EVLI

ETTEPLAN

Commercial Services & Supplies/Finland, August 7, 2020
Preview

Weaker result to be expected

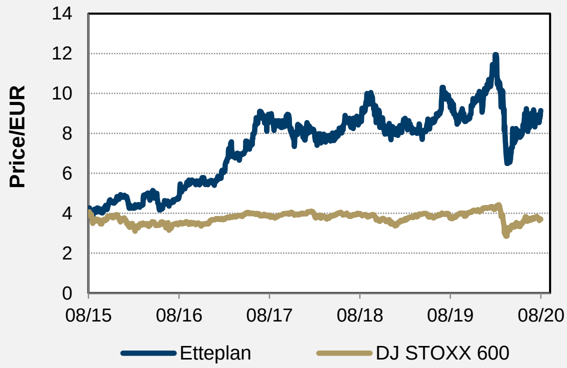
Etteplan reports Q2 results on August 11th. The coronavirus pandemic will have had a detrimental impact on results, but we see a rapid adaption to have limited some of the earnings impact. We expect an organic revenue decline of ~9% and EBITA of EUR 4.1m. We retain our HOLD-rating with a TP of EUR 8.3 (8.0).

Weaker Q2 but rapid adaption should limit some downside
Etteplan will report Q2 results on August 11th. Earnings uncertainty is clearly elevated due to the coronavirus pandemic, with Q1 challenges having been mainly limited to operations in China. Etteplan adapted rapidly to the situation through temporary layoffs and reducing its cost base which together with the order backlog should according to our estimates still yield a fairly decent profitability given the circumstances. We expect revenue of EUR 63.3m, representing a perceived organic growth decline of approx. 9%, and group EBITA to decline to EUR 4.1m (Q2/19: EUR 6.5m). With the loan agreements made earlier we do not see any significant risk to Etteplan's financial position.

Uncertainty remains elevated in 2020
The development in 2020 remains shrouded by uncertainty due to the pandemic but we currently expect the biggest dent to be seen in Q3 and Q4 to also remain weaker. The Engineering Solutions service area will have some challenging times ahead while Software and Embedded Solutions should be rather resilient due to digitalization demand. Reported new order values in Q2 for some key customers indicate a double-digit decline y/y, with expectations of demand picking up towards the end of the year. Etteplan's customer base is relatively diverse and thankfully for instance automotive and aviation, which have been hit hard by the pandemic, account for only a small share of revenue.

HOLD with a target price of EUR 8.3 (8.0)
We have made minor upwards adjustments to our 2020 estimates following an in our view somewhat improved sentiment post-Q1 and revisions based on updates on temporary layoffs. We adjust our target price to EUR 8.3 (8.0) and retain our HOLD-rating.

Rating ■ HOLD



Share price, EUR (Last trading day's closing price)	9.14
Target price, EUR	8.3
Latest change in recommendation	07-Aug-19
Latest report on company	06-May-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	228
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
Web site	etteplan.com/investors

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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	259.0	14.3	5.5%	13.0	0.42	21.7	1.0	18.5	5.7	0.21
2021E	277.8	22.5	8.1%	13.8	0.68	13.4	0.9	11.4	6.1	0.34
2022E	291.6	25.6	8.8%	17.2	0.78	11.7	0.8	9.6	7.5	0.39

Market cap, EURm	228	Gearing 2020E, %	46.0	CAGR EPS 2019-22, %	6.2
Net debt 2020E, EURm	36	Price/book 2020E	2.9	CAGR sales 2019-22, %	3.5
Enterprise value, EURm	264	Dividend yield 2020E, %	2.3	ROE 2020E, %	13.5
Total assets 2020E, EURm	199	Tax rate 2020E, %	22.0	ROCE 2020E, %	10.9
Goodwill 2020E, EURm	79	Equity ratio 2020E, %	39.4	PEG, P/E 20/CAGR	1.0

