

## Better than feared

Etteplan's Q1 results were better than feared and market turbulence had a rather minor impact, with a slight decline in organic growth. We expect an average organic growth of around -7% in 2020 and EBITA to decline to EUR 16.9m (2019: 25.9m). We retain our HOLD-rating with a target price of EUR 8.0 (6.9).

### Q1 results better than expected

Etteplan's Q1 results beat our and consensus estimates. Revenue amounted to EUR 71.3m (EUR 67.0m/70.0m Evli/Cons.) and EBIT to EUR 5.7m (EUR 4.4m/5.0m Evli/cons.). The assumed effect of the COVID-19 pandemic and labor market turbulence in Finland on Q1 was fortunately smaller than expected. The organic growth did however turn negative and was -1.9% on comparable FX. The number of hours sold in China decreased 25% y/y but business was nearly back to normal by the end of March.

### We expect 2020 organic growth of around -7%

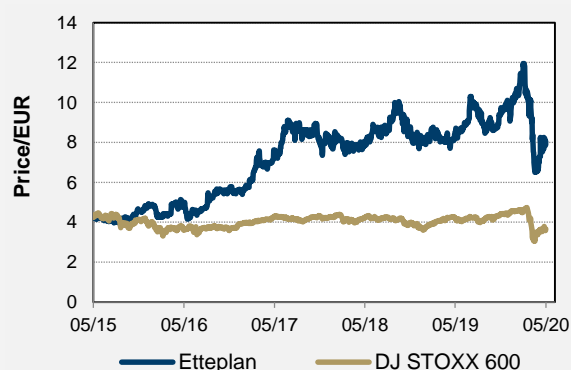
Uncertainty in the coming quarters is elevated by the COVID-19 pandemic and visibility is low, due to which Etteplan is also not giving a guidance for 2020. We use the number of temporary layoffs as a benchmark for our 2020 estimates, for which we assume an upper bound for the Q2 average FTE capacity decrease of around 8%. Pricing pressure is further likely to increase along with a risk for credit losses, for which Etteplan made minor reservations in Q1. We currently assume that the situation will improve in the latter quarters but still expect an average organic growth of around -7% in 2020, with our 2020 revenue estimate at EUR 259.8m (2019: 262.7m). We expect 2020 EBITA to decline to EUR 16.9m (2019 25.9m).

### HOLD with a target price of EUR 8.0 (6.9)

Etteplan is currently trading at 8.2x 2020 EV/EBITDA on our estimates, with peers trading at ~8.8x. With the COVID-impact now more accurately reflected in peer multiples we assign a higher weight on peer multiples, keeping the pre-COVID average NTM EV/EBITDA of 9.0x as a benchmark, and along with some added confidence from the Q1 report raise our target price to EUR 8.0 (6.9) and retain our HOLD-rating.

## Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 8.04

Target price, EUR 8.0

Latest change in recommendation 08-Aug-19

Latest report on company 01-Apr-20

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 201

Free float, % 16.0

Exchange rate 0.000

Reuters code ETTE.HE

Bloomberg code ETTE FH

Average daily volume, EURm 0.07

Next interim report 11-Aug-20

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■ BUY ■ HOLD ■ 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
2018	236.4	20.2	8.5%	13.0	0.61	13.0	1.0	11.4	6.6	0.30
2019	262.7	22.8	8.7%	-1.0	0.70	15.6	1.1	12.9	-0.4	0.35
2020E	259.8	13.0	5.0%	11.8	0.38	21.2	0.9	18.3	5.9	0.19
2021E	277.8	22.5	8.1%	13.9	0.68	11.8	0.8	10.2	6.9	0.34
2022E	291.6	25.6	8.8%	17.2	0.78	10.3	0.8	8.6	8.5	0.39
Market cap, EURm			201	Gearing 2020E, %		48.2	CAGR EPS 2019-22, %			6.2
Net debt 2020E, EURm			37	Price/book 2020E		2.6	CAGR sales 2019-22, %			3.5
Enterprise value, EURm			238	Dividend yield 2020E, %		2.4	ROE 2020E, %			12.3
Total assets 2020E, EURm			200	Tax rate 2020E, %		22.1	ROCE 2020E, %			9.9
Goodwill 2020E, EURm			79	Equity ratio 2020E, %		38.8	PEG, P/E 20/CAGR			0.8

