

## Upgrade to BUY

Etteplan reports Q1 results on May 8<sup>th</sup>. We expect continued good margin development in Engineering Solutions, and Software and Embedded Solutions. Project delivery challenges are expected to continue to have an impact on margins in Technical Documentation Solutions. With valuation looking more attractive due to peer multiple elevation we upgrade to BUY (HOLD) with a TP of EUR 9.0.

### Expect stable development

Our estimates ahead of Q1 remain largely intact, with some minor adjustments mainly to incorporate the transition from EBIT from business operations to EBITA as Etteplan's measure for operational profitability following updated strategic and financial targets in April. Our group level Q1 revenue and EBITA estimates are at EUR 63.5m and EUR 5.8m respectively. We expect continued good margins in Engineering Solutions and Software and Embedded Solutions while still remaining cautious to margin improvement in Technical Documentation Solutions due to project delivery challenges in Germany.

### Uncertainty has decreased but remains a key topic

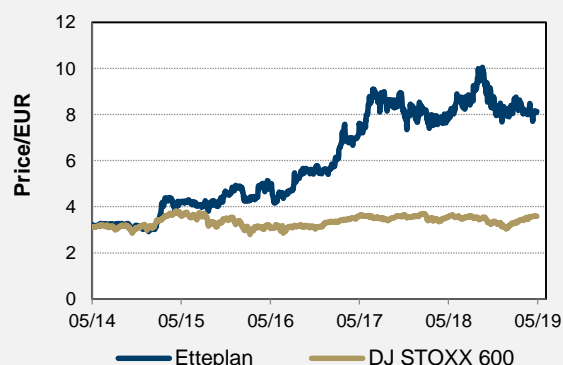
The uncertainty relating to the development of the global economy remains a key topic as the development of macroeconomic indicators and sentiment has been mixed but in general more positive considering the uncertainty during the latter half of 2018. Both customer engineering companies' and peers' valuation have been on the rise during 2019. The order intake among engineering companies has also been positive, with the aggregate value for a selection of customer companies up some 7% y/y.

### BUY (HOLD) with a target price of EUR 9.0

The valuation of peer companies has been on the rise during 2019, while Etteplan has been largely unaffected, and as such trades on a discount compared to peers. On 2019E P/E Etteplan trades at an in our view unjustifiably large discount of ~20%. We retain our target price of EUR 9.0 but upgrade our rating to BUY (HOLD).

### Rating

BUY



Share price, EUR (Last trading day's closing price) 8.14

Target price, EUR 9.0

Latest change in recommendation 03-May-19

Latest report on company 08-Feb-19

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 203

Free float, % 16.0

Exchange rate 0.000

Reuters code ETTE.HE

Bloomberg code ETTE FH

Average daily volume, EURm 0.04

Next interim report 08-May-19

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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
2017	215	15	7.2%	15	0.47	16.6	1.0	10.5	14.1	0.23
2018	236	20	8.5%	19	0.61	13.0	1.0	19.5	11.6	0.30
2019E	252	23	9.0%	22	0.69	11.8	0.9	7.9	10.3	0.35
2020E	263	24	9.1%	23	0.73	11.1	0.9	6.7	9.4	0.37
2021E	276	25	9.2%	25	0.78	10.4	0.8	6.3	8.6	0.39
Market cap, EURm			203	BV per share 2019E, EUR		3.1	CAGR EPS 2018-21, %			8.5
Net debt 2019E, EURm			30	Price/book 2019E		2.6	CAGR sales 2018-21, %			5.3
Enterprise value, EURm			233	Dividend yield 2019E, %		4.3	ROE 2019E, %			23.9
Total assets 2019E, EURm			183	Tax rate 2019E, %		21.2	ROCE 2019E, %			18.7
Goodwill 2019E, EURm			65	Equity ratio 2019E, %		42.3	PEG, P/E 19/CAGR			4.7

