

Downgrade to HOLD

Etteplan's operative performance was good in Q3 although bottom-line figures were weaker than expected. The market outlook appears to be taking some toll on growth ambitions and uncertainty is increasing. We lower our rating to HOLD (BUY) with a target price of EUR 13.5 (15.0).

Operatively good quarter, bottom-line below estimates

Etteplan reported operatively good Q3 results. Net sales in Q3 were EUR 80.3m (EUR 78.1m/78.4m Evli/Cons.), with growth of some 20% y/y (12.0% organic excl. FX). EBIT amounted to EUR 5.8m (EUR 4.7m/5.2m Evli/cons.) and some EUR 6.5m excl. one-offs (Evli EUR 5.7m). Bottom-line figures were below our expectations, as financial items relating to the Semcon offer were clearly larger than anticipated. As a result, despite the better operating performance, EPS was negative at EUR -0.03 (EUR 0.04/0.01 Evli/cons.). Etteplan adjusted its guidance, expecting revenue of EUR 345-360m (340-370m) and EBIT of EUR 28-31m (28-32m).

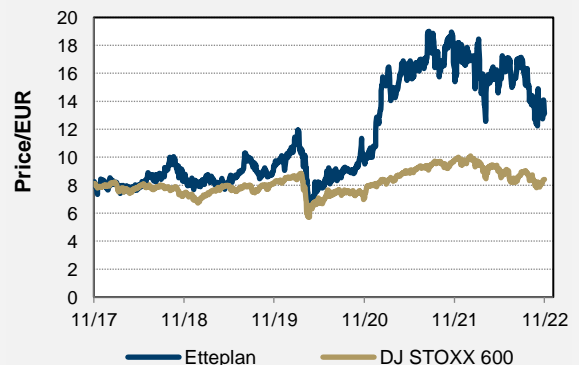
Taking growth ambitions down a notch

Etteplan's comments related to the market outlook were slightly on the negative side. Further softness is seen in China and Etteplan has also pre-emptively taken a more conservative approach to recruitments. Expectations are still good for the remainder of the year and signs of a significant decline in demand remain somewhat limited, although fluctuations in different customer segments are high and visibility going forward is lower. Our 2022 operative estimates are slightly up given the better than anticipated Q3 figures, currency hedging still poses a risk for the bottom line. We have also slightly lowered our estimates for the coming years based on an anticipated slow-down in growth.

HOLD (BUY) with a target price of EUR 13.5 (15.0)

Uncertainty going forward is clearly increasing, and although we for now do not see a reason to interpret the company's comments in Q3 as indicative of any major downswing, some added caution is warranted. We lower our TP to EUR 13.5 (15.0) and our rating to HOLD, valuing Etteplan at ~14.0x 2023e P/E.

Rating

■ HOLD


Share price, EUR (Last trading day's closing price)	13.10
Target price, EUR	13.5

Latest change in recommendation	23-Aug-22
Latest report on company	17-Oct-22
Research paid by issuer:	YES
No. of shares outstanding, '000's	25,042
No. of shares fully diluted, '000's	25,042
Market cap, EURm	328
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	17-Feb-23
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
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	358.1	29.1	8.1%	-0.6	0.64	15.8	1.1	13.3	-0.2	0.32
2023E	375.8	31.4	8.4%	26.0	0.96	13.6	1.0	11.7	7.9	0.48
2024E	392.7	35.5	9.0%	28.2	1.10	11.9	0.9	9.9	8.6	0.55
Market cap, EURm		328	Gearing 2022E, %			56.0	CAGR EPS 2021-24, %			11.0
Net debt 2022E, EURm		59	Price/book 2022E			3.1	CAGR sales 2021-24, %			9.4
Enterprise value, EURm		387	Dividend yield 2022E, %			2.4	ROE 2022E, %			15.7
Total assets 2022E, EURm		286	Tax rate 2022E, %			20.7	ROCE 2022E, %			15.5
Goodwill 2022E, EURm		107	Equity ratio 2022E, %			36.7	PEG, P/E 22/CAGR			1.4

