

Slow start for the year

Etteplan posted softer than expected figures for Q1 that were further weakened by sizeable NRIs. What initially appeared to be a rather conservative guidance at the start of the year now seems more challenging, although softer comparable figures and the company's continued self-help provide some backing.

Weaker than expected across the board in Q1

Net sales in Q1 were EUR 94.9m (Evli est. EUR 100.2m, EUR 97.1m in Q1/24), revenue decreased by 2.3% as organic net sales decreased by 8.0% (at comparable FX). Development was weaker than we expected in both Software and Embedded and Engineering Solutions. Operating profit fell to EUR 4.2m (Evli est. EUR 6.1m) due to lower net sales and non-recurring items. The combined effect of NRI's to EBITA and EBIT was EUR -1.3m, excluding these, EBITA-margin was at 7.5% (Evli est. 8.1%). NRI's were related to adaptation measures, acquisition of Novacon and a significant credit loss in Germany.

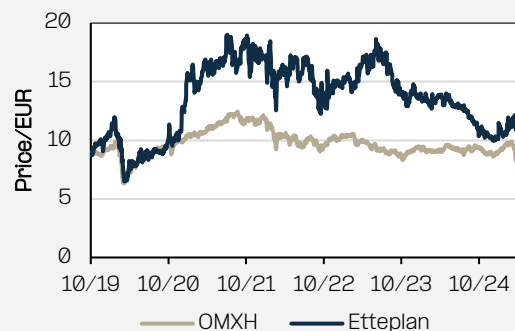
Growth should accelerate in H2 against weaker comparable

With the softer Q1, Etteplan specified its guidance for 2025 as it now expects net sales to land in between EUR 365–395m (prev. EUR 365–400m) and EBIT to EUR 23–28m (EUR 23–30m). After estimate revisions, we now model net sales of EUR 375.6m (prev. EUR 385.0m) and EBIT of EUR 23.3m (EUR 25.4m) for 2025E. We find the organic growth drivers for Q2 limited as the market remains challenging, headcount has decreased for Software and Embedded and there is one less working day in Finland. We anticipate stronger organic sales growth in the second half of the year, largely due to weaker comparable figures, as Engineering Solutions sales saw a nearly 9% year-on-year decline in H2/24. However, we do not expect any sudden improvement in market conditions. Although the escalation of the trade war has delayed certain investment decisions, the company has not been required to implement additional efficiency measures. Furthermore, several customer segments, including energy, automotive, and defense, continue to perform well. Meanwhile, acquisitions remain a key driver of sales growth for Engineering Solutions, and we expect continued self-help to contribute to profitability. While we still expect Etteplan to reach its guidance, the likelihood of a profit warning has increased due to the slower start to the year and continued uncertain demand picture.

ACCUMULATE with a TP of EUR 11.5 (prev. EUR 12.0)

After estimate revisions, Etteplan is priced at adj. EV/EBITA of 11–10x and adj. P/E of 13–11x for 2025–2026E. The pricing is neutral on both relative and absolute terms in the short-term. While short-term upside is limited, we continue to consider the long-term case attractive should the turnaround develop according to our estimates during the coming years.

Rating

+ Accumulate


Share price, EUR (Last trading day's closing price) **10.70**
 Target price, EUR 11.5

Latest change in recommendation 29-Apr-25
 Latest report on company 06-May-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 270
 Free float, % 23.0 %
 Exchange rate
 Reuters code ETTE.HE
 Bloomberg code ETTE FH
 Average daily volume, EURm 0.027
 Next interim report 06-Aug-24
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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	375.6	23.3	6.2%	-2.2	0.57	18.8	0.9	14.9	-0.8%	0.28
2026E	393.8	28.6	7.3%	13.7	0.77	13.9	0.9	12.0	5.1%	0.38
2027E	407.4	32.8	8.0%	23.3	0.91	11.8	0.8	10.0	8.6%	0.46
Market cap, EURm	270		Gearing 2025E, %		61.9 %		CAGR EPS 2024–27, %		30.3 %	
Net debt 2025E, EURm	78		Price/book 2025E		2.1		CAGR Sales 2024–27, %		4.1 %	
Enterprise value, EURm	348		Dividend yield 2025E, %		2.7 %		ROE 2025E, %		11.8 %	
Total assets 2025E, EURm	318		Tax rate 2025E, %		20.8 %		ROCE 2025E, %		10.5 %	
Goodwill 2025E, EURm	128		Equity ratio 2025E, %		39.8 %		PEG, P/E 25/CAGR		0.9	