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

Etteplan	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	Q1/'19E	Q2/'19E	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Net sales	214.6	59.0	62.0	52.6	62.8	236.4	63.5	64.9	55.6	67.7	251.6	263.4	275.9
sales growth %	16.7%	7.7%	14.3%	11.5%	7.4%	10.1%	7.7%	4.5%	5.8%	7.8%	6.5%	4.7%	4.7%
EBITA	17.2	4.9	6.2	5.0	6.4	22.6	5.8	6.7	5.2	6.9	24.6	25.8	27.3
EBITA margin	8.0%	8.3%	10.1%	9.6%	10.2%	9.5%	9.2%	10.3%	9.3%	10.3%	9.8%	9.8%	9.9%
EBIT	15.5	4.4	5.7	4.4	5.7	20.8	5.2	6.0	4.5	6.3	22.0	23.2	25.3
EBIT margin	1.4%	7.5%	9.1%	8.3%	9.1%	8.8%	8.2%	9.3%	8.1%	9.3%	8.8%	8.8%	9.2%
<b>Engineering Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18E</b>	<b>2018E</b>	<b>Q1/'19E</b>	<b>Q2/'19E</b>	<b>Q3/'19E</b>	<b>Q4/'19E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Net sales	120.9	33.6	35.0	28.8	34.6	132.1	35.5	36.0	30.0	37.2	138.7	142.8	147.1
sales growth %	7.1%	8.3%	13.7%	11.4%	4.4%	9.3%	5.5%	3.0%	4.0%	7.5%	5.0%	3.0%	3.0%
EBITA	9.8	3.1	3.7	2.9	3.3	13.0	3.2	3.8	2.8	3.7	13.5	13.6	14.0
EBITA margin	8.1%	9.1%	10.7%	10.0%	9.5%	9.8%	9.0%	10.5%	9.2%	10.0%	9.7%	9.5%	9.5%
<b>Software and Embedded Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18E</b>	<b>2018E</b>	<b>Q1/'19E</b>	<b>Q2/'19E</b>	<b>Q3/'19E</b>	<b>Q4/'19E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Net sales	52.0	14.1	15.8	13.6	16.5	60.0	16.4	17.1	14.8	17.8	66.0	71.3	77.0
sales growth %	46.6%	4.0%	19.2%	18.7%	20.7%	15.5%	16.1%	8.3%	8.5%	7.7%	10.0%	8.0%	8.0%
EBITA	4.4	1.1	1.4	1.3	2.0	5.8	1.7	1.8	1.5	2.0	7.0	7.8	8.6
EBITA margin	8.4%	7.9%	8.6%	9.8%	12.3%	9.7%	10.6%	10.3%	10.0%	11.4%	10.6%	11.0%	11.2%
<b>Technical Documentation Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18E</b>	<b>2018E</b>	<b>Q1/'19E</b>	<b>Q2/'19E</b>	<b>Q3/'19E</b>	<b>Q4/'19E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Net sales	41.8	11.2	11.3	10.1	11.7	44.3	11.6	11.7	10.9	12.7	47.0	49.3	51.8
sales growth %	17.0%	10.8%	9.8%	3.5%	0.7%	6.0%	3.7%	4.2%	7.3%	8.8%	6.0%	5.0%	5.0%
EBITA	3.8	0.8	1.1	0.8	1.0	3.7	0.9	1.2	0.9	1.2	4.2	4.4	4.7
EBITA margin	9.1%	7.6%	9.5%	8.0%	8.1%	8.3%	7.7%	9.8%	8.5%	9.6%	8.9%	9.0%	9.0%

ETTEPLAN PEER GROUP	MCAP	EV/EBITDA			EV/EBIT			P/E		
	MEUR	19	20	21	19	20	21	19	20	21
SWECO	2739	14.2x	13.6x	12.5x	18.2x	17.0x	16.1x	22.3x	20.5x	19.5x
AF Poyry	1863	12.1x	10.6x	9.4x	14.1x	12.2x	10.5x	13.8x	12.8x	11.7x
Semcon	103	6.5x	6.1x	5.9x	7.3x	6.6x	6.4x	10.2x	9.2x	8.8x
Alten	3263	11.9x	11.1x	10.5x	12.8x	12.0x	11.3x	17.6x	16.2x	15.1x
Altran Technologies	2912	8.4x	7.7x	7.2x	11.3x	10.1x	9.6x	13.6x	11.4x	10.4x
Bertrandt	712	4.7x	4.3x	4.0x	6.7x	6.0x	5.6x	12.2x	10.9x	10.2x
AKKA Technologies	1327	9.5x	8.4x	7.8x	11.6x	10.1x	9.5x	15.3x	12.9x	11.1x
HiQ	271	10.2x	9.7x	9.2x	11.8x	11.0x	10.4x	16.8x	15.5x	14.6x
Acando	406	12.4x	11.4x	10.9x	14.3x	13.1x	12.5x	18.8x	17.1x	16.2x
Tieto	1875	8.0x	7.7x	7.5x	12.4x	11.4x	10.8x	13.6x	13.0x	12.4x
Peer Group Average	1425	9.8x	9.1x	8.5x	12.1x	11.0x	10.3x	15.4x	13.9x	13.0x
Peer Group Median	1327	9.9x	9.1x	8.5x	12.1x	11.2x	10.4x	14.6x	12.9x	12.1x
Etteplan (Evli est.)	203	6.9x	6.2x	5.7x	10.3x	9.4x	8.6x	11.8x	11.1x	10.4x