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/'22	Q3/'22	Q4/'22E	2022E	2023E	2024E
Net sales	259.7	73.0	75.0	66.9	85.3	300.1	89.6	89.3	80.3	99.0	358.1	375.8	392.7
<i>sales growth %</i>	-1.2%	2.3%	19.3%	21.1%	21.3%	15.6%	22.8%	18.9%	20.1%	16.1%	19.3%	5.0%	4.5%
EBITA	26.2	7.7	7.8	5.7	9.0	30.1	9.0	8.1	7.1	10.2	34.4	36.4	40.0
<i>EBITA margin</i>	10.1%	10.5%	10.4%	8.5%	10.5%	10.0%	10.0%	9.1%	8.8%	10.3%	9.6%	9.7%	10.2%
EBIT	22.4	6.6	6.7	4.7	7.8	25.8	7.6	6.8	5.8	8.9	29.1	31.4	35.5
<i>EBIT margin</i>	8.6%	9.0%	9.0%	7.0%	9.2%	8.6%	8.5%	7.6%	7.2%	9.0%	8.1%	8.4%	9.0%
EBIT (excl. NRIs)	23.3	6.6	7.1	4.8	7.9	26.5	7.9	7.2	6.5	8.9	30.5	31.4	35.5
<i>-margin</i>	9.0%	9.0%	9.5%	7.2%	9.3%	8.8%	8.8%	8.0%	8.1%	9.0%	8.5%	8.4%	9.0%
Engineering Solutions	2020	Q1/'21	Q2/'21	Q3/'21	Q4/'21	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22E	2022E	2023E	2024E
Net sales	148.9	41.4	42.0	36.9	47.1	167.5	46.7	46.2	41.9	50.6	185.4	192.9	200.6
<i>sales growth %</i>	1.3%	0.2%	17.0%	19.0%	16.0%	12.5%	12.8%	10.0%	13.4%	7.5%	10.7%	4.0%	4.0%
EBITA	14.7	4.4	4.2	3.0	5.0	16.6	4.9	4.9	4.3	5.3	19.4	19.3	20.1
<i>EBITA margin</i>	9.9%	10.6%	9.9%	8.2%	10.6%	9.9%	10.6%	10.6%	10.3%	10.5%	10.5%	10.0%	10.0%
Software and Embedded Solutions	2020	Q1/'21	Q2/'21	Q3/'21	Q4/'21	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22E	2022E	2023E	2024E
Net sales	63.7	18.8	19.9	18.1	23.4	80.1	24.6	25.1	22.0	28.8	100.5	106.5	111.9
<i>sales growth %</i>	-5.6%	10.9%	30.3%	30.9%	32.2%	25.8%	30.8%	26.5%	21.4%	23.2%	25.4%	6.0%	5.0%
EBITA	7.1	2.1	2.2	1.6	2.4	8.3	2.3	1.9	2.2	3.1	9.5	10.7	12.3
<i>EBITA margin</i>	11.1%	11.1%	10.9%	9.1%	10.3%	10.4%	9.5%	7.4%	9.9%	10.8%	9.4%	10.0%	11.0%
Technical Documentation Solutions	2020	Q1/'21	Q2/'21	Q3/'21	Q4/'21	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22E	2022E	2023E	2024E
Net sales	46.5	12.5	13.0	11.8	14.3	51.6	18.1	17.7	16.3	19.4	71.5	75.8	79.6
<i>sales growth %</i>	-3.5%	-2.3%	11.8%	15.1%	20.8%	10.9%	44.3%	36.4%	38.8%	35.0%	38.5%	6.0%	5.0%
EBITA	4.6	1.4	1.6	1.2	1.7	5.9	1.8	1.5	1.3	2.0	6.7	7.2	8.4
<i>EBITA margin</i>	9.8%	11.0%	12.5%	10.2%	12.0%	11.5%	10.1%	8.7%	8.1%	10.3%	9.4%	9.5%	10.5%