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	63.3	55.9	68.7	259.0	277.8	291.6
sales growth %	*10.1%*	*11.0%*	*3.5%*	*17.1%*	*14.0%*	*11.1%*	*9.0%*	*-1.4%*	*-9.2%*	*-4.1%*	*-1.4%*	*7.2%*	*5.0%*
EBITA	22.6	6.4	6.5	6.6	6.4	25.9	6.6	4.1	3.0	4.4	18.2	25.9	29.0
EBITA margin	*9.5%*	9.8%	10.1%	10.7%	8.9%	*9.9%*	9.2%	6.5%	5.4%	6.4%	*7.0%*	*9.3%*	*10.0%*
EBIT	20.8	5.8	5.8	5.7	5.6	22.8	5.7	3.2	2.1	3.4	14.3	22.5	25.6
EBIT margin	*8.8%*	*8.8%*	*9.0%*	*9.3%*	*7.8%*	*8.7%*	*7.9%*	*5.0%*	*3.7%*	*5.0%*	*5.5%*	*8.1%*	*8.8%*
EBIT (excl. NRIs)	20.5	6.0	5.8	4.9	5.1	21.7	5.9	3.2	2.1	3.4	14.5	22.5	25.6
-margin	8.7%	9.1%	9.0%	8.0%	7.1%	8.3%	8.2%	*5.0%*	*3.7%*	*5.0%*	*5.6%*	*8.1%*	*8.8%*

Engineering Solutions	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20	Q2/'20E	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Net sales	132.1	35.6	35.3	35.3	40.8	147.0	41.3	35.8	30.7	37.8	145.6	155.0	161.2
sales growth %	*9.3%*	*5.8%*	*0.8%*	*22.5%*	*18.1%*	*11.3%*	*16.1%*	*1.5%*	*-13.1%*	*-7.5%*	*-1.0%*	*6.4%*	*4.0%*
EBITA	13.0	3.7	3.8	3.4	3.6	14.5	3.9	1.9	1.1	1.9	8.8	14.4	16.0
EBITA margin	*9.8%*	*10.3%*	*10.9%*	*9.6%*	*8.7%*	*9.8%*	*9.5%*	*5.3%*	*3.6%*	*5.0%*	*6.1%*	*9.3%*	*9.9%*

Software and Embedded Solutions	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20	Q2/'20E	Q3/'20E	Q4/'20E	2020E	2021E	2022E
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%*

Technical Documentation Solutions	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20	Q2/'20E	Q3/'20E	Q4/'20E	2020E	2021E	2022E
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	0.9	0.7	0.9	3.8	4.4	5.0
EBITA margin	*8.3%*	*9.9%*	*8.8%*	*7.8%*	*6.8%*	*8.5%*	*10.1%*	*8.2%*	*6.8%*	*7.1%*	*8.1%*	*8.7%*	*9.5%*

Source: Etteplan, Evli Research estimates

	MCAP	EV/EBITDA			EV/EBIT			P/E		
ETTEPLAN PEER GROUP	MEUR	20	21	22	20	21	22	20	21	22
SWECO	5996	23.0x	21.2x	19.6x	33.9x	30.3x	27.3x	41.0x	36.3x	32.7x
AF Poyry	2512	14.0x	12.6x	11.5x	21.6x	18.5x	16.2x	22.4x	18.5x	16.1x
Semcon	92	5.1x	4.0x	3.7x	6.9x	5.1x	4.7x	7.7x	7.2x	6.6x
Alten	2288	13.2x	9.9x	8.5x	18.4x	12.6x	10.3x	25.5x	16.8x	13.6x
Bertrandt	338	5.5x	4.3x		14.1x	7.9x		18.3x	9.2x	
AKKA Technologies	381	12.6x	5.9x	4.7x	44.9x	9.9x	6.6x		8.2x	5.0x
HiQ International	286	11.7x	10.3x	9.5x	14.3x	12.4x	11.3x	20.7x	17.7x	15.9x
TietoEVRY	3015	8.2x	7.0x	6.6x	11.1x	9.7x	9.3x	12.8x	11.4x	10.7x
Multiconsult	173	7.6x	6.5x	5.9x	16.6x	12.0x	10.4x	19.8x	13.3x	10.8x
Peer Group Average	1531	**11.2x**	**9.1x**	**8.8x**	**20.2x**	**13.2x**	**12.0x**	**21.0x**	**15.4x**	**13.9x**
Peer Group Median	360	**11.7x**	**7.0x**	**7.5x**	**16.6x**	**12.0x**	**10.3x**	**20.3x**	**13.3x**	**12.2x**
Etteplan (Evli est.)	**228**	**8.7x**	**6.7x**	**5.8x**	**18.5x**	**11.4x**	**9.6x**	**21.7x**	**13.4x**	**11.7x**
Etteplan prem./disc. to peer median		*-25%*	*-5%*	*-23%*	*11%*	*-5%*	*-7%*	*7%*	*1%*	*-4%*

