

## Moving towards better conditions

Etteplan reported better than expected profitability figures in Q4. The guidance for 2021 is in line with our expectations and we make no larger changes to our estimates. Uncertainty in demand pick-up is still present and we expect a sluggish start to 2021. We retain our SELL-rating and target price of EUR 13.6.

### Better than expected profitability in Q4

Etteplan reported solid profitability figures in Q4, with EBIT at EUR 7.1m (EUR 6.5m/6.6m Evli/cons.) and EBIT (excl. NRI's) of EUR 7.4m. Revenue was slightly below expectations, at EUR 70.3m (EUR 71.8m Evli/cons.). Etteplan proposes a dividend distribution of EUR 0.34 per share (EUR 0.33 Evli/cons.). Positive news on the rollout of Coronavirus vaccines aided demand in Q4. In 2021 Etteplan expects revenue to amount to EUR 280-300m and EBIT to amount to EUR 23-26m.

### Demand pick-up uncertainty but acquisitions boost growth

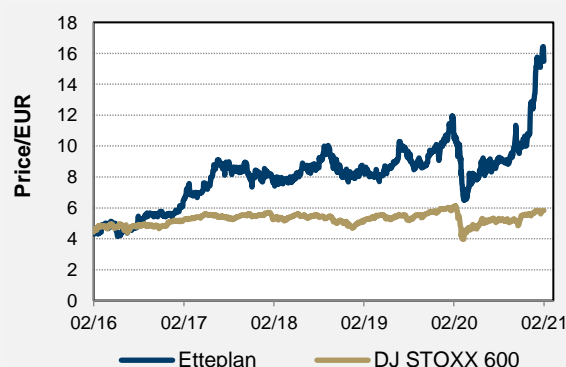
We have made only minor revisions post-Q4, with our estimates still near the mid-point of the guidance range (revenue EUR 288.9m and EBIT EUR 24.5m). Growth is aided by the Tegeman and TekPartner acquisitions and we expect double-digit growth. 2021 should start of somewhat sluggish but we expect demand to pick up going into mid-2021. Cost expansion after the strict cost discipline in 2020 and recruitments in 2021 should limit margin upside and we expect to see margins similar to 2020. The outlook for 2021 is looking brighter but we still see uncertainty in organic growth capabilities. Lockdowns and restrictions are continuing to impact the overall economy and the first half of the year in that regard appears challenging, but we are carefully optimistic going forward.

### SELL with a target price of EUR 13.6

With no larger changes to our estimates we retain our target price of EUR 13.6 and SELL-rating. Our target price values Etteplan at 18x 2021 P/E, which we consider justified given the still present uncertainty.

## Rating

SELL



Share price, EUR (Last trading day's closing price)	15.50
Target price, EUR	13.6

Latest change in recommendation	09-Feb-21
Latest report on company	09-Feb-21
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	387
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	05-May-21
Web site	etteplan.com/investors

Analyst	Jerker Salokivi
E-mail	jerker.salokivi@evli.com
Telephone	+358 9 4766 9149

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
2019	262.7	22.8	8.7%	-1.0	0.70	15.6	1.1	12.9	-0.4	0.35
2020	259.7	22.4	8.6%	11.1	0.68	18.9	1.4	16.2	3.4	0.34
2021E	288.9	24.5	8.5%	14.7	0.75	20.6	1.5	17.2	3.8	0.38
2022E	315.3	27.7	8.8%	15.2	0.86	18.1	1.3	15.0	3.9	0.43
2023E	329.1	30.1	9.1%	27.8	0.94	16.5	1.2	13.2	7.2	0.47
Market cap, EURm		387	Gearing 2021E, %			35.3	CAGR EPS 2020-23, %			11.2
Net debt 2021E, EURm		34	Price/book 2021E			4.0	CAGR sales 2020-23, %			8.2
Enterprise value, EURm		421	Dividend yield 2021E, %			2.4	ROE 2021E, %			20.4
Total assets 2021E, EURm		231	Tax rate 2021E, %			19.0	ROCE 2021E, %			15.8
Goodwill 2021E, EURm		84	Equity ratio 2021E, %			42.1	PEG, P/E 21/CAGR			2.4