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

Softer than expected Q1

Etteplan's Q1 net sales decreased 2.3% y/y to EUR 94.9m (Evli est. EUR 100.2m, EUR 97.1m in Q1/24), organic net sales decreased by 8.0% (at comparable FX). We had estimated organic net sales decline, yet the development was even slower than we expected. The largest negative surprise was the Software and Embedded Solutions where sales declined almost 12% y/y. The market continued to be weak in the service area while hardware-related engineering and product development projects started to some extent during the quarter. On the other hand, software and application engineering projects were still slow to start and the company has implemented further adaptation measures for the service area. Engineering Solutions was supported by acquisitions as expected as net sales increased 1.1% y/y, organic sales still declined more than we expected. Technical Communication and Data Solutions grew 2.1% y/y, in line with our estimates. Etteplan has gained market share in Central Europe that supported the service areas' net sales development during the quarter. On the profitability side, group operating profit fell to EUR 4.2m (Evli est. EUR 6.1m). Softer sales development coupled with sizeable NRIs were the main drivers behind the lower-than-expected profitability. The combined effect of NRI's to EBITA and EBIT was EUR -1.3m, excluding these, EBITA-margin was at 7.5% (Evli est. 8.1%). NRI's were related to the Novacon acquisition, adaptation measures and a significant credit loss in Germany. The credit loss was related to a single project, and we estimate that the effect will be limited to the first quarter.

Table 1: Estimate summary

Etteplan	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24	2024	Q1/'25	Q2/'25E	Q3/'25E	Q4/'25E	2025E	2026E	2027E
Net sales	360.0	97.1	92.6	80.0	91.3	361.0	94.9	92.3	86.9	101.5	375.6	393.8	407.4
<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>-2.3%</i>	<i>-0.3%</i>	<i>8.7%</i>	<i>11.1%</i>	<i>4.0%</i>	<i>4.9%</i>	<i>3.4%</i>
EBITA	30.9	8.2	6.8	2.9	6.4	24.7	5.8	7.7	7.0	9.2	29.7	35.0	39.1
<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>6.1%</i>	<i>8.4%</i>	<i>8.0%</i>	<i>9.1%</i>	<i>7.9%</i>	<i>8.9%</i>	<i>9.6%</i>
EBIT	25.5	6.7	5.3	1.4	5.0	18.4	4.2	6.1	5.4	7.6	23.3	28.6	32.8
<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>4.4%</i>	<i>6.6%</i>	<i>6.2%</i>	<i>7.5%</i>	<i>6.2%</i>	<i>7.3%</i>	<i>8.0%</i>
NRIs	-1.7	-0.3	-0.4	-1.4	-0.9	-3.0	-1.3	-0.2	0.0	0.0	-1.5	0.0	0.0
EBIT (excl. NRIs)	27.2	7.0	5.7	2.8	5.9	21.4	5.5	6.3	5.4	7.6	24.8	28.6	32.8
<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>5.8%</i>	<i>6.9%</i>	<i>6.2%</i>	<i>7.5%</i>	<i>6.6%</i>	<i>7.3%</i>	<i>8.0%</i>
Engineering Solutions	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24	2024	Q1/'25	Q2/'25E	Q3/'25E	Q4/'25E	2025E	2026E	2027E
Net sales	202.4	52.3	49.6	42.0	48.9	192.8	52.9	50.1	47.8	57.0	207.8	216.1	222.6
<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>1.1%</i>	<i>1.0%</i>	<i>14.0%</i>	<i>16.5%</i>	<i>7.8%</i>	<i>4.0%</i>	<i>3.0%</i>
EBITA	19.9	4.7	3.9	1.2	3.6	13.4	3.5	4.5	4.2	5.4	17.6	19.9	22.3
<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>6.5%</i>	<i>9.0%</i>	<i>8.8%</i>	<i>9.5%</i>	<i>8.5%</i>	<i>9.2%</i>	<i>10.0%</i>
Software and Embedded Solutions	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24	2024	Q1/'25	Q2/'25E	Q3/'25E	Q4/'25E	2025E	2026E	2027E
Net sales	86.9	26.3	24.9	21.7	24.4	97.4	23.1	23.8	22.2	25.7	94.9	101.5	105.6
<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>-11.9%</i>	<i>-4.5%</i>	<i>2.5%</i>	<i>5.0%</i>	<i>-2.6%</i>	<i>7.0%</i>	<i>4.0%</i>
EBITA	6.9	2.4	1.9	1.5	2.1	7.9	1.9	2.1	2.0	2.4	8.4	9.3	10.3
<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>8.0%</i>	<i>9.0%</i>	<i>9.0%</i>	<i>9.5%</i>	<i>8.9%</i>	<i>9.2%</i>	<i>9.8%</i>
Technical Communication and Data Solutions	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24	2024	Q1/'25	Q2/'25E	Q3/'25E	Q4/'25E	2025E	2026E	2027E
Net sales	70.0	18.5	17.9	16.2	17.9	70.5	18.9	18.3	16.7	18.7	72.6	75.5	78.5
<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>2.1%</i>	<i>2.0%</i>	<i>3.0%</i>	<i>5.0%</i>	<i>3.0%</i>	<i>4.0%</i>	<i>4.0%</i>
EBITA	4.9	1.4	1.2	0.6	1.1	4.3	0.8	1.3	1.0	1.6	6.0	6.6	7.5
<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>4.4%</i>	<i>7.0%</i>	<i>6.0%</i>	<i>8.5%</i>	<i>8.2%</i>	<i>8.8%</i>	<i>9.5%</i>