Source FactSet, Evli Research

VALUATION RESULTS		BASE CASE DETAILS		VALUATION ASSUMPTIONS		ASSUMPTIONS FOR WACC	
Current share price	9.14	PV of Free Cash Flow	215	Long-term growth, %	2.5	Risk-free interest rate, %	2.25
DCF share value	18.51	PV of Horizon value	297	WACC, %	8.3	Market risk premium, %	5.8
Share price potential, %	102.6	Unconsolidated equity	0	Spread, %	0.5	Debt risk premium, %	3.3
Maximum value	20.4	Marketable securities	16	Minimum WACC, %	7.8	Equity beta coefficient	0.70
Minimum value	16.9	Debt - dividend	-65	Maximum WACC, %	8.8	Target debt ratio, %	20
Horizon value, %	58.0	Value of stock	462	Nr of shares, Mn	25.0	Effective tax rate, %	20

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	263	259	278	292	299	306	314	322	330	338	347	355
Sales growth, %	*11.1*	*-1.4*	*7.2*	*5.0*	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*
Operating income (EBIT)	23	14	23	26	25	26	27	27	28	29	29	30
Operating income margin, %	*8.7*	*5.5*	*8.1*	*8.8*	*8.5*	*8.5*	*8.5*	*8.5*	*8.5*	*8.5*	*8.5*	*8.5*
+ Depreciation+amort.	15	16	16	17	18	17	16	16	16	15	15	
EBITDA	38	30	38	43	43	43	43	43	44	44	45	
- Paid taxes	-4	-3	-5	-6	-6	-6	-6	-6	-6	-6	-6	
- Change in NWC	4	1	0	0	0	0	0	0	0	0	0	
NWC / Sales, %	*-0.5*	*-1.0*	*-1.0*	*-0.9*	*-0.9*	*-0.9*	*-0.9*	*-0.8*	*-0.8*	*-0.8*	*-0.8*	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-2	-2	-2	-3	-3	-3	-3	-3	-3	-3	
opCAPEX / Sales, %	*4.9*	*4.3*	*4.3*	*4.2*	*4.4*	*4.3*	*4.3*	*4.3*	*4.3*	*4.3*	*4.3*	
- Acquisitions	-21	-4	-7	-7	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	22	24	28	35	35	34	34	35	35	36	628
= Discounted FCFF		22	22	23	27	24	22	21	19	18	17	297
= DFCF min WACC		22	22	23	27	25	23	21	20	19	18	339
= DFCF max WACC		22	22	23	26	24	22	20	19	17	16	262

