

Continued improvement

Etteplan's Q3 results on group level were quite in line with our estimates. Engineering services and Embedded Systems and IoT continued to improve, while Technical documentation saw continued problems in Germany. The market outlook remains favourable albeit with increased uncertainty. We retain our BUY-rating with a TP of EUR 9.5 (10.0).

Continued improvements

Etteplan's Q3 results were on group level quite in line with our expectations. Revenue amounted to EUR 52.6m (Evli EUR 54.5m) and EBIT from business operations EUR 4.8m (Evli EUR 4.7m). Engineering services continued on a very good track, with sales growth of 11.4 % and an EBIT BO margin of 10.0 %. The measures to improve profitability in Embedded Systems and IoT have shown results and the EBIT BO margin increased to 9.8 % (7.4 % in Q3/17). Technical documentation was weighed down by continued challenges in Germany, with the EBIT BO margin at 8.0 %.

Market outlook remains favourable, increased uncertainty

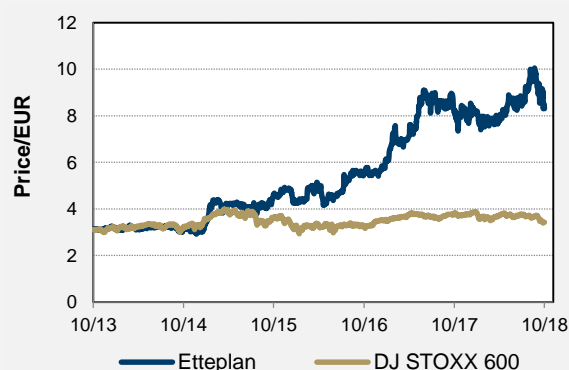
No major changes were noted in the market outlook, although uncertainty has increased, and Etteplan expects a favourable end of the year. We have not made any major changes to our estimates. We remain cautious to improvements in profitability in Engineering services due to already solid levels. We expect improvement in Technical documentation as the problems in Germany appear to have been alleviated. Embedded Systems and IoT has seen improvements but still lies below previously achieved levels. The availability of professionals in the area is limiting growth and we see continued M&A activity in the area as likely. Our 2018 net sales and EBIT BO estimates are EUR 239.5m and EUR 22.9m respectively.

BUY with a target price of EUR 9.5 (10.0)

Etteplan trades on a ~20 % and ~15% discount on 19E EV/EBITDA and P/E, which we do not consider as justifiable. We retain our BUY-rating with a target price of EUR 9.5 (10.0)

Rating

BUY


 Share price, EUR (Last trading day's closing price) **8.30**

 Target price, EUR **9.5**

 Latest change in recommendation **22-Oct-18**

 Latest report on company **31-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 **207**

