

Difficulties persist

Etteplan issued its second profit warning of the fiscal year prior to the Q3 report, citing ongoing weak market conditions and significant non-recurring adaptation costs anticipated for 2024.

Profit warning due to market conditions and one-off costs

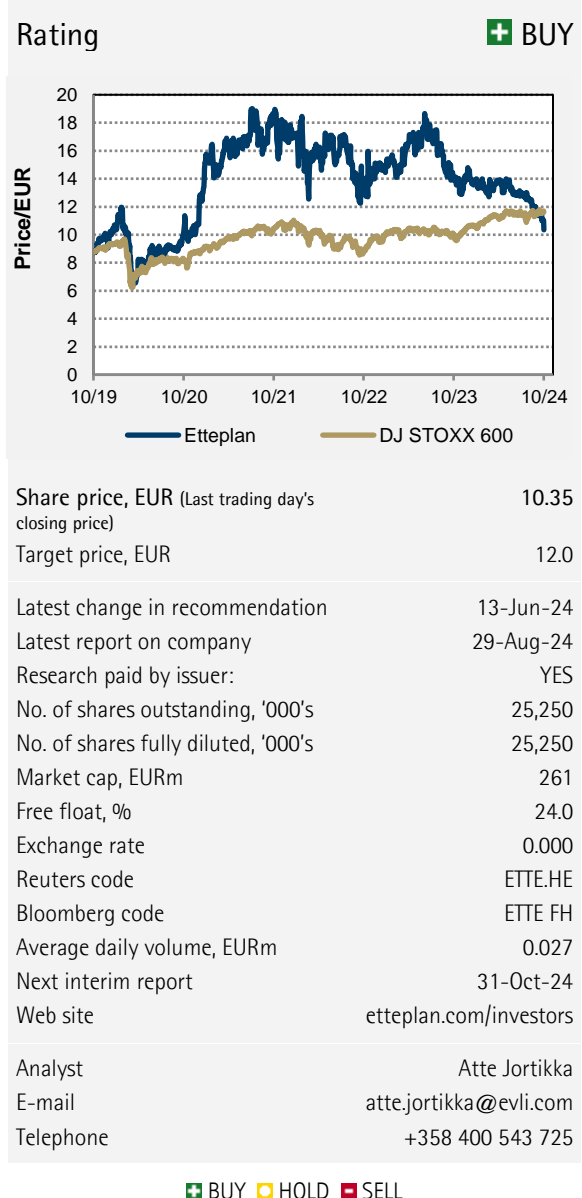
At the end of August, the company released its first profit warning of the fiscal year where it estimated its revenue for 2024 to be EUR 360-375, and EBIT to be EUR 24-27m. With the second profit warning released ahead of the Q3 print, revenue is estimated to be EUR 355-370m and EBIT to be EUR 18-22m. The negative market development has continued as the customers' decision making regarding new investments remains cautious and order backlogs continue to decline. In addition to the continued challenging market, Etteplan has implemented adaptation measures across its service areas. The adaptation measures will cause significant non-recurring costs in 2024. In Germany, the company will terminate its Building Technology business which will cause costs and project write-downs. In addition, a salary entry related accounting error in Sweden will have a negative earnings impact for Q3/24.

It will get worse before it gets better

The revised guidance midpoint slightly undercuts our prior net sales estimate, while the EBIT midpoint is nearly 20% lower than our previous projection. We have revised our estimates to match the updated guidance, we now estimate net sales of EUR 361.3m and EBIT of EUR 18.5m for 2024E. We expect a very weak Q3/24 due to the one-off costs. The adaptation measures across the service areas and almost all European operating countries prepare Etteplan for the new strategic period of 2025-2027. The new strategy will be published during December 2024. We expect that the company's profitability will rebound in 2025E, driven by slimmed down organization and slowly improving market conditions.

BUY with a TP of EUR 12.0 (prev. EUR 13.5)

Based on our revised estimates, Etteplan is trading at 7x EV/EBITDA for 2025E, which is roughly 10% below the current peer multiples. We lower our TP to EUR 12.0 (prev. EUR 13.5) while keeping rating at BUY.



