

Outlook still fairly favourable

Etteplan saw strong growth and good profitability in Q1. Presently, no clear signs of a notable deterioration in the demand situation appear to be seen, but the uncertainty has understandably increased.

Double-digit organic growth in Q1

Etteplan reported overall solid Q1 results and clearly better than we had anticipated. Although increased sick-leaves and lockdowns affected operations, revenue still grew 23% y/y and near 15% organically to EUR 89.6m (EUR 81.2m/87.7m Evli/cons.). Profitability was also at good levels, with EBIT of EUR 7.6m (EUR 6.5m/6.9m Evli/cons.), at a margin of 8.5%. On service area levels, compared with our estimates, revenue and profitability was better across the board. Profitability in Engineering Solutions in particular was solid following as a result of excellent operational efficiency levels.

Market outlook still appears to be fairly favourable

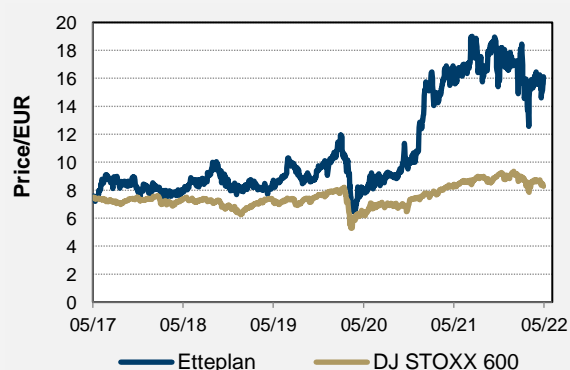
Comments regarding the demand situation and market uncertainties were all in all somewhat upbeat, and potential near-term demand declines in some sectors seem to be offset by increased demand in others. The direct impacts of the war in Ukraine have as expected so far been limited. COVID-19 still poses issues due to sick-leaves and lockdowns in China. Etteplan kept its guidance intact, expecting revenue of EUR 340-370m and EBIT of EUR 28-32m. Following the solid Q1 figures and some slight tweaks to the following quarters our estimates are now quite in line with the mid-range of the guidance. We take a rather neutral approach given the current uncertainties, still seeing good organic growth but at a slightly lower pace compared with Q1.

HOLD with a target price of EUR 17.0 (16.5)

Etteplan currently quite justifiably trades above peers given the good growth and profitability. More optimal market conditions could well justify >20x P/E levels but with the current uncertainties and ~20% y/y deterioration in peer median NTM P/E current levels appear quite fair. We adjust our TP to EUR 17.0 (16.5) due to estimates revisions, HOLD-rating intact.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 16.10
 Target price, EUR 17.0

Latest change in recommendation 05-May-21
 Latest report on company 03-May-22
 Research paid by issuer: YES
 No. of shares outstanding, '000's 25,083
 No. of shares fully diluted, '000's 25,083
 Market cap, EURm 404
 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 10-Aug-22
 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
2020	259.7	22.4	8.6%	11.1	0.68	18.9	1.4	16.2	3.4	0.34
2021	300.1	25.8	8.6%	8.1	0.80	21.1	1.6	18.3	1.9	0.40
2022E	355.4	30.1	8.5%	17.9	0.91	17.6	1.2	14.8	4.4	0.46
2023E	375.5	34.0	9.1%	27.7	1.04	15.4	1.1	12.6	6.9	0.52
2024E	392.3	36.3	9.3%	28.9	1.13	14.3	1.1	11.3	7.2	0.56
Market cap, EURm	404			Gearing 2022E, %	36.0			CAGR EPS 2021-24, %	12.0	
Net debt 2022E, EURm	40			Price/book 2022E	3.6			CAGR sales 2021-24, %	9.3	
Enterprise value, EURm	444			Dividend yield 2022E, %	2.8			ROE 2022E, %	21.8	
Total assets 2022E, EURm	276			Tax rate 2022E, %	20.1			ROCE 2022E, %	16.5	
Goodwill 2022E, EURm	95			Equity ratio 2022E, %	40.6			PEG, P/E 22/CAGR	2.2	

