

AIiming to improve

Etteplan's Q4 results aligned with our estimates, with NRIs weighing on the figures. The market remains challenging which is reflected in the conservative lower range of the 2025 guidance. Going forward, Etteplan aims to continue profitable growth with the help of increased share of AI service offering.

Q4 reported figures in line as NRI's weigh on numbers

Net sales in Q4 were EUR 91.3m (Evli est. EUR 93.2m, EUR 95.2m in Q4/23), revenue decreased by 4.1% as organic net sales decreased by 7.2%. EBIT in Q4 amounted to EUR 5.0m (Evli est. EUR 4.9m, EUR 8.2m in Q4/23), at a margin of 5.4% (Evli est. 5.3%). The combined effect of NRI's on EBITA and EBIT was EUR -0.9m for the quarter, excluding NRI's EBIT was at EUR 5.9m. There were no large surprises on the business area level as Software and Embedded continued to grow supported by acquisitions while Technical Communication and Data Solutions saw flat sales and Engineering Solutions sales declined by over 10%. The market environment stayed challenging during the quarter and at the end of Q4, the company had 178 employees in Finland temporarily laid off (approximately 10% of the total workforce in Finland).

Organic growth remains hard to come by

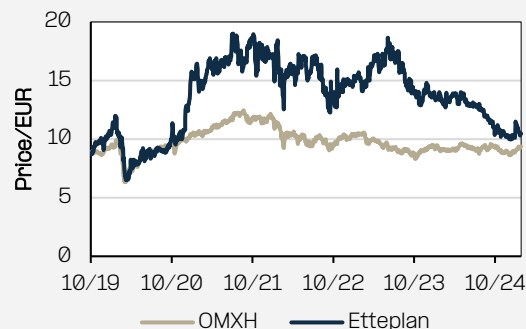
Etteplan estimates net sales of EUR 365–400m and EBIT of EUR 23–30m for 2025E. We find the current guidance quite conservative in terms of organic growth as Etteplan acquired Novacon Powertrains in January (Novacon net sales in 2023 approx. EUR 18m). We have adjusted our estimates still slightly downwards as we now model net sales of EUR 386m (prev. EUR 392m) and reported EBIT of EUR 25.7m (prev. EUR 27.7m). Engineering Solutions growth will be supported by the acquisition while we model organic sales decline for H1/25. For Software and Embedded and Technical Communication and Data we model low single digit growth for 2025E. We expect some further restructuring NRIs for H1 in line with the comments made by the management. While NRIs continue to affect reported profitability, we expect that the restructuring actions will continue to bear fruit in 2025E. The new AI-driven revenue target is ambitious; however, success in developing AI-based services and enhancing the current offering, particularly in Technical Communication and Data Solutions, could further support the profitable growth story.

BUY with a TP of EUR 12.0 (prev. EUR 12.5)

After the negative estimate changes, we revise our TP back to EUR 12.0 yet retain rating at BUY. The company is priced at adj. EV/EBITA 11–9x based on our estimates for 2025–2026E. While pricing is in our view conservative, the market remains uncertain.

Rating

++ Buy



Share price, EUR (Last trading day's closing price)	10.55
Target price, EUR	12.0
Latest change in recommendation	14-Jun-24
Latest report on company	13-Feb-25
Research paid by issuer:	YES
No. of shares outstanding, '000's	25 250
No. of shares fully diluted, '000's	25 250
Market cap, EURm	266
Free float, %	24.0 %
Exchange rate	
Reuters code	ETTE.HE
Bloomberg code	ETTE FH
Average daily volume, EURm	
Next interim report	05-May-24
Web site	etteplan.com/investors
Analyst	Atte Jortikka
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++ BUY ++ ACCUMULATE -- REDUCE -- SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2023	360.0	25.5	7.1%	16.2	0.66	17.7	1.1	15.8	4.7%	0.30
2024	361.0	18.4	5.1%	-0.3	0.41	24.3	0.9	17.6	-0.1%	0.22
2025E	385.9	25.7	6.7%	0.4	0.64	16.4	0.9	13.3	0.1%	0.32
2026E	404.1	30.0	7.4%	15.4	0.82	12.8	0.8	11.2	5.8%	0.41
2027E	418.0	33.5	8.0%	25.2	0.95	11.2	0.8	9.6	9.5%	0.47

