

## Upgrade to BUY

Etteplan reports Q3 earnings on October 30<sup>th</sup>. Etteplan has apart from smaller problems in the Technical documentation and Embedded Systems and IoT business areas seen steady progress and we do not expect Q3 to have changed the trend. Profitability in Engineering Services has reached solid levels and we expect to see margin development slowing down in the near future. With recent share price development valuation looks more attractive. We upgrade to BUY (HOLD) with a TP of EUR 10.

### Profitability at healthy levels, still room for improvement

Etteplan's EBIT from business operations margin improved to 9.7 (8.6 in Q2/17) per cent in Q2/18, driven by profitability developments in Engineering Services, while margins in Technical documentation and Embedded Systems and IoT saw flattish development y-on-y. The EBIT BO margin in Engineering services reached 10.7 % and has according to management reached solid levels. We expect margin improvement in Embedded Systems and IoT due to a weaker comparison period. In Technical documentation delays in a significant project delivery has impacted on margins and we expect this to still have some effect on Q3.

### Seasonally slower quarter

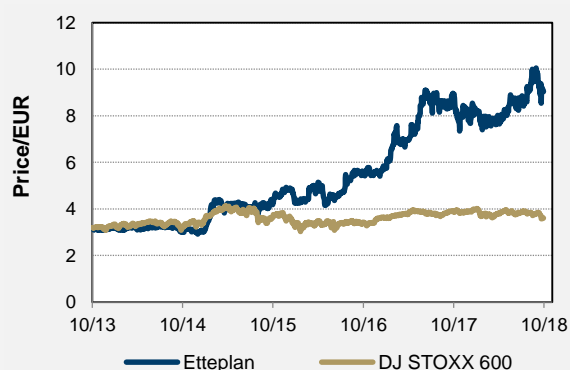
We have not made changes to our estimates ahead of Q3. Market conditions have remained favorable and along with the acquisition of Eatech we expect continued good growth in Q3. Our net sales and EBIT BO estimates for Q3 are EUR 54.5m and EUR 4.7m respectively.

### BUY (HOLD) with a target price of EUR 10

Following recent share price development valuation again looks more favourable. We upgrade to BUY (HOLD) with a target price of EUR 10.

### Rating

BUY



Share price, EUR (Last trading day's closing price) 9.04

Target price, EUR 10.0

Latest change in recommendation 22-Oct-18

Latest report on company 22-Oct-18

Research paid by issuer: YES

No. of shares outstanding, '000's 24,963

No. of shares fully diluted, '000's 24,963

Market cap, EURm 226

Free float, % 27.1

Exchange rate 0.000

Reuters code ETTE.HE

Bloomberg code ETTE FH

Average daily volume, EURm 0.04

Next interim report 30-Oct-18

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BUY HOLD SELL

### KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	184	10	5.5%	9	0.30	18.6	0.9	24.4	16.6	0.16
2017	215	15	7.2%	15	0.47	16.6	1.0	10.5	14.1	0.23
2018E	243	20	8.4%	20	0.62	14.6	1.0	10.8	11.8	0.30
2019E	258	23	8.9%	22	0.70	12.8	0.9	10.1	10.1	0.35
2020E	270	25	9.3%	25	0.78	11.6	0.8	9.3	8.8	0.43
Market cap, EURm		226		BV per share 2018E, EUR		2.7		CAGR EPS 2017-20, %		18.5
Net debt 2018E, EURm		15		Price/book 2018E		3.3		CAGR sales 2017-20, %		7.9
Enterprise value, EURm		240		Dividend yield 2018E, %		3.3		ROE 2018E, %		24.7
Total assets 2018E, EURm		148		Tax rate 2018E, %		20.0		ROCE 2018E, %		21.9
Goodwill 2018E, EURm		57		Equity ratio 2018E, %		45.7		PEG, P/E 18/CAGR		1.7