Source: Etteplan, Evli Research

Our revised estimates for 2025E sit at the lower end of the guidance range

After slower than expected Q1 and continued uncertain and weak outlook, we have revised our estimates. We now model net sales of EUR 375.6m (prev. EUR 385.0m) and EBIT of EUR 23.3m (EUR 25.4m) for 2025E. The main negative adjustments relate to the Software and Embedded Solutions service area where performance in terms of net sales was clearly softer than we expected during Q1. Furthermore, the cautious remarks regarding the segments' outlook, combined with the approximately 4% decrease in headcount (as of the end-of-quarter levels), indicate constrained growth opportunities for the service area, at least through Q2. In Engineering Solutions, we expect softer comparable figures in addition to continued support from inorganic growth to drive net sales, especially in the second half. In terms of profitability, both Software and Embedded and Engineering Solutions achieved relatively strong margin levels, excluding non-recurring items, considering that both segments missed our

estimates for net sales development. We anticipate slight NRIs for Q2. Based on the comments by the management, the high NRI levels observed during the last three quarters are not expected to persist.

Table 2: Peer group

ETTEPLAN PEER GROUP	MCAP MEUR	EV/Sales			EV/EBITA*			P/E*		
		25	26	27	25	26	27	25	26	27
SWECO	5599	2.0x	1.9x	1.8x	19.7x	17.8x	16.5x	25.4x	22.8x	20.9x
AFRY	1774	0.9x	0.8x	0.8x	12.0x	10.1x	9.2x	14.0x	11.2x	9.9x
Alten	2622	0.6x	0.5x	0.5x	7.7x	6.6x	6.1x	10.7x	9.6x	8.9x
Bertrandt	196	0.3x	0.3x	0.2x	10.5x	5.2x		12.4x	4.5x	4.0x
Multiconsult	456	1.0x	0.9x	0.9x	11.5x	10.9x	10.2x	14.1x	13.2x	12.3x
TietoEVRY	1893	1.2x	1.1x	1.1x	10.1x	8.8x	8.2x	12.1x	10.1x	9.3x
Etteplan	270	0.9x	0.9x	0.8x	11.3x	10.4x	9.3x	14.2x	12.1x	10.5x
Prevas	114	0.9x	0.8x	0.7x	9.7x	8.0x	7.0x	12.3x	9.6x	8.1x
Rejlers AB	377	0.9x	0.8x	0.8x	11.9x	10.2x	9.5x	14.5x	12.2x	11.2x
Peer Group Average	1478	1.0x	0.9x	0.8x	11.6x	9.8x	9.5x	14.4x	11.7x	10.6x
Peer Group Median	456	0.9x	0.8x	0.8x	11.3x	10.1x	9.3x	14.0x	11.2x	9.9x
Etteplan (Evli est.)	270	0.9x	0.9x	0.8x	11.2x	9.8x	8.4x	13.5x	11.4x	9.9x

