estimates downwards, we now estimate net sales of EUR 379.6m (prev. EUR 386.4m) and EBIT of EUR 27.6m (prev. EUR 30.1m), positioning our net sales estimate at the lower end of the revised guidance and our EBIT prediction slightly under the revised guidance's lower range.

Table 2: Estimate change summary

	2024E			2025E		
	Old	New	Change %	Old	New	Change %
Net sales	387.2	379.6	-2.0%	401.4	395.3	-1.5%
Sales growth %	7.6%	5.5%		3.7%	4.1%	
EBITA	36.0	33.4	-7.2%	39.0	38.4	-1.6%
EBITA margin %	9.3%	8.8%		9.7%	9.7%	
EBIT	30.1	27.6	-8.2%	33.4	32.6	-2.3%
EBIT margin %	7.8%	7.3%		8.3%	8.3%	

Source: Evli Research

Table 3: 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	5098	16.9x	15.4x	14.1x	21.4x	19.2x	17.5x	27.2x	23.9x	21.6x	2.0x	1.9x	1.8x
AFRY	1761	9.0x	8.1x	7.3x	12.7x	11.0x	9.7x	14.3x	11.9x	10.2x	1.0x	0.9x	0.8x
Alten	3327	7.6x	6.8x	6.4x	9.4x	8.3x	7.8x	12.4x	11.0x	10.2x	0.7x	0.7x	0.6x
Bertrandt	248	4.2x	3.0x		11.1x	5.7x		13.1x	6.4x		0.3x	0.3x	
Multiconsult	382	7.9x	7.6x	7.1x	12.1x	11.5x	10.7x	14.0x	13.2x	12.3x	1.0x	0.9x	0.8x
TietoEVRY	2131	6.8x	6.4x	6.2x	10.0x	8.9x	8.6x	9.4x	8.3x	7.8x	1.0x	1.0x	0.9x
Rejlers AB	292	8.0x	7.5x	7.0x	12.8x	11.5x	10.7x	13.4x	11.9x	10.9x	1.7x	1.6x	1.5x
Prevas	155	8.3x	7.4x	6.4x	10.9x	9.9x	8.2x	15.5x	13.4x	11.0x	1.1x	1.0x	0.9x
Peer Group Average	1891	8.6x	7.8x	8.0x	12.6x	10.9x	10.8x	14.9x	12.4x	12.2x	1.1x	1.0x	1.1x
Peer Group Median	1761	7.9x	7.2x	7.1x	11.6x	9.9x	9.7x	13.6x	11.5x	10.2x	1.0x	0.9x	0.8x
Etteplan (Evli est.)	350	8.2x	6.9x	6.4x	11.5x	9.5x	8.6x	14.0x	11.3x	10.2x	1.0x	0.9x	0.9x

Etteplan prem./disc. to peer median

Multiples adjusted for NRIs & PPA amortization

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	12.55 PV of Free Cash Flow	254 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	18.92 PV of Horizon value	294 WACC, %	8.8 Market risk premium, %	5.8
Share price potential, %	50.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	20.6 Marketable securities	23 Minimum WACC, %	8.3 Equity beta coefficient	0.80
Minimum value	17.4 Debt - dividend	-94 Maximum WACC, %	9.3 Target debt ratio, %	20
Horizon value, %	53.7 Value of stock	478 Nr of shares, Mn	25.2 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	360	380	395	405	415	426	436	447	458	470	479	489
<i>Sales growth, %</i>	<i>2.8</i>	<i>5.5</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	28	33	35	37	36	35	36	37	38	38	39
<i>Operating income margin, %</i>	<i>7.1</i>	<i>7.3</i>	<i>8.3</i>	<i>8.7</i>	<i>8.8</i>	<i>8.5</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>
+ Depreciation+amort.	19	19	19	20	20	20	20	21	21	22	22	
EBITDA	44	46	51	55	57	56	55	57	58	60	61	
- Paid taxes	-5	-6	-7	-8	-8	-8	-8	-8	-8	-8	-8	
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>6.6</i>	<i>6.2</i>	<i>5.9</i>	<i>5.7</i>	<i>5.5</i>	<i>5.4</i>	<i>5.2</i>	<i>5.1</i>	<i>4.9</i>	<i>4.7</i>	<i>4.6</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-9	-17	-8	-9	-9	-9	-9	-9	-10	-10	-10	
<i>opCAPEX / Sales, %</i>	<i>5.5</i>	<i>7.5</i>	<i>5.1</i>	<i>5.2</i>	<i>5.2</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.1</i>	<i>5.1</i>	<i>5.0</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	0	
= FCFF	31	23	36	39	40	40	39	40	41	42	43	648
= Discounted FCFF		23	32	32	30	27	25	23	22	21	20	294
= DFCF min WACC		23	32	32	30	28	25	24	23	21	20	332
= DFCF max WACC		23	32	31	29	27	24	23	21	20	19	263