Source: Etteplan, Evli Research estimates

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		22	23	24	22	23	24	22	23	24
SWECO	2725	12.4x	12.0x	10.9x	16.3x	16.1x	14.3x	18.9x	18.3x	16.3x
AFRY	1538	8.6x	8.3x	7.6x	13.1x	12.1x	10.8x	12.8x	12.2x	10.9x
Semcon	254	11.7x	10.4x	9.9x	12.7x	12.1x	11.5x	16.7x	16.5x	15.7x
Alten	4026	8.9x	8.5x	8.0x	10.7x	10.2x	9.6x	14.0x	13.5x	12.7x
Bertrandt	304							9.6x	6.5x	
TietoEVRY	2859	7.8x	7.2x	6.9x	11.1x	10.2x	9.5x	11.2x	10.3x	9.7x
Peer Group Average	1546	9.9x	9.3x	8.7x	12.8x	12.1x	11.1x	13.9x	12.9x	13.0x
Peer Group Median	935	8.9x	8.5x	8.0x	12.7x	12.1x	10.8x	13.4x	12.8x	12.7x
Etteplan (Evli est.)	328	7.9x	7.0x	6.3x	13.3x	11.7x	9.9x	14.3x	13.6x	11.9x

Etteplan prem./disc. to peer median

-10 % -16 % -19 % 10 % -1 % -7 % 12 % 6 % -1 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	13.10 PV of Free Cash Flow	296 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	24.95 PV of Horizon value	387 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	90.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	27.2 Marketable securities	30 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	23.0 Debt - dividend	-89 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	56.6 Value of stock	625 Nr of shares, Mn	25.0 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	300	358	376	393	402	413	423	433	444	455	464	474
<i>Sales growth, %</i>	<i>15.6</i>	<i>19.3</i>	<i>5.0</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	29	31	36	37	38	39	40	41	42	43	43
<i>Operating income margin, %</i>	<i>8.6</i>	<i>8.1</i>	<i>8.4</i>	<i>9.0</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	21	21	20	20	21	21	21	22	
EBITDA	44	49	52	56	57	58	59	60	62	63	64	
- Paid taxes	-6	-6	-7	-7	-8	-8	-8	-8	-8	-9	-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>2.8</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>	<i>2.8</i>	
+ Change in other liabs	-7	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	1	-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>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.8</i>	
- Acquisitions	-7	-21	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	21	41	43	45	45	46	47	47	48	50	803
= Discounted FCFF		21	37	37	35	32	30	28	27	25	24	387
= DFCF min WACC		21	37	37	35	33	31	29	28	26	25	438
= DFCF max WACC		21	37	36	34	32	30	28	26	24	23	343