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

Etteplan	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20	2020	Q1/'21E	Q2/'21E	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	262.7	71.3	62.9	55.2	70.3	259.7	71.1	72.9	66.1	78.9	288.9	315.3	329.1
sales growth %	11.1%	9.0%	-2.1%	-10.3%	-1.8%	-1.2%	-0.4%	15.8%	19.6%	12.2%	11.2%	9.1%	4.4%
EBITA	25.9	6.6	6.3	5.2	8.1	26.2	6.4	7.3	6.0	8.8	28.5	31.7	33.1
EBITA margin	9.9%	9.2%	10.0%	9.5%	11.5%	10.1%	9.1%	10.0%	9.1%	11.1%	9.9%	10.0%	10.0%
EBIT	22.8	5.7	5.4	4.3	7.1	22.4	5.4	6.3	5.0	7.8	24.5	27.7	30.1
EBIT margin	8.7%	7.9%	8.5%	7.8%	10.1%	8.6%	7.7%	8.6%	7.6%	9.9%	8.5%	8.8%	9.1%
EBIT (excl. NRIs)	21.7	5.8	5.7	4.3	7.4	23.3	5.8	6.6	5.4	8.1	24.5	27.7	30.1
-margin	8.3%	8.2%	9.0%	7.8%	10.6%	9.0%	8.1%	9.1%	8.1%	10.3%	8.5%	8.8%	9.1%
<b>Engineering Solutions</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20</b>	<b>Q3/'20</b>	<b>Q4/'20</b>	<b>2020</b>	<b>Q1/'21E</b>	<b>Q2/'21E</b>	<b>Q3/'21E</b>	<b>Q4/'21E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Net sales	147.0	41.3	35.9	31.0	40.6	148.9	40.7	42.4	39.4	47.2	169.7	186.7	194.1
sales growth %	11.3%	16.1%	1.9%	-12.1%	-0.6%	1.3%	-1.5%	18.0%	26.9%	16.3%	14.0%	10.0%	4.0%
EBITA	14.5	3.9	3.7	2.8	4.2	14.7	3.8	4.3	3.5	4.9	16.5	18.3	19.0
EBITA margin	9.8%	9.5%	10.3%	9.0%	10.5%	9.9%	9.3%	10.1%	9.0%	10.4%	9.7%	9.8%	9.8%
<b>Software and Embedded Solutions</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20</b>	<b>Q3/'20</b>	<b>Q4/'20</b>	<b>2020</b>	<b>Q1/'21E</b>	<b>Q2/'21E</b>	<b>Q3/'21E</b>	<b>Q4/'21E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Net sales	67.5	17.0	15.2	13.8	17.7	63.7	17.8	17.9	15.6	18.9	70.3	77.3	81.1
sales growth %	12.4%	-2.0%	-10.9%	-10.2%	0.0%	-5.6%	4.9%	17.5%	13.0%	7.1%	10.3%	10.0%	5.0%
EBITA	6.3	1.5	1.7	1.4	2.4	7.1	1.6	1.9	1.6	2.5	7.6	8.5	8.9
EBITA margin	9.3%	9.0%	11.1%	10.4%	13.8%	11.1%	9.0%	10.8%	10.1%	13.3%	10.9%	11.0%	11.0%
<b>Technical Documentation Solutions</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20</b>	<b>Q3/'20</b>	<b>Q4/'20</b>	<b>2020</b>	<b>Q1/'21E</b>	<b>Q2/'21E</b>	<b>Q3/'21E</b>	<b>Q4/'21E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Net sales	48.2	12.8	11.6	10.2	11.9	46.5	12.4	12.4	10.9	12.6	48.3	50.7	53.3
sales growth %	8.8%	2.6%	-2.0%	-4.5%	-9.3%	-3.5%	-3.4%	6.9%	6.6%	6.1%	3.8%	5.0%	5.0%
EBITA	4.1	1.3	1.0	1.0	1.3	4.6	1.1	1.1	1.0	1.4	4.6	5.1	5.3
EBITA margin	8.5%	10.1%	8.9%	9.3%	11.0%	9.8%	8.9%	8.9%	8.8%	11.1%	9.4%	10.0%	10.0%

