

Improving on weak comparison figures

Etteplan reports Q2 results on August 11th and we expect notable improvement from the weak comparison period. Etteplan has continued its growth strategy, acquiring three smaller companies since Q1. We adjust our TP to EUR 17.5 (16.0) on elevated peer multiples, HOLD-rating intact.

Expect clear improvement from weak comparison period

Etteplan reports its Q2 results on August 11th. Q1 results were still somewhat mixed, with group revenue turning back to slight growth but organic growth still negative at 4%. Relative profitability was well above comparison period levels, with cost cutting measures made due to the pandemic having a notable impact. As Q2/20 was the first quarter to bear the brunt of the impact of the pandemic we expect clearly higher growth figures in Q2/21 from the weak comparison period. We expect revenue to grow some 17% to EUR 73.7m, of which we expect some 6% inorganic growth. We expect EBITA to remain above the 10% target level at 10.2%.

Several smaller acquisitions to continue growth strategy

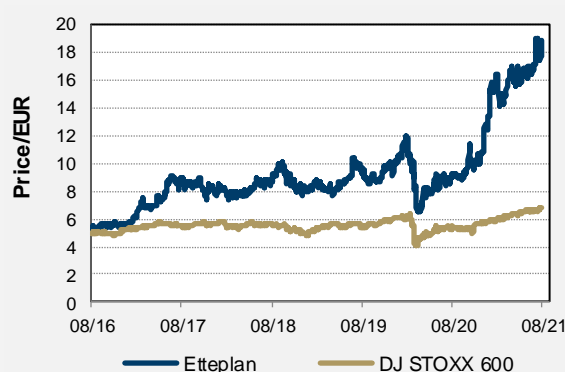
Etteplan has made two acquisitions during Q2, software development company Skyrise.tech and technical documentation specialist F.I.T. Fahrzeug Ingenieurtechnik GmbH, and Adina Solutions after the review period, specialized in planning and implementation of technical documentation of software. The revenue impact on group level in 2021 should be rather marginal but we have made minor tweaks to our estimates to account for the acquisitions. We now expect 2021 revenue of EUR 294.9m and EBIT of EUR 26.3m, quite in the middle of company guidance (revenue EUR 285-305m and EBIT EUR 25-28m). We expect relative profitability to improve y/y in H1 but to revert back to comparison period levels in H2 as previously implemented cost savings measured are eased.

HOLD-rating with a target price of EUR 17.5 (16.0)

Etteplan's valuation has risen clearly since our previous update, now trading well above historical levels. Peer multiples have also increased quite a bit and we raise our TP to EUR 17.5 (16.0), valuing Etteplan at ~20x 2022e P/E and retain our HOLD-rating.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 18.75

Target price, EUR 17.5

Latest change in recommendation 06-May-21

Latest report on company 06-May-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 468

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-21

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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
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	294.9	26.3	8.9%	15.3	0.82	22.8	1.7	19.1	3.3	0.41
2022E	321.9	28.2	8.8%	15.8	0.89	21.2	1.5	17.6	3.4	0.44
2023E	336.1	30.7	9.1%	28.4	0.97	19.3	1.4	15.6	6.1	0.49
Market cap, EURm	468			Gearing 2021E, %	34.0			CAGR EPS 2020-23, %	12.3	
Net debt 2021E, EURm	34			Price/book 2021E	4.7			CAGR sales 2020-23, %	9.0	
Enterprise value, EURm	502			Dividend yield 2021E, %	2.2			ROE 2021E, %	22.0	
Total assets 2021E, EURm	234			Tax rate 2021E, %	18.7			ROCE 2021E, %	16.8	
Goodwill 2021E, EURm	84			Equity ratio 2021E, %	42.3			PEG, P/E 21/CAGR	3.6	

