

Looking quite good despite headwinds

Despite a below expectations Q4, at least partly due to increased sickness-related absences, we see slightly improving expectations for 2023. We adjust our target price to EUR 16.0 (15.0), HOLD-rating intact.

Q4 fell short of expectations

Etteplan reported Q4 results below expectations. Revenue grew 6.8% (organic 1.0%, org. const. FX 2.8%) to EUR 91.0m (EUR 99.0m/98.0m Evli/cons.) while EBIT came in at EUR 8.4m (EUR 8.9m/9.0m Evli/cons.). Growth was affected by a high level of sickness-related absences. On a service area level Engineering solutions continued solid performance. Software and Embedded Solutions saw good improvements in profitability from actions previously taken to enhance operational efficiency. Technical Documentation Solutions saw lower profitability due to below expectations performance of the in 2022 acquired Cognitas. The BoD proposed a dividend of EUR 0.36 (0.32/0.34 Evli cons.).

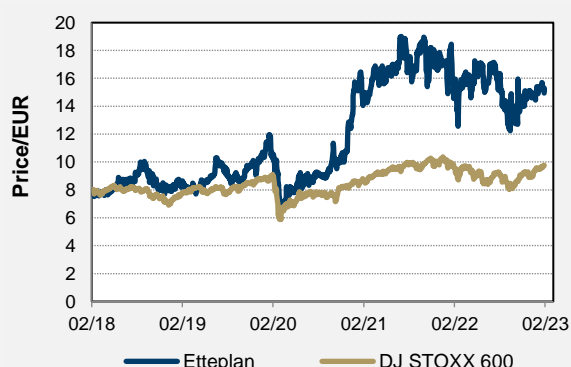
2023 expectations rather decent despite headwinds

Considering the below expectations Q4, Etteplan's 2023 revenue guidance (EUR 360-390m) is slightly better than we expected, with our pre-Q4 estimates at the guidance range mid-point. The EBIT guidance of EUR 28-33m was slightly below expectations on the mid-point. Our 2023 estimates are essentially unchanged, revenue expectations at EUR 375.3m and EBIT at EUR 31.5m. Margins are under pressure through wage inflation, but we continue to earnings improvement potential through improved operational efficiency in Software and Embedded Solutions and Technical Documentation Solutions while also assuming decent prerequisites to transfer inflation to prices. Further M&A activity also provides good potential for more rapid growth.

HOLD with a target price of EUR 16.0 (15.0)

Despite elevated uncertainty and cost inflation and a more recent slow-down in recruitments having an impact, the outlook going forward still generally appears quite favourable and Etteplan further noted a positive development direction of market sentiment. We adjust our TP to EUR 16.0 (15.0), valuing Etteplan at ~17x 2023e P/E, HOLD-rating intact.

Rating



Share price, EUR (Last trading day's closing price) 14.95

Target price, EUR 16.0

Latest change in recommendation 31-Oct-22

Latest report on company 15-Feb-23

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 374

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-May-23

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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
2021	300.1	25.8	8.6%	8.1	0.80	21.1	1.6	18.3	1.9	0.40
2022	350.2	28.6	8.2%	-4.5	0.73	20.7	1.2	15.2	-1.2	0.36
2023E	375.3	31.5	8.4%	26.4	0.93	16.1	1.1	13.6	7.1	0.46
2024E	396.7	34.7	8.8%	29.4	1.05	14.3	1.0	11.8	7.9	0.52
2025E	414.5	38.2	9.2%	32.6	1.18	12.7	0.9	10.2	8.7	0.59
Market cap, EURm			374	Gearing 2023E, %		44.4	CAGR EPS 2022-25, %			18.6
Net debt 2023E, EURm			54	Price/book 2023E		3.1	CAGR sales 2022-25, %			5.8
Enterprise value, EURm			428	Dividend yield 2023E, %		3.1	ROE 2023E, %			20.5
Total assets 2023E, EURm			284	Tax rate 2023E, %		20.0	ROCE 2023E, %			16.1
Goodwill 2023E, EURm			105	Equity ratio 2023E, %		42.4	PEG, P/E 23/CAGR			1.7

