

At the mercy of the market

Etteplan lowered its guidance as the market conditions have remained weak. While 2024E looks to be another gap year in the profitable growth story, we still consider the valuation undemanding for 2025-2026E.

Market continues to challenge

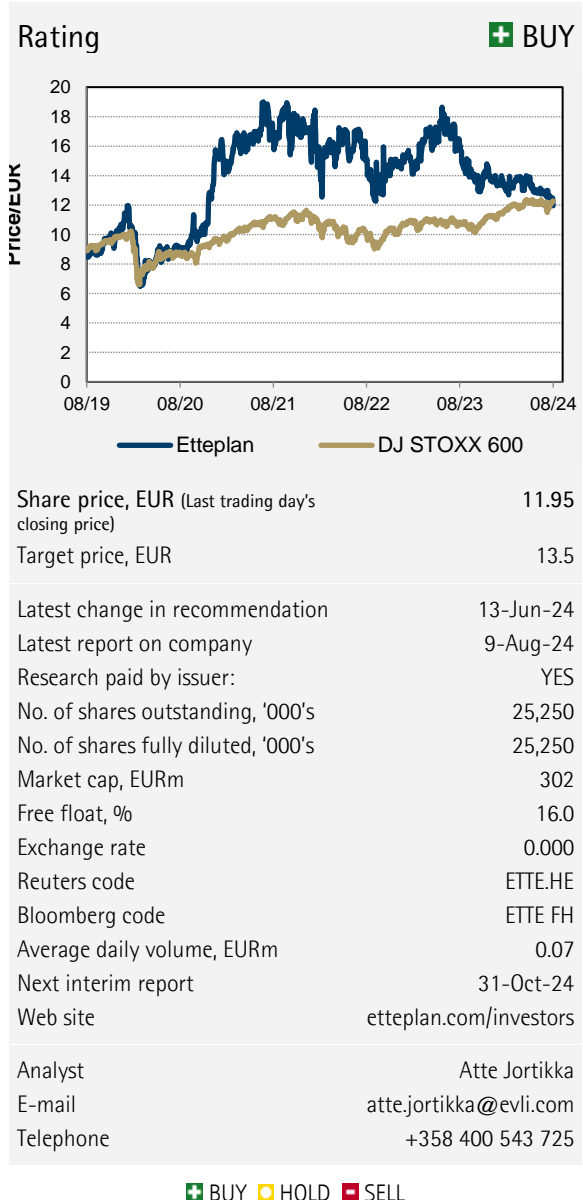
Etteplan released a profit warning and expects revenue to be EUR 360-375 million and EBIT about EUR 24-27 million (prev. revenue EUR 375 - 390m and EBIT EUR 28-30m). The middle point of the guidance was lowered more heavily for EBIT vs. net sales (net sales -4%, EBIT -12%). Profitability is negatively affected by the company's adaptation measures which cause costs in the short term. The company's customers' decision-making on new investments continues to be cautious and the lower backlogs affect demand negatively for Etteplan's engineering solutions related to project deliveries. The chemical industry in Germany was highlighted as one of the weaker end-markets, in line with the comments in Q2 report. In addition, we expect that for example Forest and Metals & Mining have stayed weak.

Magnitude of the profit warning was larger than expected

We previously estimated net sales of EUR 379.6m and EBIT of EUR 27.6m. While our estimate for EBIT was slightly below the previous guidance low (prev. EBIT guidance EUR 28-30m), the magnitude of the profit warning was larger than expected. We have revised our estimates downwards after the profit warning, we now model net sales of EUR 368.2m and EBIT of EUR 24.7m for 2024. We still anticipate net sales growth in H2, primarily due to inorganic growth in Software and Embedded. However, we have reduced our organic net sales forecasts. Despite the revisions, we consider the likelihood of another profit warning in 2024 to be quite low. We have also lowered our projections for 2025E, expecting that the current weaker market conditions will persist into early 2025.