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

Etteplan	2020	Q1/'21	Q2/'21	Q3/'21	Q4/'21	2021	Q1/'22	Q2/'22E	Q3/'22E	Q4/'22E	2022E	2023E	2024E
Net sales	259.7	73.0	75.0	66.9	85.3	300.1	89.6	88.8	78.1	99.0	355.4	375.5	392.3
sales growth %	-1.2%	2.3%	19.3%	21.1%	21.3%	15.6%	22.8%	18.3%	16.9%	16.1%	18.4%	5.6%	4.5%
EBITA	26.2	7.7	7.8	5.7	9.0	30.1	9.0	8.7	7.1	10.5	35.3	39.0	40.8
EBITA margin	10.1%	10.5%	10.4%	8.5%	10.5%	10.0%	10.0%	9.9%	9.1%	10.6%	9.9%	10.4%	10.4%
EBIT	22.4	6.6	6.7	4.7	7.8	25.8	7.6	7.4	5.8	9.2	30.1	34.0	36.3
EBIT margin	8.6%	9.0%	9.0%	7.0%	9.2%	8.6%	8.5%	8.4%	7.4%	9.3%	8.5%	9.1%	9.3%
EBIT (excl. NRIs)	23.3	6.6	7.1	4.8	7.9	26.5	7.9	7.4	5.8	9.2	30.4	34.0	36.3
-margin	9.0%	9.0%	9.5%	7.2%	9.3%	8.8%	8.8%	8.4%	7.4%	9.3%	8.5%	9.1%	9.3%
Engineering Solutions	2020	Q1/'21	Q2/'21	Q3/'21	Q4/'21	2021	Q1/'22	Q2/'22E	Q3/'22E	Q4/'22E	2022E	2023E	2024E
Net sales	148.9	41.4	42.0	36.9	47.1	167.5	46.7	46.0	40.1	50.6	183.4	190.8	198.4
sales growth %	1.3%	0.2%	17.0%	19.0%	16.0%	12.5%	12.8%	9.5%	8.6%	7.5%	9.5%	4.0%	4.0%
EBITA	14.7	4.4	4.2	3.0	5.0	16.6	4.9	4.6	3.6	5.3	18.4	18.7	19.4
EBITA margin	9.9%	10.6%	9.9%	8.2%	10.6%	9.9%	10.6%	10.0%	9.0%	10.5%	10.0%	9.8%	9.8%
Software and Embedded Solutions	2020	Q1/'21	Q2/'21	Q3/'21	Q4/'21	2021	Q1/'22	Q2/'22E	Q3/'22E	Q4/'22E	2022E	2023E	2024E
Net sales	63.7	18.8	19.9	18.1	23.4	80.1	24.6	24.6	22.0	28.8	100.0	107.0	112.4
sales growth %	-5.6%	10.9%	30.3%	30.9%	32.2%	25.8%	30.8%	23.9%	21.7%	23.2%	24.8%	7.0%	5.0%
EBITA	7.1	2.1	2.2	1.6	2.4	8.3	2.3	2.3	2.0	3.0	9.7	11.8	12.4
EBITA margin	11.1%	11.1%	10.9%	9.1%	10.3%	10.4%	9.5%	9.5%	9.1%	10.4%	9.7%	11.0%	11.0%
Technical Documentation Solutions	2020	Q1/'21	Q2/'21	Q3/'21	Q4/'21	2021	Q1/'22	Q2/'22E	Q3/'22E	Q4/'22E	2022E	2023E	2024E
Net sales	46.5	12.5	13.0	11.8	14.3	51.6	18.1	18.0	15.9	19.4	71.3	77.0	80.9
sales growth %	-3.5%	-2.3%	11.8%	15.1%	20.8%	10.9%	44.3%	38.7%	35.0%	35.0%	38.2%	8.0%	5.0%
EBITA	4.6	1.4	1.6	1.2	1.7	5.9	1.8	2.0	1.7	2.4	7.9	9.2	9.7
EBITA margin	9.8%	11.0%	12.5%	10.2%	12.0%	11.5%	10.1%	11.1%	10.7%	12.4%	11.1%	12.0%	12.0%