 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 **07-Feb-19**

 Web site **www.etteplan.com**

 Analyst **Jerker Salokivi**

 E-mail **jerker.salokivi@evli.com**

 Telephone **+358 9 4766 9149**

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	240	21	8.6%	20	0.62	13.3	0.9	9.8	10.7	0.30
2019E	255	23	8.9%	22	0.69	12.0	0.8	9.3	9.4	0.35
2020E	266	25	9.2%	24	0.77	10.8	0.8	8.6	8.1	0.42
Market cap, EURm		207	BV per share 2018E, EUR		2.7	CAGR EPS 2017-20, %		18.0		
Net debt 2018E, EURm		14	Price/book 2018E		3.1	CAGR sales 2017-20, %		7.5		
Enterprise value, EURm		221	Dividend yield 2018E, %		3.6	ROE 2018E, %		24.7		
Total assets 2018E, EURm		147	Tax rate 2018E, %		19.7	ROCE 2018E, %		22.1		
Goodwill 2018E, EURm		57	Equity ratio 2018E, %		46.1	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/'18	Q4/'18E	2018E	2019E	2020E
Net sales	184.0	54.7	54.3	47.1	58.5	214.6	59.0	62.0	52.6	66.0	239.5	254.5	266.4
sales growth %	30.3%	41.8%	8.1%	12.1%	10.1%	16.7%	7.7%	14.3%	11.5%	12.8%	11.6%	6.2%	4.7%
EBIT BO	12.1	4.3	4.7	3.4	5.1	17.2	4.9	6.0	4.8	6.6	22.9	24.6	26.6
EBIT BO margin	6.6%	7.9%	8.6%	7.1%	8.8%	8.0%	8.3%	9.7%	9.2%	10.1%	9.6%	9.6%	10.0%
EBIT	10.1	3.8	4.2	2.9	4.6	15.5	4.4	5.7	4.4	6.1	21.1	22.6	24.6
EBIT margin	5.5%	7.0%	7.8%	6.1%	7.8%	1.4%	7.5%	9.1%	8.3%	9.3%	8.8%	8.9%	9.2%
Engineering services													
Etteplan	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	2019E	2020E
Net sales	112.8	31.1	30.8	25.9	33.2	120.9	33.6	35.0	28.8	37.0	134.5	141.2	145.4
sales growth %	0.4%	3.6%	3.7%	11.3%	10.9%	7.1%	8.3%	13.7%	11.4%	11.6%	11.2%	5.0%	3.0%
EBIT BO	6.5	2.3	2.7	1.8	2.9	9.8	3.1	3.7	2.9	3.7	13.4	13.4	13.8
EBIT BO margin	5.8%	7.5%	8.7%	7.1%	8.8%	8.1%	9.1%	10.7%	10.0%	10.1%	10.0%	9.5%	9.5%
Embedded systems and IoT													
Etteplan	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	2019E	2020E
Net sales	35.4	13.6	13.2	11.5	13.7	52.0	14.1	15.8	13.6	16.2	59.7	65.6	70.9
sales growth %		-	13.6%	10.3%	2.3%	46.6%	4.0%	19.2%	18.7%	18.2%	14.9%	10.0%	8.0%
EBIT BO	4.0	1.3	1.2	0.8	1.0	4.4	1.1	1.4	1.3	1.6	5.4	6.6	7.8
EBIT BO margin	11.2%	9.8%	8.8%	7.4%	7.3%	8.4%	7.9%	8.6%	9.8%	9.9%	9%	10%	11%
Technical documentation													
Etteplan	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	2019E	2020E
Net sales	35.7	10.1	10.3	9.8	11.6	41.8	11.2	11.3	10.1	12.8	45.4	47.7	50.1
sales growth %	23.8%	17.4%	15.8%	16.6%	18.2%	17.0%	10.8%	9.8%	3.5%	10.1%	8.6%	5.0%	5.0%
EBIT BO	2.8	0.8	1.0	0.8	1.2	3.8	0.8	1.1	0.8	1.3	4.0	4.6	5.0
EBIT BO margin	7.9%	7.9%	9.5%	8.4%	10.4%	9.1%	7.6%	9.5%	8.0%	10.2%	8.9%	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	465	10.0x	10.5x	9.6x	9.2x	9.6x	8.8x	14.4x	13.6x	12.1x
SWECO	2385	17.0x	15.4x	14.4x	14.0x	13.0x	12.3x	19.5x	17.7x	16.6x
AF	1452	14.1x	12.9x	12.1x	12.5x	11.6x	10.9x	16.6x	15.1x	14.2x
Semcon	90	7.6x	6.8x	6.3x	6.9x	6.2x	5.7x	10.2x	9.2x	8.5x
Alten	2833	13.2x	12.0x	11.2x	12.3x	11.2x	10.5x	17.7x	15.9x	14.9x
Altran Techno.	2262	13.2x	10.5x	9.5x	10.5x	8.6x	7.9x	13.0x	9.6x	8.6x
Bertrandt	719	10.8x	9.2x	8.5x	7.2x	6.3x	5.8x	13.8x	11.7x	10.6x
AKKA Technologies	1057	13.1x	10.5x	9.1x	10.4x	8.4x	7.4x	17.7x	13.1x	11.1x
HiQ	276	13.7x	11.8x	10.9x	12.8x	11.2x	10.4x	18.1x	15.7x	14.5x
Acando	318	12.2x	10.7x	9.8x	11.2x	9.8x	9.2x	14.8x	14.0x	12.5x
Tieto	2034	13.9x	13.3x	12.7x	10.6x	10.3x	9.9x	15.5x	14.8x	14.3x
Peer Group Average	1175	12.6x	11.2x	10.4x	10.7x	9.7x	9.0x	15.6x	13.7x	12.5x
Peer Group Median	888	13.2x	10.7x	9.8x	10.6x	9.8x	9.2x	15.5x	14.0x	12.5x
Etteplan (Evli est.)	207	10.7x	9.4x	8.1x	8.5x	7.7x	6.8x	13.3x	12.0x	10.8x