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	95.0	89.8	80.0	95.2	360.0	97.1	92.6	87.2	102.7	379.6	395.3	405.1
EBITDA	11.0	10.8	9.5	13.1	44.4	11.6	9.7	11.4	13.8	46.5	51.1	55.1
<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>10.5</i>	<i>13.0</i>	<i>13.5</i>	<i>12.2</i>	<i>12.9</i>	<i>13.6</i>
EBIT	6.3	6.1	5.0	8.2	25.5	6.7	5.3	6.6	9.0	27.6	32.6	35.2
<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>5.8</i>	<i>7.5</i>	<i>8.8</i>	<i>7.3</i>	<i>8.3</i>	<i>8.7</i>
Net financial items	-0.7	-0.9	-1.5	-1.6	-4.7	-1.1	-1.2	-1.1	-1.1	-4.5	-3.2	-2.1
Pre-tax profit	5.6	5.2	3.4	6.6	20.8	5.6	4.1	5.5	7.9	23.1	29.4	33.1
Tax	-1.2	-1.4	-0.8	-0.7	-4.2	-1.7	-0.7	-1.1	-1.6	-5.1	-6.4	-7.3
<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>17.9</i>	<i>20.0</i>	<i>20.0</i>	<i>21.9</i>	<i>21.9</i>	<i>21.9</i>
Net profit	4.3	3.8	2.6	5.9	16.6	3.9	3.4	4.4	6.3	18.1	22.9	25.8
EPS	0.17	0.15	0.10	0.23	0.66	0.16	0.13	0.17	0.25	0.72	0.91	1.02
EPS adjusted (diluted no. of shares)	0.25	0.17	0.11	0.23	0.76	0.16	0.13	0.17	0.25	0.72	0.91	1.02
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.36	0.45	0.51
<b>SALES, EURm</b>												
Engineering Solutions	51.7	51.0	45.1	54.6	202.4	52.3	49.6	46.9	57.4	206.2	212.4	216.6
Software and Embedded Solutions	23.9	21.2	19.2	22.6	86.9	26.3	24.9	23.4	26.4	101.0	107.6	110.8
Technical Communication Solutions	19.2	17.4	15.5	17.8	70.0	18.5	17.9	16.7	18.7	71.8	74.7	76.9
Other	0.2	0.1	0.2	0.2	0.7	0.1	0.1	0.2	0.2	0.6	0.7	0.7
Total	95.0	89.8	80.0	95.2	360.0	97.1	92.6	87.2	102.7	379.6	395.3	405.1
<b>SALES GROWTH, YYY %</b>												
<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>-2.7</i>	<i>4.0</i>	<i>5.0</i>	<i>1.8</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>17.4</i>	<i>22.0</i>	<i>17.0</i>	<i>16.3</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>2.9</i>	<i>7.5</i>	<i>5.0</i>	<i>2.6</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>-15.9</i>	<i>18.3</i>	<i>29.9</i>	<i>-10.1</i>	<i>15.7</i>	<i>0.0</i>
Total	6.0	0.7	-0.4	4.6	2.8	2.3	3.1	9.0	7.9	5.5	4.1	2.5
<b>EBIT, EURm</b>												
Engineering Solutions	4.9	5.2	3.9	5.9	19.9	4.7	3.9	4.5	6.1	19.1	21.7	22.1
Software and Embedded Solutions	1.6	1.1	2.0	2.2	6.9	2.4	1.9	2.4	2.8	9.4	10.5	11.3
Technical Communication Solutions	1.2	1.4	0.7	1.7	4.9	1.4	1.2	1.3	1.8	5.7	7.1	8.5
Other	-1.5	-1.7	-1.6	-1.5	-6.3	-1.7	-1.7	-1.6	-1.6	-6.6	-6.7	-6.7
Total	6.3	6.1	5.0	8.2	25.5	6.7	5.3	6.6	9.0	27.6	32.6	35.2
<b>EBIT margin, %</b>												
<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>7.9</i>	<i>9.5</i>	<i>10.6</i>	<i>9.3</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>7.6</i>	<i>10.2</i>	<i>10.5</i>	<i>9.3</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>6.8</i>	<i>8.0</i>	<i>9.5</i>	<i>7.9</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>-1,460.3</i>	<i>-800.0</i>	<i>-800.0</i>	<i>-1,116.7</i>	<i>-972.3</i>	<i>-972.3</i>
Total	6.6	6.8	6.2	8.6	7.1	6.9	5.8	7.5	8.8	7.3	8.3	8.7