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		20	21	22	20	21	22	20	21	22
SWECO	4489	21.4x	17.4x	16.1x	29.9x	23.1x	21.1x	28.6x	27.4x	24.9x
AF Poyry	2518	15.0x	12.7x	11.6x	22.5x	18.6x	16.4x	22.4x	18.8x	16.5x
Semcon	158	7.3x	7.3x	6.8x	7.9x	9.4x	8.6x	12.8x	12.9x	11.7x
Alten	3087	16.1x	12.3x	10.4x	22.4x	15.7x	13.0x	31.0x	22.4x	18.5x
Bertrandt	536	7.8x	7.3x	5.9x	28.4x	16.1x	10.8x	64.2x	19.9x	12.4x
AKKA Technologies	545	41.7x	9.1x	6.7x		15.6x	9.6x		24.2x	10.7x
TietoEVRY	3318	8.0x	7.7x	7.4x	11.4x	10.8x	10.5x	12.8x	12.2x	11.3x
Multiconsult	370	7.4x	8.0x	7.8x	11.8x	12.2x	12.1x	16.7x	14.9x	14.6x
Peer Group Average	1712	15.6x	10.2x	9.1x	19.2x	15.2x	12.8x	26.9x	19.1x	15.1x
Peer Group Median	545	11.5x	8.5x	7.6x	22.4x	15.7x	11.5x	22.4x	19.3x	13.5x
Etteplan (Evli est.)	387	9.0x	11.3x	8.6x	16.2x	17.4x	15.2x	18.9x	20.7x	18.2x

Etteplan prem./disc. to peer median

-22% 32% 14% -27% 11% 33% -16% 7% 34%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	15.50 PV of Free Cash Flow	274 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	23.12 PV of Horizon value	343 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	49.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	25.3 Marketable securities	24 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	21.3 Debt - dividend	-65 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	55.6 Value of stock	577 Nr of shares, Mn	25.0 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	260	289	315	329	337	346	354	363	372	382	389	397
<i>Sales growth, %</i>	-1.1	11.2	9.1	4.4	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.0
Operating income (EBIT)	22	25	28	30	30	31	32	33	34	34	35	36
<i>Operating income margin, %</i>	8.6	8.5	8.8	9.1	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
+ Depreciation+amort.	18	19	21	23	23	22	22	22	22	22	22	
EBITDA	40	44	49	53	53	53	54	54	55	56	57	
- Paid taxes	-5	-5	-5	-6	-6	-6	-6	-6	-6	-7	-7	
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	-0.9	-0.8	-0.8	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.6	-0.6	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-2	-3	-3	-3	-3	-3	-4	-4	-4	-4	
<i>opCAPEX / Sales, %</i>	8.1	5.7	5.8	5.8	5.7	5.7	5.7	5.7	5.7	5.7	5.7	
- Acquisitions	-6	-7	-9	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	3	0	0	0	0	0	0	0	0	0	0	
= FCFF	32	30	32	44	44	44	44	45	45	46	47	755
= Discounted FCFF		28	27	35	32	30	28	26	24	23	21	343
= DFCF min WACC		28	28	36	33	30	28	27	25	24	22	391
= DFCF max WACC		28	27	35	32	29	27	25	23	22	20	304