Etteplan prem./disc. to peer median -19% -12% -17% -20% -22% -27% -14% -15% -13%

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.30 PV of Free Cash Flow	141 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	11.42 PV of Horizon value	174 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	37.5 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, %	55.2 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	240	255	266	277	285	294	301	309	317	324	333
<i>Sales growth, %</i>	<i>16.7</i>	<i>11.6</i>	<i>6.2</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	21	23	25	25	26	26	27	25	25	26	27
<i>EBIT margin, %</i>	<i>7.2</i>	<i>8.6</i>	<i>8.9</i>	<i>9.2</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	6	5	5	5	5	5	5	5	5	5	
- Income taxes	-2	-4	-5	-5	-5	-5	-6	-6	-5	-5	-5	
- Change in NWC	1	0	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>2.5</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	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-5
<i>Investments / Sales, %</i>	<i>2.4</i>	<i>1.8</i>	<i>1.7</i>	<i>1.5</i>	<i>1.5</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	17	18	20	20	21	22	22	20	21	20	362
= Discounted FCF (DFCF)		17	16	17	16	15	14	14	12	11	10	174
= DFCF min WACC		17	17	17	16	15	15	14	12	11	10	199
= DFCF max WACC		17	16	17	16	15	14	13	11	11	9	154

INTERIM FIGURES

EVLI ESTIMATES, EURm	2017Q1	2017Q2	2017Q3	2017Q4	2017	2018Q1	2018Q2	2018Q3	2018Q4E	2018E	2019E	2020E
Net sales	55	54	47	58	215	59	62	53	66	240	255	266
EBITDA	5	6	4	6	21	6	7	6	7	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>11.1</i>	<i>11.3</i>	<i>10.9</i>	<i>10.8</i>	<i>11.1</i>
EBIT	4	4	3	5	15	4	6	4	6	21	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>8.4</i>	<i>9.3</i>	<i>8.6</i>	<i>8.9</i>	<i>9.2</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	24
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>19.3</i>	<i>18.9</i>	<i>20.0</i>	<i>19.7</i>	<i>19.7</i>	<i>19.7</i>
Net profit	3	3	2	3	12	3	4	3	5	16	17	19
EPS	0.12	0.13	0.08	0.14	0.47	0.13	0.17	0.13	0.19	0.62	0.69	0.77
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	0.69	0.77
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	0.42
SALES, EURm												
Engineering Services	31	31	26	33	121	34	35	29	37	134	141	145
Embedded Systems and IoT	14	13	11	14	52	14	16	14	16	60	66	71
Technical Documentation	10	10	10	12	42	11	11	10	13	45	48	50
Total	55	54	47	58	215	59	62	53	66	240	255	266
SALES GROWTH, Y/Y %												
<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>11.4</i>	<i>11.6</i>	<i>11.2</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>18.7</i>	<i>18.2</i>	<i>14.9</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>3.5</i>	<i>10.1</i>	<i>8.6</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>11.5</i>	<i>12.8</i>	<i>11.6</i>	<i>6.2</i>	<i>4.7</i>
EBIT, EURm												
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	-1	0	-2	-2	-2
Total	4	4	3	5	15	4	6	4	6	21	23	25
EBIT margin, %												
<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>10.0</i>	<i>10.1</i>	<i>10.0</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>9.8</i>	<i>9.9</i>	<i>9.1</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>8.0</i>	<i>10.2</i>	<i>8.9</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>8.4</i>	<i>9.3</i>	<i>8.6</i>	<i>8.9</i>	<i>9.2</i>