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		22	23	24	22	23	24	22	23	24
SWECO	4527	16.2x	15.0x	14.4x	22.6x	20.7x	18.9x	27.0x	24.9x	22.5x
AFRY	1684	8.4x	7.9x	7.4x	12.6x	11.2x	10.3x	13.0x	11.7x	10.4x
Semcon	198	8.6x	7.5x	7.1x	9.5x	8.8x	8.3x	12.7x	12.1x	11.5x
Alten	4167	10.0x	9.2x	8.5x	12.0x	11.0x	10.0x	16.5x	15.0x	13.7x
Bertrandt	438	5.1x	4.3x		9.7x	7.4x		12.0x	8.6x	
AKKA Technologies	1495	12.2x	10.4x	11.2x	16.6x	13.9x		28.7x	20.2x	16.1x
TietoEVRY	2690	6.9x	6.3x	6.2x	9.7x	8.9x	8.4x	9.9x	9.0x	8.4x
Multiconsult	413	8.0x	7.8x	7.5x	12.2x	11.6x	11.0x	14.8x	14.1x	13.2x
Peer Group Average	1779	9.4x	8.5x	8.9x	13.1x	11.7x	11.2x	16.8x	14.5x	13.7x
Peer Group Median	1495	8.5x	7.8x	7.5x	12.1x	11.1x	10.2x	13.9x	13.1x	13.2x
Etteplan (Evli est.)	404	8.9x	7.8x	7.3x	14.8x	12.6x	11.3x	17.6x	15.4x	14.3x

Etteplan prem./disc. to peer median

5 % 0 % -2 % 22 % 13 % 11 % 27 % 18 % 8 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	16.10 PV of Free Cash Flow	298 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	24.33 PV of Horizon value	371 WACC, %	8.3 Market risk premium, %
Share price potential, %	51.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	26.6 Marketable securities	30 Minimum WACC, %	7.8 Equity beta coefficient
Minimum value	22.4 Debt - dividend	-89 Maximum WACC, %	8.8 Target debt ratio, %
Horizon value, %	55.5 Value of stock	610 Nr of shares, Mn	25.1 Effective tax rate, %

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	300	355	375	392	402	412	422	433	444	455	464	473
<i>Sales growth, %</i>	<i>15.6</i>	<i>18.4</i>	<i>5.6</i>	<i>4.5</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>2.0</i>	<i>2.0</i>
Operating income (EBIT)	26	30	34	36	37	38	39	40	41	42	43	43
<i>Operating income margin, %</i>	<i>8.6</i>	<i>8.5</i>	<i>9.1</i>	<i>9.3</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>
+ Depreciation+amort.	18	20	21	20	20	20	20	20	21	21	21	
EBITDA	44	50	55	57	57	58	59	60	61	63	64	
- Paid taxes	-6	-6	-7	-7	-7	-8	-8	-8	-8	-8	-9	
- Change in NWC	-10	-2	-1	-1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>2.6</i>	<i>2.7</i>	<i>2.7</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	
+ Change in other liabs	-7	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-5	-5	-5	-5	-5	-5	-5	-5	-6	-6	
<i>opCAPEX / Sales, %</i>	<i>4.0</i>	<i>3.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	
- Acquisitions	-7	-4	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	1	0	0	0	0	0	0	0	0	0	0	
= FCFF	11	33	42	44	44	45	46	46	47	48	49	801
= Discounted FCFF		32	37	36	33	31	29	27	26	24	23	371
= DFCF min WACC		32	37	36	34	32	30	28	27	25	24	421
= DFCF max WACC		32	37	35	33	30	28	26	25	23	22	329