Market cap, EURm	266	Gearing 2025E, %	59.0 %	CAGR EPS 2024–27, %	32.0 %
Net debt 2025E, EURm	76	Price/book 2025E	2.1	CAGR Sales 2024–27, %	5.0 %
Enterprise value, EURm	342	Dividend yield 2025E, %	3.1 %	ROE 2025E, %	13.2 %
Total assets 2025E, EURm	320	Tax rate 2025E, %	20.0 %	ROCE 2025E, %	11.6 %
Goodwill 2025E, EURm	127	Equity ratio 2025E, %	40.2 %	PEG, P/E 25/CAGR	0.9

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

Market challenged throughout 2024

The year 2024 was a clear letdown on Etteplan's standards. The early optimism of H1/24 proved to be premature, as market conditions continued to deteriorate throughout the year. In Q4, the market environment remained generally challenging in almost all of the company's customer segments. Of the largest customer segments, demand in energy and automotive segments was at a moderate level while in the forest and metals and mining segments the demand remained weak. Geographically, the demand situation continued challenging in Finland and Germany. In China, a smaller geographical location for Etteplan, the internal market developed positively with regards to engineering services. We see that the challenges the company is facing are primarily due to market factors, as evidenced by similar difficulties encountered by Etteplan's competitors during the year. The consensus estimates point towards slight growth for some of Etteplan's largest customers for 2025E vs. flattish sales expected on average for 2024E. Especially the company's Software and Embedded Solutions business area should react rather quickly to potential pick-up in the market as it is mostly driven by the company's clients' R&D activities. While there is potential for demand pick-up, the visibility remains limited. The company saw some early signs of increased orders in some of its client verticals already during the fourth quarter.