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

Etteplan	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23E	Q2/'23E	Q3/'23E	Q4/'23E	2023E	2024E	2025E
Net sales	300.1	89.6	89.3	80.3	91.0	350.2	92.0	95.2	86.1	102.0	375.3	396.7	414.5
<i>sales growth %</i>	15.6%	22.8%	18.9%	20.1%	6.8%	16.7%	2.7%	6.6%	7.2%	12.1%	7.2%	5.7%	4.5%
EBITA	30.1	9.0	8.1	7.1	9.7	33.9	8.7	9.3	8.0	10.7	36.7	39.9	43.4
<i>EBITA margin</i>	10.0%	10.0%	9.1%	8.8%	10.7%	9.7%	9.4%	9.8%	9.2%	10.5%	9.8%	10.1%	10.5%
EBIT	25.8	7.6	6.8	5.8	8.4	28.6	7.4	8.0	6.7	9.4	31.5	34.7	38.2
<i>EBIT margin</i>	8.6%	8.5%	7.6%	7.2%	9.2%	8.2%	8.0%	8.4%	7.7%	9.2%	8.4%	8.8%	9.2%
EBIT (excl. NRIs)	26.5	7.9	7.2	6.5	8.1	29.7	7.4	8.0	6.7	9.4	31.5	34.7	38.2
<i>-margin</i>	8.8%	8.8%	8.0%	8.1%	8.9%	8.5%	8.0%	8.4%	7.7%	9.2%	8.4%	8.8%	9.2%
Engineering Solutions	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23E	Q2/'23E	Q3/'23E	Q4/'23E	2023E	2024E	2025E
Net sales	167.5	46.7	46.2	41.9	48.9	183.7	49.0	49.5	44.4	51.8	194.7	202.5	210.6
<i>sales growth %</i>	12.5%	12.8%	10.0%	13.4%	3.8%	9.7%	4.9%	7.1%	6.0%	6.0%	6.0%	4.0%	4.0%
EBITA	16.6	4.9	4.9	4.3	5.3	19.4	5.0	5.1	4.4	5.5	20.0	21.1	22.1
<i>EBITA margin</i>	9.9%	10.6%	10.6%	10.3%	10.8%	10.6%	10.2%	10.4%	9.9%	10.6%	10.3%	10.4%	10.5%
Software and Embedded Solutions	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23E	Q2/'23E	Q3/'23E	Q4/'23E	2023E	2024E	2025E
Net sales	80.1	24.6	25.1	22.0	24.2	95.9	24.8	26.4	23.9	29.4	104.5	112.9	118.5
<i>sales growth %</i>	25.8%	30.8%	26.5%	21.4%	3.7%	19.7%	0.8%	5.1%	9.0%	21.3%	9.0%	8.0%	5.0%
EBITA	8.3	2.3	1.9	2.2	2.8	9.2	2.4	2.7	2.3	3.4	10.8	11.9	13.0
<i>EBITA margin</i>	10.4%	9.5%	7.4%	9.9%	11.6%	9.6%	9.6%	10.2%	9.6%	11.5%	10.3%	10.5%	11.0%
Technical Documentation Solutions	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23E	Q2/'23E	Q3/'23E	Q4/'23E	2023E	2024E	2025E
Net sales	51.6	18.1	17.7	16.3	17.7	69.8	18.0	19.1	17.6	20.6	75.3	80.6	84.6
<i>sales growth %</i>	10.9%	44.3%	36.4%	38.8%	23.3%	35.2%	-0.5%	7.9%	7.9%	16.5%	7.9%	7.0%	5.0%
EBITA	5.9	1.8	1.5	1.3	1.4	6.1	1.4	1.7	1.4	2.0	6.5	7.7	8.9
<i>EBITA margin</i>	11.5%	10.1%	8.7%	8.1%	7.7%	8.7%	8.0%	8.7%	8.1%	9.8%	8.7%	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	4371	13.1x	16.4x	15.3x	18.0x	21.9x	20.1x	29.6x	26.8x	24.5x
AFRY	1946	9.7x	9.9x	9.1x	15.2x	14.7x	12.8x	17.9x	16.4x	14.2x
Alten	5085	8.7x	10.5x	9.8x	10.4x	12.6x	11.6x	17.4x	16.7x	15.5x
Bertrandt	491	5.7x	5.7x	4.7x	12.4x	10.2x	8.3x	19.7x	12.5x	9.7x
Multiconsult	362	7.2x	7.7x	7.2x	11.2x	11.7x	10.9x	13.1x	14.6x	13.4x
TietoEVRY	3531	8.4x	8.6x	8.3x	11.5x	11.9x	11.2x	12.6x	12.4x	11.7x
Peer Group Average	2309	8.8x	9.8x	9.1x	13.1x	13.9x	12.5x	18.4x	16.6x	14.8x
Peer Group Median	1946	8.5x	9.3x	8.7x	12.0x	12.2x	11.4x	17.6x	15.5x	13.8x
Etteplan (Evli est.)	374	9.0x	8.3x	7.4x	15.2x	13.6x	11.8x	15.9x	16.1x	14.3x