Commercial Services & Supplies/Finland, May 6, 2022
Company update

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	73.0	75.0	66.9	85.3	300.1	89.6	88.8	78.1	99.0	355.4	375.5	392.3
EBITDA	11.0	11.1	9.2	12.4	43.6	12.6	12.3	10.7	14.1	49.8	54.6	56.6
<i>EBITDA margin (%)</i>	<i>15.1</i>	<i>14.8</i>	<i>13.7</i>	<i>14.5</i>	<i>14.5</i>	<i>14.0</i>	<i>13.9</i>	<i>13.7</i>	<i>14.3</i>	<i>14.0</i>	<i>14.5</i>	<i>14.4</i>
EBIT	6.6	6.7	4.7	7.8	25.8	7.6	7.4	5.8	9.2	30.1	34.0	36.3
<i>EBIT margin (%)</i>	<i>9.0</i>	<i>9.0</i>	<i>7.0</i>	<i>9.2</i>	<i>8.6</i>	<i>8.5</i>	<i>8.4</i>	<i>7.4</i>	<i>9.3</i>	<i>8.5</i>	<i>9.1</i>	<i>9.3</i>
Net financial items	-0.1	-0.4	-0.2	-0.2	-0.9	-0.3	-0.3	-0.3	-0.3	-1.4	-1.2	-1.0
Pre-tax profit	6.5	6.3	4.5	7.7	24.9	7.3	7.1	5.5	8.9	28.7	32.8	35.3
Tax	-1.2	-1.4	-1.0	-1.3	-4.8	-1.5	-1.4	-1.1	-1.8	-5.8	-6.6	-7.1
<i>Tax rate (%)</i>	<i>17.9</i>	<i>22.1</i>	<i>21.9</i>	<i>16.9</i>	<i>19.4</i>	<i>20.5</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.1</i>	<i>20.1</i>	<i>20.1</i>
Net profit	5.3	4.9	3.5	6.4	20.1	5.8	5.7	4.4	7.1	22.9	26.2	28.2
EPS	0.21	0.20	0.14	0.25	0.80	0.23	0.23	0.17	0.28	0.91	1.04	1.13
EPS adjusted (diluted no. of shares)	0.21	0.20	0.14	0.25	0.80	0.23	0.23	0.17	0.28	0.91	1.04	1.13
Dividend per share	0.00	0.00	0.00	0.00	0.40	0.00	0.00	0.00	0.00	0.46	0.52	0.56
SALES, EURm												
Engineering Solutions	41.4	42.0	36.9	47.1	167.5	46.7	46.0	40.1	50.6	183.4	190.8	198.4
Software and Embedded Solutions	18.8	19.9	18.1	23.4	80.1	24.6	24.6	22.0	28.8	100.0	107.0	112.4
Technical Documentation Solutions	12.5	13.0	11.8	14.3	51.6	18.1	18.0	15.9	19.4	71.3	77.0	80.9
Other	0.2	0.2	0.1	0.4	0.9	0.2	0.2	0.2	0.2	0.7	0.7	0.7
Total	73.0	75.0	66.9	85.3	300.1	89.6	88.8	78.1	99.0	355.4	375.5	392.3
SALES GROWTH, Y/Y %												
<i>Engineering Solutions</i>	<i>0.2</i>	<i>17.0</i>	<i>19.0</i>	<i>16.0</i>	<i>12.5</i>	<i>12.8</i>	<i>9.5</i>	<i>8.6</i>	<i>7.5</i>	<i>9.5</i>	<i>4.0</i>	<i>4.0</i>
<i>Software and Embedded Solutions</i>	<i>10.9</i>	<i>30.3</i>	<i>30.9</i>	<i>32.2</i>	<i>25.8</i>	<i>30.8</i>	<i>23.9</i>	<i>21.7</i>	<i>23.2</i>	<i>24.8</i>	<i>7.0</i>	<i>5.0</i>
<i>Technical Documentation Solutions</i>	<i>-2.3</i>	<i>11.8</i>	<i>15.1</i>	<i>20.8</i>	<i>10.9</i>	<i>44.3</i>	<i>38.7</i>	<i>35.0</i>	<i>35.0</i>	<i>38.2</i>	<i>8.0</i>	<i>5.0</i>
<i>Other</i>	<i>15.9</i>	<i>43.8</i>	<i>-42.3</i>	<i>190.2</i>	<i>52.2</i>	<i>-7.9</i>	<i>-13.0</i>	<i>86.0</i>	<i>-64.0</i>	<i>-27.5</i>	<i>0.0</i>	<i>0.0</i>
Total	2.3	19.3	21.1	21.3	15.6	22.8	18.3	16.9	16.1	18.4	5.6	4.5
EBIT, EURm												
Engineering Solutions	4.4	4.2	3.0	5.0	16.6	4.9	4.6	3.6	5.3	18.4	18.7	19.4
Software and Embedded Solutions	2.1	2.2	1.6	2.4	8.3	2.3	2.3	2.0	3.0	9.7	11.8	12.4
Technical Documentation Solutions	1.4	1.6	1.2	1.7	5.9	1.8	2.0	1.7	2.4	7.9	9.2	9.7
Other	-1.3	-1.2	-1.2	-1.3	-5.0	-1.5	-1.5	-1.5	-1.5	-5.9	-5.7	-5.2
Total	6.6	6.7	4.7	7.8	25.8	7.6	7.4	5.8	9.2	30.1	34.0	36.3
EBIT margin, %												
<i>Engineering Solutions</i>	<i>10.6</i>	<i>9.9</i>	<i>8.2</i>	<i>10.6</i>	<i>9.9</i>	<i>10.6</i>	<i>10.0</i>	<i>9.0</i>	<i>10.5</i>	<i>10.0</i>	<i>9.8</i>	<i>9.8</i>
<i>Software and Embedded Solutions</i>	<i>11.1</i>	<i>10.9</i>	<i>9.1</i>	<i>10.3</i>	<i>10.4</i>	<i>9.5</i>	<i>9.5</i>	<i>9.1</i>	<i>10.4</i>	<i>9.7</i>	<i>11.0</i>	<i>11.0</i>
<i>Technical Documentation Solutions</i>	<i>11.0</i>	<i>12.5</i>	<i>10.2</i>	<i>12.0</i>	<i>11.5</i>	<i>10.1</i>	<i>11.1</i>	<i>10.7</i>	<i>12.4</i>	<i>11.1</i>	<i>12.0</i>	<i>12.0</i>
<i>Other</i>	<i>-665.3</i>	<i>-676.1</i>	<i>-1,429.1</i>	<i>-288.7</i>	<i>-555.2</i>	<i>-846.3</i>	<i>-925.0</i>	<i>-925.0</i>	<i>-925.0</i>	<i>-904.0</i>	<i>-869.2</i>	<i>-792.8</i>
Total	9.0	9.0	7.0	9.2	8.6	8.5	8.4	7.4	9.3	8.5	9.1	9.3