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

Etteplan	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20	Q2/'20E	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Net sales	236.4	65.4	64.2	61.5	71.6	262.7	71.3	62.3	57.7	68.7	259.8	277.8	291.6
sales growth %	10.1%	11.0%	3.5%	17.1%	14.0%	11.1%	9.0%	-3.0%	-6.2%	-4.1%	-1.1%	6.9%	5.0%
EBITA	22.6	6.4	6.5	6.6	6.4	25.9	6.6	3.2	2.8	4.2	16.9	25.9	29.0
EBITA margin	9.5%	9.8%	10.1%	10.7%	8.9%	9.9%	9.2%	5.1%	4.8%	6.1%	6.5%	9.3%	10.0%
EBIT	20.8	5.8	5.8	5.7	5.6	22.8	5.7	2.2	1.9	3.3	13.0	22.5	25.6
EBIT margin	8.8%	8.8%	9.0%	9.3%	7.8%	8.7%	7.9%	3.5%	3.2%	4.8%	5.0%	8.1%	8.8%
EBIT (excl. NRIs)	20.5	6.0	5.8	4.9	5.1	21.7	5.9	2.2	1.9	3.3	13.2	22.5	25.6
-margin	8.7%	9.1%	9.0%	8.0%	7.1%	8.3%	8.2%	3.5%	3.2%	4.8%	5.1%	8.1%	8.8%
<b>Engineering Solutions</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20E</b>	<b>Q3/'20E</b>	<b>Q4/'20E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Net sales	132.1	35.6	35.3	35.3	40.8	147.0	41.3	34.8	32.6	37.8	146.4	155.0	161.2
sales growth %	9.3%	5.8%	0.8%	22.5%	18.1%	11.3%	16.1%	-1.5%	-7.8%	-7.5%	-0.4%	5.8%	4.0%
EBITA	13.0	3.7	3.8	3.4	3.6	14.5	3.9	1.3	1.1	1.9	8.2	14.4	16.0
EBITA margin	9.8%	10.3%	10.9%	9.6%	8.7%	9.8%	9.5%	3.6%	3.4%	5.0%	5.6%	9.3%	9.9%
<b>Software and Embedded Solutions</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20E</b>	<b>Q3/'20E</b>	<b>Q4/'20E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Net sales	60.0	17.3	17.1	15.4	17.7	67.5	17.0	16.5	14.9	18.3	66.7	72.6	77.7
sales growth %	15.5%	22.8%	8.5%	12.9%	6.9%	12.4%	-2.0%	-3.5%	-3.1%	3.5%	-1.2%	8.9%	7.0%
EBITA	5.8	1.7	1.6	1.6	1.4	6.3	1.5	1.3	1.2	1.6	5.6	7.1	8.1
EBITA margin	9.7%	9.8%	9.3%	10.1%	8.0%	9.3%	9.0%	7.9%	8.1%	8.7%	8.4%	9.8%	10.4%
<b>Technical Documentation Solutions</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20E</b>	<b>Q3/'20E</b>	<b>Q4/'20E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Net sales	44.3	12.5	11.8	10.7	13.1	48.2	12.8	11.0	10.3	12.6	46.8	50.2	52.7
sales growth %	6.0%	11.6%	5.1%	5.8%	11.8%	8.8%	2.6%	-6.9%	-3.9%	-3.7%	-3.0%	7.4%	5.0%
EBITA	3.7	1.2	1.0	0.8	0.9	4.1	1.3	0.6	0.5	0.7	3.1	4.4	5.0
EBITA margin	8.3%	9.9%	8.8%	7.8%	6.8%	8.5%	10.1%	5.4%	4.9%	5.8%	6.7%	8.7%	9.5%