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/'21	Q2/'21E	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	262,7	71,3	62,9	55,2	70,3	259,7	73,0	73,7	68,0	80,4	294,9	321,9	336,1
sales growth %	11,1%	9,0%	-2,1%	-10,3%	-1,8%	-1,2%	2,3%	17,1%	23,1%	14,3%	13,6%	9,2%	4,4%
EBITA	25,9	6,6	6,3	5,2	8,1	26,2	7,7	7,5	6,2	9,0	30,4	32,2	33,7
EBITA margin	9,9%	9,2%	10,0%	9,5%	11,5%	10,1%	10,5%	10,2%	9,1%	11,2%	10,3%	10,0%	10,0%
EBIT	22,8	5,7	5,4	4,3	7,1	22,4	6,6	6,5	5,2	8,0	26,3	28,2	30,7
EBIT margin	8,7%	7,9%	8,5%	7,8%	10,1%	8,6%	9,0%	8,9%	7,7%	9,9%	8,9%	8,8%	9,1%
EBIT (excl. NRIs)	21,7	5,8	5,7	4,3	7,4	23,3	6,9	6,9	5,6	8,3	26,3	28,2	30,7
-margin	8,3%	8,2%	9,0%	7,8%	10,6%	9,0%	9,5%	9,4%	8,2%	10,3%	8,9%	8,8%	9,1%
Engineering Solutions	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20	2020	Q1/'21	Q2/'21E	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	147,0	41,3	35,9	31,0	40,6	148,9	41,4	42,5	39,5	47,3	170,7	187,8	195,3
sales growth %	11,3%	16,1%	1,9%	-12,1%	-0,6%	1,3%	0,2%	18,3%	27,3%	16,5%	14,7%	10,0%	4,0%
EBITA	14,5	3,9	3,7	2,8	4,2	14,7	4,4	4,3	3,6	4,9	17,2	18,4	19,1
EBITA margin	9,8%	9,5%	10,3%	9,0%	10,5%	9,9%	10,6%	10,1%	9,0%	10,4%	10,0%	9,8%	9,8%
Software and Embedded Solutions	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20	2020	Q1/'21	Q2/'21E	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	67,5	17,0	15,2	13,8	17,7	63,7	18,8	18,6	17,3	20,1	74,8	82,3	86,4
sales growth %	12,4%	-2,0%	-10,9%	-10,2%	0,0%	-5,6%	10,9%	22,1%	25,2%	13,7%	17,5%	10,0%	5,0%
EBITA	6,3	1,5	1,7	1,4	2,4	7,1	2,1	2,0	1,7	2,7	8,5	9,1	9,5
EBITA margin	9,3%	9,0%	11,1%	10,4%	13,8%	11,1%	11,1%	10,8%	10,1%	13,3%	11,4%	11,0%	11,0%
Technical Documentation Solutions	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20	2020	Q1/'21	Q2/'21E	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	48,2	12,8	11,6	10,2	11,9	46,5	12,5	12,4	11,0	12,8	48,7	51,2	53,7
sales growth %	8,8%	2,6%	-2,0%	-4,5%	-9,3%	-3,5%	-2,3%	6,9%	7,6%	7,8%	4,8%	5,0%	5,0%
EBITA	4,1	1,3	1,0	1,0	1,3	4,6	1,4	1,3	1,0	1,4	5,1	5,1	5,4
EBITA margin	8,5%	10,1%	8,9%	9,3%	11,0%	9,8%	11,0%	10,5%	8,8%	11,1%	10,4%	10,0%	10,0%

Source: Etteplan, Evli Research estimates

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		21	22	23	21	22	23	21	22	23
SWECO	4951							31,6x	28,0x	26,0x
AFRY	3291	15,8x	14,0x	13,3x	23,0x	19,6x	18,4x	24,5x	20,7x	19,9x
Semcon	209	9,2x	8,2x	7,7x	11,5x	9,9x	9,2x	16,4x	14,0x	13,0x
Alten	4570							28,3x	24,1x	21,4x
Bertrandt	511	6,4x	4,8x		15,4x	8,8x		25,7x	12,1x	
AKKA Technologies	1436	12,6x	8,9x	7,2x	28,2x	13,7x	10,5x		25,6x	18,2x
TietoEVRY	3444							12,5x	11,8x	11,1x
Multiconsult	466	8,9x	8,5x	8,0x	13,1x	12,4x	11,5x	17,3x	16,3x	14,9x
Peer Group Average	2149	10,6x	8,9x	9,0x	18,2x	12,9x	12,4x	22,3x	19,1x	17,8x
Peer Group Median	1436	9,2x	8,5x	7,8x	15,4x	12,4x	11,0x	24,5x	18,5x	18,2x
Etteplan (Evli est.)	468	13,0x	10,2x	9,0x	19,3x	17,8x	15,8x	22,9x	21,3x	19,4x