Commercial Services & Supplies/Finland, August 9, 2024  
Company update

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	262.7	259.7	300.1	350.2	360.0	379.6	395.3	405.1
<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>5.5</i>	<i>4.1</i>	<i>2.5</i>
EBITDA	37.5	40.4	43.6	48.7	44.4	46.5	51.1	55.1
<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>12.2</i>	<i>12.9</i>	<i>13.6</i>
Depreciation	-14.7	-18.0	-17.8	-20.0	-18.9	-18.8	-18.5	-19.9
EBITA	22.8	22.4	25.8	28.6	25.5	27.6	32.6	35.2
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	27.6	32.6	35.2
<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>7.3</i>	<i>8.3</i>	<i>8.7</i>
Reported EBIT	22.8	22.4	25.8	28.6	25.5	27.6	32.6	35.2
<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>7.3</i>	<i>8.3</i>	<i>8.7</i>
Net financials	-0.9	-1.3	-0.9	-6.2	-4.7	-4.5	-3.2	-2.1
Pre-tax profit	21.9	21.1	24.9	22.4	20.8	23.1	29.4	33.1
Taxes	-4.5	-4.0	-4.8	-4.2	-4.2	-5.1	-6.4	-7.3
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	18.1	22.9	25.8
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	30	29	32	39	36	39	40	41
Goodwill	79	84	92	105	110	115	115	115
Right of use assets	15	23	22	21	21	22	23	23
Inventory	0	0	0	1	1	1	1	1
Receivables	62	57	75	94	92	95	98	99
Liquid funds	16	24	30	20	23	25	26	26
Total assets	203	218	253	281	285	299	304	308
Liabilities								
Shareholder's equity	77	87	99	106	114	124	138	153
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	23
Deferred taxes	6	7	7	10	10	10	10	10
Interest bearing debt	41	40	56	69	65	65	53	39
Non-interest bearing current liabilities	61	57	66	66	67	70	73	75
Other interest-free debt	2	2	3	8	8	8	8	8
Total liabilities	203	218	253	281	285	299	304	308
<b>CASH FLOW, EURm</b>								
+ EBITDA	38	40	44	49	44	46	51	55
- Net financial items	-1	-1	-1	-6	-5	-5	-3	-2
- Taxes	-4	-5	-6	-5	-5	-5	-6	-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	37	42	46
- Capex	-13	-21	-12	-12	-20	-28	-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	9	22	25
+/- New issues/buybacks	-1	2	0	-1	0	0	0	0
- Paid dividend	-7	-9	-8	-10	-9	-8	-9	-11
+/- Other	9	4	6	4	-3	0	-11	-13
Change in cash	0	9	6	-11	4	1	1	1

Commercial Services & Supplies/Finland, August 9, 2024  
Company update

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	323	424	366	341	317	317	317
Net debt (excl. convertibles)	41	48	71	63	62	50	36
Enterprise value	364	472	437	404	379	366	353
Sales	260	300	350	360	380	395	405
EBITDA	40	44	49	44	46	51	55
EBIT	22	26	29	26	28	33	35
Pre-tax	21	25	22	21	23	29	33
Earnings	17	20	18	17	18	23	26
Equity book value (excl. minorities)	87	99	106	114	124	138	153
<b>Valuation multiples</b>							
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	8.2	7.2	6.4
EV/EBITA	16.2	18.3	15.2	15.8	13.7	11.2	10.0
EV/EBIT	16.2	18.3	15.2	15.8	13.7	11.2	10.0
EV/OCF	9.6	17.4	15.5	11.2	10.2	8.8	7.7
EV/FCFF	11.5	41.1	57.3	12.8	16.2	10.1	9.1
P/FCFE	29.2	52.6	-81.8	21.1	36.4	14.7	12.8
P/E	18.9	21.1	15.2	17.7	17.5	13.8	12.3
P/B	3.7	4.3	3.4	3.0	2.5	2.3	2.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.9	7.9	7.1
Target EV/EBIT	0.0	0.0	0.0	0.0	15.0	12.4	11.1
Target EV/FCF	0.0	0.0	0.0	0.0	47.8	18.7	15.7
Target P/B	0.0	0.0	0.0	0.0	2.8	2.6	2.3
Target P/E	0.0	0.0	0.0	0.0	19.6	15.4	13.7
<b>Per share measures</b>							
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	0.72	0.91	1.02
Operating cash flow per share	1.52	1.08	1.12	1.43	1.47	1.65	1.82
Free cash flow per share	0.44	0.32	-0.18	0.64	0.34	0.85	0.98
Book value per share	3.49	3.94	4.25	4.52	4.93	5.48	6.05
Dividend per share	0.34	0.40	0.36	0.30	0.36	0.45	0.51
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	2.8	3.6	4.1
FCF yield, %	3.4	1.9	-1.2	4.7	2.7	6.8	7.8
<b>Efficiency measures</b>							
ROE	20.9	21.6	17.7	15.1	15.1	17.4	17.8
ROCE	15.7	15.7	15.3	12.9	13.4	15.4	16.4
<b>Financial ratios</b>							
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	25.1	24.7	24.6
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	6.2	5.9	5.7
Operative CAPEX/sales, %	8.1	4.0	3.3	5.5	7.5	5.1	5.2
CAPEX/sales (incl. acquisitions), %	5.9	1.7	-2.6	5.5	7.5	5.1	5.2
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	1.3	1.0	0.7
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	41.7	45.5	49.7
Gearing, %	46.6	48.7	66.8	55.4	49.8	35.8	23.7