Source: Etteplan, Evli Research estimates

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		20	21	22	20	21	22	20	21	22
SWECO	3645	16.1x	14.7x	14.2x	23.6x	20.9x	19.4x	26.9x	23.7x	21.7x
AF Poyry	1804	11.4x	10.1x	9.2x	17.3x	14.6x	13.0x	16.7x	13.9x	12.0x
Semcon	81	4.8x	4.0x	3.8x	6.4x	5.1x	4.8x	8.2x	6.5x	6.0x
Alten	2161	11.3x	8.7x	7.7x	14.5x	10.2x	9.2x	19.1x	13.8x	12.1x
Altran Technologies	3760	11.0x	10.1x	9.3x	15.1x	13.5x	12.5x	18.0x	15.6x	14.8x
Bertrandt	357	6.8x	5.3x		16.0x	9.9x		19.5x	10.6x	
AKKA Technologies	541	6.4x	5.1x	4.8x	9.0x	7.0x	6.4x	7.3x	5.8x	5.3x
HiQ International	206	10.3x	7.9x	7.3x	13.3x	9.6x	8.7x	18.2x	13.3x	12.1x
TietoEVRY	2560	7.2x	6.4x	6.0x	10.0x	8.6x	8.0x	12.0x	10.1x	9.3x
Multiconsult	130	6.0x	5.2x	4.9x	12.1x	9.2x	8.6x	11.6x	8.2x	7.5x
Peer Group Average	1404	9.1x	7.8x	7.5x	13.7x	10.9x	10.1x	15.7x	12.2x	11.2x
Peer Group Median	541	8.8x	7.2x	7.3x	13.9x	9.8x	8.7x	17.3x	11.9x	12.0x
Etteplan (Evli est.)	201	8.2x	6.0x	5.2x	18.3x	10.2x	8.6x	21.2x	11.8x	10.3x

Etteplan prem./disc. to peer median

-6%    -17%    -29%    32%    4%    -2%    22%    -1%    -14%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	8.04 PV of Free Cash Flow	193 Long-term growth, %	2.5 Risk-free interest rate, %
DCF share value	16.79 PV of Horizon value	275 WACC, %	8.3 Market risk premium, %
Share price potential, %	108.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	18.6 Marketable securities	16 Minimum WACC, %	7.8 Equity beta coefficient
Minimum value	15.3 Debt - dividend	-65 Maximum WACC, %	8.8 Target debt ratio, %
Horizon value, %	58.7 Value of stock	419 Nr of shares, Mn	25.0 Effective tax rate, %

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	263	260	278	292	299	306	314	322	330	338	347	355
<i>Sales growth, %</i>	<i>11.1</i>	<i>-1.1</i>	<i>6.9</i>	<i>5.0</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)	23	13	23	26	25	26	27	27	28	29	29	30
<i>Operating income margin, %</i>	<i>8.7</i>	<i>5.0</i>	<i>8.1</i>	<i>8.8</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.	15	16	16	17	18	18	19	19	20	20	20	
EBITDA	38	29	38	43	43	44	45	46	48	49	50	
- Paid taxes	-4	-3	-5	-6	-6	-6	-6	-6	-6	-6	-7	
- Change in NWC	4	1	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-0.5</i>	<i>-1.0</i>	<i>-1.0</i>	<i>-0.9</i>	<i>-0.9</i>	<i>-0.9</i>	<i>-0.9</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.8</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	4	1	1	-9	-9	-9	-9	-9	-10	-10	
<i>opCAPEX / Sales, %</i>	<i>4.9</i>	<i>2.0</i>	<i>3.2</i>	<i>3.2</i>	<i>6.4</i>	<i>6.4</i>	<i>6.3</i>	<i>6.3</i>	<i>6.3</i>	<i>6.3</i>	<i>6.3</i>	
- Acquisitions	-21	-10	-10	-10	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	-4	0	0	0	0	0	0	0	0	0	0	
= FCFF	11	21	24	28	29	30	30	31	32	33	34	593
= Discounted FCFF		20	21	23	22	20	19	18	17	16	16	275
= DFCF min WACC		20	22	23	22	21	20	19	18	17	16	314
= DFCF max WACC		20	21	22	21	20	19	18	17	16	15	242