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	361.3	18.5	5.1%	4.2	0.42	24.5	0.9	17.7	1.6	0.21
2025E	375.7	28.3	7.5%	17.9	0.75	13.8	0.8	11.1	6.8	0.38
2026E	389.6	32.1	8.2%	21.3	0.90	11.5	0.8	9.5	8.1	0.45
Market cap, EURm		261	Gearing 2024E, %			56.8	CAGR EPS 2023-26, %			5.7
Net debt 2024E, EURm		67	Price/book 2024E			2.2	CAGR sales 2023-26, %			2.7
Enterprise value, EURm		328	Dividend yield 2024E, %			2.0	ROE 2024E, %			9.2
Total assets 2024E, EURm		291	Tax rate 2024E, %			23.8	ROCE 2024E, %			9.1
Goodwill 2024E, EURm		117	Equity ratio 2024E, %			40.2	PEG, P/E 24/CAGR			0.8

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

Table 1: Estimate revisions

	2024E			2025E		
	Old	New	Change %	Old	New	Change %
Net sales	368.2	361.3	-1.9%	380.8	375.7	-1.4%
Sales growth %	5.5%	0.4%		4.1%	4.0%	
EBITA	30.5	24.2	-20.6%	35.5	34.1	-4.0%
EBITA margin %	8.8%	6.7%		9.7%	9.1%	
EBIT	24.7	18.5	-25.2%	29.7	28.3	-4.7%
EBIT margin %	7.3%	5.1%		8.3%	7.5%	

Source: Evli Research

Table 2: 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	5433	17.8x	16.3x	15.0x	22.8x	20.6x	18.4x	29.0x	25.6x	22.7x	2.2x	2.0x	1.9x
AFRY	1793	9.0x	8.1x	7.3x	12.9x	11.2x	9.9x	14.5x	12.2x	10.5x	1.0x	0.9x	0.8x
Alten	3142	7.3x	6.8x	6.2x	9.1x	8.3x	7.6x	12.1x	11.0x	9.9x	0.7x	0.7x	0.6x
Bertrandt	206	4.0x	2.8x		11.8x	5.4x		12.4x	5.6x		0.3x	0.3x	
Multiconsult	432	8.3x	8.0x	7.6x	12.3x	11.9x	11.2x	14.0x	13.6x	12.7x	1.1x	1.0x	0.9x
TietoEVRY	2040	6.7x	6.3x	6.1x	9.5x	8.8x	8.4x	9.0x	8.1x	7.6x	1.0x	1.0x	0.9x
Rejlers AB	286	7.8x	7.3x	6.8x	12.5x	11.3x	10.4x	13.0x	11.5x	10.5x	1.7x	1.6x	1.5x
Prevas	149	7.9x	7.0x	6.1x	10.3x	9.4x	7.8x	14.7x	12.7x	10.5x	1.1x	0.9x	0.9x
Peer Group Average	1905	8.6x	7.9x	8.2x	12.7x	11.1x	11.0x	14.8x	12.5x	12.3x	1.1x	1.1x	1.1x
Peer Group Median	1793	7.8x	7.4x	7.3x	12.0x	10.0x	9.9x	13.2x	11.6x	10.5x	1.0x	0.9x	0.9x
Etteplan (Evli est.)	350	8.8x	6.5x	6.0x	13.5x	9.3x	8.0x	16.5x	10.6x	9.2x	1.0x	0.9x	0.9x