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	63.3	55.9	68.7	259.0	277.8	291.6
EBITDA	8.9	9.1	9.5	9.9	37.5	9.7	7.2	6.1	7.4	30.4	38.3	42.6
EBITDA margin (%)	*13.7*	*14.2*	*15.5*	*13.8*	*14.3*	*13.7*	*11.3*	*10.8*	*10.8*	*11.7*	*13.8*	*14.6*
EBIT	5.8	5.8	5.7	5.6	22.8	5.7	3.2	2.1	3.4	14.3	22.5	25.6
EBIT margin (%)	*8.8*	*9.0*	*9.3*	*7.8*	*8.7*	*8.0*	*5.0*	*3.7*	*5.0*	*5.5*	*8.1*	*8.8*
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	2.9	1.8	3.2	13.5	21.8	25.0
Tax	-1.3	-1.2	-0.9	-1.2	-4.5	-1.3	-0.6	-0.4	-0.7	-3.0	-4.8	-5.5
Tax rate (%)	*23.4*	*20.3*	*15.7*	*23.6*	*20.7*	*23.8*	*20.7*	*20.7*	*20.7*	*22.0*	*22.0*	*22.0*
Net profit	4.3	4.5	4.7	3.9	17.4	4.2	2.3	1.4	2.5	10.5	17.0	19.5
EPS	0.17	0.18	0.19	0.16	0.70	0.17	0.09	0.06	0.10	0.42	0.68	0.78
EPS adjusted (diluted no. of shares)	0.18	0.18	0.16	0.14	0.65	0.17	0.09	0.06	0.10	0.42	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	0.21	0.34	0.39
SALES, EURm												
Engineering Solutions	35.6	35.3	35.3	40.8	147.0	41.3	35.8	30.7	37.8	145.6	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
Total	65.4	64.2	61.4	71.6	262.7	71.1	63.3	55.9	68.7	259.0	277.8	291.6
SALES GROWTH, Y/Y %												
Engineering Solutions	*5.8*	*0.8*	*22.5*	*18.1*	*11.3*	*16.1*	*1.5*	*-13.1*	*-7.5*	*-1.0*	*6.4*	*4.0*
Software and Embedded Solutions	*22.8*	*8.5*	*12.9*	*6.9*	*12.4*	*-2.0*	*-3.5*	*-3.1*	*3.5*	*-1.2*	*8.9*	*7.0*
Technical Documentation Solutions	*11.6*	*5.1*	*5.8*	*11.8*	*8.7*	*2.6*	*-6.9*	*-3.9*	*-3.7*	*-2.9*	*7.4*	*5.0*
Total	*11.0*	*3.5*	*16.8*	*14.0*	*11.1*	*8.7*	*-1.4*	*-9.0*	*-4.1*	*-1.4*	*7.2*	*5.0*
EBIT, EURm												
Engineering Solutions	3.7	3.8	3.4	3.6	14.5	3.9	1.9	1.1	1.9	8.8	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	0.9	0.7	0.9	3.8	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
Total	5.8	5.8	5.7	5.6	22.8	5.7	3.2	2.1	3.4	14.3	22.5	25.6
EBIT margin, %												
Engineering Solutions	*10.3*	*10.9*	*9.6*	*8.7*	*9.8*	*9.5*	*5.3*	*3.6*	*5.0*	*6.1*	*9.3*	*9.9*
Software and Embedded Solutions	*9.8*	*9.3*	*10.1*	*8.0*	*9.3*	*9.0*	*7.9*	*8.1*	*8.7*	*8.4*	*9.8*	*10.4*
Technical Documentation Solutions	*9.9*	*8.8*	*7.8*	*6.8*	*8.3*	*10.1*	*8.2*	*6.8*	*7.1*	*8.1*	*8.7*	*9.5*
Other			*-60,000.0*									
Total	*8.8*	*9.0*	*9.3*	*7.8*	*8.7*	*8.0*	*5.0*	*3.7*	*5.0*	*5.5*	*8.1*	*8.8*

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	141.2	183.9	214.6	236.4	262.7	259.0	277.8	291.6
Sales growth (%)	*7.0*	*30.3*	*16.7*	*10.1*	*11.1*	*-1.4*	*7.2*	*5.0*
EBITDA	11.7	15.0	20.8	26.0	37.5	30.4	38.3	42.6
EBITDA margin (%)	*8.3*	*8.1*	*9.7*	*11.0*	*14.3*	*11.7*	*13.8*	*14.6*
Depreciation	-3.1	-4.8	-5.3	-5.8	-14.7	-16.1	-15.8	-16.9
EBITA	8.6	10.1	15.5	20.2	22.8	14.3	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	14.3	22.5	25.6
EBIT margin (%)	*6.1*	*5.5*	*7.2*	*8.5*	*8.7*	*5.5*	*8.1*	*8.8*
Reported EBIT	8.6	10.1	15.5	20.2	22.8	14.3	22.5	25.6
EBIT margin (reported) (%)	*6.1*	*5.5*	*7.2*	*8.5*	*8.7*	*5.5*	*8.1*	*8.8*
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	13.5	21.8	25.0
Taxes	-1.7	-1.8	-3.2	-4.1	-4.5	-3.0	-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	10.5	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