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	71.3	62.9	55.2	70.3	259.7	71.1	72.9	66.1	78.9	288.9	315.3	329.1
EBITDA	9.7	9.9	9.1	11.7	40.4	10.2	10.1	7.8	9.6	43.8	48.8	53.4
<i>EBITDA margin (%)</i>	<i>13.6</i>	<i>15.7</i>	<i>16.5</i>	<i>16.6</i>	<i>15.6</i>	<i>14.4</i>	<i>13.8</i>	<i>11.9</i>	<i>12.2</i>	<i>15.1</i>	<i>15.5</i>	<i>16.2</i>
EBIT	5.7	5.4	4.3	7.1	22.4	5.4	6.3	5.0	7.8	24.5	27.7	30.1
<i>EBIT margin (%)</i>	<i>7.9</i>	<i>8.5</i>	<i>7.8</i>	<i>10.1</i>	<i>8.6</i>	<i>7.7</i>	<i>8.6</i>	<i>7.6</i>	<i>9.9</i>	<i>8.5</i>	<i>8.8</i>	<i>9.1</i>
Net financial items	-0.1	-0.3	-0.3	-0.5	-1.3	-0.3	-0.3	-0.3	-0.3	-1.3	-1.3	-1.1
Pre-tax profit	5.5	5.0	4.0	6.6	21.1	5.1	5.9	4.7	7.4	23.2	26.4	29.0
Tax	-1.3	-1.1	-0.9	-0.7	-4.0	-1.0	-1.1	-0.9	-1.4	-4.4	-5.0	-5.5
<i>Tax rate (%)</i>	<i>23.8</i>	<i>21.6</i>	<i>23.3</i>	<i>10.3</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>
Net profit	4.2	3.9	3.1	5.9	17.1	4.1	4.8	3.8	6.0	18.8	21.4	23.5
EPS	0.17	0.16	0.12	0.24	0.68	0.17	0.19	0.15	0.24	0.75	0.86	0.94
EPS adjusted (diluted no. of shares)	0.17	0.16	0.12	0.24	0.68	0.17	0.19	0.15	0.24	0.75	0.86	0.94
Dividend per share	0.00	0.00	0.00	0.00	0.34	0.00	0.00	0.00	0.00	0.38	0.43	0.47
<b>SALES, EURm</b>												
Engineering Solutions	41.3	35.9	31.0	40.6	148.9	40.7	42.4	39.4	47.2	169.7	186.7	194.1
Software and Embedded Solutions	17.0	15.2	13.8	17.7	63.7	17.8	17.9	15.6	18.9	70.3	77.3	81.1
Technical Documentation Solutions	12.8	11.6	10.2	11.9	46.5	12.4	12.4	10.9	12.6	48.3	50.7	53.3
Other	0.2	0.1	0.1	0.2	0.6	0.2	0.2	0.2	0.2	0.6	0.6	0.6
Total	71.3	62.9	55.2	70.3	259.7	71.1	72.9	66.1	78.9	288.9	315.3	329.1
<b>SALES GROWTH, Y/Y %</b>												
<i>Engineering Solutions</i>	<i>16.1</i>	<i>1.9</i>	<i>-12.1</i>	<i>-0.6</i>	<i>1.3</i>	<i>-1.5</i>	<i>18.0</i>	<i>26.9</i>	<i>16.3</i>	<i>14.0</i>	<i>10.0</i>	<i>4.0</i>
<i>Software and Embedded Solutions</i>	<i>-2.0</i>	<i>-10.9</i>	<i>-10.2</i>	<i>0.0</i>	<i>-5.6</i>	<i>4.9</i>	<i>17.5</i>	<i>13.0</i>	<i>7.1</i>	<i>10.3</i>	<i>10.0</i>	<i>5.0</i>
<i>Technical Documentation Solutions</i>	<i>2.6</i>	<i>-2.0</i>	<i>-4.5</i>	<i>-9.3</i>	<i>-3.3</i>	<i>-3.4</i>	<i>6.9</i>	<i>6.6</i>	<i>6.1</i>	<i>3.8</i>	<i>5.0</i>	<i>5.0</i>
<i>Other</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-8.5</i>	<i>17.2</i>	<i>0.7</i>	<i>-2.0</i>	<i>1.0</i>	<i>0.0</i>	<i>0.0</i>
Total	9.0	-2.1	-10.1	-1.8	-1.1	-0.3	15.8	19.6	12.2	11.2	9.1	4.4
<b>EBIT, EURm</b>												
Engineering Solutions	3.9	3.7	2.8	4.2	14.7	3.8	4.3	3.5	4.9	16.5	18.3	19.0
Software and Embedded Solutions	1.5	1.7	1.4	2.4	7.1	1.6	1.9	1.6	2.5	7.6	8.5	8.9
Technical Documentation Solutions	1.3	1.0	1.0	1.3	4.6	1.1	1.1	1.0	1.4	4.6	5.1	5.3
Other	-1.1	-1.1	-0.9	-0.9	-4.0	-1.0	-1.0	-1.0	-1.0	-4.2	-4.2	-3.2
Total	5.7	5.4	4.3	7.1	22.4	5.4	6.3	5.0	7.8	24.5	27.7	30.1
<b>EBIT margin, %</b>												
<i>Engineering Solutions</i>	<i>9.5</i>	<i>10.3</i>	<i>9.0</i>	<i>10.5</i>	<i>9.9</i>	<i>9.3</i>	<i>10.1</i>	<i>9.0</i>	<i>10.4</i>	<i>9.7</i>	<i>9.8</i>	<i>9.8</i>
<i>Software and Embedded Solutions</i>	<i>9.0</i>	<i>11.1</i>	<i>10.4</i>	<i>13.8</i>	<i>11.1</i>	<i>9.0</i>	<i>10.8</i>	<i>10.1</i>	<i>13.3</i>	<i>10.9</i>	<i>11.0</i>	<i>11.0</i>
<i>Technical Documentation Solutions</i>	<i>10.1</i>	<i>8.9</i>	<i>9.3</i>	<i>11.0</i>	<i>9.8</i>	<i>8.9</i>	<i>8.9</i>	<i>8.8</i>	<i>11.1</i>	<i>9.4</i>	<i>10.0</i>	<i>10.0</i>
<i>Other</i>	<i>-666.5</i>	<i>-840.6</i>	<i>-602.0</i>	<i>-585.0</i>	<i>-666.8</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-533.3</i>
Total	7.9	8.5	7.8	10.1	8.6	7.7	8.6	7.6	9.9	8.5	8.8	9.1