Commercial Services & Supplies/Finland, May 6, 2022
Company update

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	214.6	236.4	262.7	259.7	300.1	355.4	375.5	392.3
<i>Sales growth (%)</i>	<i>16.7</i>	<i>10.1</i>	<i>11.1</i>	<i>-1.1</i>	<i>15.6</i>	<i>18.4</i>	<i>5.6</i>	<i>4.5</i>
EBITDA	20.8	26.0	37.5	40.4	43.6	49.8	54.6	56.6
<i>EBITDA margin (%)</i>	<i>9.7</i>	<i>11.0</i>	<i>14.3</i>	<i>15.6</i>	<i>14.5</i>	<i>14.0</i>	<i>14.5</i>	<i>14.4</i>
Depreciation	-5.3	-5.8	-14.7	-18.0	-17.8	-19.6	-20.6	-20.3
EBITA	15.5	20.2	22.8	22.4	25.8	30.1	34.0	36.3
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	15.5	20.2	22.8	22.4	25.8	30.1	34.0	36.3
<i>EBIT margin (%)</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.5</i>	<i>9.1</i>	<i>9.3</i>
Reported EBIT	15.5	20.2	22.8	22.4	25.8	30.1	34.0	36.3
<i>EBIT margin (reported) (%)</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.5</i>	<i>9.1</i>	<i>9.3</i>
Net financials	-0.7	-0.8	-0.9	-1.3	-0.9	-1.4	-1.2	-1.0
Pre-tax profit	14.7	19.4	21.9	21.1	24.9	28.7	32.8	35.3
Taxes	-3.2	-4.1	-4.5	-4.0	-4.8	-5.8	-6.6	-7.1
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	11.6	15.3	17.4	17.1	20.1	22.9	26.2	28.2
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	26	30	29	32	29	25	23
Goodwill	59	65	79	84	92	95	95	95
Right of use assets	0	12	15	23	22	25	27	28
Inventory	0	0	0	0	0	0	0	0
Receivables	53	53	62	57	75	89	94	98
Liquid funds	10	16	16	24	30	36	38	40
Total assets	144	173	203	218	253	276	281	285
Liabilities								
Shareholder's equity	58	68	77	87	99	112	127	142
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	12	16	24	23	25	27	28
Deferred taxes	3	5	6	7	7	7	7	7
Interest bearing debt	35	36	41	40	56	51	35	20
Non-interest bearing current liabilities	46	48	61	57	66	78	82	86
Other interest-free debt	2	4	2	2	3	3	3	3
Total liabilities	144	173	203	218	253	276	281	285
CASH FLOW, EURm								
+ EBITDA	21	26	38	40	44	50	55	57
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-2	-4	-4	-5	-6	-6	-7	-7
- Increase in Net Working Capital	1	2	4	1	-10	-2	-1	-1
+/- Other	0	-1	-4	3	1	0	0	0
= Cash flow from operations	18	23	33	38	27	41	46	48
- Capex	-2	-2	-13	-21	-12	-19	-18	-19
- Acquisitions	-3	-8	-21	-6	-7	-4	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	13	13	-1	11	8	18	28	29
+/- New issues/buybacks	-2	0	-1	2	0	0	0	0
- Paid dividend	-4	-6	-7	-9	-8	-10	-11	-13
+/- Other	-1	-1	9	4	6	-2	-14	-14
Change in cash	5	6	0	9	6	6	2	2

