

Surprisingly good profitability

Etteplan's net sales in Q2 amounted to EUR 62.9m, in line with our estimates and consensus (EUR 63.3m/63.3m Evli/cons.). EBIT amounted to EUR 5.4m, above our consensus estimates (EUR 3.2m/3.8m Evli/cons.). Etteplan expects 2020 revenue to decrease slightly or be at the same level as in 2019 and EBIT to decrease compared to 2019.

- Net sales in Q2 were EUR 62.9m (EUR 64.2m in Q2/19), in line with our and consensus estimates (EUR 63.3m/63.3m Evli/Cons.). Growth in Q2 amounted to -2.2% y/y, of which -11.3% organic growth.
- EBIT in Q2 amounted to EUR 5.4m (EUR 5.8m in Q2/19), above our and consensus estimates (EUR 3.2m/3.8m Evli/cons.), at a margin of 8.6%.
- EPS in Q2 amounted to EUR 0.16 (EUR 0.18 in Q2/19), above our and consensus estimates (EUR 0.09/0.09 Evli/cons.).
- Engineering Solutions net sales in Q2 were EUR 35.9m vs. EUR 35.8m Evli. EBITA in Q2 amounted to EUR 3.7m vs. EUR 1.9m Evli. The MSI-% in Q2 was 57% compared to 57% in Q2/19.
- Software and Embedded Solutions net sales in Q2 were EUR 15.2m vs. EUR 16.5m Evli. EBITA in Q2 amounted to EUR 1.7m vs. EUR 1.3m Evli. The MSI-% in Q2 was 52% compared to 55% in Q2/19.
- Technical Documentation Solutions net sales in Q2 were EUR 11.6m vs. EUR 11.0m Evli. EBITA in Q2 amounted to EUR 1.0m vs. EUR 0.9m Evli. The MSI-% in Q2 was 79% compared to 75% in Q2/19.
- Guidance given: Revenue for the full year 2020 will decrease slightly or be at the same level as in the previous year, operating profit (EBIT) will decrease compared to 2019 (prev. guidance withdrawn).

Rating

■ HOLD

Q2/20	Actual	Evli	Cons.	Q2/19
Net sales	62.9	63.3	63.3	64.2
EBIT	5.4	3.2	3.8	5.8
EPS	0.16	0.09	0.09	0.18
Deviation	Actual	Evli	Cons.	Q2/19
Net sales		-1%	-1%	-2%
EBIT		69%	42%	-7%
EPS		72%	78%	-11%

*Consensus by Factset

 Share price, EUR (Last trading day's closing price) **9.24**

 Target price, EUR **8.3**

 Latest change in recommendation **07-Aug-19**

 Latest report on company **07-Aug-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 **231**

 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

PRE-REPORT 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	22.0	1.0	18.7	5.6	0.21
2021E	277.8	22.5	8.1%	13.8	0.68	13.6	0.9	11.5	6.0	0.34
2022E	291.6	25.6	8.8%	17.2	0.78	11.8	0.9	9.7	7.5	0.39
Market cap, EURm		231		BV per share 2020E, EUR		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		267		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 Q2/20	Actual	Evli	vs. Evli	Consensus	vs. cons	Q2/19	vs. Q2/19
Net sales	62.9	63.3	-0.6%	63.3	-0.6%	64.2	-2.0%
-Engineering Solutions	35.9	35.8	0.3%			35.3	1.8%
-Software and Embedded Solutions	15.2	16.5	-7.6%			17.1	-10.9%
-Technical Documentation Solutions	11.6	11.0	5.5%			11.8	-1.7%
EBIT	5.4	3.2	68.8%	3.8	42.1%	5.8	-6.9%
EBITA	6.3	4.1	53.3%			6.5	-3.1%
-Engineering Solutions	3.7	1.9	95.3%			3.8	-2.4%
-Software and Embedded Solutions	1.7	1.3	30.4%			1.6	5.9%
-Technical Documentation Solutions	1.0	0.9	14.3%			1.0	2.9%
EPS	0.16	0.09	72.0%	0.09	77.8%	0.18	-11.1%

Consensus by Factset

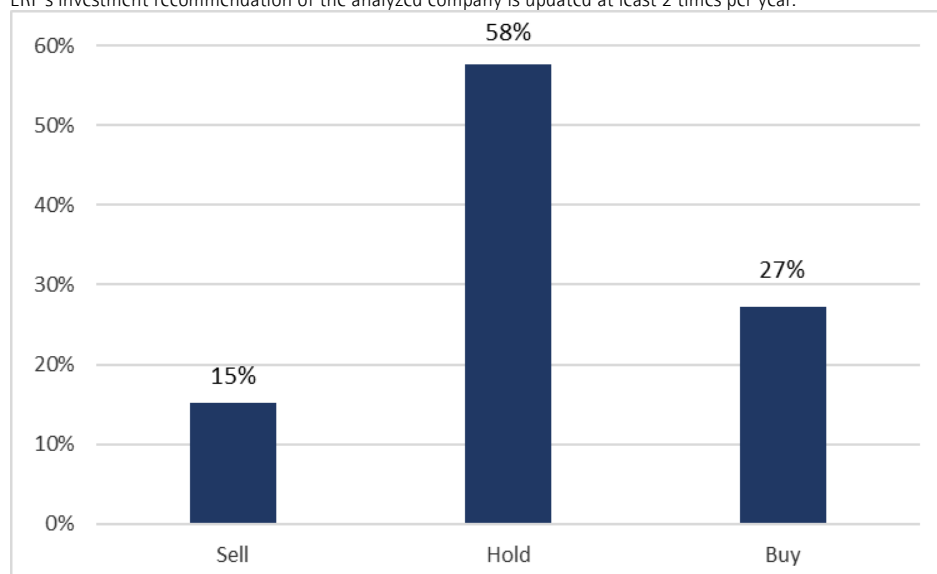
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Investment recommendations are defined as follows:

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

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