

## Executing growth strategy

Etteplan will report Q2 results on August 13<sup>th</sup>. Etteplan has during and after the quarter made acquisitions with a combined number of employees of over 250, expected to have an insignificant impact on Q2 but to aid in achieving the FY2019 guidance amid continued global uncertainty. We expect minor overall margin improvement y/y in Q2 while still remaining cautious to margin development in Technical Documentation Solutions. Following the post-Q1 share price rally we downgrade our rating to HOLD (BUY) with a target price of EUR 9.6.

### Executing its M&A aided growth strategy

Our estimates ahead of Q2 remain intact apart from adjustments made for the acquisitions of Devex Mekatronik (Sweden) and EMP Engineering Alliance (Germany). The two companies combined had revenue of around EUR 26m and over 250 employees in 2018. To our understanding the revenue generated will mainly fall under Engineering Solutions and a smaller share under Software and Embedded Solutions. Our 2019 and 2020 net sales estimates are up by some 3% and 8% respectively. For Q2 we expect net sales and EBITA of EUR 66.6m (Q2/18: 62.0m) and EUR 6.9m (Q2/18: 6.2m).

### Market outlook comments of interest

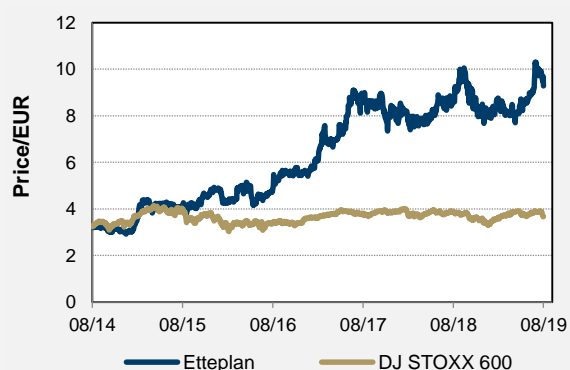
Etteplan expects its revenue and operating profit for 2019 to grow clearly compared to 2018. The acquisitions made will certainly aid in achieving the guidance and reduces 2020 sales growth concerns, but recent macro development still warrants cautionary remarks and our focus in the Q2 report will be on market outlook comments.

### HOLD (BUY) with a target price of EUR 9.6

Etteplan's share price has climbed after the Q1 guidance upgrade and although still at a slight discount to peers, valuation is looking fairer when also considering Etteplan's historical valuation. We downgrade our rating to HOLD (BUY) and retain our target price of EUR 9.6.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 9.28

Target price, EUR 9.6

Latest change in recommendation 08-Aug-19

Latest report on company 09-May-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 232

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 13-Aug-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	7.9	11.6	0.30
2019E	266	24	9.0%	23	0.73	12.8	1.0	8.5	11.6	0.36
2020E	293	27	9.3%	26	0.83	11.2	0.9	6.8	9.9	0.41
2021E	306	29	9.6%	29	0.90	10.3	0.8	6.2	8.8	0.45
Market cap, EURm			232	BV per share 2019E, EUR		3.1	CAGR EPS 2018-21, %			13.7
Net debt 2019E, EURm			46	Price/book 2019E		3.0	CAGR sales 2018-21, %			9.0
Enterprise value, EURm			277	Dividend yield 2019E, %		3.9	ROE 2019E, %			24.9
Total assets 2019E, EURm			203	Tax rate 2019E, %		21.7	ROCE 2019E, %			18.3
Goodwill 2019E, EURm			65	Equity ratio 2019E, %		38.4	PEG, P/E 19/CAGR			3.1