Etteplan prem./disc. to peer median

5 % -11 % -15 % 27 % 11 % 3 % -10 % 4 % 4 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	14.95 PV of Free Cash Flow	305 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	24.01 PV of Horizon value	367 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	60.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	26.3 Marketable securities	20 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	22.1 Debt - dividend	-91 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	54.6 Value of stock	601 Nr of shares, Mn	25.0 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	350	375	397	414	425	435	446	458	469	481	490	500
<i>Sales growth, %</i>	<i>16.7</i>	<i>7.2</i>	<i>5.7</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)	29	31	35	38	39	40	41	42	43	44	45	46
<i>Operating income margin, %</i>	<i>8.2</i>	<i>8.4</i>	<i>8.8</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>	<i>9.2</i>
+ Depreciation+amort.	20	20	21	21	20	20	19	19	20	20	20	
EBITDA	49	52	55	59	59	59	60	61	63	64	65	
- Paid taxes	-6	-6	-7	-8	-8	-8	-8	-8	-9	-9	-9	
- Change in NWC	-17	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>7.0</i>	<i>6.5</i>	<i>6.1</i>	<i>5.9</i>	<i>5.7</i>	<i>5.5</i>	<i>5.4</i>	<i>5.2</i>	<i>5.1</i>	<i>5.0</i>	<i>4.8</i>	
+ Change in other liabs	-3	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-5	-5	-6	-6	-6	-6	-6	-6	-6	-6	
<i>opCAPEX / Sales, %</i>	<i>3.3</i>	<i>4.6</i>	<i>4.5</i>	<i>4.4</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	<i>4.3</i>	
- Acquisitions	-21	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	8	0	0	0	0	0	0	0	0	0	0	
= FCFF	8	41	43	46	46	46	46	47	48	49	50	806
= Discounted FCFF		38	37	37	34	31	29	27	26	24	23	367
= DFCF min WACC		38	38	37	34	32	30	28	26	25	24	418
= DFCF max WACC		38	37	36	33	30	28	26	25	23	22	325