Etteplan prem./disc. to peer mec

2 % 3 % 6 % -1 % -3 % -9 % -3 % 2 % 0 %

Source FactSet, Evli Research

** Adj. for NRIs and PPA amortization*

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	10.70 PV of Free Cash Flow	226 Long-term growth, %	2.0 % Risk-free interest rate, %
DCF share value	17.13 PV of Horizon value	282 WACC, %	9.2 % Market risk premium, %
Share price potential, %	60.1 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %
Maximum value	18.7 Marketable securities	25 Minimum WACC, %	8.7 % Equity beta coefficient
Minimum value	15.8 Debt – dividend	–101 Maximum WACC, %	9.7 % Target debt ratio, %
Horizon value, %	55.5 % Value of stock	433 No. of shares, Mn	25.2 Effective tax rate, %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	361	376	394	407	420	432	443	454	465	477	487	496
Sales growth (%)	0.3%	4.0%	4.9%	3.4%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%
Operating income (EBIT)	18	23	29	33	36	37	35	36	35	36	36	37
Operating income margin %	5.1%	6.2%	7.3%	8.0%	8.5%	8.5%	8.0%	8.0%	7.5%	7.5%	7.5%	7.5%
+ Depreciation+amort.	18	19	20	22	22	22	23	24	24	25	26	
EBITDA	37	42	49	54	57	59	58	60	59	61	62	
– Paid taxes	–2	–5	–6	–7	–7	–8	–7	–8	–7	–7	–8	
– Change in NWC	1	–1	–1	–1	–1	–1	–1	–1	–1	–1	–1	
NWC / Sales, %	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	
+ Change in other liabs	0											
– Operative CAPEX	–23	–23	–13	–8	–11	–11	–11	–12	–12	–12	–7	
opCAPEX / Sales, %	8.8%	9.1%	6.3%	5.0%	5.7%	5.7%	5.6%	5.6%	5.6%	5.6%	4.5%	
– Acquisitions												
+ Divestments												
– Other items												
= FCFF	12	13	29	39	38	39	39	40	39	40	47	662
= Discounted FCFF		13	25	31	28	26	24	22	20	19	20	282
= DFCF min WACC		13	25	31	28	27	24	23	21	19	21	317
= DFCF max WACC		13	25	30	27	25	23	22	19	18	19	253

Sensitivity analysis, EUR

		Terminal WACC				
		7.22 %	8.22 %	9.22 %	10.22 %	11.22 %
Terminal EBIT–%	5.50 %	21.49	17.62	14.81	12.68	11.00
	6.50 %	23.41	19.09	15.97	13.61	11.76
	7.50 %	25.33	20.56	17.13	14.54	12.52
	8.50 %	27.25	22.04	18.29	15.48	13.29
	9.50 %	29.17	23.51	19.46	16.41	14.05