Etteplan prem./disc. to peer median

-30% -31% -33% -15% -16% -18% -19% -14% -14%

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.14 PV of Free Cash Flow	123 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	10.04 PV of Horizon value	171 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	23.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	11.1 Marketable securities	16 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	9.1 Debt - dividend	-59 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	58.1 Value of stock	251 Nr of shares, Mn	25.0 Effective tax rate, %	20

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	236	252	263	276	283	290	297	305	312	320	328	336
<i>Sales growth, %</i>	<i>10.1</i>	<i>6.5</i>	<i>4.7</i>	<i>4.7</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>	<i>2.5</i>
Operating income (EBIT)	20	23	24	25	24	25	25	26	27	27	28	29
<i>EBIT margin, %</i>	<i>8.5</i>	<i>9.0</i>	<i>9.1</i>	<i>9.2</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>
+ Depreciation+amort.	6	11	12	13	13	13	13	13	14	14	14	
- Income taxes	-3	-5	-5	-5	-5	-5	-5	-5	-6	-6	-6	
- Change in NWC	-13	-3	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>7.6</i>	<i>8.4</i>	<i>8.2</i>	<i>7.9</i>	<i>7.8</i>	<i>7.7</i>	<i>7.6</i>	<i>7.5</i>	<i>7.4</i>	<i>7.3</i>	<i>7.2</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-15	-12	-13	-14	-14	-14	-14	-14	-14	-15	-15	-15
<i>Investments / Sales, %</i>	<i>6.5</i>	<i>4.9</i>	<i>5.1</i>	<i>5.0</i>	<i>4.8</i>	<i>4.8</i>	<i>4.7</i>	<i>4.7</i>	<i>4.6</i>	<i>4.6</i>	<i>4.6</i>	<i>4.6</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-4	14	17	18	18	18	19	19	20	20	21	369
= Discounted FCF (DFCF)		13	15	15	13	13	12	11	11	10	10	171
= DFCF min WACC		13	15	15	14	13	12	12	11	11	10	195
= DFCF max WACC		13	15	15	13	12	12	11	10	10	9	150