Etteplan prem./disc. to peer median

13.3% -12.4% -18.5% 12.1% -7.5% -18.6% 25.5% -8.2% -12.5% 0.6% -0.9% -5.6%

Multiples adjusted for NRIs & PPA amortization

Source FactSet, Evli Research

Source: Factset, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	10.35 PV of Free Cash Flow	241 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	17.69 PV of Horizon value	277 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	70.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	19.2 Marketable securities	23 Minimum WACC, %	8.7 Equity beta coefficient	0.90
Minimum value	16.4 Debt - dividend	-94 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	53.5 Value of stock	447 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	361	376	390	399	409	420	430	441	452	461	470
<i>Sales growth, %</i>	<i>2.8</i>	<i>0.4</i>	<i>4.0</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	18	28	32	34	35	36	37	35	36	37	38
<i>Operating income margin, %</i>	<i>7.1</i>	<i>5.1</i>	<i>7.5</i>	<i>8.2</i>	<i>8.5</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	19	19	20	20	21	21	22	20	
EBITDA	44	37	47	51	53	54	56	57	56	58	57	
- Paid taxes	-5	-4	-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>6.6</i>	<i>6.3</i>	<i>6.0</i>	<i>5.8</i>	<i>5.6</i>	<i>5.5</i>	<i>5.3</i>	<i>5.1</i>	<i>5.0</i>	<i>4.9</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-9	-15	-8	-8	-8	-8	-8	-8	-9	-4	-4	
<i>opCAPEX / Sales, %</i>	<i>5.5</i>	<i>7.0</i>	<i>5.3</i>	<i>5.2</i>	<i>5.1</i>	<i>5.1</i>	<i>5.1</i>	<i>5.1</i>	<i>5.1</i>	<i>4.0</i>	<i>4.0</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	18	32	35	37	38	39	40	39	45	44	623
= Discounted FCFF		17	29	29	28	26	25	23	21	22	20	277
= DFCF min WACC		17	29	29	29	27	25	24	22	23	20	310
= DFCF max WACC		17	29	29	28	26	24	23	20	21	19	248

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	79.6	91.9	361.3	375.7	389.6
EBITDA	11.0	10.8	9.5	13.1	44.4	11.6	9.7	6.6	9.5	37.3	46.8	50.8
<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>8.3</i>	<i>10.3</i>	<i>10.3</i>	<i>12.5</i>	<i>13.0</i>
EBIT	6.3	6.1	5.0	8.2	25.5	6.7	5.3	1.8	4.7	18.5	28.3	32.1
<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>2.3</i>	<i>5.1</i>	<i>5.1</i>	<i>7.5</i>	<i>8.2</i>
Net financial items	-0.7	-0.9	-1.5	-1.6	-4.7	-1.1	-1.2	-1.1	-1.1	-4.5	-3.4	-2.2
Pre-tax profit	5.6	5.2	3.4	6.6	20.8	5.6	4.1	0.7	3.6	14.0	24.9	29.9
Tax	-1.2	-1.4	-0.8	-0.7	-4.2	-1.7	-0.7	-0.2	-0.8	-3.3	-5.9	-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>23.8</i>	<i>23.8</i>	<i>23.8</i>
Net profit	4.3	3.8	2.6	5.9	16.6	3.9	3.4	0.5	2.8	10.6	19.0	22.8
EPS	0.17	0.15	0.10	0.23	0.66	0.16	0.13	0.02	0.11	0.42	0.75	0.90
EPS adjusted (diluted no. of shares)	0.25	0.17	0.11	0.23	0.76	0.16	0.13	0.02	0.11	0.42	0.75	0.90
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.21	0.38	0.45
SALES, EURm												
Engineering Solutions	51.7	51.0	45.1	54.6	202.4	52.3	49.6	41.7	49.7	193.3	199.1	207.1
Software and Embedded Solutions	23.9	21.2	19.2	22.6	86.9	26.3	24.9	22.1	24.7	98.0	104.4	107.5
Technical Communication Solutions	19.2	17.4	15.5	17.8	70.0	18.5	17.9	15.7	17.3	69.4	71.5	74.3
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	79.6	91.9	361.3	375.7	389.6
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>-7.5</i>	<i>-9.0</i>	<i>-4.5</i>	<i>3.0</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>15.0</i>	<i>9.5</i>	<i>12.8</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>1.0</i>	<i>-3.0</i>	<i>-0.8</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	-0.4	-3.4	0.4	4.0	3.7
EBIT, EURm												
Engineering Solutions	4.9	5.2	3.9	5.9	19.9	4.7	3.9	1.7	3.0	13.3	19.4	20.7
Software and Embedded Solutions	1.6	1.1	2.0	2.2	6.9	2.4	1.9	1.1	2.0	7.4	9.7	11.0
Technical Communication Solutions	1.2	1.4	0.7	1.7	4.9	1.4	1.2	0.6	1.3	4.5	5.9	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	1.8	4.7	18.5	28.3	32.1
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>4.0</i>	<i>6.0</i>	<i>6.9</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>5.0</i>	<i>8.0</i>	<i>7.5</i>	<i>9.3</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>4.0</i>	<i>7.5</i>	<i>6.5</i>	<i>8.2</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	2.3	5.1	5.1	7.5	8.2