Commercial Services & Supplies/Finland, November 1, 2022
Company update

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	2022Q3	2022Q4E	2022E	2023E	2024E
Net sales	73.0	75.0	66.9	85.3	300.1	89.6	89.3	80.3	99.0	358.1	375.8	392.7
EBITDA	11.0	11.1	9.2	12.4	43.6	12.6	11.8	10.9	14.0	49.2	52.5	56.1
<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>13.2</i>	<i>13.5</i>	<i>14.2</i>	<i>13.8</i>	<i>14.0</i>	<i>14.3</i>
EBIT	6.6	6.7	4.7	7.8	25.8	7.6	6.8	5.8	8.9	29.1	31.4	35.5
<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>7.6</i>	<i>7.2</i>	<i>9.0</i>	<i>8.1</i>	<i>8.4</i>	<i>9.0</i>
Net financial items	-0.1	-0.4	-0.2	-0.2	-0.9	-0.3	0.0	-6.2	-2.3	-8.9	-1.1	-0.9
Pre-tax profit	6.5	6.3	4.5	7.7	24.9	7.3	6.8	-0.4	6.6	20.2	30.3	34.6
Tax	-1.2	-1.4	-1.0	-1.3	-4.8	-1.5	-1.2	-0.2	-1.3	-4.2	-6.3	-7.2
<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>17.4</i>	<i>-43.2</i>	<i>20.0</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>
Net profit	5.3	4.9	3.5	6.4	20.1	5.8	5.6	-0.6	5.3	16.0	24.1	27.5
EPS	0.21	0.20	0.14	0.25	0.80	0.23	0.22	-0.03	0.21	0.64	0.96	1.10
EPS adjusted (diluted no. of shares)	0.21	0.20	0.14	0.25	0.80	0.23	0.22	0.10	0.27	0.83	0.96	1.10
Dividend per share	0.00	0.00	0.00	0.00	0.40	0.00	0.00	0.00	0.00	0.32	0.48	0.55
SALES, EURm												
Engineering Solutions	41.4	42.0	36.9	47.1	167.5	46.7	46.2	41.9	50.6	185.4	192.9	200.6
Software and Embedded Solutions	18.8	19.9	18.1	23.4	80.1	24.6	25.1	22.0	28.8	100.5	106.5	111.9
Technical Documentation Solutions	12.5	13.0	11.8	14.3	51.6	18.1	17.7	16.3	19.4	71.5	75.8	79.6
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	89.3	80.3	99.0	358.1	375.8	392.7
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>10.0</i>	<i>13.4</i>	<i>7.5</i>	<i>10.7</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>26.5</i>	<i>21.4</i>	<i>23.2</i>	<i>25.4</i>	<i>6.0</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>36.4</i>	<i>38.8</i>	<i>35.0</i>	<i>38.5</i>	<i>6.0</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>9.2</i>	<i>77.9</i>	<i>-64.0</i>	<i>-23.8</i>	<i>0.0</i>	<i>0.0</i>
Total	2.3	19.3	21.1	21.3	15.6	22.8	18.9	20.1	16.1	19.3	5.0	4.5
EBIT, EURm												
Engineering Solutions	4.4	4.2	3.0	5.0	16.6	4.9	4.9	4.3	5.3	19.4	19.3	20.1
Software and Embedded Solutions	2.1	2.2	1.6	2.4	8.3	2.3	1.9	2.2	3.1	9.5	10.7	12.3
Technical Documentation Solutions	1.4	1.6	1.2	1.7	5.9	1.8	1.5	1.3	2.0	6.7	7.2	8.4
Other	-1.3	-1.2	-1.2	-1.3	-5.0	-1.5	-1.5	-2.0	-1.5	-6.5	-5.7	-5.2
Total	6.6	6.7	4.7	7.8	25.8	7.6	6.8	5.8	8.9	29.1	31.4	35.5
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>10.6</i>	<i>10.3</i>	<i>10.5</i>	<i>10.5</i>	<i>10.0</i>	<i>10.0</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>7.4</i>	<i>9.9</i>	<i>10.8</i>	<i>9.4</i>	<i>10.0</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>8.7</i>	<i>8.1</i>	<i>10.3</i>	<i>9.4</i>	<i>9.5</i>	<i>10.5</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>-739.3</i>	<i>-1,326.1</i>	<i>-925.0</i>	<i>-939.9</i>	<i>-827.3</i>	<i>-754.7</i>
Total	9.0	9.0	7.0	9.2	8.6	8.5	7.6	7.2	9.0	8.1	8.4	9.0