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

Operative model													
Etteplan	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18E	Q4/'18E	2018E	2019E	2020E
Net sales	184.0	54.7	54.3	47.1	58.5	214.6	59.0	62.0	54.5	67.1	242.6	257.8	269.9
sales growth %	30.3%	41.8%	8.1%	12.1%	10.1%	16.7%	7.7%	14.3%	15.8%	14.7%	13.0%	6.3%	4.7%
EBIT BO	12.1	4.3	4.7	3.4	5.1	17.2	4.9	6.0	4.7	6.7	22.6	24.9	27.0
EBIT BO margin	6.6%	7.9%	8.6%	7.1%	8.8%	8.0%	8.3%	9.7%	8.6%	10.0%	9.3%	9.6%	10.0%
EBIT	10.1	3.8	4.2	2.9	4.6	15.5	4.4	5.7	4.2	6.2	20.8	22.9	25.0
EBIT margin	5.5%	7.0%	7.8%	6.1%	7.8%	1.4%	7.5%	9.1%	7.7%	9.2%	8.6%	8.9%	9.3%
Engineering services													
	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18E	Q4/'18E	2018E	2019E	2020E
Net sales	112.8	31.1	30.8	25.9	33.2	120.9	33.6	35.0	29.0	37.0	134.6	141.4	145.6
sales growth %	0.4%	3.6%	3.7%	11.3%	10.9%	7.1%	8.3%	13.7%	12.1%	11.6%	11.4%	5.0%	3.0%
EBIT BO	6.5	2.3	2.7	1.8	2.9	9.8	3.1	3.7	2.5	3.7	13.1	13.4	13.8
EBIT BO margin	5.8%	7.5%	8.7%	7.1%	8.8%	8.1%	9.1%	10.7%	8.6%	10.1%	9.7%	9.5%	9.5%
Embedded systems and IoT													
	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18E	Q4/'18E	2018E	2019E	2020E
Net sales	35.4	13.6	13.2	11.5	13.7	52.0	14.1	15.8	14.4	16.8	61.1	67.2	72.5
sales growth %		-	13.6%	10.3%	2.3%	46.6%	4.0%	19.2%	25.6%	22.6%	17.5%	10.0%	8.0%
EBIT BO	4.0	1.3	1.2	0.8	1.0	4.4	1.1	1.4	1.2	1.6	5.2	6.7	8.0
EBIT BO margin	11.2%	9.8%	8.8%	7.4%	7.3%	8.4%	7.9%	8.6%	8.3%	9.3%	9%	10%	11%
Technical documentation													
	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18E	Q4/'18E	2018E	2019E	2020E
Net sales	35.7	10.1	10.3	9.8	11.6	41.8	11.2	11.3	11.1	13.3	46.9	49.2	51.7
sales growth %	23.8%	17.4%	15.8%	16.6%	18.2%	17.0%	10.8%	9.8%	14.0%	14.0%	12.2%	5.0%	5.0%
EBIT BO	2.8	0.8	1.0	0.8	1.2	3.8	0.8	1.1	1.0	1.4	4.3	4.7	5.2
EBIT BO margin	7.9%	7.9%	9.5%	8.4%	10.4%	9.1%	7.6%	9.5%	9.0%	10.5%	9.2%	9.6%	10.0%

ETTEPLAN PEER GROUP	MCAP	EV/EBIT			EV/EBITDA			P/E		
	MEUR	18E	19E	20E	18E	19E	20E	18E	19E	20E
Poyry	466	12.6x	11.0x	9.4x	11.2x	10.0x	8.6x	17.4x	16.7x	13.1x
SWECO	2396	16.1x	14.6x	13.4x	13.6x	12.4x	11.5x	19.9x	18.4x	17.2x
AF	1387	13.4x	12.2x	11.2x	12.0x	10.9x	10.1x	16.1x	14.8x	13.9x
Semcon	87	10.1x	8.0x	7.4x	9.1x	7.3x	6.7x	11.1x	8.8x	8.0x
Alten	2675	12.5x	11.0x	9.7x	11.6x	10.2x	9.0x	17.1x	15.5x	14.4x
Altran Technologies	1895	10.5x	8.5x	7.4x	8.9x	7.2x	6.3x	10.8x	8.1x	7.2x
Bertrandt	707	10.1x	8.5x		6.9x	5.9x		13.5x	11.3x	
AKKA Technologies	1054	12.3x	9.9x	8.2x	10.3x	8.2x	6.9x	17.8x	13.5x	11.3x
HiQ	281	13.3x	11.6x	10.8x	12.4x	11.0x	10.3x	18.0x	15.6x	14.6x
Acando	344	12.1x	10.5x	10.1x	11.4x	9.9x	9.5x	16.0x	14.1x	13.3x
Tieto	1856	12.3x	11.7x	11.1x	9.2x	8.9x	8.6x	14.3x	13.8x	13.2x
Peer Group Average	1114	12.3x	10.7x	9.9x	10.6x	9.3x	8.8x	15.6x	13.7x	12.6x
Peer Group Median	881	12.3x	11.0x	9.9x	11.2x	9.9x	8.8x	16.1x	14.1x	13.2x
Etteplan (Evli est.)	226	11.8x	10.1x	8.8x	9.3x	8.3x	7.3x	14.6x	12.8x	11.6x