BALANCE SHEET, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Assets								
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	199	208	214
Liabilities								
Shareholder's equity	35	53	58	68	77	79	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	37	29	20
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	199	208	214

CASH FLOW, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
+ EBITDA	12	15	21	26	38	30	38	43
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-1	-3	-2	-4	-4	-3	-5	-5
- 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	28	33	36
- Capex	-2	-2	-2	-2	-13	-11	-12	-12
- Acquisitions	-2	-22	-3	-8	-21	-4	-7	-7
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	6	-18	13	13	-1	13	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	-5	-7	-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	228	228	228
Net debt (excl. convertibles)	29	25	32	40	36	28	19
Enterprise value	168	218	231	294	264	256	247
Sales	184	215	236	263	259	278	292
EBITDA	15	21	26	38	30	38	43
EBIT	10	15	20	23	14	23	26
Pre-tax	9	15	19	22	13	22	25
Earnings	7	12	15	17	11	17	20
Equity book value (excl. minorities)	53	58	68	77	79	90	101
Valuation multiples							
EV/sales	0.9	1.0	1.0	1.1	1.0	0.9	0.8
EV/EBITDA	11.2	10.5	8.9	7.8	8.7	6.7	5.8
EV/EBITA	16.6	14.1	11.4	12.9	18.5	11.4	9.6
EV/EBIT	16.6	14.1	11.4	12.9	18.5	11.4	9.6
EV/OCF	29.7	11.9	10.0	8.9	9.4	7.8	6.8
EV/FCFF	-46.0	18.2	16.9	27.3	11.8	10.5	8.8
P/FCFE	-7.5	14.8	15.2	-247.0	17.6	16.5	13.3
P/E	18.6	16.6	13.0	15.6	21.7	13.4	11.7
P/B	2.6	3.3	2.9	3.3	2.9	2.5	2.3
Target EV/EBITDA	*0.0*	*0.0*	*0.0*	*0.0*	*8.0*	*6.1*	*5.3*
Target EV/EBIT	*0.0*	*0.0*	*0.0*	*0.0*	*17.0*	*10.4*	*8.8*
Target EV/FCF	*0.0*	*0.0*	*0.0*	*0.0*	*18.7*	*17.0*	*13.1*
Target P/B	*0.0*	*0.0*	*0.0*	*0.0*	*2.6*	*2.3*	*2.0*
Target P/E	*0.0*	*0.0*	*0.0*	*0.0*	*19.7*	*12.2*	*10.6*
Per share measures							
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	0.42	0.68	0.78
Operating cash flow per share	0.23	0.74	0.92	1.32	1.12	1.32	1.46
Free cash flow per share	-0.75	0.53	0.52	-0.04	0.52	0.55	0.69
Book value per share	2.12	2.34	2.71	3.07	3.14	3.62	4.06
Dividend per share	0.16	0.23	0.30	0.35	0.21	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	2.3	3.7	4.3
FCF yield, %	-13.4	6.8	6.6	-0.4	5.7	6.1	7.5
Efficiency measures							
ROE	17.1	21.0	24.4	24.1	13.5	20.1	20.4
ROCE	14.0	17.2	19.3	18.3	10.9	17.0	18.8
Financial ratios							
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	4.3	4.3	4.2
CAPEX/sales (incl. acquisitions), %	-11.1	-0.5	-2.8	-3.1	2.7	1.8	1.8
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	1.2	0.7	0.4
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	39.4	43.4	47.3
Gearing, %	55.7	43.0	48.1	52.6	46.0	30.5	18.6