Commercial Services & Supplies/Finland, November 1, 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	358.1	375.8	392.7
<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>19.3</i>	<i>5.0</i>	<i>4.5</i>
EBITDA	20.8	26.0	37.5	40.4	43.6	49.2	52.5	56.1
<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>13.8</i>	<i>14.0</i>	<i>14.3</i>
Depreciation	-5.3	-5.8	-14.7	-18.0	-17.8	-20.1	-21.1	-20.6
EBITA	15.5	20.2	22.8	22.4	25.8	29.1	31.4	35.5
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	29.1	31.4	35.5
<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>8.1</i>	<i>8.4</i>	<i>9.0</i>
Reported EBIT	15.5	20.2	22.8	22.4	25.8	29.1	31.4	35.5
<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>8.1</i>	<i>8.4</i>	<i>9.0</i>
Net financials	-0.7	-0.8	-0.9	-1.3	-0.9	-8.9	-1.1	-0.9
Pre-tax profit	14.7	19.4	21.9	21.1	24.9	20.2	30.3	34.6
Taxes	-3.2	-4.1	-4.5	-4.0	-4.8	-4.2	-6.3	-7.2
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	16.0	24.1	27.5
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								
Assets								
Fixed assets	22	26	30	29	32	29	25	22
Goodwill	59	65	79	84	92	107	107	107
Right of use assets	0	12	15	23	22	26	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	34	36	37
Total assets	144	173	203	218	253	286	290	294
Liabilities								
Shareholder's equity	58	68	77	87	99	105	121	136
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	26	27	28
Deferred taxes	3	5	6	7	7	7	7	7
Interest bearing debt	35	36	41	40	56	67	50	34
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	286	290	294
CASH FLOW, EURm								
+ EBITDA	21	26	38	40	44	49	52	56
- Net financial items	-1	-1	-1	-1	-1	-9	-1	-1
- Taxes	-2	-4	-4	-5	-6	-4	-6	-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	34	45	48
- Capex	-2	-2	-13	-21	-12	-14	-19	-19
- Acquisitions	-3	-8	-21	-6	-7	-21	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	13	13	-1	11	8	-1	26	28
+/- New issues/buybacks	-2	0	-1	2	0	0	0	0
- Paid dividend	-4	-6	-7	-9	-8	-10	-8	-12
+/- Other	-1	-1	9	4	6	14	-16	-15
Change in cash	5	6	0	9	6	4	2	2

Commercial Services & Supplies/Finland, November 1, 2022
Company update

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	198	253	323	424	328	328	328
Net debt (excl. convertibles)	32	40	41	48	59	41	25
Enterprise value	231	294	364	472	387	369	353
Sales	236	263	260	300	358	376	393
EBITDA	26	38	40	44	49	52	56
EBIT	20	23	22	26	29	31	36
Pre-tax	19	22	21	25	20	30	35
Earnings	15	17	17	20	16	24	27
Equity book value (excl. minorities)	68	77	87	99	105	121	136
Valuation multiples							
EV/sales	1.0	1.1	1.4	1.6	1.1	1.0	0.9
EV/EBITDA	8.9	7.8	9.0	10.8	7.9	7.0	6.3
EV/EBITA	11.4	12.9	16.2	18.3	13.3	11.7	9.9
EV/EBIT	11.4	12.9	16.2	18.3	13.3	11.7	9.9
EV/OCF	10.0	8.9	9.6	17.4	11.3	8.3	7.4
EV/FCFF	16.9	27.3	11.5	41.1	18.2	9.0	8.1
P/FCFE	15.2	-247.0	29.2	52.6	-570.6	12.6	11.6
P/E	13.0	15.6	18.9	21.1	15.8	13.6	11.9
P/B	2.9	3.3	3.7	4.3	3.1	2.7	2.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.1	7.2	6.5
Target EV/EBIT	0.0	0.0	0.0	0.0	13.6	12.1	10.2
Target EV/FCF	0.0	0.0	0.0	0.0	-690.2	14.6	12.9
Target P/B	0.0	0.0	0.0	0.0	3.2	2.8	2.5
Target P/E	0.0	0.0	0.0	0.0	16.3	14.0	12.3
Per share measures							
Number of shares	24,963	24,963	24,963	25,083	25,042	25,042	25,042
Number of shares (diluted)	24,963	24,963	24,963	25,083	25,042	25,042	25,042
EPS	0.61	0.70	0.68	0.80	0.64	0.96	1.10
Operating cash flow per share	0.92	1.32	1.52	1.08	1.37	1.78	1.90
Free cash flow per share	0.52	-0.04	0.44	0.32	-0.02	1.04	1.13
Book value per share	2.71	3.07	3.49	3.94	4.19	4.83	5.45
Dividend per share	0.30	0.35	0.34	0.40	0.32	0.48	0.55
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	2.4	3.7	4.2
FCF yield, %	6.6	-0.4	3.4	1.9	-0.2	7.9	8.6
Efficiency measures							
ROE	24.4	24.1	20.9	21.6	15.7	21.3	21.3
ROCE	19.3	18.3	15.7	15.7	15.5	15.9	18.0
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	2.8	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	-2.0	4.9	4.9
FCFF/EBITDA	0.5	0.3	0.8	0.3	0.4	0.8	0.8
Net debt/EBITDA, book-weighted	1.3	1.1	1.0	1.1	1.2	0.8	0.4
Debt/equity, market-weighted	0.2	0.2	0.1	0.1	0.2	0.2	0.1
Equity ratio, book-weighted	39.1	37.8	40.0	39.1	36.7	41.8	46.4
Gearing, %	48.1	52.6	46.6	48.7	56.0	33.7	18.0