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

Etteplan	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18	2018	Q1/'19	Q2/'19E	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Net sales	214.6	59.0	62.0	52.6	62.8	236.4	65.4	66.6	59.1	74.6	265.7	292.7	306.4
sales growth %	16.7%	7.7%	14.3%	11.5%	7.4%	10.1%	11.0%	7.4%	12.5%	18.6%	12.4%	10.2%	4.7%
EBITA	17.2	4.9	6.2	5.0	6.4	22.6	6.4	6.9	5.5	7.6	26.5	29.7	31.4
EBITA margin	8.0%	8.3%	10.1%	9.6%	10.2%	9.5%	9.8%	10.4%	9.3%	10.2%	10.0%	10.1%	10.2%
EBIT	15.5	4.4	5.7	4.4	5.7	20.8	5.8	6.3	4.9	7.0	23.9	27.1	29.4
EBIT margin	1.4%	7.5%	9.1%	8.3%	9.1%	8.8%	8.8%	9.4%	8.2%	9.4%	9.0%	9.3%	9.6%
<b>Engineering Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18</b>	<b>2018</b>	<b>Q1/'19</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	35.6	36.4	31.9	42.0	145.8	163.3	168.2
sales growth %	7.1%	8.3%	13.7%	11.4%	4.4%	9.3%	5.8%	3.9%	10.5%	21.4%	10.4%	12.0%	3.0%
EBITA	9.8	3.1	3.7	2.9	3.3	13.0	3.7	3.9	3.0	4.2	14.8	16.3	16.8
EBITA margin	8.1%	9.1%	10.7%	10.0%	9.5%	9.8%	10.3%	10.8%	9.3%	10.0%	10.1%	10.0%	10.0%
<b>Software and Embedded Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18</b>	<b>2018</b>	<b>Q1/'19</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	17.3	17.9	15.8	19.1	70.1	77.1	83.2
sales growth %	46.6%	4.0%	19.2%	18.7%	20.7%	15.5%	22.8%	13.2%	16.0%	15.5%	16.7%	10.0%	8.0%
EBITA	4.4	1.1	1.4	1.3	2.0	5.8	1.7	1.8	1.6	2.1	7.2	8.4	9.3
EBITA margin	8.4%	7.9%	8.6%	9.8%	12.3%	9.7%	9.8%	10.3%	10.0%	11.2%	10.3%	10.9%	11.2%
<b>Technical Documentation Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18</b>	<b>2018</b>	<b>Q1/'19</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	12.5	12.4	11.5	13.5	49.8	52.3	55.0
sales growth %	17.0%	10.8%	9.8%	3.5%	0.7%	6.0%	11.6%	10.1%	13.4%	15.0%	12.5%	5.0%	5.0%
EBITA	3.8	0.8	1.1	0.8	1.0	3.7	1.2	1.2	1.0	1.3	4.7	5.0	5.2
EBITA margin	9.1%	7.6%	9.5%	8.0%	8.1%	8.3%	9.9%	9.3%	8.5%	9.7%	9.4%	9.5%	9.5%

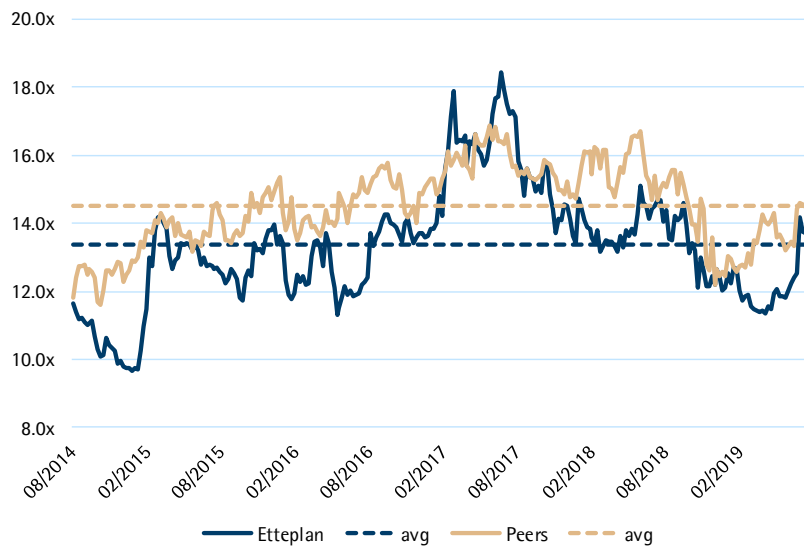
ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		19	20	21	19	20	21	19	20	21
SWECO	2999	14.8x	13.4x	12.8x	20.7x	19.1x	18.0x	23.2x	21.3x	20.1x
AF Poyry	2300	12.5x	10.0x	9.5x	17.5x	13.8x	12.8x	17.8x	15.6x	14.5x
Semcon	89	5.8x	4.9x	4.6x	7.7x	6.2x	5.9x	9.4x	7.4x	7.0x
Alten	3620	13.2x	12.2x	11.5x	14.2x	13.2x	12.6x	19.4x	17.7x	16.5x
Altran Technologies	3679	10.0x	9.2x	8.5x	13.2x	11.9x	10.9x	16.9x	14.5x	13.2x
Bertrandt	598	4.9x	4.4x	4.0x	7.2x	6.4x	5.8x	11.3x	9.9x	9.2x
AKKA Technologies	1266	9.3x	8.2x	7.6x	11.4x	9.9x	9.2x	14.7x	12.5x	11.1x
HiQ	254	9.9x	9.9x	9.5x	11.7x	11.7x	11.1x	16.2x	15.0x	14.2x
Tieto	1687	8.5x	8.1x	7.9x	12.6x	11.8x	11.3x	12.6x	12.1x	11.6x
Multiconsult	166	7.7x	6.7x	6.4x	15.5x	12.1x	11.3x	14.7x	11.5x	10.5x
Peer Group Average	1536	9.7x	8.7x	8.2x	13.2x	11.6x	10.9x	15.6x	13.8x	12.8x
Peer Group Median	1266	9.6x	8.7x	8.2x	12.9x	11.9x	11.2x	15.5x	13.5x	12.4x
Etteplan (Evli est.)	232	7.7x	6.6x	5.9x	11.6x	9.9x	8.8x	12.8x	11.2x	10.3x