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1E	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	59	62	53	63	236	63	65	56	68	252	263	276
EBITDA	6	7	6	7	26	8	9	7	9	34	36	38
<i>EBITDA margin (%)</i>	<i>9.7</i>	<i>11.4</i>	<i>11.1</i>	<i>11.7</i>	<i>11.0</i>	<i>12.8</i>	<i>13.9</i>	<i>13.4</i>	<i>13.7</i>	<i>13.4</i>	<i>13.7</i>	<i>13.7</i>
EBIT	4	6	4	6	20	5	6	5	6	23	24	25
<i>EBIT margin (%)</i>	<i>7.5</i>	<i>9.1</i>	<i>8.4</i>	<i>9.1</i>	<i>8.5</i>	<i>8.4</i>	<i>9.6</i>	<i>8.3</i>	<i>9.6</i>	<i>9.0</i>	<i>9.1</i>	<i>9.2</i>
Net financial items	0	0	0	0	-1	0	0	0	0	-1	-1	-1
Pre-tax profit	4	6	4	5	19	5	6	4	6	22	23	25
Tax	-1	-1	-1	-1	-4	-1	-1	-1	-1	-5	-5	-5
<i>Tax rate (%)</i>	<i>23.0</i>	<i>21.3</i>	<i>21.9</i>	<i>19.3</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>
Net profit	3	4	3	4	15	4	5	4	5	17	18	19
EPS	0.13	0.17	0.13	0.18	0.61	0.16	0.19	0.14	0.20	0.69	0.73	0.78
EPS adjusted (diluted no. of shares)	0.13	0.17	0.13	0.18	0.61	0.16	0.19	0.14	0.20	0.69	0.73	0.78
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.35	0.37	0.39
<b>SALES, EURm</b>												
Engineering Solutions	34	35	29	35	132	35	36	30	37	139	143	147
Software and Embedded Solutions	14	16	14	17	60	16	17	15	18	66	71	77
Technical Documentation Solutions	11	11	10	12	44	12	12	11	13	47	49	52
<b>Total</b>	<b>59</b>	<b>62</b>	<b>53</b>	<b>63</b>	<b>236</b>	<b>63</b>	<b>65</b>	<b>56</b>	<b>68</b>	<b>252</b>	<b>263</b>	<b>276</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Engineering Solutions</i>	<i>8.3</i>	<i>13.7</i>	<i>11.4</i>	<i>4.4</i>	<i>9.3</i>	<i>5.5</i>	<i>3.0</i>	<i>4.0</i>	<i>7.5</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>
<i>Software and Embedded Solutions</i>	<i>4.0</i>	<i>19.2</i>	<i>18.7</i>	<i>20.7</i>	<i>15.5</i>	<i>16.1</i>	<i>8.3</i>	<i>8.5</i>	<i>7.7</i>	<i>10.0</i>	<i>8.0</i>	<i>8.0</i>
<i>Technical Documentation Solutions</i>	<i>10.8</i>	<i>9.8</i>	<i>3.5</i>	<i>0.6</i>	<i>6.0</i>	<i>3.7</i>	<i>4.2</i>	<i>7.3</i>	<i>8.8</i>	<i>6.0</i>	<i>5.0</i>	<i>5.0</i>
<b>Total</b>	<b>7.7</b>	<b>14.3</b>	<b>11.5</b>	<b>7.4</b>	<b>10.1</b>	<b>7.7</b>	<b>4.5</b>	<b>5.8</b>	<b>7.8</b>	<b>6.5</b>	<b>4.7</b>	<b>4.7</b>
<b>EBIT, EURm</b>												
Engineering Solutions	3	4	3	3	13	3	4	3	4	13	14	14
Software and Embedded Solutions	1	1	1	2	6	2	2	1	2	7	8	9
Technical Documentation Solutions	1	1	1	1	4	1	1	1	1	4	4	5
Other	-1	-1	-1	-1	-2	-1	0	-1	0	-2	-2	-2
<b>Total</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>20</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>23</b>	<b>24</b>	<b>25</b>
<b>EBIT margin, %</b>												
<i>Engineering Solutions</i>	<i>9.1</i>	<i>10.7</i>	<i>10.0</i>	<i>9.5</i>	<i>9.8</i>	<i>9.0</i>	<i>10.5</i>	<i>9.2</i>	<i>10.0</i>	<i>9.7</i>	<i>9.5</i>	<i>9.5</i>
<i>Software and Embedded Solutions</i>	<i>7.9</i>	<i>8.6</i>	<i>9.8</i>	<i>12.3</i>	<i>9.7</i>	<i>10.6</i>	<i>10.3</i>	<i>10.0</i>	<i>11.4</i>	<i>10.6</i>	<i>11.0</i>	<i>11.2</i>
<i>Technical Documentation Solutions</i>	<i>7.6</i>	<i>9.5</i>	<i>8.0</i>	<i>8.1</i>	<i>8.3</i>	<i>7.7</i>	<i>9.8</i>	<i>8.5</i>	<i>9.6</i>	<i>8.9</i>	<i>9.0</i>	<i>9.0</i>
<b>Total</b>	<b>7.5</b>	<b>9.1</b>	<b>8.4</b>	<b>9.1</b>	<b>8.5</b>	<b>8.4</b>	<b>9.6</b>	<b>8.3</b>	<b>9.6</b>	<b>9.0</b>	<b>9.1</b>	<b>9.2</b>