Commercial Services & Supplies/Finland, February 12, 2021  
Company update

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	183.9	214.6	236.4	262.7	259.7	288.9	315.3	329.1
<i>Sales growth (%)</i>	<i>30.3</i>	<i>16.7</i>	<i>10.1</i>	<i>11.1</i>	<i>-1.1</i>	<i>11.2</i>	<i>9.1</i>	<i>4.4</i>
EBITDA	15.0	20.8	26.0	37.5	40.4	43.8	48.8	53.4
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>9.7</i>	<i>11.0</i>	<i>14.3</i>	<i>15.6</i>	<i>15.1</i>	<i>15.5</i>	<i>16.2</i>
Depreciation	-4.8	-5.3	-5.8	-14.7	-18.0	-19.2	-21.1	-23.3
EBITA	10.1	15.5	20.2	22.8	22.4	24.5	27.7	30.1
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	10.1	15.5	20.2	22.8	22.4	24.5	27.7	30.1
<i>EBIT margin (%)</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.5</i>	<i>8.8</i>	<i>9.1</i>
Reported EBIT	10.1	15.5	20.2	22.8	22.4	24.5	27.7	30.1
<i>EBIT margin (reported) (%)</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.5</i>	<i>8.8</i>	<i>9.1</i>
Net financials	-0.7	-0.7	-0.8	-0.9	-1.3	-1.3	-1.3	-1.1
Pre-tax profit	9.4	14.7	19.4	21.9	21.1	23.2	26.4	29.0
Taxes	-1.8	-3.2	-4.1	-4.5	-4.0	-4.4	-5.0	-5.5
Minority shares	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	7.4	11.6	15.3	17.4	17.1	18.8	21.4	23.5
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>								
Assets								
Fixed assets	22	22	26	30	29	31	35	29
Goodwill	58	59	65	79	84	84	84	84
Right of use assets	0	0	12	15	23	25	28	29
Inventory	0	0	0	0	0	0	0	0
Receivables	49	53	53	62	57	63	69	72
Liquid funds	5	10	16	16	24	27	30	31
Total assets	134	144	173	203	218	231	246	246
Liabilities								
Shareholder's equity	53	58	68	77	87	97	109	122
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	12	16	24	25	28	29
Deferred taxes	3	3	5	6	7	7	7	7
Interest bearing debt	34	35	36	41	40	36	31	13
Non-interest bearing current liabilities	43	46	48	61	57	64	70	73
Other interest-free debt	2	2	4	2	2	2	2	2
Total liabilities	134	144	173	203	218	231	246	246
<b>CASH FLOW, EURm</b>								
+ EBITDA	15	21	26	38	40	44	49	53
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-3	-2	-4	-4	-5	-4	-5	-6
- Increase in Net Working Capital	-1	1	2	4	1	0	0	0
+/- Other	-5	0	-1	-4	3	0	0	0
= Cash flow from operations	6	18	23	33	38	38	43	47
- Capex	-2	-2	-2	-13	-21	-16	-18	-19
- Acquisitions	-22	-3	-8	-21	-6	-7	-9	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-18	13	13	-1	11	15	15	28
+/- New issues/buybacks	14	-2	0	-1	2	0	0	0
- Paid dividend	-3	-4	-6	-7	-9	-8	-9	-11
+/- Other	4	-1	-1	9	4	-3	-3	-16
Change in cash	-4	5	6	0	9	3	2	1