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1E	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	89.6	89.3	80.3	91.0	350.2	92.0	95.2	86.1	102.0	375.3	396.7	414.5
EBITDA	12.6	11.8	10.9	13.4	48.7	12.4	13.1	11.7	14.5	51.8	55.4	59.4
<i>EBITDA margin (%)</i>	<i>14.0</i>	<i>13.2</i>	<i>13.5</i>	<i>14.8</i>	<i>13.9</i>	<i>13.5</i>	<i>13.8</i>	<i>13.6</i>	<i>14.2</i>	<i>13.8</i>	<i>14.0</i>	<i>14.3</i>
EBIT	7.6	6.8	5.8	8.4	28.6	7.4	8.0	6.7	9.4	31.5	34.7	38.2
<i>EBIT margin (%)</i>	<i>8.5</i>	<i>7.6</i>	<i>7.2</i>	<i>9.2</i>	<i>8.2</i>	<i>8.0</i>	<i>8.4</i>	<i>7.7</i>	<i>9.2</i>	<i>8.4</i>	<i>8.8</i>	<i>9.2</i>
Net financial items	-0.3	0.0	-6.2	0.4	-6.2	-0.6	-0.6	-0.6	-0.6	-2.4	-1.9	-1.4
Pre-tax profit	7.3	6.8	-0.4	8.8	22.4	6.8	7.4	6.1	8.8	29.1	32.8	36.8
Tax	-1.5	-1.2	-0.2	-1.4	-4.2	-1.4	-1.5	-1.2	-1.8	-5.8	-6.6	-7.4
<i>Tax rate (%)</i>	<i>20.5</i>	<i>17.4</i>	<i>-43.2</i>	<i>15.6</i>	<i>18.9</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	5.8	5.6	-0.6	7.4	18.2	5.4	6.0	4.8	7.1	23.3	26.2	29.4
EPS	0.23	0.22	-0.03	0.30	0.73	0.22	0.24	0.19	0.28	0.93	1.05	1.18
EPS adjusted (diluted no. of shares)	0.23	0.22	0.19	0.28	0.70	0.22	0.24	0.19	0.28	0.93	1.05	1.18
Dividend per share	0.00	0.00	0.00	0.00	0.36	0.00	0.00	0.00	0.00	0.46	0.52	0.59
SALES, EURm												
Engineering Solutions	46.7	46.2	41.9	48.9	183.7	49.0	49.5	44.4	51.8	194.7	202.5	210.6
Software and Embedded Solutions	24.6	25.1	22.0	24.2	95.9	24.8	26.4	23.9	29.4	104.5	112.9	118.5
Technical Documentation Solutions	18.1	17.7	16.3	17.7	69.8	18.0	19.1	17.6	20.6	75.3	80.6	84.6
Other	0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.2	0.2	0.7	0.7	0.7
Total	89.6	89.3	80.3	91.0	350.2	92.0	95.2	86.1	102.0	375.3	396.7	414.5
SALES GROWTH, Y/Y %												
<i>Engineering Solutions</i>	<i>12.8</i>	<i>10.0</i>	<i>13.4</i>	<i>3.8</i>	<i>9.7</i>	<i>4.9</i>	<i>7.1</i>	<i>6.0</i>	<i>6.0</i>	<i>6.0</i>	<i>4.0</i>	<i>4.0</i>
<i>Software and Embedded Solutions</i>	<i>30.8</i>	<i>26.5</i>	<i>21.4</i>	<i>3.7</i>	<i>19.7</i>	<i>0.8</i>	<i>5.1</i>	<i>9.0</i>	<i>21.3</i>	<i>9.0</i>	<i>8.0</i>	<i>5.0</i>
<i>Technical Documentation Solutions</i>	<i>44.3</i>	<i>36.4</i>	<i>38.8</i>	<i>23.3</i>	<i>35.2</i>	<i>-0.5</i>	<i>7.9</i>	<i>7.9</i>	<i>16.5</i>	<i>7.9</i>	<i>7.0</i>	<i>5.0</i>
<i>Other</i>	<i>-7.9</i>	<i>9.2</i>	<i>77.9</i>	<i>-53.4</i>	<i>-18.6</i>	<i>2.9</i>	<i>-10.4</i>	<i>17.6</i>	<i>-13.0</i>	<i>-2.2</i>	<i>0.0</i>	<i>0.0</i>
Total	22.8	18.9	20.1	6.8	16.7	2.7	6.6	7.2	12.1	7.2	5.7	4.5
EBIT, EURm												
Engineering Solutions	4.9	4.9	4.3	5.3	19.4	5.0	5.1	4.4	5.5	20.0	21.1	22.1
Software and Embedded Solutions	2.3	1.9	2.2	2.8	9.2	2.4	2.7	2.3	3.4	10.8	11.9	13.0
Technical Documentation Solutions	1.8	1.5	1.3	1.4	6.1	1.4	1.7	1.4	2.0	6.5	7.7	8.9
Other	-1.5	-1.5	-2.0	-1.0	-6.0	-1.5	-1.5	-1.5	-1.5	-5.8	-5.8	-5.8
Total	7.6	6.8	5.8	8.4	28.6	7.4	8.0	6.7	9.4	31.5	34.7	38.2
EBIT margin, %												
<i>Engineering Solutions</i>	<i>10.6</i>	<i>10.6</i>	<i>10.3</i>	<i>10.8</i>	<i>10.6</i>	<i>10.2</i>	<i>10.4</i>	<i>9.9</i>	<i>10.6</i>	<i>10.3</i>	<i>10.4</i>	<i>10.5</i>
<i>Software and Embedded Solutions</i>	<i>9.5</i>	<i>7.4</i>	<i>9.9</i>	<i>11.6</i>	<i>9.6</i>	<i>9.6</i>	<i>10.2</i>	<i>9.6</i>	<i>11.5</i>	<i>10.3</i>	<i>10.5</i>	<i>11.0</i>
<i>Technical Documentation Solutions</i>	<i>10.1</i>	<i>8.7</i>	<i>8.1</i>	<i>7.7</i>	<i>8.7</i>	<i>8.0</i>	<i>8.7</i>	<i>8.1</i>	<i>9.8</i>	<i>8.7</i>	<i>9.5</i>	<i>10.5</i>
<i>Other</i>	<i>-846.3</i>	<i>-739.3</i>	<i>-1,326.1</i>	<i>-484.1</i>	<i>-814.9</i>	<i>-811.1</i>	<i>-811.1</i>	<i>-811.1</i>	<i>-811.1</i>	<i>-811.1</i>	<i>-811.1</i>	<i>-811.1</i>
Total	8.5	7.6	7.2	9.2	8.2	8.0	8.4	7.7	9.2	8.4	8.8	9.2