Commercial Services & Supplies/Finland, October 16, 2024
Preview

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	262.7	259.7	300.1	350.2	360.0	361.3	375.7	389.6
<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>0.4</i>	<i>4.0</i>	<i>3.7</i>
EBITDA	37.5	40.4	43.6	48.7	44.4	37.3	46.8	50.8
<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>10.3</i>	<i>12.5</i>	<i>13.0</i>
Depreciation	-14.7	-18.0	-17.8	-20.0	-18.9	-18.8	-18.5	-18.8
EBITA	22.8	22.4	25.8	28.6	25.5	18.5	28.3	32.1
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	18.5	28.3	32.1
<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>5.1</i>	<i>7.5</i>	<i>8.2</i>
Reported EBIT	22.8	22.4	25.8	28.6	25.5	18.5	28.3	32.1
<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>5.1</i>	<i>7.5</i>	<i>8.2</i>
Net financials	-0.9	-1.3	-0.9	-6.2	-4.7	-4.5	-3.4	-2.2
Pre-tax profit	21.9	21.1	24.9	22.4	20.8	14.0	24.9	29.9
Taxes	-4.5	-4.0	-4.8	-4.2	-4.2	-3.3	-5.9	-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	10.6	19.0	22.8
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	30	29	32	39	36	35	36	37
Goodwill	79	84	92	105	110	117	117	117
Right of use assets	15	23	22	21	21	21	22	22
Inventory	0	0	0	1	1	1	1	1
Receivables	62	57	75	94	92	92	94	97
Liquid funds	16	24	30	20	23	24	24	25
Total assets	203	218	253	281	285	291	296	301
Liabilities								
Shareholder's equity	77	87	99	106	114	117	131	144
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	68	56	44
Non-interest bearing current liabilities	61	57	66	66	67	67	70	72
Other interest-free debt	2	2	3	8	8	8	8	8
Total liabilities	203	218	253	281	285	291	296	301
CASH FLOW, EURm								
+ EBITDA	38	40	44	49	44	37	47	51
- Net financial items	-1	-1	-1	-6	-5	-5	-3	-2
- Taxes	-4	-5	-6	-5	-5	-3	-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	30	38	42
- Capex	-13	-21	-12	-12	-20	-25	-20	-20
- 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	4	18	21
+/- New issues/buybacks	-1	2	0	-1	0	0	0	0
- Paid dividend	-7	-9	-8	-10	-9	-8	-5	-9
+/- Other	9	4	6	4	-3	3	-12	-11
Change in cash	0	9	6	-11	4	0	1	1

Commercial Services & Supplies/Finland, October 16, 2024
Preview

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	323	424	366	341	261	261	261
Net debt (excl. convertibles)	41	48	71	63	67	54	42
Enterprise value	364	472	437	404	328	315	304
Sales	260	300	350	360	361	376	390
EBITDA	40	44	49	44	37	47	51
EBIT	22	26	29	26	18	28	32
Pre-tax	21	25	22	21	14	25	30
Earnings	17	20	18	17	11	19	23
Equity book value (excl. minorities)	87	99	106	114	117	131	144
Valuation multiples							
EV/sales	1.4	1.6	1.2	1.1	0.9	0.8	0.8
EV/EBITDA	9.0	10.8	9.0	9.1	8.8	6.5	6.0
EV/EBITA	16.2	18.3	15.2	15.8	17.7	11.1	9.5
EV/EBIT	16.2	18.3	15.2	15.8	17.7	11.1	9.5
EV/OCF	9.6	17.4	15.5	11.2	11.1	8.4	7.3
EV/FCFF	11.5	41.1	57.3	12.8	18.5	9.7	8.6
P/FCFE	29.2	52.6	-81.8	21.1	62.2	14.6	12.3
P/E	18.9	21.1	15.2	17.7	24.5	13.8	11.5
P/B	3.7	4.3	3.4	3.0	2.2	2.0	1.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.9	7.6	6.8
Target EV/EBIT	0.0	0.0	0.0	0.0	20.0	12.6	10.8
Target EV/FCF	0.0	0.0	0.0	0.0	88.0	20.0	16.2
Target P/B	0.0	0.0	0.0	0.0	2.6	2.3	2.1
Target P/E	0.0	0.0	0.0	0.0	28.5	16.0	13.3
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	0.42	0.75	0.90
Operating cash flow per share	1.52	1.08	1.12	1.43	1.17	1.49	1.65
Free cash flow per share	0.44	0.32	-0.18	0.64	0.17	0.71	0.84
Book value per share	3.49	3.94	4.25	4.52	4.64	5.18	5.70
Dividend per share	0.34	0.40	0.36	0.30	0.21	0.38	0.45
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	2.0	3.6	4.4
FCF yield, %	3.4	1.9	-1.2	4.7	1.6	6.8	8.1
Efficiency measures							
ROE	20.9	21.6	17.7	15.1	9.2	15.3	16.6
ROCE	15.7	15.7	15.3	12.9	9.1	13.6	15.2
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	25.5	25.2	24.9
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	6.6	6.3	6.0
Operative CAPEX/sales, %	8.1	4.0	3.3	5.5	7.0	5.3	5.2
CAPEX/sales (incl. acquisitions), %	5.9	1.7	-2.6	5.5	7.0	5.3	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	1.8	1.2	0.8
Debt/equity, market-weighted	0.1	0.1	0.2	0.2	0.3	0.2	0.2
Equity ratio, book-weighted	40.0	39.1	37.8	40.1	40.2	44.2	47.8
Gearing, %	46.6	48.7	66.8	55.4	56.8	41.3	29.3