Etteplan prem./disc. to peer median -4% -8% -11% -17% -17% -17% -10% -9% -12%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	9.04 PV of Free Cash Flow	141 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	11.41 PV of Horizon value	174 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	26.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	12.5 Marketable securities	10 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	10.5 Debt - dividend	-41 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	55.1 Value of stock	285 Nr of shares, Mn	25.0 Effective tax rate, %	20

DCF valuation, EURm	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Horizon
Net sales	215	243	258	270	281	289	298	305	313	321	329	337
<i>Sales growth, %</i>	<i>16.7</i>	<i>13.0</i>	<i>6.3</i>	<i>4.7</i>	<i>4.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	15	20	23	25	25	26	27	27	25	26	26	27
<i>EBIT margin, %</i>	<i>7.2</i>	<i>8.4</i>	<i>8.9</i>	<i>9.3</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>
+ Depreciation+amort.	5	5	5	5	5	5	5	5	5	5	5	
- Income taxes	-2	-4	-5	-5	-5	-6	-6	-6	-5	-6	-5	
- Change in NWC	1	-1	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>2.5</i>	<i>2.4</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-5	-5	-4	-4	-4	-4	-4	-4	-4	-4	-5	-5
<i>Investments / Sales, %</i>	<i>2.4</i>	<i>1.9</i>	<i>1.7</i>	<i>1.5</i>	<i>1.4</i>	<i>1.4</i>	<i>1.4</i>	<i>1.3</i>	<i>1.3</i>	<i>1.3</i>	<i>1.4</i>	<i>1.4</i>
- Other items	-1	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	13	16	18	20	20	21	22	23	21	21	20	362
= Discounted FCF (DFCF)		16	17	17	16	15	15	14	12	11	10	174
= DFCF min WACC		16	17	17	16	16	15	14	12	11	10	199
= DFCF max WACC		16	16	17	16	15	14	13	11	11	9	153