Commercial Services & Supplies/Finland, February 12, 2021  
Company update

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	193	198	253	323	387	387	387
Net debt (excl. convertibles)	25	32	40	41	34	29	11
Enterprise value	218	231	294	364	421	415	398
Sales	215	236	263	260	289	315	329
EBITDA	21	26	38	40	44	49	53
EBIT	15	20	23	22	25	28	30
Pre-tax	15	19	22	21	23	26	29
Earnings	12	15	17	17	19	21	24
Equity book value (excl. minorities)	58	68	77	87	97	109	122
<b>Valuation multiples</b>							
EV/sales	1.0	1.0	1.1	1.4	1.5	1.3	1.2
EV/EBITDA	10.5	8.9	7.8	9.0	9.6	8.5	7.5
EV/EBITA	14.1	11.4	12.9	16.2	17.2	15.0	13.2
EV/EBIT	14.1	11.4	12.9	16.2	17.2	15.0	13.2
EV/OCF	11.9	10.0	8.9	9.6	11.1	9.8	8.5
EV/FCFF	18.2	16.9	27.3	11.5	13.9	13.0	9.0
P/FCFE	14.8	15.2	-247.0	29.2	26.3	25.5	13.9
P/E	16.6	13.0	15.6	18.9	20.6	18.1	16.5
P/B	3.3	2.9	3.3	3.7	4.0	3.5	3.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.5	7.5	6.6
Target EV/EBIT	0.0	0.0	0.0	0.0	15.3	13.3	11.7
Target EV/FCF	0.0	0.0	0.0	0.0	25.4	24.2	12.6
Target P/B	0.0	0.0	0.0	0.0	3.5	3.1	2.8
Target P/E	0.0	0.0	0.0	0.0	18.1	15.9	14.4
<b>Per share measures</b>							
Number of shares	24,771	24,963	24,963	24,963	24,963	24,963	24,963
Number of shares (diluted)	24,771	24,963	24,963	24,963	24,963	24,963	24,963
EPS	0.47	0.61	0.70	0.68	0.75	0.86	0.94
Operating cash flow per share	0.74	0.92	1.32	1.52	1.52	1.70	1.88
Free cash flow per share	0.53	0.52	-0.04	0.44	0.59	0.61	1.12
Book value per share	2.34	2.71	3.07	3.49	3.90	4.38	4.89
Dividend per share	0.23	0.30	0.35	0.34	0.38	0.43	0.47
Dividend payout ratio, %	49.2	49.0	50.2	49.6	50.0	50.0	50.0
Dividend yield, %	3.0	3.8	3.4	2.2	2.4	2.8	3.0
FCF yield, %	6.8	6.6	-0.4	3.4	3.8	3.9	7.2
<b>Efficiency measures</b>							
ROE	21.0	24.4	24.1	20.9	20.4	20.7	20.3
ROCE	17.2	19.3	18.3	15.7	15.8	17.0	18.1
<b>Financial ratios</b>							
Inventories as % of sales	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Receivables as % of sales	24.5	22.4	23.6	21.8	21.8	21.8	21.8
Non-interest bearing liabilities as % of sales	21.3	20.5	23.2	22.1	22.1	22.1	22.1
NWC/sales, %	2.5	1.3	-0.5	-0.9	-0.8	-0.8	-0.7
Operative CAPEX/sales, %	1.0	0.7	4.9	8.1	5.7	5.8	5.8
CAPEX/sales (incl. acquisitions), %	-0.5	-2.8	-3.1	5.9	3.2	3.0	5.8
FCFF/EBITDA	0.6	0.5	0.3	0.8	0.7	0.7	0.8
Net debt/EBITDA, book-weighted	1.2	1.3	1.1	1.0	0.8	0.6	0.2
Debt/equity, market-weighted	0.2	0.2	0.2	0.1	0.1	0.1	0.0
Equity ratio, book-weighted	40.1	39.1	37.8	40.0	42.1	44.5	49.7
Gearing, %	43.0	48.1	52.6	46.6	35.3	26.1	9.3

