

Profitability below expectations

Etteplan's sales and EBIT from business operations were at EUR 89.8m and EUR 6.1m respectively. EBIT was below our estimates especially due to weaker profitability in Software and Embedded solutions.

- Net sales in Q2 were EUR 89.8m (EUR 89.3m in Q2/22), slightly below our estimates and consensus estimates (EUR 93.2m/93.9m Evli/Cons.). Growth in Q2 amounted to 0.7% y/y, of which 0.3% organic growth (3.2% and 2.7% at comparable FX respectively).
- EBIT in Q2 amounted to EUR 6.1m (EUR 6.8m in Q2/22), below our estimates and consensus estimates (EUR 7.8m/7.6m Evli/cons.), at a margin of 6.8%. EBIT was affected by weak profitability in the Software and Embedded Solutions segment as it faced particularly difficult market conditions.
- EPS in Q2 amounted to EUR 0.15 (EUR 0.22 in Q2/22), below our estimates (EUR 0.22 Evli).
- Net sales in Engineering Solutions in Q2 were EUR 51.0m vs. EUR 50.8m Evli. EBITA in Q2 amounted to EUR 5.2m vs. EUR 5.3m Evli.
- Net sales in Software and Embedded Solutions in Q2 were EUR 21.2m vs. EUR 23.2m Evli. EBITA in Q2 amounted to EUR 1.1m vs. EUR 2.2m Evli.
- Net sales in Technical Communication Solutions in Q2 were EUR 17.4m vs. EUR 19.0m Evli. EBITA in Q2 amounted to EUR 1.4m vs. EUR 1.7m Evli.
- Guidance for 2023 **specified**: revenue in 2023 to be EUR 360-380 (previously 360-390) million, and operating profit (EBIT) in 2023 to be EUR 28-31 (previously 28-33) million.

Rating 🟡 HOLD

Q2/23	Actual	Evli	Consensus	Q2/22	Q1/23
Net sales	89.8	93.2	93.9	89.3	95.0
EBITA	7.4	9.1	-	8.1	7.6
EBIT	6.1	7.8	7.6	6.8	6.3
EPS	0.15	0.22	0.23	0.22	0.17

Deviation	Actual	Evli	Consensus	Q2/22	Q1/23
Net sales		-4 %	-4 %	1 %	-5 %
EBITA		-18 %	-	-9 %	-2 %
EBIT		-21 %	-20 %	-11 %	-3 %
EPS		-33 %	-35 %	-33 %	-13 %

Consensus by Bloomberg

Share price, EUR(Last trading day's closing price) 17.35
Target price, EUR 16.0

Latest change in recommendation	01-Nov-22
Latest report on company	12-May-23
Research paid by issuer:	YES
No. of shares outstanding, '000's	25,130
No. of shares fully diluted, '000's	25,130
Market cap, EURm	436
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-23
Web site	etteplan.com/investors

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

🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT 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	371.9	29.9	8.0%	24.6	0.86	20.2	1.3	16.4	5.7	0.43
2024E	392.9	34.7	8.8%	28.7	1.03	16.9	1.2	13.6	6.6	0.51
2025E	410.4	37.7	9.2%	31.6	1.14	15.2	1.1	12.1	7.3	0.57
Market cap, EURm	436			BV per share 2023E, EUR	46.6			CAGR EPS 2022-25, %	17.4	
Net debt 2023E, EURm	55			Price/book 2023E	3.7			CAGR sales 2022-25, %	5.4	
Enterprise value, EURm	491			Dividend yield 2023E, %	2.5			ROE 2023E, %	19.2	
Total assets 2023E, EURm	283			Tax rate 2023E, %	20.4			ROCE 2023E, %	15.3	
Goodwill 2023E, EURm	105			Equity ratio 2023E, %	41.9			PEG, P/E 23/CAGR	1.8	

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

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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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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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



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