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2017Q1	2017Q2	2017Q3	2017Q4	2017	2018Q1	2018Q2	2018Q3E	2018Q4E	2018E	2019E	2020E
Net sales	55	54	47	58	215	59	62	55	67	243	258	270
EBITDA	5	6	4	6	21	6	7	6	8	26	28	30
<i>EBITDA margin (%)</i>	<i>9.4</i>	<i>10.2</i>	<i>8.9</i>	<i>10.1</i>	<i>9.7</i>	<i>9.7</i>	<i>11.4</i>	<i>10.2</i>	<i>11.2</i>	<i>10.7</i>	<i>10.8</i>	<i>11.1</i>
EBIT	4	4	3	5	15	4	6	4	6	20	23	25
<i>EBIT margin (%)</i>	<i>7.0</i>	<i>7.8</i>	<i>6.1</i>	<i>7.8</i>	<i>7.2</i>	<i>7.5</i>	<i>9.1</i>	<i>7.7</i>	<i>9.2</i>	<i>8.4</i>	<i>8.9</i>	<i>9.3</i>
Net financial items	0	0	0	0	-1	0	0	0	0	-1	0	0
Pre-tax profit	4	4	3	4	15	4	6	4	6	20	22	25
Tax	-1	-1	-1	-1	-3	-1	-1	-1	-1	-4	-5	-5
<i>Tax rate (%)</i>	<i>18.1</i>	<i>20.6</i>	<i>20.4</i>	<i>17.3</i>	<i>19.0</i>	<i>20.5</i>	<i>19.5</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	3	3	2	3	12	3	4	3	5	15	18	19
EPS	0.12	0.13	0.08	0.14	0.47	0.13	0.17	0.13	0.19	0.62	0.70	0.78
EPS adjusted (diluted no. of shares)	0.12	0.13	0.08	0.14	0.47	0.13	0.17	0.13	0.19	0.62	0.70	0.78
Dividend per share	0.00	0.00	0.00	0.00	0.23	0.00	0.00	0.00	0.00	0.30	0.35	0.43
<b>SALES, EURm</b>												
Engineering Services	31	31	26	33	121	34	35	29	37	135	141	146
Embedded Systems and IoT	14	13	11	14	52	14	16	14	17	61	67	73
Technical Documentation	10	10	10	12	42	11	11	11	13	47	49	52
Total	55	54	47	58	215	59	62	55	67	243	258	270
<b>SALES GROWTH, Y/Y %</b>												
<i>Engineering Services</i>	<i>3.6</i>	<i>3.7</i>	<i>11.3</i>	<i>10.8</i>	<i>7.1</i>	<i>8.3</i>	<i>13.7</i>	<i>12.1</i>	<i>11.6</i>	<i>11.4</i>	<i>5.0</i>	<i>3.0</i>
<i>Embedded Systems and IoT</i>	<i>0.0</i>	<i>13.5</i>	<i>10.3</i>	<i>2.7</i>	<i>46.8</i>	<i>4.0</i>	<i>19.2</i>	<i>25.6</i>	<i>22.6</i>	<i>17.5</i>	<i>10.0</i>	<i>8.0</i>
<i>Technical Documentation</i>	<i>17.4</i>	<i>15.8</i>	<i>16.6</i>	<i>18.2</i>	<i>17.0</i>	<i>10.8</i>	<i>9.8</i>	<i>14.0</i>	<i>14.0</i>	<i>12.2</i>	<i>5.0</i>	<i>5.0</i>
<i>Total</i>	<i>41.8</i>	<i>8.1</i>	<i>12.1</i>	<i>10.1</i>	<i>16.7</i>	<i>7.7</i>	<i>14.3</i>	<i>15.8</i>	<i>14.7</i>	<i>13.0</i>	<i>6.3</i>	<i>4.7</i>
<b>EBIT, EURm</b>												
Engineering Services	2	3	2	3	10	3	4	3	4	13	13	14
Embedded Systems and IoT	1	1	1	1	4	1	1	1	2	5	7	8
Technical Documentation	1	1	1	1	4	1	1	1	1	4	5	5
Other & PPA	-1	-1	-1	-1	-2	-1	-1	0	0	-2	-2	-2
Total	4	4	3	5	15	4	6	4	6	20	23	25
<b>EBIT margin, %</b>												
<i>Engineering Services</i>	<i>7.5</i>	<i>8.7</i>	<i>7.1</i>	<i>8.8</i>	<i>8.1</i>	<i>9.1</i>	<i>10.7</i>	<i>8.6</i>	<i>10.1</i>	<i>9.7</i>	<i>9.5</i>	<i>9.5</i>
<i>Embedded Systems and IoT</i>	<i>9.8</i>	<i>8.8</i>	<i>7.4</i>	<i>7.3</i>	<i>8.4</i>	<i>7.9</i>	<i>8.6</i>	<i>8.3</i>	<i>9.3</i>	<i>8.6</i>	<i>10.0</i>	<i>11.0</i>
<i>Technical Documentation</i>	<i>7.9</i>	<i>9.5</i>	<i>8.4</i>	<i>10.4</i>	<i>9.1</i>	<i>7.6</i>	<i>9.5</i>	<i>9.0</i>	<i>10.5</i>	<i>9.2</i>	<i>9.6</i>	<i>10.0</i>
<i>Total</i>	<i>7.0</i>	<i>7.8</i>	<i>6.1</i>	<i>7.8</i>	<i>7.2</i>	<i>7.5</i>	<i>9.1</i>	<i>7.7</i>	<i>9.2</i>	<i>8.4</i>	<i>8.9</i>	<i>9.3</i>