Commercial Services & Supplies/Finland, August 9, 2024  
Company update

**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	209.209	66.0%
Oy Fincorp Ab	2,577,211	32.344	10.2%
Varma Mutual Pension Insurance Company	985,593	12.369	3.9%
Ilmarinen Mutual Pension Insurance Company	343,618	4.312	1.4%
Tuori Klaus	309,134	3.880	1.2%
Tuori Aino	308,275	3.869	1.2%
Elo Mutual Pension Insurance Company	262,000	3.288	1.0%
VAS Invest Oy	194,035	2.435	0.8%
Aktia Mikro Markka fund	149,654	1.878	0.6%
OP Fin Small Cap	110,980	1.393	0.4%
Ten largest	21,910,500	274.977	87%
Residual	3,339,372	41.909	13%
Total	25,249,872	316.886	100%

**EARNINGS CALENDAR**

October 31, 2024

Q3 report

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

CEO: Juha Näkki

Tekniikantie 4 D, 02150 Espoo

CFO: Helena Kukkonen

Tel: +358 1,0 3,070

IR: Outi Tornainen



## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

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

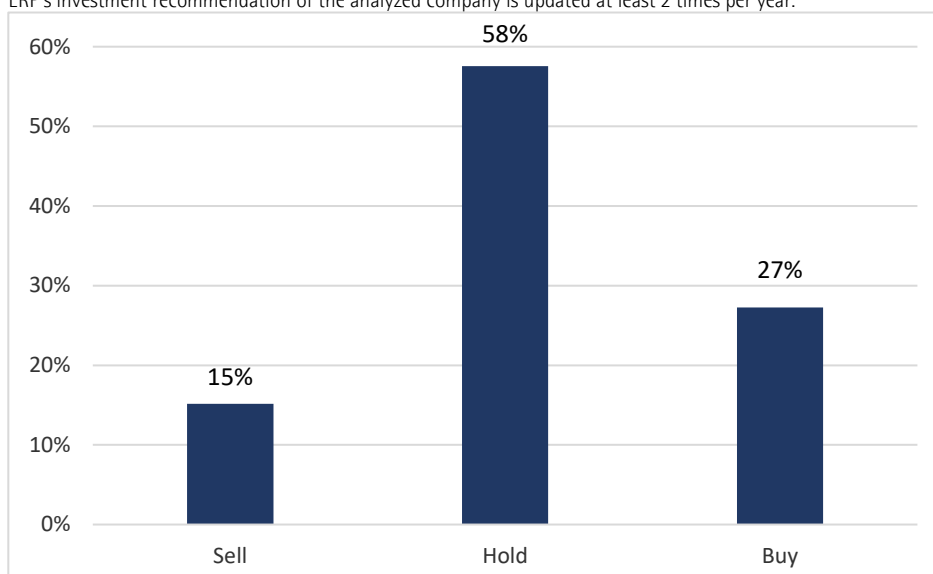
## Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on 9.8.2024, 8:10. This report has been published on 9.8.2024, 8:20.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP may pursue an assignment from the issuer(s) of the financial instruments mentioned in the recommendation or this report. These assignments may have a limited economic or financial impact on ERP and/or Evli. Under such assignments ERP may perform services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making services.

Evli Group's Member of the Board Robert Ingman is a Member of the Board of the company.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

**Contact information****SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lijja	+358 9 4766 9130

**Trading**

Lauri Vehkaluoto (Head)	+358 9 4766 9120
Pasi Väisänen	+358 9 4766 9120
Antti Kässi	+358 9 4766 9120
Miika Ronkanen	+358 9 4766 9120

**Structured Investments**

Heikki Savijoki	+358 9 4766 9726
Aki Lakkisto	+358 9 4766 9123

**Equity Research**

Atte Jortikka	+358 40 054 3725
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149

**Evli Investment Solutions**

Johannes Asuja	+358 9 4766 9205
----------------	------------------

**EVLI****EVLI PLC**

Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Internet www.evli.com  
E-mail firstname.lastname@evli.com

**EVLI PLC,**

**STOCKHOLMSFILIAL**  
Regeringsgatan 67 P.O. Box 16354  
SE-103 26 Stockholm  
Sverige  
stockholm@evli.com  
Tel +46 (0)8 407 8000