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	97.1	92.6	80.0	91.3	361.0	94.9	92.3	86.9	101.5	375.6	393.8	407.4
EBITDA	11.6	9.7	6.1	9.5	36.8	8.9	10.7	10.0	12.2	41.9	48.7	54.3
EBITDA margin (%)	11.9%	10.5%	7.6%	10.4%	10.2%	9.4%	11.6%	11.5%	12.0%	11.1%	12.4%	13.3%
EBIT	6.7	5.3	1.4	5.0	18.4	4.2	6.1	5.4	7.6	23.3	28.6	32.8
EBIT margin (%)	6.9%	5.8%	1.8%	5.4%	5.1%	4.4%	6.6%	6.2%	7.5%	6.2%	7.3%	8.0%
Net financial items	-1.1	-1.2	-1.2	-1.4	-4.8	-1.1	-1.4	-1.4	-1.4	-5.2	-4.1	-3.7
Pre-tax profit	5.6	4.1	0.3	3.6	13.6	3.0	4.8	4.1	6.3	18.1	24.5	29.0
Tax	-1.7	-0.7	-0.3	-0.5	-3.2	-0.7	-1.0	-0.8	-1.3	-3.8	-5.1	-6.0
Tax rate (%)	29.6%	17.9%	98.9%	15.0%	23.5%	24.8%	20.0%	20.0%	20.0%	20.8%	20.8%	20.8%
Net profit	3.9	3.4	0.0	3.1	10.4	2.3	3.8	3.2	5.0	14.4	19.4	23.0
EPS	0.16	0.13	0.00	0.12	0.41	0.09	0.15	0.13	0.20	0.57	0.77	0.91
EPS adj. (diluted)	0.16	0.13	0.00	0.12	0.41	0.09	0.15	0.13	0.20	0.57	0.77	0.91
Dividend per share					0.22					0.28	0.38	0.46
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Engineering Solutions	52.3	49.6	42.0	48.9	192.8	52.9	50.1	47.8	57.0	207.8	216.1	222.6
Software and Embedded Solutions	26.3	24.9	21.7	24.4	97.4	23.1	23.8	22.2	25.7	94.9	101.5	105.6
Technical Communication Solutions	18.5	17.9	16.2	17.9	70.5	18.9	18.3	16.7	18.7	72.6	75.5	78.5
Other	0.1	0.1	0.1	0.1	0.4	0.0	0.1	0.1	0.1	0.3	0.7	0.7
Total	97.1	92.6	80.0	91.3	361.0	94.9	92.3	86.9	101.5	375.6	393.8	407.4
SALES GROWTH, Y/Y %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Engineering Solutions	1.1%	-2.7%	-6.9%	-10.5%	-4.8%	1.1%	1.0%	14.0%	16.5%	7.8%	4.0%	3.0%
Software and Embedded Solutions	10.1%	17.4%	13.0%	8.3%	12.0%	-11.9%	-4.5%	2.5%	5.0%	-2.6%	7.0%	4.0%
Technical Communication Solutions	-3.7%	2.9%	4.6%	0.1%	0.8%	2.1%	2.0%	3.0%	5.0%	3.0%	4.0%	4.0%
Other	-61.0%	-15.9%	-54.4%	-32.5%	-43.3%	-91.0%	-13.8%	29.9%	-3.9%	-18.1%	123.8%	
Total	2.3%	3.1%		-4.1%	0.3%	-2.3%	-0.3%	8.7%	11.2%	4.0%	4.9%	3.4%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Engineering Solutions	4.7	3.9	1.2	3.6	13.4	3.5	4.5	4.2	5.4	17.6	19.9	22.3
Software and Embedded Solutions	2.4	1.9	1.5	2.1	7.9	1.9	2.1	2.0	2.4	8.4	9.3	10.3
Technical Communication Solutions	1.4	1.2	0.6	1.1	4.3	0.8	1.3	1.0	1.6	4.7	6.6	7.5
Other	-1.7	-1.7	-1.9	-1.8	-7.2	-2.0	-1.8	-1.8	-1.8	-7.4	-7.3	-7.3
Total	6.7	5.3	1.4	5.0	18.4	4.2	6.1	5.4	7.6	23.3	28.6	32.8
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2E	2025Q3E	2025Q4E	2025E	2026E	2027E
Engineering Solutions	9.0%	7.9%	2.9%	7.3%	7.0%	6.5%	9.0%	8.8%	9.5%	8.5%	9.2%	10.0%
Software and Embedded Solutions	9.1%	7.6%	6.8%	8.7%	8.1%	8.0%	9.0%	9.0%	9.5%	8.9%	9.2%	9.8%
Technical Communication Solutions	7.3%	6.8%	3.9%	5.9%	6.1%	4.4%	7.0%	6.0%	8.5%	6.5%	8.8%	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%	4.4%	6.6%	6.2%	7.5%	6.2%	7.3%	8.0%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	259.7	300.1	350.2	360.0	361.0	375.6	393.8	407.4
<i>Sales growth (%)</i>	-1.1%	15.6%	16.7%	2.8%	0.3%	4.0%	4.9%	3.4%
EBITDA	40.4	43.6	48.7	44.4	36.8	41.9	48.7	54.3
<i>EBITDA margin (%)</i>	15.6%	14.5%	13.9%	12.3%	10.2%	11.1%	12.4%	13.3%
Depreciation	-18.0	-17.8	-20.0	-18.9	-18.4	-18.5	-20.1	-21.5
EBITA	22.4	25.8	28.6	25.5	18.4	23.3	28.6	32.8
Goodwill amortization / writedown								
EBIT	22.4	25.8	28.6	25.5	18.4	23.3	28.6	32.8
<i>EBIT margin (%)</i>	8.6%	8.6%	8.2%	7.1%	5.1%	6.2%	7.3%	8.0%
Reported EBIT	22.4	25.8	28.6	25.5	18.4	23.3	28.6	32.8
<i>EBIT margin (reported) (%)</i>	8.6%	8.6%	8.2%	7.1%	5.1%	6.2%	7.3%	8.0%
Net financials	-1.3	-0.9	-6.2	-4.7	-4.8	-5.2	-4.1	-3.7
Pre-tax profit	21.1	24.9	22.4	20.8	13.6	18.1	24.5	29.0
Taxes	-4.0	-4.8	-4.2	-4.2	-3.2	-3.8	-5.1	-6.0
Minority shares								
Net profit	17.1	20.1	18.2	16.6	10.4	14.4	19.4	23.0
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	29	32	39	36	43	48	51	50
Goodwill	84	92	105	110	117	128	128	128
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	95	100	103
Liquid funds	24	30	20	23	25	26	28	28
Total assets	218	253	281	285	298	318	329	332
Liabilities								
Shareholders' equity	87	99	106	114	118	127	139	152
Minority interest								
Convertibles								
Lease liabilities	24	23	22	21	19	23	24	24
Deferred taxes	7	7	10	10	10	10	10	10
Interest bearing debt	40	56	69	65	77	82	76	62
Non-interest bearing current liabilities	57	66	66	67	67	70	73	75
Other interest-free debt	2	3	8	8	8	8	8	8
Total liabilities	218	253	281	285	298	318	329	332
CASH FLOW, EURm								
+ EBITDA	40	44	49	44	37	42	49	54
- 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	-1	-1	-1
+/- Other	3	1	8					
= Cash flow from operations	38	27	28	36	31	32	38	44
- Capex	-21	-12	-12	-20	-32	-34	-25	-20
- Acquisitions	-6	-7	-21					
+ Divestments	0							
= Free cash flow	11	8	-4	16	0	-2	14	23
+/- New issues/buybacks	2	0	-1	0	1			
- Paid dividend	8	10	9	8	6	7	10	11
+/- Other	4	6	4	-3	9	9	-5	-13
Change in cash	9	6	-11	4	2	1	1	1