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	132	141	184	215	236	252	263	276
<i>Sales growth (%)</i>	<i>2.6</i>	<i>7.0</i>	<i>30.3</i>	<i>16.7</i>	<i>10.1</i>	<i>6.5</i>	<i>4.7</i>	<i>4.7</i>
Costs	-121	-131	-171	-194	-210	-218	-227	-238
Reported EBITDA	10	12	15	21	26	34	36	38
Extraordinary items in EBITDA	0	1	2	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>8.0</i>	<i>8.3</i>	<i>8.1</i>	<i>9.7</i>	<i>11.0</i>	<i>13.4</i>	<i>13.7</i>	<i>13.7</i>
Depreciation	-3	-3	-5	-5	-6	-11	-12	-13
EBITA	8	9	10	15	20	23	24	25
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	7	9	10	15	20	23	24	25
<i>EBIT margin (%)</i>	<i>5.6</i>	<i>6.1</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>9.0</i>	<i>9.1</i>	<i>9.2</i>
Net financials	-1	-1	-1	-1	-1	-1	-1	-1
Pre-tax profit	7	8	9	15	19	22	23	25
Extraordinary items	1	0	0	0	0	0	0	0
Taxes	-1	-2	-2	-3	-4	-5	-5	-5
Minority shares	0	0	0	0	0	0	0	0
Net profit	6	6	7	12	15	17	18	19
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	8	12	22	22	26	27	28	29
<i>% of sales</i>	<i>6</i>	<i>9</i>	<i>12</i>	<i>10</i>	<i>11</i>	<i>11</i>	<i>11</i>	<i>11</i>
Goodwill	39	43	58	59	65	65	65	65
<i>% of sales</i>	<i>29</i>	<i>30</i>	<i>32</i>	<i>27</i>	<i>28</i>	<i>26</i>	<i>25</i>	<i>24</i>
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	26	28	49	53	68	73	76	78
<i>% of sales</i>	<i>20</i>	<i>20</i>	<i>27</i>	<i>24</i>	<i>29</i>	<i>29</i>	<i>29</i>	<i>28</i>
Liquid funds	3	9	5	10	16	17	18	19
<i>% of sales</i>	<i>2</i>	<i>6</i>	<i>3</i>	<i>5</i>	<i>7</i>	<i>7</i>	<i>7</i>	<i>7</i>
Total assets	75	93	134	144	176	183	187	193
Liabilities								
Equity	29	35	53	58	68	77	87	97
<i>% of sales</i>	<i>22</i>	<i>25</i>	<i>29</i>	<i>27</i>	<i>29</i>	<i>31</i>	<i>33</i>	<i>35</i>
Deferred taxes	1	2	3	3	5	5	5	5
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>2</i>
Interest bearing debt	19	23	34	35	51	47	39	32
<i>% of sales</i>	<i>14</i>	<i>16</i>	<i>19</i>	<i>16</i>	<i>22</i>	<i>19</i>	<i>15</i>	<i>11</i>
Non-interest bearing current liabilities	27	32	43	46	48	50	53	55
<i>% of sales</i>	<i>20</i>	<i>23</i>	<i>23</i>	<i>21</i>	<i>20</i>	<i>20</i>	<i>20</i>	<i>20</i>
Other interest free debt	0	1	2	2	4	4	4	4
<i>% of sales</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>1</i>
Total liabilities	75	93	134	144	176	183	187	193
<b>CASH FLOW, EURm</b>								
+ EBITDA	10	12	15	21	26	34	36	38
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-2	-1	-3	-2	-3	-5	-5	-5
- Increase in Net Working Capital	0	-1	-1	1	-13	-3	0	0
+/- Other	0	1	-5	0	0	0	0	0
= Cash flow from operations	8	10	6	18	8	25	30	32
- Capex	-1	-2	-2	-2	-15	-12	-13	-14
- Acquisitions	-1	-2	-22	-3	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	7	7	1	11	-7	13	17	18
+/- Change in interest-bearing debt	-1	4	11	1	16	-5	-7	-8
+/- New issues/buybacks	-1	3	14	-2	0	0	0	0
- Paid dividend	-2	-3	-3	-4	-6	-7	-9	-9
+/- Change in loan receivables	-2	0	1	0	1	0	0	0
Change in cash	1	11	24	5	5	1	1	1