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	65.4	64.2	61.4	71.6	262.7	71.1	62.3	57.7	68.7	259.8	277.8	291.6
EBITDA	8.9	9.1	9.5	9.9	37.5	9.7	6.2	5.9	7.3	29.1	38.4	42.6
<i>EBITDA margin (%)</i>	<i>13.7</i>	<i>14.2</i>	<i>15.5</i>	<i>13.8</i>	<i>14.3</i>	<i>13.7</i>	<i>10.0</i>	<i>10.1</i>	<i>10.6</i>	<i>11.2</i>	<i>13.8</i>	<i>14.6</i>
EBIT	5.8	5.8	5.7	5.6	22.8	5.7	2.2	1.9	3.3	13.0	22.5	25.6
<i>EBIT margin (%)</i>	<i>8.8</i>	<i>9.0</i>	<i>9.3</i>	<i>7.8</i>	<i>8.7</i>	<i>8.0</i>	<i>3.5</i>	<i>3.2</i>	<i>4.8</i>	<i>5.0</i>	<i>8.1</i>	<i>8.8</i>
Net financial items	-0.2	-0.1	-0.2	-0.4	-0.9	-0.1	-0.2	-0.2	-0.2	-0.8	-0.7	-0.6
Pre-tax profit	5.6	5.7	5.5	5.1	21.9	5.5	2.0	1.6	3.0	12.2	21.8	25.0
Tax	-1.3	-1.2	-0.9	-1.2	-4.5	-1.3	-0.4	-0.3	-0.6	-2.7	-4.8	-5.5
<i>Tax rate (%)</i>	<i>23.4</i>	<i>20.3</i>	<i>15.7</i>	<i>23.6</i>	<i>20.7</i>	<i>23.8</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>	<i>22.1</i>	<i>22.1</i>	<i>22.1</i>
Net profit	4.3	4.5	4.7	3.9	17.4	4.2	1.6	1.3	2.4	9.5	17.0	19.5
EPS	0.17	0.18	0.19	0.16	0.70	0.17	0.06	0.05	0.10	0.38	0.68	0.78
EPS adjusted (diluted no. of shares)	0.18	0.18	0.16	0.14	0.65	0.17	0.06	0.05	0.10	0.38	0.68	0.78
Dividend per share	0.00	0.00	0.00	0.00	0.35	0.00	0.00	0.00	0.00	0.19	0.34	0.39
<b>SALES, EURm</b>												
Engineering Solutions	35.6	35.3	35.3	40.8	147.0	41.3	34.8	32.6	37.8	146.4	155.0	161.2
Software and Embedded Solutions	17.3	17.1	15.4	17.7	67.5	17.0	16.5	14.9	18.3	66.7	72.6	77.7
Technical Documentation Solutions	12.5	11.8	10.7	13.1	48.1	12.8	11.0	10.3	12.6	46.8	50.2	52.7
<b>Total</b>	<b>65.4</b>	<b>64.2</b>	<b>61.4</b>	<b>71.6</b>	<b>262.7</b>	<b>71.1</b>	<b>62.3</b>	<b>57.7</b>	<b>68.7</b>	<b>259.8</b>	<b>277.8</b>	<b>291.6</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Engineering Solutions</i>	<i>5.8</i>	<i>0.8</i>	<i>22.5</i>	<i>18.1</i>	<i>11.3</i>	<i>16.1</i>	<i>-1.5</i>	<i>-7.8</i>	<i>-7.5</i>	<i>-0.4</i>	<i>5.8</i>	<i>4.0</i>
<i>Software and Embedded Solutions</i>	<i>22.8</i>	<i>8.5</i>	<i>12.9</i>	<i>6.9</i>	<i>12.4</i>	<i>-2.0</i>	<i>-3.5</i>	<i>-3.1</i>	<i>3.5</i>	<i>-1.2</i>	<i>8.9</i>	<i>7.0</i>
<i>Technical Documentation Solutions</i>	<i>11.6</i>	<i>5.1</i>	<i>5.8</i>	<i>11.8</i>	<i>8.7</i>	<i>2.6</i>	<i>-6.9</i>	<i>-3.9</i>	<i>-3.7</i>	<i>-2.9</i>	<i>7.4</i>	<i>5.0</i>
<b>Total</b>	<b>11.0</b>	<b>3.5</b>	<b>16.8</b>	<b>14.0</b>	<b>11.1</b>	<b>8.7</b>	<b>-3.0</b>	<b>-6.0</b>	<b>-4.1</b>	<b>-1.1</b>	<b>6.9</b>	<b>5.0</b>
<b>EBIT, EURm</b>												
Engineering Solutions	3.7	3.8	3.4	3.6	14.5	3.9	1.3	1.1	1.9	8.2	14.4	16.0
Software and Embedded Solutions	1.7	1.6	1.6	1.4	6.3	1.5	1.3	1.2	1.6	5.6	7.1	8.1
Technical Documentation Solutions	1.2	1.0	0.8	0.9	4.0	1.3	0.6	0.5	0.7	3.1	4.4	5.0
Other	-0.9	-0.7	-0.1	-0.3	-1.9	-1.1	-0.9	-0.9	-0.9	-3.9	-3.4	-3.4
<b>Total</b>	<b>5.8</b>	<b>5.8</b>	<b>5.7</b>	<b>5.6</b>	<b>22.8</b>	<b>5.7</b>	<b>2.2</b>	<b>1.9</b>	<b>3.3</b>	<b>13.0</b>	<b>22.5</b>	<b>25.6</b>
<b>EBIT margin, %</b>												
<i>Engineering Solutions</i>	<i>10.3</i>	<i>10.9</i>	<i>9.6</i>	<i>8.7</i>	<i>9.8</i>	<i>9.5</i>	<i>3.6</i>	<i>3.4</i>	<i>5.0</i>	<i>5.6</i>	<i>9.3</i>	<i>9.9</i>
<i>Software and Embedded Solutions</i>	<i>9.8</i>	<i>9.3</i>	<i>10.1</i>	<i>8.0</i>	<i>9.3</i>	<i>9.0</i>	<i>7.9</i>	<i>8.1</i>	<i>8.7</i>	<i>8.4</i>	<i>9.8</i>	<i>10.4</i>
<i>Technical Documentation Solutions</i>	<i>9.9</i>	<i>8.8</i>	<i>7.8</i>	<i>6.8</i>	<i>8.3</i>	<i>10.1</i>	<i>5.4</i>	<i>4.9</i>	<i>5.8</i>	<i>6.7</i>	<i>8.7</i>	<i>9.5</i>
<i>Other</i>			<i>-60,000.0</i>									
<b>Total</b>	<b>8.8</b>	<b>9.0</b>	<b>9.3</b>	<b>7.8</b>	<b>8.7</b>	<b>8.0</b>	<b>3.5</b>	<b>3.2</b>	<b>4.8</b>	<b>5.0</b>	<b>8.1</b>	<b>8.8</b>