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	424	366	341	252	270	270	270
Net debt (excl. convertibles)	48	71	63	71	78	72	58
Enterprise value	472	437	404	323	348	342	328
Sales	300	350	360	361	376	394	407
EBITDA	44	49	44	37	42	49	54
EBIT	26	29	26	18	23	29	33
Pre-tax	25	22	21	14	18	25	29
Earnings	20	18	17	10	14	19	23
Equity book value (excl. minorities)	99	106	114	118	127	139	152

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	1.6	1.2	1.1	0.9	0.9	0.9	0.8
EV/EBITDA	10.8	9.0	9.1	8.8	8.3	7.0	6.1
EV/EBITA	18.3	15.2	15.8	17.6	14.9	12.0	10.0
EV/EBIT	18.3	15.2	15.8	17.6	14.9	12.0	10.0
EV/OCF	17.4	15.5	11.2	10.3	10.9	8.9	7.5
EV/FCF	41.1	57.3	12.8	27.0	26.0	11.8	8.5
P/FCFR	52.6	-81.8	21.1	-731.5	-123.5	19.8	11.6
P/E	21.1	15.2	17.7	24.3	18.8	13.9	11.8
P/BV	4.3	3.4	3.0	2.1	2.1	1.9	1.8
Target EV/EBITDA					8.8	7.4	6.4
Target EV/EBIT					15.8	12.7	10.6
Target EV/FCFF					-168.5	26.5	14.9
Target P/BV					2.3	2.1	1.9
Target P/E, diluted	21.5	18.1	17.1	30.7	20.2	14.9	12.6