Table 1: Estimate summary

Etteplan	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24	2024	Q1/'25E	Q2/'25E	Q3/'25E	Q4/'25E	2025E	2026E	2027E
Net sales	360.0	97.1	92.6	80.0	91.3	361.0	101.1	98.7	85.4	100.7	385.9	404.1	418.0
<i>sales growth %</i>	<i>2.8%</i>	<i>2.3%</i>	<i>3.1%</i>	<i>0.0%</i>	<i>-4.1%</i>	<i>0.3%</i>	<i>4.1%</i>	<i>6.6%</i>	<i>6.8%</i>	<i>10.2%</i>	<i>6.9%</i>	<i>4.7%</i>	<i>3.5%</i>
EBITA	30.9	8.2	6.8	2.9	6.4	24.7	8.2	8.4	6.9	9.0	32.4	36.7	40.2
<i>EBITA margin</i>	<i>8.6%</i>	<i>8.4%</i>	<i>7.4%</i>	<i>3.7%</i>	<i>7.1%</i>	<i>6.8%</i>	<i>8.1%</i>	<i>8.5%</i>	<i>8.0%</i>	<i>9.0%</i>	<i>8.4%</i>	<i>9.1%</i>	<i>9.6%</i>
EBIT	25.5	6.7	5.3	1.4	5.0	18.4	6.5	6.7	5.2	7.4	25.7	30.0	33.5
<i>EBIT margin</i>	<i>7.1%</i>	<i>6.9%</i>	<i>5.8%</i>	<i>1.8%</i>	<i>5.4%</i>	<i>5.1%</i>	<i>6.4%</i>	<i>6.8%</i>	<i>6.1%</i>	<i>7.3%</i>	<i>6.7%</i>	<i>7.4%</i>	<i>8.0%</i>
NRIs	-1.7	-0.3	-0.4	-1.4	-0.9	-3.0	-0.3	-0.2	0.0	0.0	-0.5	0.0	0.0
EBIT (excl. NRIs)	27.2	7.0	5.7	2.8	5.9	21.4	6.8	6.9	5.2	7.4	26.2	30.0	33.5
<i>-margin</i>	<i>7.6%</i>	<i>7.2%</i>	<i>6.2%</i>	<i>3.5%</i>	<i>6.4%</i>	<i>5.9%</i>	<i>6.7%</i>	<i>7.0%</i>	<i>6.1%</i>	<i>7.3%</i>	<i>6.8%</i>	<i>7.4%</i>	<i>8.0%</i>
Engineering Solutions													
Net sales	202.4	52.3	49.6	42.0	48.9	192.8	54.9	54.6	45.7	55.8	211.0	219.4	226.0
<i>sales growth %</i>	<i>10.2%</i>	<i>1.1%</i>	<i>-2.7%</i>	<i>-6.9%</i>	<i>-10.5%</i>	<i>-4.8%</i>	<i>5.0%</i>	<i>10.0%</i>	<i>9.0%</i>	<i>14.0%</i>	<i>9.4%</i>	<i>4.0%</i>	<i>3.0%</i>
EBITA	19.9	4.7	3.9	1.2	3.6	13.4	4.7	4.9	4.0	5.3	18.9	20.8	22.6
<i>EBITA margin</i>	<i>9.8%</i>	<i>9.0%</i>	<i>7.9%</i>	<i>2.9%</i>	<i>7.3%</i>	<i>7.0%</i>	<i>8.5%</i>	<i>9.0%</i>	<i>8.8%</i>	<i>9.5%</i>	<i>9.0%</i>	<i>9.5%</i>	<i>10.0%</i>
Software and Embedded Solutions													
Net sales	86.9	26.3	24.9	21.7	24.4	97.4	26.8	25.7	22.8	26.2	101.4	107.5	111.8
<i>sales growth %</i>	<i>-9.4%</i>	<i>10.1%</i>	<i>17.4%</i>	<i>13.0%</i>	<i>8.3%</i>	<i>12.1%</i>	<i>2.0%</i>	<i>3.0%</i>	<i>5.0%</i>	<i>7.0%</i>	<i>4.2%</i>	<i>6.0%</i>	<i>4.0%</i>
EBITA	6.9	2.4	1.9	1.5	2.1	7.9	2.3	2.3	2.1	2.5	9.1	9.9	10.9
<i>EBITA margin</i>	<i>8.0%</i>	<i>9.1%</i>	<i>7.6%</i>	<i>6.8%</i>	<i>8.7%</i>	<i>8.1%</i>	<i>8.5%</i>	<i>9.0%</i>	<i>9.0%</i>	<i>9.5%</i>	<i>9.0%</i>	<i>9.2%</i>	<i>9.8%</i>
Technical Communication and Data Solutions													
Net sales	70.0	18.5	17.9	16.2	17.9	70.5	19.2	18.3	16.7	18.6	72.8	76.4	79.5
<i>sales growth %</i>	<i>0.2%</i>	<i>-3.7%</i>	<i>2.9%</i>	<i>4.6%</i>	<i>0.1%</i>	<i>0.8%</i>	<i>4.0%</i>	<i>2.0%</i>	<i>3.0%</i>	<i>4.0%</i>	<i>3.3%</i>	<i>5.0%</i>	<i>4.0%</i>
EBITA	4.9	1.4	1.2	0.6	1.1	4.3	1.4	1.4	1.0	1.5	6.0	6.9	7.6
<i>EBITA margin</i>	<i>7.1%</i>	<i>7.3%</i>	<i>6.8%</i>	<i>3.9%</i>	<i>5.9%</i>	<i>6.1%</i>	<i>7.5%</i>	<i>7.5%</i>	<i>6.0%</i>	<i>8.0%</i>	<i>8.2%</i>	<i>9.0%</i>	<i>9.5%</i>