Etteplan prem./disc. to peer median

-20% -24% -28% -10% -16% -21% -17% -17% -17%

Source Bloomberg, Evli Research

Etteplan's and peers historical fwd P/E (NTM)



Source: FactSet

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	9.28 PV of Free Cash Flow	121 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	10.84 PV of Horizon value	192 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	16.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	12.1 Marketable securities	16 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	9.8 Debt - dividend	-59 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	61.4 Value of stock	271 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	266	293	306	314	322	330	338	347	355	364	373
<i>Sales growth, %</i>	<i>10.1</i>	<i>12.4</i>	<i>10.2</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	24	27	29	27	27	28	29	29	30	31	32
<i>EBIT margin, %</i>	<i>8.5</i>	<i>9.0</i>	<i>9.3</i>	<i>9.6</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	12	14	15	15	15	16	16	16	16	17	
- Income taxes	-3	-5	-6	-6	-6	-6	-6	-6	-6	-7	-7	
- Change in NWC	2	-4	-1	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>1.3</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>	<i>2.6</i>	<i>2.7</i>	<i>2.7</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-30	-30	-17	-16	-16	-16	-17	-17	-17	-17	-18	-18
<i>Investments / Sales, %</i>	<i>12.9</i>	<i>11.2</i>	<i>5.6</i>	<i>5.3</i>	<i>5.1</i>	<i>5.1</i>	<i>5.0</i>	<i>4.9</i>	<i>4.9</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-4	-2	17	21	20	20	21	21	22	22	23	407
= Discounted FCF (DFCF)		-2	16	17	15	14	14	13	12	11	11	192
= DFCF min WACC		-2	16	18	15	15	14	13	13	12	11	220
= DFCF max WACC		-2	16	17	15	14	13	12	12	11	10	169

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	59	62	53	63	236	65	67	59	75	266	293	306
EBITDA	6	7	6	7	26	9	9	8	10	36	41	44
<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>13.7</i>	<i>13.9</i>	<i>13.3</i>	<i>13.4</i>	<i>13.6</i>	<i>13.9</i>	<i>14.4</i>
EBIT	4	6	4	6	20	6	6	5	7	24	27	29
<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>8.8</i>	<i>9.4</i>	<i>8.2</i>	<i>9.4</i>	<i>9.0</i>	<i>9.3</i>	<i>9.6</i>
Net financial items	0	0	0	0	-1	0	0	0	0	-1	-1	-1
Pre-tax profit	4	6	4	5	19	6	6	5	7	23	26	29
Tax	-1	-1	-1	-1	-4	-1	-1	-1	-1	-5	-6	-6
<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>23.4</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>	<i>21.7</i>	<i>21.7</i>	<i>21.7</i>
Net profit	3	4	3	4	15	4	5	4	5	18	21	22
EPS	0.13	0.17	0.13	0.18	0.61	0.17	0.19	0.15	0.21	0.73	0.83	0.90
EPS adjusted (diluted no. of shares)	0.13	0.17	0.13	0.18	0.61	0.17	0.19	0.15	0.21	0.73	0.83	0.90
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.36	0.41	0.45
<b>SALES, EURm</b>												
Engineering Solutions	34	35	29	35	132	36	36	32	42	146	163	168
Software and Embedded Solutions	14	16	14	17	60	17	18	16	19	70	77	83
Technical Documentation Solutions	11	11	10	12	44	13	12	11	13	50	52	55
Total	59	62	53	63	236	65	67	59	75	266	293	306
<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>5.8</i>	<i>3.9</i>	<i>10.5</i>	<i>21.4</i>	<i>10.4</i>	<i>12.0</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>22.8</i>	<i>13.2</i>	<i>16.0</i>	<i>15.5</i>	<i>16.7</i>	<i>10.0</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>11.6</i>	<i>10.1</i>	<i>13.3</i>	<i>15.0</i>	<i>12.5</i>	<i>5.0</i>	<i>5.0</i>
Total	7.7	14.3	11.5	7.4	10.1	11.0	7.4	12.5	18.6	12.4	10.2	4.7
<b>EBIT, EURm</b>												
Engineering Solutions	3	4	3	3	13	4	4	3	4	15	16	17
Software and Embedded Solutions	1	1	1	2	6	2	2	2	2	7	8	9
Technical Documentation Solutions	1	1	1	1	4	1	1	1	1	5	5	5
Other	-1	-1	-1	-1	-2	-1	-1	-1	-1	-3	-3	-2
Total	4	6	4	6	20	6	6	5	7	24	27	29
<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>10.3</i>	<i>10.8</i>	<i>9.3</i>	<i>10.0</i>	<i>10.1</i>	<i>10.0</i>	<i>10.0</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>9.8</i>	<i>10.3</i>	<i>10.0</i>	<i>11.2</i>	<i>10.3</i>	<i>10.9</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>9.9</i>	<i>9.3</i>	<i>8.5</i>	<i>9.7</i>	<i>9.4</i>	<i>9.5</i>	<i>9.5</i>
Total	7.5	9.1	8.4	9.1	8.5	8.8	9.4	8.2	9.4	9.0	9.3	9.6

