

## Slower quarter ahead

Etteplan reports Q3 results on October 31<sup>st</sup>. We anticipate a slower quarter due to the prevailing market conditions and seasonality. After slight changes to our estimates, we retain our HOLD-rating with a TP of EUR 13.0.

### Profit warning set the tone for H2

Etteplan's Q2 was soft as the y/y growth slowed down to near zero driven by the modest performance of the Software and Embedded Solutions segment. In September, Etteplan released a profit warning and lowered and specified its guidance for 2023. According to the new estimate, the revenue is estimated to be EUR 355-370m (prev. EUR 360-380m) and EBIT to be EUR 26-28.5m (prev. EUR 28-31m). Our FY 2023 estimates for sales and EBIT are at EUR 360.7m and EUR 26.5m respectively.

### Anticipating continued growth from Engineering Solutions

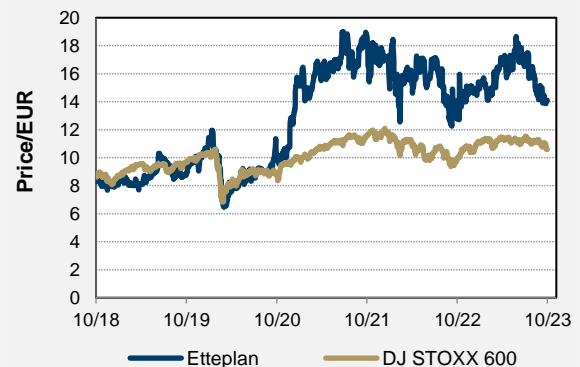
The profit warning was prompted by a combination of factors, including the subdued performance of the Software and Embedded operational area during Q2, NRIs and FX effects during H1, and more recently, shifts in demand from specific clients in the Technical Communication Solutions service area in Central Europe. To our understanding, the company has not been able to adjust its workforce according to the demand which has led to capacity utilization issues in Central Europe. We make slight negative estimate adjustments ahead of Q3. Our estimate for Q3 net sales is now at EUR 81.7m and EBIT at EUR 5.8m. We forecast continued growth and profitability for the company's largest segment, Engineering Solutions as the demand for Engineer-to-Order projects remains strong. For Software and Embedded and Technical Communications we continue to forecast y/y revenue decline for both Q3 and Q4. In addition to changes to the FY 2023 estimates, we revise our estimates down for FY 2024.

### HOLD with a TP of EUR 13.0

With our updated estimates, Etteplan trades at a premium of roughly 10-15% on 23-24E EV/EBITDA basis when compared to our peer group. The current valuation levels are quite well in line with the company's historic levels. We retain our TP at EUR 13.0 with HOLD-rating intact.

## Rating

HOLD



Share price, EUR (Last trading day's closing price) 14.10

Target price, EUR 13.0

Latest change in recommendation 01-Nov-22

Latest report on company 19-Sep-23

Research paid by issuer: YES

No. of shares outstanding, '000's 25,111

No. of shares fully diluted, '000's 25,111

Market cap, EURm 354

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 31-Oct-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	360.7	26.5	7.3%	21.1	0.73	19.4	1.1	15.6	6.0	0.36
2024E	370.4	29.9	8.1%	24.3	0.85	16.6	1.1	13.3	6.9	0.42
2025E	383.4	32.1	8.4%	26.1	0.93	15.1	1.0	11.9	7.4	0.47
Market cap, EURm			354	Gearing 2023E, %		51.0	CAGR EPS 2022-25, %			9.8
Net debt 2023E, EURm			59	Price/book 2023E		3.1	CAGR sales 2022-25, %			3.1
Enterprise value, EURm			413	Dividend yield 2023E, %		2.6	ROE 2023E, %			16.5
Total assets 2023E, EURm			281	Tax rate 2023E, %		22.0	ROCE 2023E, %			13.5
Goodwill 2023E, EURm			105	Equity ratio 2023E, %		41.1	PEG, P/E 23/CAGR			1.4