Source: Etteplan, 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	6023	16.3x	16.7x	15.4x	21.2x	21.4x	19.1x	32.9x	27.5x	24.3x	2.4x	2.2x	2.0x
AFRY	1981	7.8x	8.9x	7.8x	11.4x	12.5x	10.6x	17.2x	14.4x	12.0x	1.1x	1.0x	0.9x
Alten	3011	6.6x	7.0x	6.5x	8.2x	8.7x	7.9x	11.9x	11.6x	10.4x	0.7x	0.7x	0.6x
Bertrandt	226	18.2x	4.8x	3.7x		11.8x	6.6x		11.4x	5.5x	0.3x	0.3x	0.3x
Multiconsult	478	8.3x	7.9x	7.7x	12.5x	11.8x	11.3x	13.4x	14.3x	13.5x	1.2x	1.1x	1.0x
TietoEVRY	2220	6.5x	6.8x	6.5x	9.7x	9.9x	9.2x	9.9x	9.3x	8.7x	1.1x	1.1x	1.1x
Rejlers AB	323	7.4x	7.7x	6.9x	11.8x	11.8x	10.2x	14.0x	12.4x	10.7x	1.9x	1.8x	1.6x
Peer Group Average	2038	10.2x	8.6x	7.8x	12.5x	12.6x	10.7x	16.5x	14.4x	12.2x	1.2x	1.2x	1.1x
Peer Group Median	1981	7.8x	7.5x	7.1x	11.4x	11.8x	9.9x	13.4x	12.9x	11.2x	1.1x	1.0x	0.9x
Etteplan (Evli est.)	350	8.1x	7.7x	6.7x	11.8x	10.7x	9.1x	14.0x	12.1x	10.2x	1.0x	0.9x	0.9x

Etteplan prem./disc. to peer media 3.9% 2.8% -6.3% 4.0% -9.4% -7.8% 4.7% -6.5% -9.0% -8.4% -10.7% -8.9%

Multiples adjusted for NRIs & PPA amortization

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	10.55 PV of Free Cash Flow	240 Long-term growth, %	2.0 % Risk-free interest rate, %	2.25 %
DCF share value	18.79 PV of Horizon value	305 WACC, %	9.2 % Market risk premium, %	5.8 %
Share price potential, %	78.1 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %	3.3 %
Maximum value	20.5 Marketable securities	25 Minimum WACC, %	8.7 % Equity beta coefficient	0.90
Minimum value	17.3 Debt – dividend	–96 Maximum WACC, %	9.7 % Target debt ratio, %	20 %
Horizon value, %	55.9 % Value of stock	474 No. of shares, Mn	25.2 Effective tax rate, %	20 %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	361	386	404	418	431	443	455	466	478	490	499	509
Sales growth (%)	0.3%	6.9%	4.7%	3.5%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%
Operating income (EBIT)	18	26	30	33	37	38	39	37	38	39	40	41
Operating income margin %	5.1%	6.7%	7.4%	8.0%	8.5%	8.5%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%
+ Depreciation+amort.	18	18	20	22	22	23	24	24	25	25	26	
EBITDA	37	44	50	55	59	60	62	61	63	65	66	
– Paid taxes	–2	–5	–6	–7	–7	–8	–8	–7	–8	–8	–8	
– Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
NWC / Sales, %	6.4%	5.9%	5.6%	5.4%	5.2%	5.0%	4.9%	4.7%	4.6%	4.4%	4.3%	
+ Change in other liabs	0											
– Operative CAPEX	–23	–23	–14	–8	–11	–12	–12	–12	–12	–13	–7	
opCAPEX / Sales, %	8.8%	9.0%	6.4%	5.0%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	4.3%	
– Acquisitions												
+ Divestments												
– Other items												
= FCFF	12	17	31	41	40	41	43	42	43	44	52	729
= Discounted FCFF		15	26	32	28	27	25	23	22	20	22	305
= DFCF min WACC		15	26	32	29	28	26	24	22	21	23	343
= DFCF max WACC		15	26	31	28	26	25	22	21	19	21	272

Sensitivity analysis, EUR

Terminal WACC

	7.22 %	8.22 %	9.22 %	10.22 %	11.22 %
6.00 %	23.86	19.57	16.45	14.09	12.23
7.00 %	25.80	21.05	17.62	15.02	12.99
8.00 %	27.74	22.54	18.79	15.96	13.76
9.00 %	29.68	24.02	19.96	16.90	14.52
10.00 %	31.62	25.51	21.12	17.84	15.29