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 but some smaller challenges in Technical Documentation Solutions and Software and Embedded Solutions still remain. Bringing those service areas up to par and optimization of resources through an increase in Managed services and an increase in own software products could provide a further boost to margins. In the near-term, uncertainty is elevated by the anticipated slow-down of the economy.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,661,384	218.264	66.5%
Oy Fincorp Ab	2,526,359	33.095	10.1%
Varma Mutual Pension Insurance Company	985,593	12.911	3.9%
Tuori Klaus	309,134	4.050	1.2%
Tuori Aino	308,275	4.038	1.2%
Ilmarinen Mutual Pension Insurance Company	288,311	3.777	1.2%
Elo Mutual Pension Insurance Company	209,662	2.747	0.8%
VAS Invest Oy	194,035	2.542	0.8%
Taaleri Mikro Markka fund	164,048	2.149	0.7%
Etteplan Oyj	159,046	2.084	0.6%
Ten largest	21,805,847	285.657	87%
Residual	3,235,900	42.390	13%
Total	25,041,747	328.047	100%

EARNINGS CALENDAR	
February 17, 2023	FY 2022 Results
May 11, 2023	Q1 report
August 10, 2023	Q2 report
October 31, 2023	Q3 report
OTHER EVENTS	

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

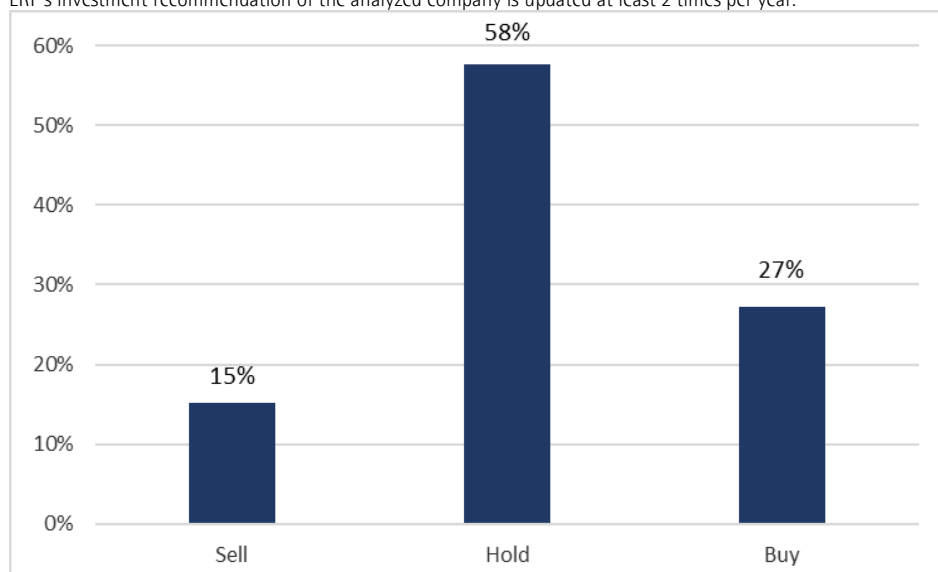
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< -10 %	SELL
-10 – (+10) %	HOLD
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Name(s) of the analyst(s): Salokivi

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