BUY with a TP of EUR 13.5 (prev. EUR 14.0)

With the downward estimate adjustments, we revise our TP to EUR 13.5 (prev. EUR 14.0) while keeping the rating at BUY. Despite the estimate revisions, we see the valuation still rather undemanding for 2025-2026E (adj. P/E 11-10x, EV/EBITA 10-9x).



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	368.2	24.7	6.7%	7.7	0.61	19.4	1.0	14.7	2.6	0.31
2025E	380.8	29.7	7.8%	19.3	0.80	14.9	0.9	11.9	6.4	0.40
2026E	395.0	32.6	8.3%	21.8	0.93	12.9	0.9	10.5	7.2	0.46
Market cap, EURm		302	Gearing 2024E, %			51.7	CAGR EPS 2023-26, %			6.7
Net debt 2024E, EURm		63	Price/book 2024E			2.5	CAGR sales 2023-26, %			3.1
Enterprise value, EURm		365	Dividend yield 2024E, %			2.6	ROE 2024E, %			13.2
Total assets 2024E, EURm		294	Tax rate 2024E, %			23.3	ROCE 2024E, %			12.1
Goodwill 2024E, EURm		115	Equity ratio 2024E, %			41.4	PEG, P/E 24/CAGR			1.0

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

Table 1: 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	5345	17.2x	15.8x	14.6x	22.3x	20.1x	18.1x	28.1x	25.0x	22.4x	2.1x	2.0x	1.8x
AFRY	1845	9.2x	8.3x	7.5x	13.1x	11.3x	9.9x	14.7x	12.3x	10.6x	1.0x	0.9x	0.8x
Alten	3478	7.9x	7.1x	6.7x	9.9x	8.7x	8.2x	13.0x	11.5x	10.6x	0.8x	0.7x	0.6x
Bertrandt	243	4.1x	3.0x		11.0x	5.6x		12.9x	6.2x		0.3x	0.3x	
Multiconsult	424	8.2x	7.9x	7.6x	12.2x	11.8x	11.2x	13.7x	13.6x	12.9x	1.1x	1.0x	1.0x
TietoEVRY	2239	7.0x	6.6x	6.4x	10.5x	9.3x	8.9x	9.9x	8.7x	8.2x	1.1x	1.0x	1.0x
Rejlers AB	311	8.3x	7.8x	7.3x	13.4x	12.1x	11.1x	14.1x	12.5x	11.5x	1.8x	1.7x	1.6x
Prevas	151	8.0x	7.2x	6.2x	10.5x	9.5x	8.0x	15.0x	13.0x	10.7x	1.1x	1.0x	0.9x
Peer Group Average	1984	8.8x	8.1x	8.4x	12.8x	11.3x	11.3x	15.2x	12.8x	12.7x	1.2x	1.1x	1.1x
Peer Group Median	1845	8.1x	7.5x	7.3x	11.6x	10.4x	9.9x	13.9x	12.4x	10.7x	1.1x	1.0x	1.0x
Etteplan (Evli est.)	350	8.4x	7.1x	6.6x	11.7x	10.0x	8.9x	13.7x	11.4x	10.2x	1.0x	0.9x	0.9x
<i>Etteplan prem./disc. to peer median</i>		3.1%	-5.6%	-10.6%	1.4%	-4.5%	-10.5%	-1.6%	-7.9%	-4.3%	-8.6%	-6.9%	-11.2%
<i>Multiples adjusted for NRIs & PPA amortization</i>													
<i>Source FactSet, Evli Research</i>													