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	97.1	92.6	80.0	91.3	361.0	101.1	98.7	85.4	100.7	385.9	404.1	418.0
EBITDA	11.6	9.7	6.1	9.5	36.8	11.1	11.3	9.8	12.0	44.1	50.3	55.4
<i>EBITDA margin (%)</i>	<i>11.9%</i>	<i>10.5%</i>	<i>7.6%</i>	<i>10.4%</i>	<i>10.2%</i>	<i>11.0%</i>	<i>11.4%</i>	<i>11.4%</i>	<i>11.9%</i>	<i>11.4%</i>	<i>12.4%</i>	<i>13.2%</i>
EBIT	6.7	5.3	1.4	5.0	18.4	6.5	6.7	5.2	7.4	25.7	30.0	33.5
<i>EBIT margin (%)</i>	<i>6.9%</i>	<i>5.8%</i>	<i>1.8%</i>	<i>5.4%</i>	<i>5.1%</i>	<i>6.4%</i>	<i>6.8%</i>	<i>6.1%</i>	<i>7.3%</i>	<i>6.7%</i>	<i>7.4%</i>	<i>8.0%</i>
Net financial items	-1.1	-1.2	-1.2	-1.4	-4.8	-1.4	-1.4	-1.4	-1.4	-5.4	-4.0	-3.6
Pre-tax profit	5.6	4.1	0.3	3.6	13.6	5.1	5.3	3.8	6.0	20.3	26.0	29.9
Tax	-1.7	-0.7	-0.3	-0.5	-3.2	-1.0	-1.1	-0.8	-1.2	-4.1	-5.2	-6.0
<i>Tax rate (%)</i>	<i>29.6%</i>	<i>17.9%</i>	<i>98.9%</i>	<i>15.0%</i>	<i>23.5%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>	<i>20.0%</i>
Net profit	3.9	3.4	0.0	3.1	10.4	4.1	4.3	3.1	4.8	16.3	20.8	23.9
EPS	0.16	0.13	0.00	0.12	0.41	0.16	0.17	0.12	0.19	0.64	0.82	0.95
EPS adj. (diluted)	0.16	0.13	0.00	0.12	0.41	0.16	0.17	0.12	0.19	0.64	0.82	0.95
Dividend per share					0.22					0.32	0.41	0.47
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Engineering Solutions	52.3	49.6	42.0	48.9	192.8	54.9	54.6	45.7	55.8	211.0	219.4	226.0
Software and Embedded Solutions	26.3	24.9	21.7	24.4	97.4	26.8	25.7	22.8	26.2	101.4	107.5	111.8
Technical Communication Solutions	18.5	17.9	16.2	17.9	70.5	19.2	18.3	16.7	18.6	72.8	76.4	79.5
Other	0.1	0.1	0.1	0.1	0.4	0.2	0.2	0.2	0.2	0.7	0.7	0.7
Total	97.1	92.6	80.0	91.3	361.0	101.1	98.7	85.4	100.7	385.9	404.1	418.0
SALES GROWTH, Y/Y %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Engineering Solutions	1.1%	-2.7%	-6.9%	-10.5%	-4.8%	5.0%	10.0%	9.0%	14.0%	9.4%	4.0%	3.0%
Software and Embedded Solutions	10.1%	17.4%	13.0%	8.3%	12.0%	2.0%	3.0%	5.0%	7.0%	4.2%	6.0%	4.0%
Technical Communication Solutions	-3.7%	2.9%	4.6%	0.1%	0.8%	4.0%	2.0%	3.0%	4.0%	3.3%	5.0%	4.0%
Other	-61.0%	-15.9%	-54.4%	-32.5%	-43.3%	120.2%	48.1%	123.1%	65.1%	83.2%		
Total	2.3%	3.1%		-4.1%	0.3%	4.1%	6.6%	6.8%	10.2%	6.9%	4.7%	3.5%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Engineering Solutions	4.7	3.9	1.2	3.6	13.4	4.7	4.9	4.0	5.3	18.9	20.8	22.6
Software and Embedded Solutions	2.4	1.9	1.5	2.1	7.9	2.3	2.3	2.1	2.5	9.1	9.9	10.9
Technical Communication Solutions	1.4	1.2	0.6	1.1	4.3	1.4	1.4	1.0	1.5	5.3	6.9	7.6
Other	-1.7	-1.7	-1.9	-1.8	-7.2	-1.9	-1.9	-1.9	-1.9	-7.6	-7.6	-7.6
Total	6.7	5.3	1.4	5.0	18.4	6.5	6.7	5.2	7.4	25.7	30.0	33.5