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	141.2	183.9	214.6	236.4	262.7	259.8	277.8	291.6
<i>Sales growth (%)</i>	<i>7.0</i>	<i>30.3</i>	<i>16.7</i>	<i>10.1</i>	<i>11.1</i>	<i>-1.1</i>	<i>6.9</i>	<i>5.0</i>
EBITDA	11.7	15.0	20.8	26.0	37.5	29.1	38.4	42.6
<i>EBITDA margin (%)</i>	<i>8.3</i>	<i>8.1</i>	<i>9.7</i>	<i>11.0</i>	<i>14.3</i>	<i>11.2</i>	<i>13.8</i>	<i>14.6</i>
Depreciation	-3.1	-4.8	-5.3	-5.8	-14.7	-16.1	-15.9	-16.9
EBITA	8.6	10.1	15.5	20.2	22.8	13.0	22.5	25.6
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	8.6	10.1	15.5	20.2	22.8	13.0	22.5	25.6
<i>EBIT margin (%)</i>	<i>6.1</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>5.0</i>	<i>8.1</i>	<i>8.8</i>
Reported EBIT	8.6	10.1	15.5	20.2	22.8	13.0	22.5	25.6
<i>EBIT margin (reported) (%)</i>	<i>6.1</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>5.0</i>	<i>8.1</i>	<i>8.8</i>
Net financials	-0.7	-0.7	-0.7	-0.8	-0.9	-0.8	-0.7	-0.6
Pre-tax profit	7.9	9.4	14.7	19.4	21.9	12.2	21.8	25.0
Taxes	-1.7	-1.8	-3.2	-4.1	-4.5	-2.7	-4.8	-5.5
Minority shares	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	6.1	7.4	11.6	15.3	17.4	9.5	17.0	19.5
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	12	22	22	26	30	30	32	33
Goodwill	43	58	59	65	79	79	79	79
Right of use assets	0	0	0	12	15	15	16	16
Inventory	0	0	0	0	0	0	0	0
Receivables	28	49	53	53	62	60	64	67
Liquid funds	9	5	10	16	16	16	17	17
Total assets	93	134	144	173	203	200	208	214
<b>Liabilities</b>								
Shareholder's equity	35	53	58	68	77	77	90	101
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	12	16	15	16	16
Deferred taxes	2	3	3	5	6	6	6	6
Interest bearing debt	23	34	35	36	41	38	29	21
Non-interest bearing current liabilities	32	43	46	48	61	60	64	68
Other interest-free debt	1	2	2	4	2	2	2	2
Total liabilities	93	134	144	173	203	200	208	214
<b>CASH FLOW, EURm</b>								
+ EBITDA	12	15	21	26	38	29	38	43
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-1	-3	-2	-4	-4	-3	-5	-6
- Increase in Net Working Capital	-1	-1	1	2	4	1	0	0
+/- Other	0	-5	0	-1	-4	0	0	0
= Cash flow from operations	9	6	18	23	33	27	33	36
- Capex	-2	-2	-2	-2	-13	-5	-9	-9
- Acquisitions	-2	-22	-3	-8	-21	-10	-10	-10
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	6	-18	13	13	-1	12	14	17
+/- New issues/buybacks	3	14	-2	0	-1	0	0	0
- Paid dividend	-3	-3	-4	-6	-7	-9	-5	-8
+/- Other	1	4	-1	-1	9	-3	-8	-8