Etteplan prem./disc. to peer median

42 % 20 % 15 % 25 % 43 % 44 % -7 % 15 % 7 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	18.75 PV of Free Cash Flow	290 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	24.21 PV of Horizon value	363 WACC, %	8.3 Market risk premium, %
Share price potential, %	29.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	26.4 Marketable securities	24 Minimum WACC, %	7.8 Equity beta coefficient
Minimum value	22.3 Debt - dividend	-73 Maximum WACC, %	8.8 Target debt ratio, %
Horizon value, %	55.6 Value of stock	604 Nr of shares, Mn	25.0 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	260	295	322	336	344	353	362	371	380	390	398	405
<i>Sales growth, %</i>	-1.1	13.6	9.2	4.4	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.0
Operating income (EBIT)	22	26	28	31	31	32	33	33	34	35	36	36
<i>Operating income margin, %</i>	8.6	8.9	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	45	49	54	54	54	54	55	56	57	58	
- 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	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.6	-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	5.8	5.7	5.7	5.6	5.6	5.6	5.6	5.6	5.6	5.6	
- 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	31	32	45	45	45	45	45	46	47	47	769
= Discounted FCFF		30	29	37	34	31	29	27	25	24	22	363
= DFCF min WACC		30	29	38	35	32	30	28	26	25	23	412
= DFCF max WACC		30	29	37	34	31	28	26	25	23	21	322

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	71.3	62.9	55.2	70.3	259.7	73.0	73.7	68.0	80.4	294.9	321.9	336.1
EBITDA	9.7	9.9	9.1	11.7	40.4	11.0	10.4	8.0	9.8	45.2	49.3	54.0
<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>15.1</i>	<i>14.1</i>	<i>11.8</i>	<i>12.2</i>	<i>15.3</i>	<i>15.3</i>	<i>16.1</i>
EBIT	5.7	5.4	4.3	7.1	22.4	6.6	6.5	5.2	8.0	26.3	28.2	30.7
<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>9.0</i>	<i>8.9</i>	<i>7.7</i>	<i>9.9</i>	<i>8.9</i>	<i>8.8</i>	<i>9.1</i>
Net financial items	-0.1	-0.3	-0.3	-0.5	-1.3	-0.1	-0.3	-0.3	-0.3	-1.1	-1.1	-0.9
Pre-tax profit	5.5	5.0	4.0	6.6	21.1	6.5	6.2	4.9	7.6	25.2	27.2	29.8
Tax	-1.3	-1.1	-0.9	-0.7	-4.0	-1.2	-1.2	-0.9	-1.4	-4.7	-5.1	-5.6
<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>17.9</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>18.7</i>	<i>18.7</i>	<i>18.7</i>
Net profit	4.2	3.9	3.1	5.9	17.1	5.3	5.0	3.9	6.2	20.5	22.1	24.2
EPS	0.17	0.16	0.12	0.24	0.68	0.21	0.20	0.16	0.25	0.82	0.89	0.97
EPS adjusted (diluted no. of shares)	0.17	0.16	0.12	0.24	0.68	0.21	0.20	0.16	0.25	0.82	0.89	0.97
Dividend per share	0.00	0.00	0.00	0.00	0.34	0.00	0.00	0.00	0.00	0.41	0.44	0.49
SALES, EURm												
Engineering Solutions	41.3	35.9	31.0	40.6	148.9	41.4	42.5	39.5	47.3	170.7	187.8	195.3
Software and Embedded Solutions	17.0	15.2	13.8	17.7	63.7	18.8	18.6	17.3	20.1	74.8	82.3	86.4
Technical Documentation Solutions	12.8	11.6	10.2	11.9	46.5	12.5	12.4	11.0	12.8	48.7	51.2	53.7
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	73.0	73.7	68.0	80.4	294.9	321.9	336.1
SALES GROWTH, Y/Y %												
<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>0.2</i>	<i>18.3</i>	<i>27.3</i>	<i>16.5</i>	<i>14.7</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>10.9</i>	<i>22.1</i>	<i>25.2</i>	<i>13.7</i>	<i>17.5</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>-2.3</i>	<i>6.9</i>	<i>7.6</i>	<i>7.8</i>	<i>4.8</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>15.9</i>	<i>17.2</i>	<i>0.7</i>	<i>-2.0</i>	<i>7.7</i>	<i>0.0</i>	<i>0.0</i>
Total	9.0	-2.1	-10.1	-1.8	-1.1	2.3	17.1	23.1	14.3	13.6	9.2	4.4
EBIT, EURm												
Engineering Solutions	3.9	3.7	2.8	4.2	14.7	4.4	4.3	3.6	4.9	17.2	18.4	19.1
Software and Embedded Solutions	1.5	1.7	1.4	2.4	7.1	2.1	2.0	1.7	2.7	8.5	9.1	9.5
Technical Documentation Solutions	1.3	1.0	1.0	1.3	4.6	1.4	1.3	1.0	1.4	5.1	5.1	5.4
Other	-1.1	-1.1	-0.9	-0.9	-4.0	-1.3	-1.0	-1.0	-1.0	-4.4	-4.3	-3.3
Total	5.7	5.4	4.3	7.1	22.4	6.6	6.5	5.2	8.0	26.3	28.2	30.7
EBIT margin, %												
<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>10.6</i>	<i>10.1</i>	<i>9.0</i>	<i>10.4</i>	<i>10.0</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>11.1</i>	<i>10.8</i>	<i>10.1</i>	<i>13.3</i>	<i>11.4</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>11.0</i>	<i>10.5</i>	<i>8.8</i>	<i>11.1</i>	<i>10.4</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>-665.3</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-689.7</i>	<i>-676.6</i>	<i>-520.3</i>
Total	7.9	8.5	7.8	10.1	8.6	9.0	8.9	7.7	9.9	8.9	8.8	9.1