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Engineering Solutions	9.0%	7.9%	2.9%	7.3%	7.0%	8.5%	9.0%	8.8%	9.5%	9.0%	9.5%	10.0%
Software and Embedded Solutions	9.1%	7.6%	6.8%	8.7%	8.1%	8.5%	9.0%	9.0%	9.5%	9.0%	9.2%	9.8%
Technical Communication Solutions	7.3%	6.8%	3.9%	5.9%	6.1%	7.5%	7.5%	6.0%	8.0%	7.3%	9.0%	9.5%
Other	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
Total	6.9%	5.8%	1.8%	5.4%	5.1%	6.4%	6.8%	6.1%	7.3%	6.7%	7.4%	8.0%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	259.7	300.1	350.2	360.0	361.0	385.9	404.1	418.0
<i>Sales growth (%)</i>	-1.1%	15.6%	16.7%	2.8%	0.3%	6.9%	4.7%	3.5%
EBITDA	40.4	43.6	48.7	44.4	36.8	44.1	50.3	55.4
<i>EBITDA margin (%)</i>	15.6%	14.5%	13.9%	12.3%	10.2%	11.4%	12.4%	13.2%
Depreciation	-18.0	-17.8	-20.0	-18.9	-18.4	-18.4	-20.3	-21.9
EBITA	22.4	25.8	28.6	25.5	18.4	25.7	30.0	33.5
Goodwill amortization / writedown								
EBIT	22.4	25.8	28.6	25.5	18.4	25.7	30.0	33.5
<i>EBIT margin (%)</i>	8.6%	8.6%	8.2%	7.1%	5.1%	6.7%	7.4%	8.0%
Reported EBIT	22.4	25.8	28.6	25.5	18.4	25.7	30.0	33.5
<i>EBIT margin (reported) (%)</i>	8.6%	8.6%	8.2%	7.1%	5.1%	6.7%	7.4%	8.0%
Net financials	-1.3	-0.9	-6.2	-4.7	-4.8	-5.4	-4.0	-3.6
Pre-tax profit	21.1	24.9	22.4	20.8	13.6	20.3	26.0	29.9
Taxes	-4.0	-4.8	-4.2	-4.2	-3.2	-4.1	-5.2	-6.0
Minority shares								
Net profit	17.1	20.1	18.2	16.6	10.4	16.3	20.8	23.9
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	29	32	39	36	43	48	53	51
Goodwill	84	92	105	110	117	127	127	127
Right of use assets	23	22	21	21	19	20	21	22
Inventory	0	0	1	1	1	1	1	1
Receivables	57	75	94	92	92	96	99	102
Liquid funds	24	30	20	23	25	27	28	29
Total assets	218	253	281	285	298	320	330	332
Liabilities								
Shareholders' equity	87	99	106	114	118	128	141	155
Minority interest								
Convertibles								
Lease liabilities	24	23	22	21	19	23	24	25
Deferred taxes	7	7	10	10	10	10	10	10
Interest bearing debt	40	56	69	65	77	80	72	58
Non-interest bearing current liabilities	57	66	66	67	67	71	75	77
Other interest-free debt	2	3	8	8	8	8	8	8
Total liabilities	218	253	281	285	298	320	330	332
CASH FLOW, EURm								
+ EBITDA	40	44	49	44	37	44	50	55
- Net financial items	-1	-1	-6	-5	-5	-5	-4	-4
- Taxes	-5	-6	-5	-5	-1	-4	-5	-6
- Increase in Net Working Capital	1	-10	-17	1	1	0	0	0
+/- Other	3	1	8					
= Cash flow from operations	38	27	28	36	31	35	41	46
- Capex	-21	-12	-12	-20	-32	-35	-26	-21
- Acquisitions	-6	-7	-21					
+ Divestments	0							
= Free cash flow	11	8	-4	16	0	0	15	25
+/- New issues/buybacks	2	0	-1	0	1			
- Paid dividend	8	10	9	8	6	8	10	12
+/- Other	4	6	4	-3	9	7	-6	-14
Change in cash	9	6	-11	4	2	2	1	1