Commercial Services & Supplies/Finland, October 31, 2018
Spot comment

INCOME STATEMENT, EURm	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	129	132	141	184	215	240	255	266
<i>Sales growth (%)</i>	-4.4	2.6	7.0	30.3	16.7	11.6	6.2	4.7
Costs	-120	-121	-131	-171	-194	-213	-227	-237
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	10.9	10.8	11.1
Depreciation	-3	-3	-2	-3	-3	-3	-3	-3
EBITA	6	8	9	12	17	23	25	27
Goodwill amortization / writedown	0	0	-1	-2	-2	-2	-2	-2
Reported EBIT	6	7	9	10	15	21	23	25
<i>EBIT margin (%)</i>	5.0	5.6	6.1	5.5	7.2	8.6	8.9	9.2
Net financials	-1	-1	-1	-1	-1	-1	0	0
Pre-tax profit	6	7	8	9	15	20	22	24
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	16	17	19
BALANCE SHEET, EURm								
Assets								
Fixed assets	9	8	12	22	22	23	24	25
<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	22	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	55	59	61
<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	147	150	153
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	25	16	6
<i>% of sales</i>	15	14	16	19	16	11	6	2
Non-interest bearing current liabilities	25	27	32	43	46	48	51	53
<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	147	150	153
CASH FLOW, EURm								
+ 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	0	0	0
+/- Other	-4	0	1	-5	0	0	0	0
= Cash flow from operations	2	8	10	6	18	21	22	24
- Capex	-2	-1	-2	-2	-2	-4	-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	-9	-10
+/- 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

KEY FIGURES	2014	2015	2016	2017	2018E	2019E	2020E
M-cap	61	89	138	193	207	207	207
Net debt	16	14	29	25	14	4	-7
Enterprise value	77	104	168	218	221	211	200
Sales	132	141	184	215	240	255	266
EBITDA	10	12	15	21	26	28	30
EBIT	7	9	10	15	21	23	25
Pre-tax	7	8	9	15	20	22	24
Earnings	6	6	7	12	16	17	19
Book value	29	35	53	58	68	78	88
Valuation multiples							
EV/sales	0.6	0.7	0.9	1.0	0.9	0.8	0.8
EV/EBITDA	7.3	8.9	11.2	10.5	8.5	7.7	6.8
EV/EBITA	9.7	10.9	13.9	12.5	9.7	8.6	7.5
EV/EBIT	10.4	12.0	16.6	14.1	10.7	9.4	8.1
EV/operating cash flow	9.9	10.4	29.7	11.9	10.4	9.5	8.3
EV/cash earnings	8.7	10.4	12.2	12.8	10.5	9.5	8.3
P/E	10.6	14.6	18.6	16.6	13.3	12.0	10.8
P/E excl. goodwill	9.8	12.7	14.7	14.3	11.7	10.7	9.8
P/B	2.1	2.6	2.6	3.3	3.1	2.7	2.4
P/sales	0.5	0.6	0.8	0.9	0.9	0.8	0.8
P/CF	7.8	9.0	24.4	10.5	9.8	9.3	8.6
Target EV/EBIT	0.0	0.0	0.0	0.0	12.2	10.7	9.4
Target P/E	0.0	0.0	0.0	0.0	15.2	13.7	12.4
Target P/B	0.0	0.0	0.0	0.0	3.5	3.1	2.7
Per share measures							
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	0.69	0.77
EPS excl. goodwill	0.31	0.34	0.38	0.54	0.71	0.77	0.85
Cash EPS	0.44	0.48	0.56	0.69	0.84	0.90	0.97
Operating cash flow per share	0.38	0.48	0.23	0.74	0.85	0.89	0.96
Capital employed per share	2.23	2.36	3.32	3.34	3.29	3.27	3.25
Book value per share	1.42	1.68	2.12	2.34	2.72	3.11	3.53
Book value excl. goodwill	-0.49	-0.39	-0.22	-0.04	0.44	0.91	1.41
Dividend per share	0.15	0.15	0.16	0.23	0.30	0.35	0.42
Dividend payout ratio, %	53.2	50.6	53.3	49.2	48.2	50.4	55.0
Dividend yield, %	5.0	3.5	2.9	3.0	3.6	4.2	5.1
Efficiency measures							
ROE	21.0	19.3	17.1	21.0	24.7	23.8	23.1
ROCE	15.9	16.3	14.0	17.2	22.1	24.1	26.3
Financial ratios							
Capex/sales, %	1.7	2.5	13.1	2.4	1.8	1.7	1.5
Capex/depreciation excl. goodwill,%	87.3	-66.5	236.4	71.0	129.8	140.7	135.4
Net debt/EBITDA, book-weighted	1.5	1.2	2.0	1.2	0.5	0.1	-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	46.1	51.6	57.7
Gearing	0.57	0.41	0.56	0.43	0.21	0.05	-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	77,273	79,039	79,565
EBIT per employee, EUR	3,892	4,136	3,984	5,526	6,648	7,004	7,354