Table 2: 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	82.7	95.7	368.2	380.8	395.0
sales growth %	16.7%	6.0%	0.7%	-0.4%	4.6%	2.8%	2.3%	3.1%	3.5%	0.6%	2.3%	3.4%	3.7%
EBITA	33.9	7.6	7.4	6.3	9.6	30.9	8.2	6.8	6.3	9.2	30.5	35.5	38.4
EBITA margin	9.7%	8.0%	8.3%	7.9%	10.0%	8.6%	8.4%	7.4%	7.6%	9.6%	8.3%	9.3%	9.7%
EBIT	28.6	6.3	6.1	5.0	8.2	25.5	6.7	5.3	4.9	7.8	24.7	29.7	32.6
EBIT margin	8.2%	6.6%	6.8%	6.2%	8.6%	7.1%	6.9%	5.8%	5.9%	8.2%	6.7%	7.8%	8.3%
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	4.9	7.8	25.3	29.7	32.6
-margin	8.5%	7.5%	7.2%	6.5%	8.8%	7.6%	7.1%	6.2%	5.9%	8.2%	6.9%	7.8%	8.3%
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	49.6	44.2	53.0	199.1	203.1	211.2
sales growth %	9.7%	10.7%	10.4%	7.6%	11.7%	10.2%	1.1%	-2.7%	-2.0%	-3.0%	-1.7%	2.0%	4.0%
EBITA	19.4	4.9	5.2	3.9	5.9	19.9	4.7	3.9	3.1	5.3	17.0	19.8	21.1
EBITA margin	10.6%	9.5%	10.3%	8.6%	10.8%	9.8%	9.0%	7.9%	7.0%	10.0%	8.5%	9.8%	10.0%
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	24.9	22.5	24.7	98.4	104.8	107.9
sales growth %	19.7%	-3.0%	-15.4%	-12.5%	-6.9%	-9.4%	10.1%	17.4%	17.0%	9.5%	13.2%	6.5%	3.0%
EBITA	9.2	1.6	1.1	2.0	2.2	6.9	2.4	1.9	2.3	2.6	9.2	10.3	11.0
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%
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	17.9	15.9	17.8	70.1	72.3	75.1
sales growth %	35.2%	6.0%	-1.5%	-5.0%	0.9%	0.2%	-3.7%	2.9%	2.5%	0.0%	0.3%	3.0%	4.0%
EBITA	6.1	1.2	1.4	0.7	1.7	4.9	1.4	1.2	1.1	1.5	5.2	6.3	7.1
EBITA margin	8.7%	6.0%	8.1%	4.5%	9.4%	7.1%	7.3%	6.8%	7.0%	8.5%	7.4%	8.7%	9.5%

Source: Etteplan, Evli Research estimates

Table 3: Estimate changes

	2024E			2025E		
	Old	New	Change %	Old	New	Change %
Net sales	379.6	368.2	-3.0%	395.3	380.8	-3.7%
<i>Sales growth %</i>	<i>5.5%</i>	<i>2.3%</i>		<i>4.1%</i>	<i>3.4%</i>	
EBITA	33.4	30.5	-8.8%	38.4	35.5	-7.7%
<i>EBITA margin %</i>	<i>8.8%</i>	<i>8.3%</i>		<i>9.7%</i>	<i>9.3%</i>	
EBIT	27.6	24.7	-10.4%	32.6	29.7	-9.0%
<i>EBIT margin %</i>	<i>7.3%</i>	<i>6.7%</i>		<i>8.3%</i>	<i>7.8%</i>	

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	11.95 PV of Free Cash Flow	246 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	18.31 PV of Horizon value	287 WACC, %	8.8 Market risk premium, %	5.8
Share price potential, %	53.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	20.0 Marketable securities	23 Minimum WACC, %	8.3 Equity beta coefficient	0.80
Minimum value	16.9 Debt - dividend	-94 Maximum WACC, %	9.3 Target debt ratio, %	20
Horizon value, %	53.8 Value of stock	462 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	368	381	395	405	415	425	436	447	458	467	477
<i>Sales growth, %</i>	<i>2.8</i>	<i>2.3</i>	<i>3.4</i>	<i>3.7</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	25	30	33	36	35	36	37	36	37	37	38
<i>Operating income margin, %</i>	<i>7.1</i>	<i>6.7</i>	<i>7.8</i>	<i>8.3</i>	<i>8.8</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</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	44	48	52	56	55	56	58	57	58	60	
- Paid taxes	-5	-6	-7	-8	-8	-8	-8	-9	-8	-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>6.4</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>4.8</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-9	-16	-8	-9	-9	-8	-9	-9	-10	-10	-10	
<i>opCAPEX / Sales, %</i>	<i>5.5</i>	<i>7.3</i>	<i>5.2</i>	<i>5.4</i>	<i>5.3</i>	<i>5.1</i>	<i>5.1</i>	<i>5.1</i>	<i>5.2</i>	<i>5.2</i>	<i>5.1</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	22	34	36	39	39	40	41	39	41	42	629
= Discounted FCFF		21	30	29	29	27	25	24	21	20	19	287
= DFCF min WACC		21	30	30	30	27	26	25	22	21	20	323
= DFCF max WACC		21	30	29	29	26	25	23	20	19	18	256