Commercial Services & Supplies/Finland, February 20, 2023
Company update

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	236.4	262.7	259.7	300.1	350.2	375.3	396.7	414.5
<i>Sales growth (%)</i>	<i>10.1</i>	<i>11.1</i>	<i>-1.1</i>	<i>15.6</i>	<i>16.7</i>	<i>7.2</i>	<i>5.7</i>	<i>4.5</i>
EBITDA	26.0	37.5	40.4	43.6	48.7	51.8	55.4	59.4
<i>EBITDA margin (%)</i>	<i>11.0</i>	<i>14.3</i>	<i>15.6</i>	<i>14.5</i>	<i>13.9</i>	<i>13.8</i>	<i>14.0</i>	<i>14.3</i>
Depreciation	-5.8	-14.7	-18.0	-17.8	-20.0	-20.3	-20.7	-21.2
EBITA	20.2	22.8	22.4	25.8	28.6	31.5	34.7	38.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	20.2	22.8	22.4	25.8	28.6	31.5	34.7	38.2
<i>EBIT margin (%)</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.2</i>	<i>8.4</i>	<i>8.8</i>	<i>9.2</i>
Reported EBIT	20.2	22.8	22.4	25.8	28.6	31.5	34.7	38.2
<i>EBIT margin (reported) (%)</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.2</i>	<i>8.4</i>	<i>8.8</i>	<i>9.2</i>
Net financials	-0.8	-0.9	-1.3	-0.9	-6.2	-2.4	-1.9	-1.4
Pre-tax profit	19.4	21.9	21.1	24.9	22.4	29.1	32.8	36.8
Taxes	-4.1	-4.5	-4.0	-4.8	-4.2	-5.8	-6.6	-7.4
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	15.3	17.4	17.1	20.1	18.2	23.3	26.2	29.4
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	26	30	29	32	39	35	30	26
Goodwill	65	79	84	92	105	105	105	105
Right of use assets	12	15	23	22	21	22	24	25
Inventory	0	0	0	0	1	1	1	1
Receivables	53	62	57	75	94	98	102	105
Liquid funds	16	16	24	30	20	21	22	23
Total assets	173	203	218	253	281	284	286	287
Liabilities								
Shareholder's equity	68	77	87	99	106	121	135	151
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	12	16	24	23	22	22	24	25
Deferred taxes	5	6	7	7	10	10	10	10
Interest bearing debt	36	41	40	56	69	52	34	15
Non-interest bearing current liabilities	48	61	57	66	66	71	75	79
Other interest-free debt	4	2	2	3	8	8	8	8
Total liabilities	173	203	218	253	281	284	286	287
CASH FLOW, EURm								
+ EBITDA	26	38	40	44	49	52	55	59
- Net financial items	-1	-1	-1	-1	-6	-2	-2	-1
- Taxes	-4	-4	-5	-6	-5	-6	-7	-7
- Increase in Net Working Capital	2	4	1	-10	-17	0	0	0
+/- Other	-1	-4	3	1	8	0	0	0
= Cash flow from operations	23	33	38	27	28	44	47	51
- Capex	-2	-13	-21	-12	-12	-17	-18	-18
- Acquisitions	-8	-21	-6	-7	-21	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	13	-1	11	8	-4	26	29	33
+/- New issues/buybacks	0	-1	2	0	-1	0	0	0
- Paid dividend	-6	-7	-9	-8	-10	-9	-12	-13
+/- Other	-1	9	4	6	4	-16	-17	-19
Change in cash	6	0	9	6	-11	1	1	1