Commercial Services & Supplies/Finland, May 6, 2022
Company update

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	198	253	323	424	404	404	404
Net debt (excl. convertibles)	32	40	41	48	40	24	8
Enterprise value	231	294	364	472	444	428	412
Sales	236	263	260	300	355	375	392
EBITDA	26	38	40	44	50	55	57
EBIT	20	23	22	26	30	34	36
Pre-tax	19	22	21	25	29	33	35
Earnings	15	17	17	20	23	26	28
Equity book value (excl. minorities)	68	77	87	99	112	127	142
Valuation multiples							
EV/sales	1.0	1.1	1.4	1.6	1.2	1.1	1.1
EV/EBITDA	8.9	7.8	9.0	10.8	8.9	7.8	7.3
EV/EBITA	11.4	12.9	16.2	18.3	14.8	12.6	11.3
EV/EBIT	11.4	12.9	16.2	18.3	14.8	12.6	11.3
EV/OCF	10.0	8.9	9.6	17.4	10.9	9.3	8.6
EV/FCFF	16.9	27.3	11.5	41.1	13.3	10.1	9.4
P/FCFE	15.2	-247.0	29.2	52.6	22.6	14.6	14.0
P/E	13.0	15.6	18.9	21.1	17.6	15.4	14.3
P/B	2.9	3.3	3.7	4.3	3.6	3.2	2.9
Target EV/EBITDA	0.0	0.0	0.0	0.0	9.4	8.3	7.7
Target EV/EBIT	0.0	0.0	0.0	0.0	15.5	13.2	12.0
Target EV/FCF	0.0	0.0	0.0	0.0	26.1	16.3	15.0
Target P/B	0.0	0.0	0.0	0.0	3.8	3.4	3.0
Target P/E	0.0	0.0	0.0	0.0	18.6	16.3	15.1
Per share measures							
Number of shares	24,963	24,963	24,963	25,083	25,083	25,083	25,083
Number of shares (diluted)	24,963	24,963	24,963	25,083	25,083	25,083	25,083
EPS	0.61	0.70	0.68	0.80	0.91	1.04	1.13
Operating cash flow per share	0.92	1.32	1.52	1.08	1.63	1.84	1.91
Free cash flow per share	0.52	-0.04	0.44	0.32	0.71	1.11	1.15
Book value per share	2.71	3.07	3.49	3.94	4.46	5.04	5.65
Dividend per share	0.30	0.35	0.34	0.40	0.46	0.52	0.56
Dividend payout ratio, %	49.0	50.2	49.6	49.9	50.0	50.0	50.0
Dividend yield, %	3.8	3.4	2.6	2.4	2.8	3.2	3.5
FCF yield, %	6.6	-0.4	3.4	1.9	4.4	6.9	7.2
Efficiency measures							
ROE	24.4	24.1	20.9	21.6	21.8	22.0	21.0
ROCE	19.3	18.3	15.7	15.7	16.5	18.1	19.2
Financial ratios							
Inventories as % of sales	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Receivables as % of sales	22.4	23.6	21.8	24.9	24.9	24.9	24.9
Non-interest bearing liabilities as % of sales	20.5	23.2	22.1	21.8	21.8	21.8	21.8
NWC/sales, %	1.3	-0.5	-0.9	2.6	2.7	2.7	2.8
Operative CAPEX/sales, %	0.7	4.9	8.1	4.0	3.9	4.9	4.9
CAPEX/sales (incl. acquisitions), %	-2.8	-3.1	5.9	1.7	1.4	4.9	4.9
FCFF/EBITDA	0.5	0.3	0.8	0.3	0.7	0.8	0.8
Net debt/EBITDA, book-weighted	1.3	1.1	1.0	1.1	0.8	0.4	0.1
Debt/equity, market-weighted	0.2	0.2	0.1	0.1	0.1	0.1	0.0
Equity ratio, book-weighted	39.1	37.8	40.0	39.1	40.6	45.1	49.7
Gearing, %	48.1	52.6	46.6	48.7	36.0	19.0	5.8