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Preview

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	183.9	214.6	236.4	262.7	259.7	294.9	321.9	336.1
<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>13.6</i>	<i>9.2</i>	<i>4.4</i>
EBITDA	15.0	20.8	26.0	37.5	40.4	45.2	49.3	54.0
<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>15.3</i>	<i>15.3</i>	<i>16.1</i>
Depreciation	-4.8	-5.3	-5.8	-14.7	-18.0	-18.8	-21.1	-23.3
EBITA	10.1	15.5	20.2	22.8	22.4	26.3	28.2	30.7
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	26.3	28.2	30.7
<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>8.9</i>	<i>8.8</i>	<i>9.1</i>
Reported EBIT	10.1	15.5	20.2	22.8	22.4	26.3	28.2	30.7
<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>8.9</i>	<i>8.8</i>	<i>9.1</i>
Net financials	-0.7	-0.7	-0.8	-0.9	-1.3	-1.1	-1.1	-0.9
Pre-tax profit	9.4	14.7	19.4	21.9	21.1	25.2	27.2	29.8
Taxes	-1.8	-3.2	-4.1	-4.5	-4.0	-4.7	-5.1	-5.6
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	20.5	22.1	24.2
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								
Assets								
Fixed assets	22	22	26	30	29	31	35	30
Goodwill	58	59	65	79	84	84	84	84
Right of use assets	0	0	12	15	23	26	28	29
Inventory	0	0	0	0	0	0	0	0
Receivables	49	53	53	62	57	64	70	73
Liquid funds	5	10	16	16	24	28	30	32
Total assets	134	144	173	203	218	234	249	249
Liabilities								
Shareholder's equity	53	58	68	77	87	99	111	124
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	26	28	29
Deferred taxes	3	3	5	6	7	7	7	7
Interest bearing debt	34	35	36	41	40	36	30	13
Non-interest bearing current liabilities	43	46	48	61	57	65	71	74
Other interest-free debt	2	2	4	2	2	2	2	2
Total liabilities	134	144	173	203	218	234	249	249
CASH FLOW, EURm								
+ EBITDA	15	21	26	38	40	45	49	54
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-3	-2	-4	-4	-5	-5	-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	39	43	48
- Capex	-2	-2	-2	-13	-21	-17	-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	16	28
+/- New issues/buybacks	14	-2	0	-1	2	0	0	0
- Paid dividend	-3	-4	-6	-7	-9	-8	-10	-11
+/- Other	4	-1	-1	9	4	-4	-3	-16
Change in cash	-4	5	6	0	9	3	3	1