Change in cash	6	-4	5	6	0	0	1	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	138	193	198	253	201	201	201
Net debt (excl. convertibles)	29	25	32	40	37	28	19
Enterprise value	168	218	231	294	238	229	220
Sales	184	215	236	263	260	278	292
EBITDA	15	21	26	38	29	38	43
EBIT	10	15	20	23	13	23	26
Pre-tax	9	15	19	22	12	22	25
Earnings	7	12	15	17	9	17	19
Equity book value (excl. minorities)	53	58	68	77	77	90	101
<b>Valuation multiples</b>							
EV/sales	0.9	1.0	1.0	1.1	0.9	0.8	0.8
EV/EBITDA	11.2	10.5	8.9	7.8	8.2	6.0	5.2
EV/EBITA	16.6	14.1	11.4	12.9	18.3	10.2	8.6
EV/EBIT	16.6	14.1	11.4	12.9	18.3	10.2	8.6
EV/OCF	29.7	11.9	10.0	8.9	8.8	7.0	6.0
EV/FCFF	-46.0	18.2	16.9	27.3	11.2	9.4	7.9
P/FCFE	-7.5	14.8	15.2	-247.0	17.0	14.4	11.7
P/E	18.6	16.6	13.0	15.6	21.2	11.8	10.3
P/B	2.6	3.3	2.9	3.3	2.6	2.2	2.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.2	5.9	5.1
Target EV/EBIT	0.0	0.0	0.0	0.0	18.2	10.1	8.5
Target EV/FCF	0.0	0.0	0.0	0.0	20.1	16.4	12.8
Target P/B	0.0	0.0	0.0	0.0	2.6	2.2	2.0
Target P/E	0.0	0.0	0.0	0.0	21.1	11.8	10.2
<b>Per share measures</b>							
Number of shares	24,771	24,771	24,963	24,963	24,963	24,963	24,963
Number of shares (diluted)	24,771	24,771	24,963	24,963	24,963	24,963	24,963
EPS	0.30	0.47	0.61	0.70	0.38	0.68	0.78
Operating cash flow per share	0.23	0.74	0.92	1.32	1.08	1.32	1.46
Free cash flow per share	-0.75	0.53	0.52	-0.04	0.47	0.56	0.69
Book value per share	2.12	2.34	2.71	3.07	3.10	3.59	4.03
Dividend per share	0.16	0.23	0.30	0.35	0.19	0.34	0.39
Dividend payout ratio, %	53.3	49.2	49.0	50.2	50.0	50.0	50.0
Dividend yield, %	2.9	3.0	3.8	3.4	2.4	4.2	4.9
FCF yield, %	-13.4	6.8	6.6	-0.4	5.9	6.9	8.5
<b>Efficiency measures</b>							
ROE	17.1	21.0	24.4	24.1	12.3	20.3	20.5
ROCE	14.0	17.2	19.3	18.3	9.9	17.0	18.8
<b>Financial ratios</b>							
Inventories as % of sales	0.1	0.1	0.2	0.1	0.1	0.1	0.1
Receivables as % of sales	26.7	24.5	22.4	23.6	23.0	23.0	23.0
Non-interest bearing liabilities as % of sales	23.1	21.3	20.5	23.2	23.2	23.2	23.2
NWC/sales, %	3.2	2.5	1.3	-0.5	-1.0	-1.0	-0.9
Operative CAPEX/sales, %	1.0	1.0	0.7	4.9	2.0	3.2	3.2
CAPEX/sales (incl. acquisitions), %	-11.1	-0.5	-2.8	-3.1	-1.8	-0.4	-0.2
FCFF/EBITDA	-0.2	0.6	0.5	0.3	0.7	0.6	0.7
Net debt/EBITDA, book-weighted	2.0	1.2	1.3	1.1	1.3	0.7	0.5
Debt/equity, market-weighted	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Equity ratio, book-weighted	39.2	40.1	39.1	37.8	38.8	43.1	47.0
Gearing, %	55.7	43.0	48.1	52.6	48.2	31.3	19.3