Commercial Services & Supplies/Finland, February 20, 2023
Company update

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	253	323	424	366	374	374	374
Net debt (excl. convertibles)	40	41	48	71	54	36	16
Enterprise value	294	364	472	437	428	410	391
Sales	263	260	300	350	375	397	414
EBITDA	38	40	44	49	52	55	59
EBIT	23	22	26	29	31	35	38
Pre-tax	22	21	25	22	29	33	37
Earnings	17	17	20	18	23	26	29
Equity book value (excl. minorities)	77	87	99	106	121	135	151
Valuation multiples							
EV/sales	1.1	1.4	1.6	1.2	1.1	1.0	0.9
EV/EBITDA	7.8	9.0	10.8	9.0	8.3	7.4	6.6
EV/EBITA	12.9	16.2	18.3	15.2	13.6	11.8	10.2
EV/EBIT	12.9	16.2	18.3	15.2	13.6	11.8	10.2
EV/OCF	8.9	9.6	17.4	15.5	9.8	8.7	7.7
EV/FCFF	27.3	11.5	41.1	57.3	10.5	9.5	8.4
P/FCFE	-247.0	29.2	52.6	-81.8	14.2	12.7	11.5
P/E	15.6	18.9	21.1	20.7	16.1	14.3	12.7
P/B	3.3	3.7	4.3	3.4	3.1	2.8	2.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.8	7.9	7.0
Target EV/EBIT	0.0	0.0	0.0	0.0	14.4	12.6	10.9
Target EV/FCF	0.0	0.0	0.0	0.0	17.2	14.8	12.8
Target P/B	0.0	0.0	0.0	0.0	3.3	3.0	2.6
Target P/E	0.0	0.0	0.0	0.0	17.2	15.3	13.6
Per share measures							
Number of shares	24,963	24,963	25,083	25,042	25,042	25,042	25,042
Number of shares (diluted)	24,963	24,963	25,083	25,042	25,042	25,042	25,042
EPS	0.70	0.68	0.80	0.73	0.93	1.05	1.18
Operating cash flow per share	1.32	1.52	1.08	1.12	1.75	1.88	2.03
Free cash flow per share	-0.04	0.44	0.32	-0.18	1.06	1.17	1.30
Book value per share	3.07	3.49	3.94	4.25	4.81	5.40	6.05
Dividend per share	0.35	0.34	0.40	0.36	0.46	0.52	0.59
Dividend payout ratio, %	50.2	49.6	49.9	49.6	50.0	50.0	50.0
Dividend yield, %	3.4	2.6	2.4	2.4	3.1	3.5	3.9
FCF yield, %	-0.4	3.4	1.9	-1.2	7.1	7.9	8.7
Efficiency measures							
ROE	24.1	20.9	21.6	17.7	20.5	20.5	20.5
ROCE	18.3	15.7	15.7	15.3	16.1	17.9	19.9
Financial ratios							
Inventories as % of sales	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Receivables as % of sales	23.6	21.8	24.9	26.7	26.2	25.7	25.4
Non-interest bearing liabilities as % of sales	23.2	22.1	21.8	19.0	19.0	19.0	19.0
NWC/sales, %	-0.5	-0.9	2.6	7.0	6.5	6.1	5.9
Operative CAPEX/sales, %	4.9	8.1	4.0	3.3	4.6	4.5	4.4
CAPEX/sales (incl. acquisitions), %	-3.1	5.9	1.7	-2.6	4.6	4.5	4.4
FCFF/EBITDA	0.3	0.8	0.3	0.2	0.8	0.8	0.8
Net debt/EBITDA, book-weighted	1.1	1.0	1.1	1.5	1.0	0.6	0.3
Debt/equity, market-weighted	0.2	0.1	0.1	0.2	0.1	0.1	0.0
Equity ratio, book-weighted	37.8	40.0	39.1	37.8	42.4	47.2	52.7
Gearing, %	52.6	46.6	48.7	66.8	44.4	26.5	10.8