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	0.57	0.77	0.91
Operating cash flow per share	1.08	1.12	1.43	1.24	1.27	1.52	1.73
Free cash flow per share	0.32	-0.18	0.64	-0.01	-0.09	0.54	0.92
Book value per share	3.94	4.25	4.52	4.67	5.01	5.50	6.03
Dividend per share	0.40	0.36	0.30	0.22	0.28	0.38	0.46
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%	2.2%	2.7%	3.6%	4.3%
FCF yield, %	1.9%	-1.2%	4.7%	-0.1%	-0.8%	5.1%	8.6%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	21.6%	17.7%	15.1%	9.0%	11.8%	14.6%	15.8%
ROCE	15.7%	15.3%	12.9%	8.9%	10.5%	12.2%	13.7%

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%	25.4%	25.4%	25.4%
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%	6.4%	6.4%	6.4%
Operative CAPEX/Sales, %	4.0%	3.3%	5.5%	8.8%	9.1%	6.3%	5.0%
CAPEX/sales (incl. acquisitions), %	1.7%	-2.6%	5.5%	8.8%	9.1%	6.3%	5.0%
FCFF/EBITDA	0.3	0.2	0.7	0.3	0.3	0.6	0.7
Net Debt/EBITDA, book-weighted	1.1	1.5	1.4	1.9	1.9	1.5	1.1
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%	61.9%	51.7%	38.3%

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	16 760 000	179.332	66.4 %
Oy Fincorp Ab	2 641 020	28.259	10.5 %
Varma Mutual Pension Insurance Company	985 593	10.546	3.9 %
Ilmarinen Mutual Pension Insurance Company	343 618	3.677	1.4 %
Tuori Klaus	309 134	3.308	1.2 %
Tuori Aino	298 275	3.192	1.2 %
Elo Mutual Pension Insurance Company	262 000	2.803	1.0 %
VAS Invest Oy	194 035	2.076	0.8 %
Aktia Mikro Markka fund	108 853	1.165	0.4 %
Juha Näkki	107 739	1.153	0.4 %
Ten largest	22 010 267	235.510	87.2 %
Residual	3 239 605	34.664	12.8 %
Total	25 249 872	270.174	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

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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, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

Important Disclosures

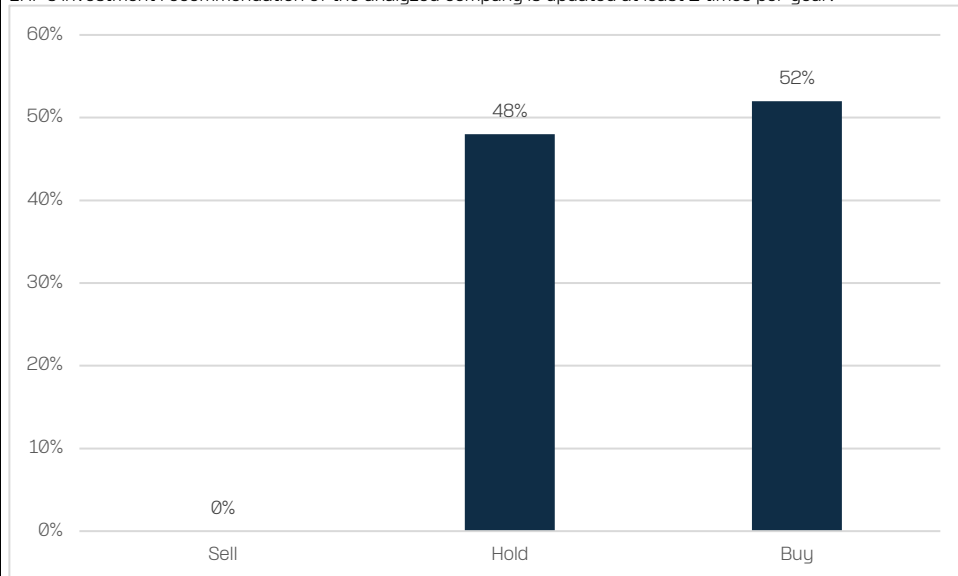
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - 0 %	RECUDE
0 - (+10) %	ACCUMULATE
> 10 %	BUY

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