Commercial Services & Supplies/Finland, May 3, 2019  
Preview

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	89	138	193	198	203	203	203
Net debt	14	29	25	35	30	22	13
Enterprise value	104	168	218	233	233	225	216
Sales	141	184	215	236	252	263	276
EBITDA	12	15	21	26	34	36	38
EBIT	9	10	15	20	23	24	25
Pre-tax	8	9	15	19	22	23	25
Earnings	6	7	12	15	17	18	19
Book value	35	53	58	68	77	87	97
<b>Valuation multiples</b>							
EV/sales	0.7	0.9	1.0	1.0	0.9	0.9	0.8
EV/EBITDA	8.9	11.2	10.5	9.0	6.9	6.2	5.7
EV/EBITA	12.0	16.6	14.1	11.6	10.3	9.4	8.6
EV/EBIT	12.0	16.6	14.1	11.6	10.3	9.4	8.6
EV/operating cash flow	10.4	29.8	11.9	23.0	9.0	7.4	6.7
EV/cash earnings	10.4	12.2	12.8	10.5	8.2	7.4	6.7
P/E	14.6	18.6	16.6	13.0	11.8	11.1	10.4
P/E excl. goodwill	14.6	18.6	16.6	13.0	11.8	11.1	10.4
P/B	2.6	2.6	3.3	2.9	2.6	2.3	2.1
P/sales	0.6	0.8	0.9	0.8	0.8	0.8	0.7
P/CF	9.0	24.5	10.5	19.5	7.9	6.7	6.3
Target EV/EBIT	0.0	0.0	0.0	0.0	11.2	10.3	9.4
Target P/E	0.0	0.0	0.0	0.0	13.0	12.3	11.5
Target P/B	0.0	0.0	0.0	0.0	2.9	2.6	2.3
<b>Per share measures</b>							
Number of shares	20,666	24,771	24,771	24,963	24,963	24,963	24,963
Number of shares (diluted)	20,666	24,771	24,771	24,963	24,963	24,963	24,963
EPS	0.30	0.30	0.47	0.61	0.69	0.73	0.78
EPS excl. goodwill	0.30	0.30	0.47	0.61	0.69	0.73	0.78
Cash EPS	0.48	0.56	0.69	0.89	1.14	1.22	1.28
Operating cash flow per share	0.48	0.23	0.74	0.41	1.04	1.22	1.28
Capital employed per share	2.36	3.32	3.34	4.11	4.28	4.35	4.42
Book value per share	1.68	2.12	2.34	2.71	3.10	3.48	3.90
Book value excl. goodwill	-0.39	-0.22	-0.04	0.09	0.49	0.87	1.29
Dividend per share	0.15	0.16	0.23	0.30	0.35	0.37	0.39
Dividend payout ratio, %	50.6	53.3	49.2	49.0	50.0	50.0	50.0
Dividend yield, %	3.5	2.9	3.0	3.8	4.3	4.5	4.8
<b>Efficiency measures</b>							
ROE	19.3	17.1	21.0	24.4	23.9	22.3	21.2
ROCE	16.3	14.0	17.2	19.1	18.7	19.0	19.8
<b>Financial ratios</b>							
Capex/sales, %	2.5	13.1	2.4	6.5	4.9	5.1	5.0
Capex/depreciation excl. goodwill,%	-18.2	181.7	81.2	160.3	109.5	110.3	110.6
Net debt/EBITDA, book-weighted	1.2	2.0	1.2	1.4	0.9	0.6	0.3
Debt/equity, market-weighted	0.3	0.2	0.2	0.3	0.2	0.2	0.2
Equity ratio, book-weighted	37.4	39.2	40.1	38.5	42.3	46.4	50.5
Gearing	0.41	0.56	0.43	0.52	0.38	0.25	0.13
Number of employees, average	2,078	2,545	2,802	3,055	3,055	3,055	3,055
Sales per employee, EUR	67,947	72,274	76,597	77,376	82,371	86,230	90,307
EBIT per employee, EUR	4,136	3,984	5,526	6,607	7,412	7,807	8,268

**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	134.310	66.1%
Oy Fincorp Ab	2,498,135	20.335	10.0%
Varma Mutual Pension Insurance Company	985,593	8.023	3.9%
VAS Invest Oy	562,573	4.579	2.3%
Tuori Klaus	417,200	3.396	1.7%
Taaleri Mikro Markka fund	351,808	2.864	1.4%
Tuori Aino Mirjami	308,275	2.509	1.2%
SEB Gyllenberg Finland Small Cap Fund	129,000	1.050	0.5%
Etteplan Oyj	114,317	0.931	0.5%
Näkki Juha	104,947	0.854	0.4%
Ten largest	21,971,848	178.851	88%
Residual	2,991,460	24.350	12%
Total	24,963,308	203.201	100%

**EARNINGS CALENDAR**

May 08, 2019 Q1 report  
August 13, 2019 Q2 report

**OTHER EVENTS**

April 04, 2019 AGM

**COMPANY MISCELLANEOUS**

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CFO: Per-Anders Gådin  
IR: Outi Tornainen

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## 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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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 updated at least 2 timer per year.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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