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 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	249.088	66.5%
Oy Fincorp Ab	2,529,058	37.809	10.1%
Varma Mutual Pension Insurance Company	985,593	14.735	3.9%
Tuori Klaus	309,134	4.622	1.2%
Tuori Aino	308,275	4.609	1.2%
Ilmarinen Mutual Pension Insurance Company	288,311	4.310	1.2%
Elo Mutual Pension Insurance Company	212,000	3.169	0.8%
VAS Invest Oy	194,035	2.901	0.8%
Taaleri Mikro Markka fund	164,048	2.453	0.7%
Etteplan Oyj	159,046	2.378	0.6%
Ten largest	21,810,884	326.073	87%
Residual	3,230,863	48.301	13%
Total	25,041,747	374.374	100%

EARNINGS CALENDAR

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 Tornainen	

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

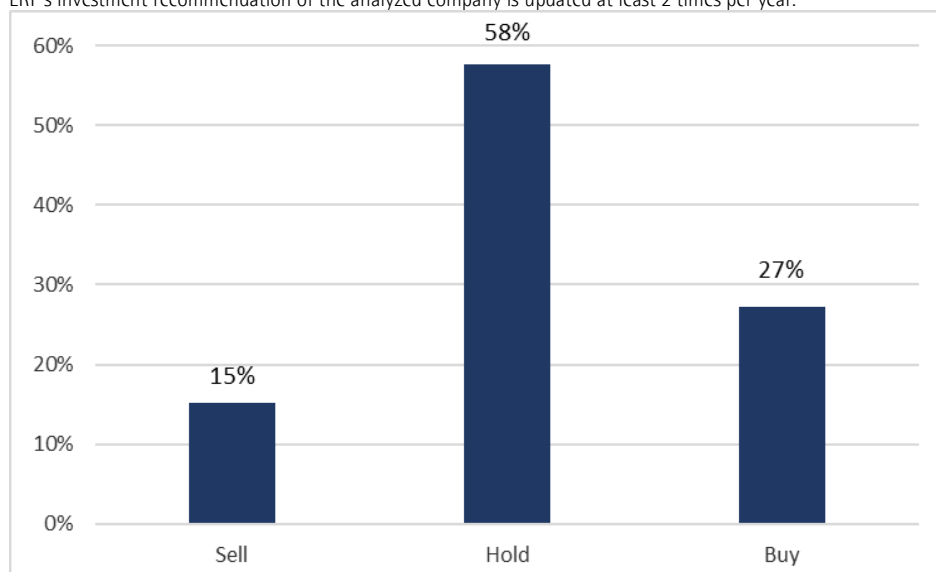
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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