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 provide a minor boost to margins.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,580,000	266.938	66.1%
Oy Fincorp Ab	2,523,384	40.626	10.1%
Varma Mutual Pension Insurance Company	985,593	15.868	3.9%
SEB Gyllenberg Finland Small Cap Fund	480,000	7.728	1.9%
Tuori Klaus	309,134	4.977	1.2%
Tuori Aino	308,275	4.963	1.2%
Ilmarinen Mutual Pension Insurance Company	288,311	4.642	1.1%
Elo Mutual Pension Insurance Company	209,662	3.376	0.8%
VAS Invest Oy	194,035	3.124	0.8%
Taaleri Mikro Markka fund	164,048	2.641	0.7%
Ten largest	22,042,442	354.883	88%
Residual	3,040,866	48.958	12%
Total	25,083,308	403.841	100%

EARNINGS CALENDAR

August 10, 2022	Q2 report
October 28, 2022	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Juha Näkki	Tekniikantie 4 B, 02150 Espoo
CFO: Helena Kukkonen	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

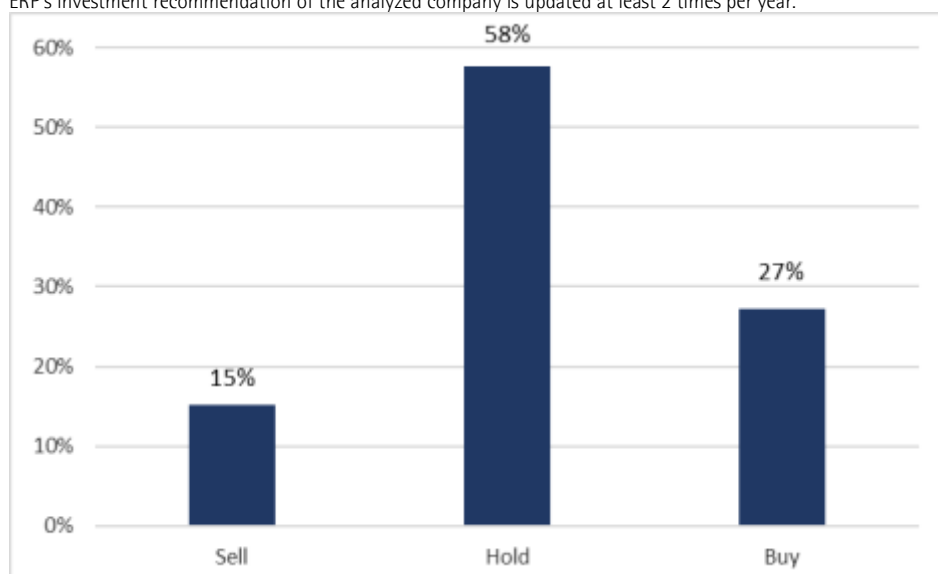
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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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

Arttu Heikura	+358 40 082 8098
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
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EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

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