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	132	141	184	215	236	266	293	306
<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>12.4</i>	<i>10.2</i>	<i>4.7</i>
Costs	-121	-131	-171	-194	-210	-230	-252	-262
Reported EBITDA	10	12	15	21	26	36	41	44
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>13.6</i>	<i>13.9</i>	<i>14.4</i>
Depreciation	-3	-3	-5	-5	-6	-12	-14	-15
EBITA	8	9	10	15	20	24	27	29
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	7	9	10	15	20	24	27	29
<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>9.3</i>	<i>9.6</i>
Net financials	-1	-1	-1	-1	-1	-1	-1	-1
Pre-tax profit	7	8	9	15	19	23	26	29
Extraordinary items	1	0	0	0	0	0	0	0
Taxes	-1	-2	-2	-3	-4	-5	-6	-6
Minority shares	0	0	0	0	0	0	0	0
Net profit	6	6	7	12	15	18	21	22
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	8	12	22	22	41	43	46	48
<i>% of sales</i>	<i>6</i>	<i>9</i>	<i>12</i>	<i>10</i>	<i>17</i>	<i>16</i>	<i>16</i>	<i>16</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>25</i>	<i>22</i>	<i>21</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	53	61	67	70
<i>% of sales</i>	<i>20</i>	<i>20</i>	<i>27</i>	<i>24</i>	<i>22</i>	<i>23</i>	<i>23</i>	<i>23</i>
Liquid funds	3	9	5	10	16	18	20	21
<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	203	214	220
Liabilities								
Equity	29	35	53	58	68	78	90	102
<i>% of sales</i>	<i>22</i>	<i>25</i>	<i>29</i>	<i>27</i>	<i>29</i>	<i>29</i>	<i>31</i>	<i>33</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>1</i>
Interest bearing debt	19	23	34	35	51	64	58	48
<i>% of sales</i>	<i>14</i>	<i>16</i>	<i>19</i>	<i>16</i>	<i>22</i>	<i>24</i>	<i>20</i>	<i>16</i>
Non-interest bearing current liabilities	27	32	43	46	48	53	59	61
<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>1</i>	<i>1</i>	<i>1</i>
Total liabilities	75	93	134	144	176	203	214	220
<b>CASH FLOW, EURm</b>								
+ EBITDA	10	12	15	21	26	36	41	44
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-2	-1	-3	-2	-3	-5	-6	-6
- Increase in Net Working Capital	0	-1	-1	1	2	-4	-1	0
+/- Other	0	1	-5	0	0	0	0	0
= Cash flow from operations	8	10	6	18	23	27	33	37
- Capex	-1	-2	-2	-2	-30	-30	-17	-16
- 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	-3	17	21
+/- Change in interest-bearing debt	-1	4	11	1	16	13	-6	-9
+/- New issues/buybacks	-1	3	14	-2	0	0	0	0
- Paid dividend	-2	-3	-3	-4	-6	-7	-9	-10
+/- Change in loan receivables	-2	0	1	0	1	0	0	0
Change in cash	1	11	24	5	5	2	2	1