INCOME STATEMENT, EURm	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	129	132	141	184	215	243	258	270
<i>Sales growth (%)</i>	-4.4	2.6	7.0	30.3	16.7	13.0	6.3	4.7
Costs	-120	-121	-131	-171	-194	-217	-230	-240
Reported EBITDA	9	10	12	15	21	26	28	30
Extraordinary items in EBITDA	0	0	1	2	0	0	0	0
<i>EBITDA margin (%)</i>	7.0	8.0	8.3	8.1	9.7	10.7	10.8	11.1
Depreciation	-3	-3	-2	-3	-3	-3	-3	-3
EBITA	6	8	9	12	17	22	25	27
Goodwill amortization / writedown	0	0	-1	-2	-2	-2	-2	-2
Reported EBIT	6	7	9	10	15	20	23	25
<i>EBIT margin (%)</i>	5.0	5.6	6.1	5.5	7.2	8.4	8.9	9.3
Net financials	-1	-1	-1	-1	-1	-1	0	0
Pre-tax profit	6	7	8	9	15	20	22	25
Extraordinary items	0	1	0	0	0	0	0	0
Taxes	-1	-1	-2	-2	-3	-4	-5	-5
Minority shares	0	0	0	0	0	0	0	0
Net profit	4	6	6	7	12	15	18	19
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	9	8	12	22	22	23	25	26
<i>% of sales</i>	7	6	9	12	10	10	10	10
Goodwill	39	39	43	58	59	57	55	53
<i>% of sales</i>	30	29	30	32	27	24	21	20
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	0	0	0	0	0	0	0	0
Receivables	26	26	28	49	53	56	59	62
<i>% of sales</i>	20	20	20	27	24	23	23	23
Liquid funds	1	3	9	5	10	11	12	13
<i>% of sales</i>	1	2	6	3	5	5	5	5
Total assets	74	75	93	134	144	148	152	154
Liabilities								
Equity	25	29	35	53	58	68	78	88
<i>% of sales</i>	20	22	25	29	27	28	30	33
Deferred taxes	1	1	2	3	3	3	3	3
<i>% of sales</i>	1	1	1	2	2	1	1	1
Interest bearing debt	20	19	23	34	35	26	17	6
<i>% of sales</i>	15	14	16	19	16	11	6	2
Non-interest bearing current liabilities	25	27	32	43	46	49	52	54
<i>% of sales</i>	20	20	23	23	21	20	20	20
Other interest free debt	3	0	1	2	2	2	2	2
<i>% of sales</i>	2	0	1	1	1	1	1	1
Total liabilities	75	75	93	134	144	148	152	154
<b>CASH FLOW, EURm</b>								
+ EBITDA	9	10	12	15	21	26	28	30
- Net financial items	-1	-1	-1	-1	-1	-1	0	0
- Taxes	-2	-2	-1	-3	-2	-4	-5	-5
- Increase in Net Working Capital	0	0	-1	-1	1	-1	0	0
+/- Other	-4	0	1	-5	0	0	0	0
= Cash flow from operations	2	8	10	6	18	20	22	24
- Capex	-2	-1	-2	-2	-2	-5	-4	-4
- Acquisitions	0	-1	-2	-22	-3	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	5	7	7	1	12	16	18	20
+/- Change in interest-bearing debt	-1	-1	4	11	1	-9	-10	-11
+/- New issues/buybacks	0	-1	3	14	-2	0	0	0
- Paid dividend	-3	-2	-3	-3	-4	-6	-7	-9
+/- Change in loan receivables	-1	-2	0	1	0	0	0	0
Change in cash	0	1	11	24	7	1	1	1

Commercial Services & Supplies/Finland, October 22, 2018  
Preview

KEY FIGURES	2014	2015	2016	2017	2018E	2019E	2020E
M-cap	61	89	138	193	226	226	226
Net debt	16	14	29	25	15	4	-7
Enterprise value	77	104	168	218	240	230	219
Sales	132	141	184	215	243	258	270
EBITDA	10	12	15	21	26	28	30
EBIT	7	9	10	15	20	23	25
Pre-tax	7	8	9	15	20	22	25
Earnings	6	6	7	12	15	18	19
Book value	29	35	53	58	68	78	88
<b>Valuation multiples</b>							
EV/sales	0.6	0.7	0.9	1.0	1.0	0.9	0.8
EV/EBITDA	7.3	8.9	11.2	10.5	9.3	8.3	7.3
EV/EBITA	9.7	10.9	13.9	12.5	10.7	9.2	8.1
EV/EBIT	10.4	12.0	16.6	14.1	11.8	10.1	8.8
EV/operating cash flow	9.9	10.4	29.7	11.9	11.5	10.3	9.0
EV/cash earnings	8.7	10.4	12.2	12.8	11.5	10.2	9.0
P/E	10.6	14.6	18.6	16.6	14.6	12.8	11.6
P/E excl. goodwill	9.8	12.7	14.7	14.3	12.9	11.5	10.5
P/B	2.1	2.6	2.6	3.3	3.3	2.9	2.6
P/sales	0.5	0.6	0.8	0.9	0.9	0.9	0.8
P/CF	7.8	9.0	24.4	10.5	10.8	10.1	9.3
Target EV/EBIT	0.0	0.0	0.0	0.0	12.9	11.1	9.7
Target P/E	0.0	0.0	0.0	0.0	16.1	14.2	12.9
Target P/B	0.0	0.0	0.0	0.0	3.7	3.2	2.8
<b>Per share measures</b>							
Number of shares	20,179	20,666	24,771	24,771	24,963	24,963	24,963
Number of shares (diluted)	20,179	20,666	24,771	24,771	24,963	24,963	24,963
EPS	0.28	0.30	0.30	0.47	0.62	0.70	0.78
EPS excl. goodwill	0.31	0.34	0.38	0.54	0.70	0.78	0.86
Cash EPS	0.44	0.48	0.56	0.69	0.84	0.90	0.98
Operating cash flow per share	0.38	0.48	0.23	0.74	0.84	0.90	0.97
Capital employed per share	2.23	2.36	3.32	3.34	3.30	3.29	3.27
Book value per share	1.42	1.68	2.12	2.34	2.71	3.12	3.54
Book value excl. goodwill	-0.49	-0.39	-0.22	-0.04	0.43	0.91	1.42
Dividend per share	0.15	0.15	0.16	0.23	0.30	0.35	0.43
Dividend payout ratio, %	53.2	50.6	53.3	49.2	48.3	49.7	55.0
Dividend yield, %	5.0	3.5	2.9	3.0	3.3	3.9	4.7
<b>Efficiency measures</b>							
ROE	21.0	19.3	17.1	21.0	24.7	24.1	23.4
ROCE	15.9	16.3	14.0	17.2	21.9	24.3	26.5
<b>Financial ratios</b>							
Capex/sales, %	1.7	2.5	13.1	2.4	1.9	1.7	1.5
Capex/depreciation excl. goodwill,%	87.3	-66.5	236.4	71.0	133.0	141.6	136.0
Net debt/EBITDA, book-weighted	1.5	1.2	2.0	1.2	0.6	0.2	-0.2
Debt/equity, market-weighted	0.3	0.3	0.2	0.2	0.1	0.1	0.0
Equity ratio, book-weighted	38.1	37.4	39.2	40.1	45.7	51.3	57.4
Gearing	0.57	0.41	0.56	0.43	0.22	0.06	-0.08
Number of employees, average	1,900	2,078	2,545	2,802	3,100	3,220	3,348
Sales per employee, EUR	69,430	67,947	72,274	76,597	78,256	80,055	80,603
EBIT per employee, EUR	3,892	4,136	3,984	5,526	6,600	7,104	7,462