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	424	366	341	252	266	266	266
Net debt (excl. convertibles)	48	71	63	71	76	68	54
Enterprise value	472	437	404	323	342	335	320
Sales	300	350	360	361	386	404	418
EBITDA	44	49	44	37	44	50	55
EBIT	26	29	26	18	26	30	33
Pre-tax	25	22	21	14	20	26	30
Earnings	20	18	17	10	16	21	24
Equity book value (excl. minorities)	99	106	114	118	128	141	155

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	1.6	1.2	1.1	0.9	0.9	0.8	0.8
EV/EBITDA	10.8	9.0	9.1	8.8	7.8	6.7	5.8
EV/EBITA	18.3	15.2	15.8	17.6	13.3	11.2	9.6
EV/EBIT	18.3	15.2	15.8	17.6	13.3	11.2	9.6
EV/OCF	17.4	15.5	11.2	10.3	9.8	8.1	7.0
EV/FCF	41.1	57.3	12.8	27.0	20.6	10.8	7.9
P/FCFR	52.6	-81.8	21.1	-731.5	719.2	17.3	10.6
P/E	21.1	15.2	17.7	24.3	16.4	12.8	11.2
P/BV	4.3	3.4	3.0	2.1	2.1	1.9	1.7
Target EV/EBITDA					8.6	7.4	6.4
Target EV/EBIT					14.7	12.4	10.7
Target EV/FCFF					1022.6	24.1	14.2
Target P/BV					2.4	2.1	2.0
Target P/E, diluted	21.5	18.1	17.1	30.7	18.6	14.6	12.7

Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)	25.08	25.04	25.25	25.25	25.25	25.25	25.25
Number of shares (diluted, million)	25.08	25.04	25.25	25.25	25.25	25.25	25.25
EPS	0.80	0.73	0.66	0.41	0.64	0.82	0.95
Operating cash flow per share	1.08	1.12	1.43	1.24	1.38	1.64	1.82
Free cash flow per share	0.32	-0.18	0.64	-0.01	0.01	0.61	1.00
Book value per share	3.94	4.25	4.52	4.67	5.09	5.59	6.13
Dividend per share	0.40	0.36	0.30	0.22	0.32	0.41	0.47
Dividend payout ratio, %	49.9%	49.6%	45.5%	53.4%	50.0%	50.0%	50.0%
Dividend yield, %	2.4%	2.5%	2.2%	2.1%	3.1%	3.9%	4.5%
FCF yield, %	1.9%	-1.2%	4.7%	-0.1%	0.1%	5.8%	9.5%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	21.6%	17.7%	15.1%	9.0%	13.2%	15.4%	16.2%
ROCE	15.7%	15.3%	12.9%	8.9%	11.6%	12.8%	14.1%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Receivables as % of sales	24.9%	26.7%	25.5%	25.5%	24.9%	24.6%	24.3%
Non-int. bearing liabilities as % of sales	21.9%	19.0%	18.5%	18.5%	18.5%	18.5%	18.5%
NWC/sales, %	2.6%	7.0%	6.6%	6.4%	5.9%	5.6%	5.4%
Operative CAPEX/Sales, %	4.0%	3.3%	5.5%	8.8%	9.0%	6.4%	5.0%
CAPEX/sales (incl. acquisitions), %	1.7%	-2.6%	5.5%	8.8%	9.0%	6.4%	5.0%
FCFF/EBITDA	0.3	0.2	0.7	0.3	0.4	0.6	0.7
Net Debt/EBITDA, book-weighted	1.1	1.5	1.4	1.9	1.7	1.4	1.0
Debt/equity, market-weighted	0.1	0.2	0.2	0.3	0.3	0.3	0.2
Equity ratio, book-weighted	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Gearing, %	48.7%	66.8%	55.4%	60.0%	59.0%	48.5%	34.7%