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	136.950	66.1%
Oy Fincorp Ab	2,502,000	20.767	10.0%
Varma Mutual Pension Insurance Company	985,593	8.180	3.9%
VAS Invest Oy	562,573	4.669	2.3%
Tuori Klaus	421,200	3.496	1.7%
Taaleri Mikro Markka fund	351,808	2.920	1.4%
Tuori Aino Mirjami	308,275	2.559	1.2%
Kempe Anna	118,493	0.983	0.5%
Näkki Juha	104,947	0.871	0.4%
Etteplan Pyj	81,510	0.677	0.3%
Ten largest	21,936,399	182.072	88%
Residual	3,026,909	25.123	12%
Total	24,963,308	207.195	100%

EARNINGS CALENDAR

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

CEO: Juha Näkki	Ensimmäinen savu 01510 Vantaa
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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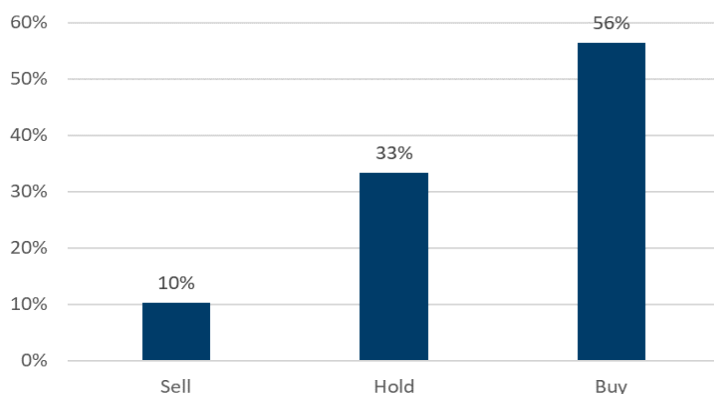
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is in general updated 2 – 4 per year.



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

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Contact information**SALES AND TRADING HELSINKI****Equity Sales**

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9130
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120

Corporate Bonds sales and trading

Jukka Hyvönen +46 8 407 8138
Thomas Kaukonen +358 9 4766 9542

ETFs and Derivatives

Tobias Björk (Head) +358 9 4766 9130
Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130

Derivatives Trading

Sami Järvinen +358 9 4766 9110

SALES AND TRADING STOCKHOLM

Urban Lawesson (Head) +46 8 407 8021
Thomas Kährström +46 8 407 8018

EQUITY RESEARCH

Joonas Häyhä +358 9 4766 9662
Jonas Forslund +358 9 4766 9314
Olli Pöyhönen +358 9 4766 9643
Jerker Salokivi +358 9 4766 9149

**EVLI BANK PLC**

Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail
firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Kungsgatan 27, P.O. Box 16354
SE-111 56 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001