**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	255.750	66.1%
Oy Fincorp Ab	2,498,000	38.719	10.0%
Varma Mutual Pension Insurance Company	985,593	15.277	3.9%
SEB Gyllenberg Finland Small Cap Fund	496,623	7.698	2.0%
Tuori Klaus	399,134	6.187	1.6%
Taaleri Mikro Markka fund	339,048	5.255	1.4%
Tuori Aino	308,275	4.778	1.2%
VAS Invest Oy	225,228	3.491	0.9%
OP-Finland Micro Cap	155,486	2.410	0.6%
Näkki Juha	125,848	1.951	0.5%
Ten largest	22,033,235	341.515	88%
Residual	2,930,073	45.416	12%
Total	24,963,308	386.931	100%

EARNINGS CALENDAR	
May 05, 2021	Q1 report
August 11, 2021	Q2 report
OTHER EVENTS	
April 08, 2021	AGM

COMPANY MISCELLANEOUS	
CEO: Juha Näkki	Tekniikantie 4 B, 02150 Espoo
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	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
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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Investment recommendations are defined as follows:

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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**Contact information****SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg	+358 9 4766 9123
Ari Laine	+358 9 4766 9115
Kimmo Lilja	+358 9 4766 9130

**Trading**

Lauri Vehkaluoto (Head)	+358 9 4766 9120
Pasi Väisänen	+358 9 4766 9120
Antti Kässi	+358 9 4766 9120
Miika Ronkanen	+358 9 4766 9120

**Structured Investments**

Heikki Savijoki	+358 9 4766 9726
Aki Lakkisto	+358 9 4766 9123

**Equity Research**

Jonas Forslund	+358 9 4766 9314
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149
Anna-Liisa Rissanen	+358 40 157 9919
Teemu Reiman	+358 40 352 6175

**Evli Investment Solutions**

Johannes Asuja	+358 9 4766 9205
Markku Reinikainen	+358 9 4766 9669



**EVLI BANK PLC**  
Aleksanterinkatu 19 A  
P.O. Box 1081  
FIN-00101 Helsinki, FINLAND  
Phone +358 9 476 690  
Fax +358 9 634 382  
Internet www.evli.com  
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,  
STOCKHOLMSFILIAL**  
Regeringsgatan 67 P.O. Box 16354  
SE-103 26 Stockholm  
Sverige  
stockholm@evli.com  
Tel +46 (0)8 407 8000  
Fax +46 (0)8 407 8001