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 a good market position that provides organic growth opportunities, with 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 optimizing resources through an increase in Managed Services and introducing AI into the service offering could provide a further boost to margins. However, the last two years have been difficult due to poor market conditions, which have impacted overall demand and created additional challenges. In the near term, uncertainty is further elevated by the weakened overall demand situation.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16 670 000	175.869	66.0 %
Oy Fincorp Ab	2 627 393	27.719	10.4 %
Varma Mutual Pension Insurance Company	985 593	10.398	3.9 %
Ilmarinen Mutual Pension Insurance Company	343 618	3.625	1.4 %
Tuori Klaus	309 134	3.261	1.2 %
Tuori Aino	298 275	3.147	1.2 %
Elo Mutual Pension Insurance Company	262 000	2.764	1.0 %
VAS Invest Oy	194 035	2.047	0.8 %
Aktia Mikro Markka fund	133 953	1.413	0.5 %
Juha Näkki	107 739	1.137	0.4 %
Ten largest	21 931 740	231.380	86.9 %
Residual	3 318 132	35.006	13.1 %
Total	25 249 872	266.386	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Juha Näkki
CFO: Helena Kukkonen
IR: Outi Torniainen

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Tel: +358 10 3070

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 $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	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 rate per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

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Investment recommendations are defined as follows:

Target price compared to share price

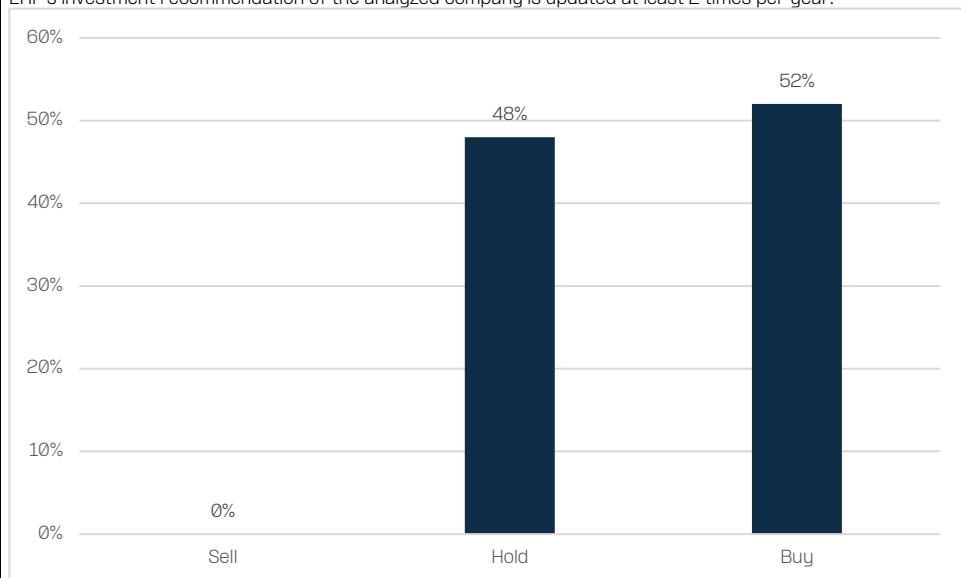
< -10 %
 -10 - 0 %
 0 - (+10) %
 > 10 %

Recommendation

SELL
 RECUDE
 ACCUMULATE
 BUY

ERP may temporarily suspend the rating and, if applicable, the target price to comply with regulations and/or firm policies, in which case a NOT RATED classification is used.

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