**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:** Etteplan is in our view set to continue on a track of profitable growth. The comprehensive service offering and good market positioning provides organic growth opportunities while the company's M&A track record will see growth further boosted through acquisitions. Etteplan has achieved a solid level of relative profitability and further improvement appears challenging, although optimization of resources through an increase in Managed services could further boost margins.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,500,000	132.660	66.1%
Oy Fincorp Ab	2,523,241	20.287	10.1%
Varma Mutual Pension Insurance Company	985,593	7.924	3.9%
Tuori Klaus	402,134	3.233	1.6%
SEB Gyllenberg Finland Small Cap Fund	375,611	3.020	1.5%
VAS Invest Oy	368,955	2.966	1.5%
Taaleri Mikro Markka fund	339,048	2.726	1.4%
Tuori Aino	308,275	2.479	1.2%
Näkki Juha	125,848	1.012	0.5%
Etteplan Oyj	79,046	0.636	0.3%
Ten largest	22,007,751	176.942	88%
Residual	2,955,557	23.763	12%
Total	24,963,308	200.705	100%

EARNINGS CALENDAR	
August 11, 2020	Q2 report
October 29, 2020	Q3 report
OTHER EVENTS	
April 02, 2020	AGM

COMPANY MISCELLANEOUS	
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IR: Outi Torniainen	

## 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	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	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 per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



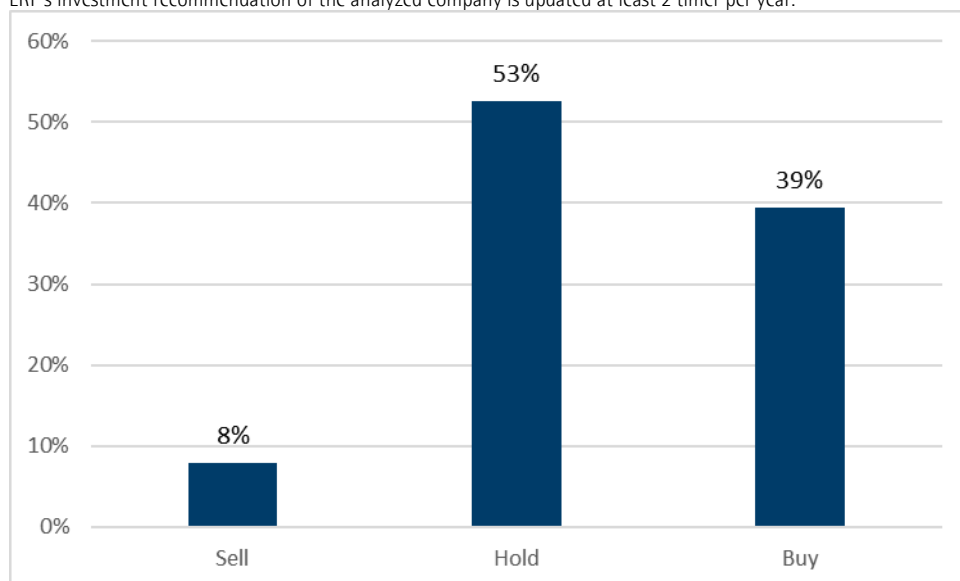
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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