Commercial Services & Supplies/Finland, August 8, 2019  
Preview

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	89	138	193	198	232	232	232
Net debt	14	29	25	35	46	38	28
Enterprise value	104	168	218	233	277	269	259
Sales	141	184	215	236	266	293	306
EBITDA	12	15	21	26	36	41	44
EBIT	9	10	15	20	24	27	29
Pre-tax	8	9	15	19	23	26	29
Earnings	6	7	12	15	18	21	22
Book value	35	53	58	68	78	90	102
<b>Valuation multiples</b>							
EV/sales	0.7	0.9	1.0	1.0	1.0	0.9	0.8
EV/EBITDA	8.9	11.2	10.5	9.0	7.7	6.6	5.9
EV/EBITA	12.0	16.6	14.1	11.6	11.6	9.9	8.8
EV/EBIT	12.0	16.6	14.1	11.6	11.6	9.9	8.8
EV/operating cash flow	10.4	29.8	11.9	9.3	10.2	7.9	6.9
EV/cash earnings	10.4	12.2	12.8	10.5	9.1	7.9	6.9
P/E	14.6	18.6	16.6	13.0	12.8	11.2	10.3
P/E excl. goodwill	14.6	18.6	16.6	13.0	12.8	11.2	10.3
P/B	2.6	2.6	3.3	2.9	3.0	2.6	2.3
P/sales	0.6	0.8	0.9	0.8	0.9	0.8	0.8
P/CF	9.0	24.5	10.5	7.9	8.5	6.8	6.2
Target EV/EBIT	0.0	0.0	0.0	0.0	11.9	10.2	9.1
Target P/E	0.0	0.0	0.0	0.0	13.2	11.6	10.7
Target P/B	0.0	0.0	0.0	0.0	3.1	2.7	2.4
<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	0.73	0.83	0.90
EPS excl. goodwill	0.30	0.30	0.47	0.61	0.73	0.83	0.90
Cash EPS	0.48	0.56	0.69	0.89	1.22	1.37	1.49
Operating cash flow per share	0.48	0.23	0.74	1.01	1.09	1.36	1.50
Capital employed per share	2.36	3.32	3.34	4.11	4.96	5.11	5.18
Book value per share	1.68	2.12	2.34	2.71	3.13	3.60	4.08
Book value excl. goodwill	-0.39	-0.22	-0.04	0.09	0.52	0.99	1.47
Dividend per share	0.15	0.16	0.23	0.30	0.36	0.41	0.45
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	3.9	4.5	4.9
<b>Efficiency measures</b>							
ROE	19.3	17.1	21.0	24.4	24.9	24.6	23.5
ROCE	16.3	14.0	17.2	19.1	18.3	18.7	19.7
<b>Financial ratios</b>							
Capex/sales, %	2.5	13.1	2.4	12.9	11.2	5.6	5.3
Capex/depreciation excl. goodwill,%	-18.2	181.7	81.2	419.3	244.1	121.0	109.8
Net debt/EBITDA, book-weighted	1.2	2.0	1.2	1.4	1.3	0.9	0.6
Debt/equity, market-weighted	0.3	0.2	0.2	0.3	0.3	0.2	0.2
Equity ratio, book-weighted	37.4	39.2	40.1	38.5	38.4	41.9	46.3
Gearing	0.41	0.56	0.43	0.52	0.58	0.42	0.27
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	86,988	95,825	100,304
EBIT per employee, EUR	4,136	3,984	5,526	6,607	7,816	8,873	9,613

**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	153.120	66.1%
Oy Fincorp Ab	2,500,500	23.205	10.0%
Varma Mutual Pension Insurance Company	985,593	9.146	3.9%
Tuori Klaus	404,134	3.750	1.6%
VAS Invest Oy	390,629	3.625	1.6%
Taaleri Mikro Markka fund	339,048	3.146	1.4%
SEB Gyllenberg Finland Small Cap Fund	319,629	2.966	1.3%
Tuori Aino Mirjami	308,275	2.861	1.2%
Etteplan Oyj	138,174	1.282	0.6%
Näkki Juha	104,947	0.974	0.4%
Ten largest	21,990,929	204.076	88%
Residual	2,972,379	27.584	12%
Total	24,963,308	231.659	100%

**EARNINGS CALENDAR**

August 13, 2019

Q2 report

**OTHER EVENTS**

April 04, 2019

AGM

**COMPANY MISCELLANEOUS**

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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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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%

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

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