**COMPANY DESCRIPTION:** Etteplan is a specialist in industrial equipment engineering, embedded systems and IoT and technical documentation 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 documentation solutions. Customers are leading global manufacturers of industrial equipment and machinery.

**INVESTMENT CASE:**

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,500,000	149.160	66.1%
Oy Fincorp Ab	2,501,912	22.617	10.0%
Varma Mutual Pension Insurance Company	985,593	8.910	3.9%
VAS Invest Oy	562,573	5.086	2.3%
Tuori Klaus	421,200	3.808	1.7%
Taaleri Mikro Markka fund	351,808	3.180	1.4%
Tuori Aino Mirjami	308,275	2.787	1.2%
Kempe Anna	135,380	1.224	0.5%
Näkki Juha	104,947	0.949	0.4%
Kempe Pia	75,000	0.678	0.3%
Ten largest	21,946,688	198.398	88%
Residual	3,016,620	27.270	12%
Total	24,963,308	225.668	100%

**EARNINGS CALENDAR**

October 30, 2018	Q3 report
February 07, 2019	FY 2018 Results
May 08, 2019	Q1 report
August 13, 2019	Q2 report

**OTHER EVENTS**

April 04, 2019	AGM
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**COMPANY MISCELLANEOUS**

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CFO: Per-Anders Gådin	Tel: +358 1,0 3,070
IR: Outi Tornainen	

## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year



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<https://research.evli.com/JasperAllModels.action?authParam=key:461&authParam=x:G3rNagWrtf7K&authType=3>

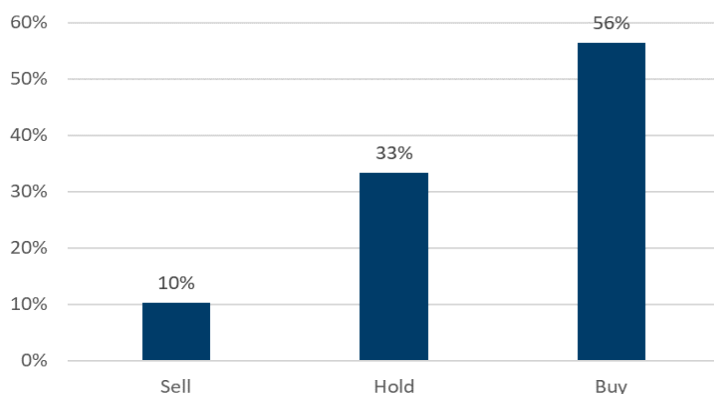
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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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): Salokivi

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