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	150.810	66.1%
Oy Fincorp Ab	2,523,813	23.068	10.1%
Varma Mutual Pension Insurance Company	985,593	9.008	3.9%
Tuori Klaus	402,134	3.676	1.6%
SEB Gyllenberg Finland Small Cap Fund	380,543	3.478	1.5%
VAS Invest Oy	368,955	3.372	1.5%
Taaleri Mikro Markka fund	339,048	3.099	1.4%
Tuori Aino	308,275	2.818	1.2%
Näkki Juha	125,848	1.150	0.5%
Etteplan Oyj	79,046	0.722	0.3%
Ten largest	22,013,255	201.201	88%
Residual	2,950,053	26.963	12%
Total	24,963,308	228.165	100%

EARNINGS CALENDAR	
August 11, 2020	Q2 report
October 29, 2020	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS	
CEO: Juha Näkki	Ensimmäinen savu 01510 Vantaa
CFO: Per-Anders Gådin	Tel: +358 1,0 3,070
IR: Outi Torniainen	

DEFINITIONS

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS $\frac{\text{Profit before extraord. items and taxes– income taxes + minority interest}}{\text{Number of shares}}$
P/BV $\frac{\text{Price per share}}{\text{Shareholders' equity + taxed provisions per share}}$	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 $\frac{\text{Capital expenditure – divestments – acquisitions}}{\text{Sales}}$
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 $\frac{\text{Total assets – non-interest bearing debt}}{\text{Number of shares}}$
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, % $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity + minority interest + taxed provisions}}$
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes – income taxes + minority interest}}$	Equity ratio, % $\frac{\text{Shareholders' equity + minority interest + taxed provisions}}{\text{Total assets – interest-free loans}}$
ROCE, % $\frac{\text{Profit before extraordinary items + interest expenses+ other financial costs}}{\text{Balance sheet total – non-interest bearing debt (average)}}$	CAGR, % Cumulative annual growth rate = Average growth per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes – income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	

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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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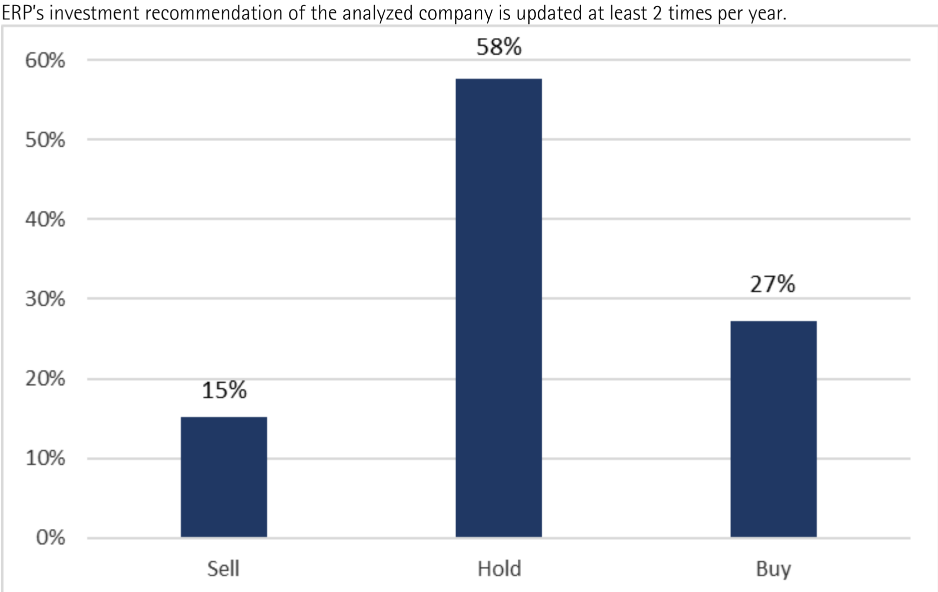

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Name(s) of the analyst(s): Salokivi

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