Commercial Services & Supplies/Finland, October 16, 2024
Preview

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 has a comprehensive service offering and good market position that provides organic growth opportunities while the 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	172.535	66.0%
Oy Fincorp Ab	2,597,344	26.883	10.3%
Varma Mutual Pension Insurance Company	985,593	10.201	3.9%
Ilmarinen Mutual Pension Insurance Company	343,618	3.556	1.4%
Tuori Klaus	309,134	3.200	1.2%
Tuori Aino	300,275	3.108	1.2%
Elo Mutual Pension Insurance Company	262,000	2.712	1.0%
VAS Invest Oy	194,035	2.008	0.8%
Aktia Mikro Markka fund	146,654	1.518	0.6%
OP Fin Small Cap	108,980	1.128	0.4%
Ten largest	21,917,633	226.848	87%
Residual	3,332,239	34.489	13%
Total	25,249,872	261.336	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 Torniainen

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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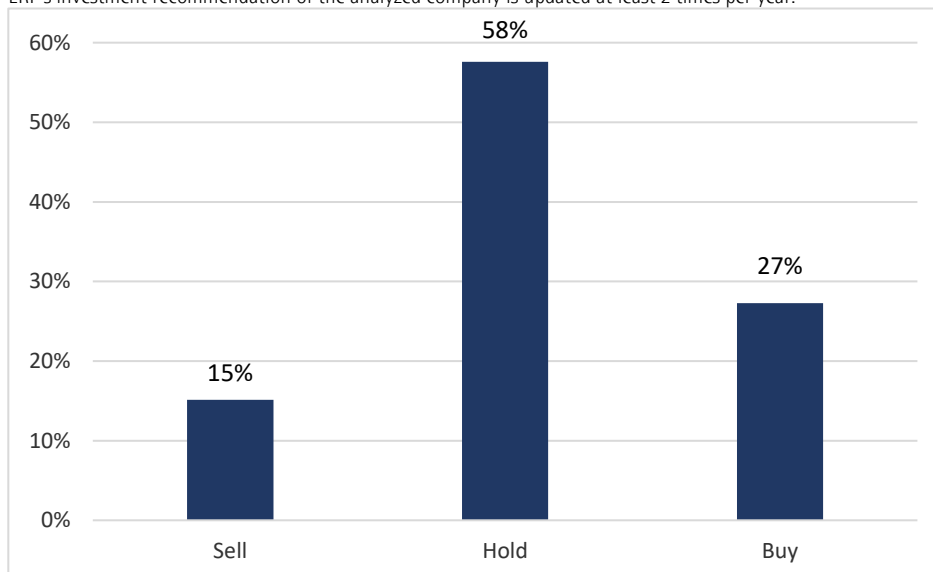
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Investment recommendations are defined as follows:

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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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
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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