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	82.7	95.7	368.2	380.8	395.0
EBITDA	11.0	10.8	9.5	13.1	44.4	11.6	9.7	9.7	12.6	43.6	48.2	52.1
<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>11.7</i>	<i>13.2</i>	<i>11.8</i>	<i>12.7</i>	<i>13.2</i>
EBIT	6.3	6.1	5.0	8.2	25.5	6.7	5.3	4.9	7.8	24.7	29.7	32.6
<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>5.9</i>	<i>8.2</i>	<i>6.7</i>	<i>7.8</i>	<i>8.3</i>
Net financial items	-0.7	-0.9	-1.5	-1.6	-4.7	-1.1	-1.2	-1.1	-1.1	-4.5	-3.3	-2.1
Pre-tax profit	5.6	5.2	3.4	6.6	20.8	5.6	4.1	3.8	6.7	20.2	26.4	30.5
Tax	-1.2	-1.4	-0.8	-0.7	-4.2	-1.7	-0.7	-0.8	-1.5	-4.7	-6.1	-7.1
<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>22.0</i>	<i>22.0</i>	<i>23.3</i>	<i>23.3</i>	<i>23.3</i>
Net profit	4.3	3.8	2.6	5.9	16.6	3.9	3.4	3.0	5.2	15.5	20.3	23.4
EPS	0.17	0.15	0.10	0.23	0.66	0.16	0.13	0.12	0.21	0.61	0.80	0.93
EPS adjusted (diluted no. of shares)	0.25	0.17	0.11	0.23	0.76	0.16	0.13	0.12	0.21	0.61	0.80	0.93
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.31	0.40	0.46
SALES, EURm												
Engineering Solutions	51.7	51.0	45.1	54.6	202.4	52.3	49.6	44.2	53.0	199.1	203.1	211.2
Software and Embedded Solutions	23.9	21.2	19.2	22.6	86.9	26.3	24.9	22.5	24.7	98.4	104.8	107.9
Technical Communication Solutions	19.2	17.4	15.5	17.8	70.0	18.5	17.9	15.9	17.8	70.1	72.3	75.1
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	82.7	95.7	368.2	380.8	395.0
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>-2.7</i>	<i>-2.0</i>	<i>-3.0</i>	<i>-1.7</i>	<i>2.0</i>	<i>4.0</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>17.0</i>	<i>9.5</i>	<i>13.2</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>2.5</i>	<i>0.0</i>	<i>0.3</i>	<i>3.0</i>	<i>4.0</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	3.5	0.6	2.3	3.4	3.7
EBIT, EURm												
Engineering Solutions	4.9	5.2	3.9	5.9	19.9	4.7	3.9	3.1	5.3	17.0	19.8	21.1
Software and Embedded Solutions	1.6	1.1	2.0	2.2	6.9	2.4	1.9	2.3	2.6	9.2	10.3	11.0
Technical Communication Solutions	1.2	1.4	0.7	1.7	4.9	1.4	1.2	1.1	1.5	5.2	6.3	7.1
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	4.9	7.8	24.7	29.7	32.6
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>7.9</i>	<i>7.0</i>	<i>10.0</i>	<i>8.5</i>	<i>9.8</i>	<i>10.0</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>7.0</i>	<i>8.5</i>	<i>7.4</i>	<i>8.7</i>	<i>9.5</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	5.9	8.2	6.7	7.8	8.3