Commercial Services & Supplies/Finland, August 9, 2021
Preview

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	193	198	253	323	468	468	468
Net debt (excl. convertibles)	25	32	40	41	34	28	11
Enterprise value	218	231	294	364	502	496	479
Sales	215	236	263	260	295	322	336
EBITDA	21	26	38	40	45	49	54
EBIT	15	20	23	22	26	28	31
Pre-tax	15	19	22	21	25	27	30
Earnings	12	15	17	17	20	22	24
Equity book value (excl. minorities)	58	68	77	87	99	111	124
Valuation multiples							
EV/sales	1.0	1.0	1.1	1.4	1.7	1.5	1.4
EV/EBITDA	10.5	8.9	7.8	9.0	11.1	10.1	8.9
EV/EBITA	14.1	11.4	12.9	16.2	19.1	17.6	15.6
EV/EBIT	14.1	11.4	12.9	16.2	19.1	17.6	15.6
EV/OCF	11.9	10.0	8.9	9.6	12.7	11.5	10.1
EV/FCFF	18.2	16.9	27.3	11.5	16.1	15.3	10.6
P/FCFE	14.8	15.2	-247.0	29.2	30.5	29.7	16.5
P/E	16.6	13.0	15.6	18.9	22.8	21.2	19.3
P/B	3.3	2.9	3.3	3.7	4.7	4.2	3.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	10.4	9.4	8.3
Target EV/EBIT	0.0	0.0	0.0	0.0	17.9	16.5	14.6
Target EV/FCF	0.0	0.0	0.0	0.0	30.7	29.5	15.7
Target P/B	0.0	0.0	0.0	0.0	4.4	3.9	3.5
Target P/E	0.0	0.0	0.0	0.0	21.3	19.8	18.0
Per share measures							
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	0.82	0.89	0.97
Operating cash flow per share	0.74	0.92	1.32	1.52	1.58	1.73	1.90
Free cash flow per share	0.53	0.52	-0.04	0.44	0.61	0.63	1.14
Book value per share	2.34	2.71	3.07	3.49	3.97	4.44	4.97
Dividend per share	0.23	0.30	0.35	0.34	0.41	0.44	0.49
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	2.6	2.2	2.4	2.6
FCF yield, %	6.8	6.6	-0.4	3.4	3.3	3.4	6.1
Efficiency measures							
ROE	21.0	24.4	24.1	20.9	22.0	21.0	20.6
ROCE	17.2	19.3	18.3	15.7	16.8	17.1	18.3
Financial ratios							
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	-0.7	-0.7
Operative CAPEX/sales, %	1.0	0.7	4.9	8.1	5.8	5.7	5.7
CAPEX/sales (incl. acquisitions), %	-0.5	-2.8	-3.1	5.9	3.4	2.9	5.7
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	0.7	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	42.3	44.6	49.8
Gearing, %	43.0	48.1	52.6	46.6	34.0	25.4	8.7

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 and an increase in own software products could further boost margins.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,500,000	309.375	66.1%
Oy Fincorp Ab	2,514,000	47.138	10.1%
Varma Mutual Pension Insurance Company	985,593	18.480	3.9%
SEB Gyllenberg Finland Small Cap Fund	478,799	8.977	1.9%
Tuori Klaus	399,134	7.484	1.6%
Taaleri Mikro Markka fund	339,048	6.357	1.4%
Tuori Aino	308,275	5.780	1.2%
Elo Mutual Pension Insurance Company	209,662	3.931	0.8%
VAS Invest Oy	194,035	3.638	0.8%
OP-Finland Micro Cap	148,640	2.787	0.6%
Ten largest	22,077,186	413.947	88%
Residual	2,886,122	54.115	12%
Total	24,963,308	468.062	100%

EARNINGS CALENDAR

August 11, 2021	Q2 report
October 28, 2021	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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

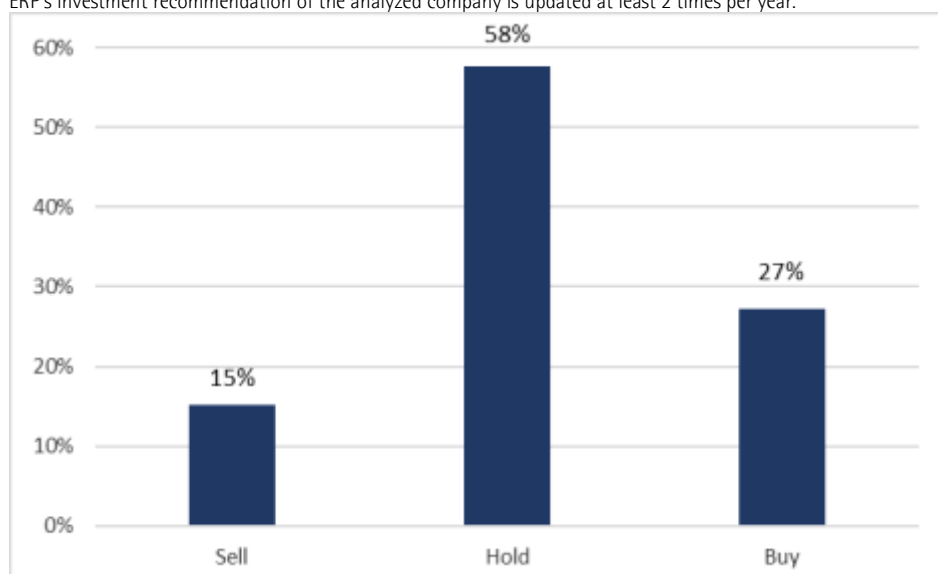
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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