Commercial Services & Supplies/Finland, August 29, 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	368.2	380.8	395.0
<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>2.3</i>	<i>3.4</i>	<i>3.7</i>
EBITDA	37.5	40.4	43.6	48.7	44.4	43.6	48.2	52.1
<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>11.8</i>	<i>12.7</i>	<i>13.2</i>
Depreciation	-14.7	-18.0	-17.8	-20.0	-18.9	-18.8	-18.5	-19.5
EBITA	22.8	22.4	25.8	28.6	25.5	24.7	29.7	32.6
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	24.7	29.7	32.6
<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>6.7</i>	<i>7.8</i>	<i>8.3</i>
Reported EBIT	22.8	22.4	25.8	28.6	25.5	24.7	29.7	32.6
<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>6.7</i>	<i>7.8</i>	<i>8.3</i>
Net financials	-0.9	-1.3	-0.9	-6.2	-4.7	-4.5	-3.3	-2.1
Pre-tax profit	21.9	21.1	24.9	22.4	20.8	20.2	26.4	30.5
Taxes	-4.5	-4.0	-4.8	-4.2	-4.2	-4.7	-6.1	-7.1
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	15.5	20.3	23.4
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	38	39	40
Goodwill	79	84	92	105	110	115	115	115
Right of use assets	15	23	22	21	21	21	22	23
Inventory	0	0	0	1	1	1	1	1
Receivables	62	57	75	94	92	93	95	98
Liquid funds	16	24	30	20	23	24	25	26
Total assets	203	218	253	281	285	294	299	304
Liabilities								
Shareholder's equity	77	87	99	106	114	122	134	148
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	21	22	23
Deferred taxes	6	7	7	10	10	10	10	10
Interest bearing debt	41	40	56	69	65	66	54	43
Non-interest bearing current liabilities	61	57	66	66	67	68	71	73
Other interest-free debt	2	2	3	8	8	8	8	8
Total liabilities	203	218	253	281	285	294	299	304
CASH FLOW, EURm								
+ EBITDA	38	40	44	49	44	44	48	52
- 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	34	39	43
- Capex	-13	-21	-12	-12	-20	-27	-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	8	19	22
+/- New issues/buybacks	-1	2	0	-1	0	0	0	0
- Paid dividend	-7	-9	-8	-10	-9	-8	-8	-10
+/- Other	9	4	6	4	-3	0	-11	-11
Change in cash	0	9	6	-11	4	1	1	1

Commercial Services & Supplies/Finland, August 29, 2024
Company update

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	323	424	366	341	302	302	302
Net debt (excl. convertibles)	41	48	71	63	63	51	40
Enterprise value	364	472	437	404	365	353	342
Sales	260	300	350	360	368	381	395
EBITDA	40	44	49	44	44	48	52
EBIT	22	26	29	26	25	30	33
Pre-tax	21	25	22	21	20	26	30
Earnings	17	20	18	17	16	20	23
Equity book value (excl. minorities)	87	99	106	114	122	134	148
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	8.4	7.3	6.6
EV/EBITA	16.2	18.3	15.2	15.8	14.7	11.9	10.5
EV/EBIT	16.2	18.3	15.2	15.8	14.7	11.9	10.5
EV/OCF	9.6	17.4	15.5	11.2	10.6	9.1	7.9
EV/FCFF	11.5	41.1	57.3	12.8	16.8	10.5	9.5
P/FCFE	29.2	52.6	-81.8	21.1	39.1	15.6	13.9
P/E	18.9	21.1	15.2	17.7	19.4	14.9	12.9
P/B	3.7	4.3	3.4	3.0	2.5	2.2	2.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.3	8.1	7.3
Target EV/EBIT	0.0	0.0	0.0	0.0	16.3	13.2	11.7
Target EV/FCF	0.0	0.0	0.0	0.0	52.3	20.3	17.5
Target P/B	0.0	0.0	0.0	0.0	2.8	2.5	2.3
Target P/E	0.0	0.0	0.0	0.0	22.0	16.8	14.6
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	0.61	0.80	0.93
Operating cash flow per share	1.52	1.08	1.12	1.43	1.37	1.54	1.71
Free cash flow per share	0.44	0.32	-0.18	0.64	0.31	0.76	0.86
Book value per share	3.49	3.94	4.25	4.52	4.83	5.33	5.85
Dividend per share	0.34	0.40	0.36	0.30	0.31	0.40	0.46
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	2.6	3.4	3.9
FCF yield, %	3.4	1.9	-1.2	4.7	2.6	6.4	7.2
Efficiency measures							
ROE	20.9	21.6	17.7	15.1	13.2	15.8	16.6
ROCE	15.7	15.7	15.3	12.9	12.1	14.1	15.4
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	25.3	25.0	24.8
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	6.4	6.2	5.9
Operative CAPEX/sales, %	8.1	4.0	3.3	5.5	7.3	5.2	5.4
CAPEX/sales (incl. acquisitions), %	5.9	1.7	-2.6	5.5	7.3	5.2	5.4
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	1.4	1.1	0.8
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	41.4	45.0	48.6
Gearing, %	46.6	48.7	66.8	55.4	51.7	38.3	27.0

Commercial Services & Supplies/Finland, August 29, 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	199.207	66.0%
Oy Fincorp Ab	2,577,211	30.798	10.2%
Varma Mutual Pension Insurance Company	985,593	11.778	3.9%
Ilmarinen Mutual Pension Insurance Company	343,618	4.106	1.4%
Tuori Klaus	309,134	3.694	1.2%
Tuori Aino	308,275	3.684	1.2%
Elo Mutual Pension Insurance Company	262,000	3.131	1.0%
VAS Invest Oy	194,035	2.319	0.8%
Aktia Mikro Markka fund	149,654	1.788	0.6%
OP Fin Small Cap	110,980	1.326	0.4%
Ten largest	21,910,500	261.830	87%
Residual	3,339,372	39.905	13%
Total	25,249,872	301.736	100%

EARNINGS CALENDAR

October 31, 2024

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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CFO: Helena Kukkonen

Tel: +358 1,0 3,070

IR: Outi Tornainen

DEFINITIONS

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

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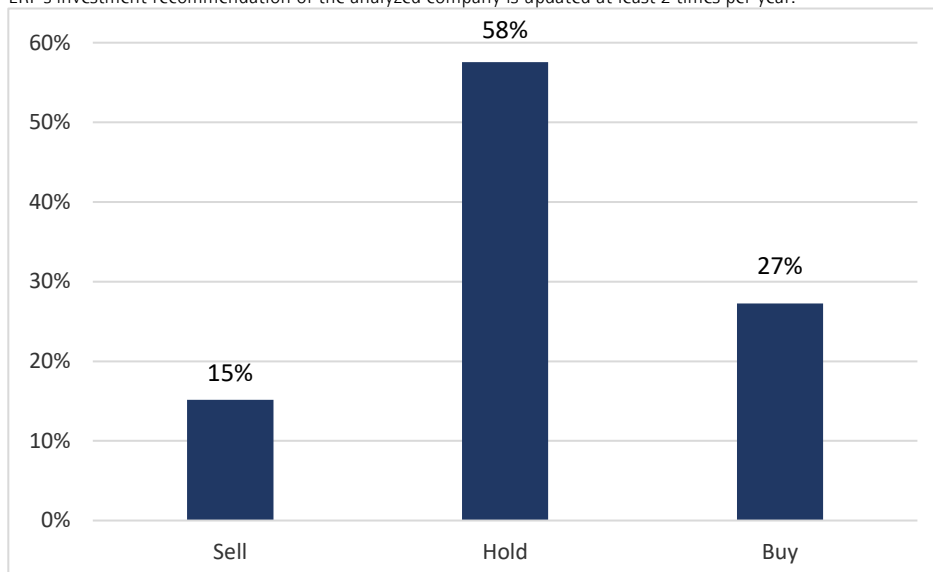
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Investment recommendations are defined as follows:

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

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

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