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

Table 1: Estimate overview

Etteplan	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23	Q2/'23	Q3/'23E	Q4/'23E	2023E	2024E	2025E
Net sales	300.1	89.6	89.3	80.3	91.0	350.2	95.0	89.8	81.7	94.1	360.7	370.4	383.4
sales growth %	15.6%	22.8%	18.9%	20.1%	6.8%	16.7%	6.0%	0.7%	1.8%	3.4%	3.0%	2.7%	3.5%
EBITA	30.1	9.0	8.1	7.1	9.7	33.9	7.6	7.4	7.1	9.5	31.7	35.1	37.3
EBITA margin	10.0%	10.0%	9.1%	8.8%	10.7%	9.7%	8.0%	8.3%	8.7%	10.1%	8.8%	9.5%	9.7%
EBIT	25.8	7.6	6.8	5.8	8.4	28.6	6.3	6.1	5.8	8.2	26.5	29.9	32.1
EBIT margin	8.6%	8.5%	7.6%	7.2%	9.2%	8.2%	6.6%	6.8%	7.1%	8.8%	7.3%	8.1%	8.4%
EBIT (excl. NRIs)	26.5	7.9	7.2	6.5	8.1	29.7	8.3	6.5	5.8	8.2	28.9	29.9	32.1
-margin	8.8%	8.8%	8.0%	8.1%	8.9%	8.5%	8.7%	7.2%	7.1%	8.8%	8.0%	8.1%	8.4%
<b>Engineering Solutions</b>	<b>2021</b>	<b>Q1/'22</b>	<b>Q2/'22</b>	<b>Q3/'22</b>	<b>Q4/'22</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23E</b>	<b>Q4/'23E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Net sales	167.5	46.7	46.2	41.9	48.9	183.7	51.7	51.0	44.5	54.0	201.2	207.3	213.5
sales growth %	12.5%	12.8%	10.0%	13.4%	3.8%	9.7%	10.7%	10.4%	6.3%	10.4%	9.6%	3.0%	3.0%
EBITA	16.6	4.9	4.9	4.3	5.3	19.4	4.9	5.2	4.5	5.8	20.5	20.9	21.6
EBITA margin	9.9%	10.6%	10.6%	10.3%	10.8%	10.6%	9.5%	10.3%	10.1%	10.7%	10.2%	10.1%	10.1%
<b>Software and Embedded Solutions</b>	<b>2021</b>	<b>Q1/'22</b>	<b>Q2/'22</b>	<b>Q3/'22</b>	<b>Q4/'22</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23E</b>	<b>Q4/'23E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Net sales	80.1	24.6	25.1	22.0	24.2	95.9	23.9	21.2	21.5	23.5	90.1	92.8	97.5
sales growth %	25.8%	30.8%	26.5%	21.4%	3.7%	19.7%	-3.0%	-15.4%	-2.1%	-3.0%	-6.1%	3.0%	5.0%
EBITA	8.3	2.3	1.9	2.2	2.8	9.2	1.6	1.1	1.7	2.6	7.1	8.8	9.7
EBITA margin	10.4%	9.5%	7.4%	9.9%	11.6%	9.6%	6.8%	5.3%	7.9%	11.1%	7.8%	9.5%	10.0%
<b>Technical Communication Solutions</b>	<b>2021</b>	<b>Q1/'22</b>	<b>Q2/'22</b>	<b>Q3/'22</b>	<b>Q4/'22</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23E</b>	<b>Q4/'23E</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Net sales	51.6	18.1	17.7	16.3	17.7	69.8	19.2	17.4	15.6	16.4	68.6	69.6	71.7
sales growth %	10.9%	44.3%	36.4%	38.8%	23.3%	35.2%	6.0%	-1.5%	-4.7%	-7.0%	-1.7%	1.5%	3.0%
EBITA	5.9	1.8	1.5	1.3	1.4	6.1	1.2	1.4	1.1	1.3	5.0	6.2	6.8
EBITA margin	11.5%	10.1%	8.7%	8.1%	7.7%	8.7%	6.0%	8.1%	7.1%	7.9%	7.2%	8.9%	9.5%

Source: Etteplan, Evli Research estimates

Table 2: Peer group

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
SWECO	2994	12.6x	11.5x	11.2x	16.5x	14.8x	13.5x	18.5x	16.4x	15.0x
AFRY	1155	6.5x	6.1x	5.6x	9.7x	8.7x	7.7x	10.4x	9.1x	7.9x
Alten	3884	8.0x	7.2x	6.6x	10.1x	8.8x	8.1x	13.0x	11.4x	10.4x
Bertrandt	452	18.2x	4.8x	4.2x	11.4x	7.9x	7.2x	11.7x	8.4x	8.2x
Multiconsult	308	7.6x	7.2x	6.9x	11.6x	10.9x	10.3x	12.3x	11.6x	11.0x
TietoEVRY	2404	7.2x	6.7x	6.4x	10.2x	9.2x	8.3x	9.3x	8.7x	8.1x
Peer Group Average	1650	10.0x	7.2x	6.8x	11.6x	10.0x	9.2x	12.5x	10.9x	10.1x
Peer Group Median	1155	7.8x	6.9x	6.5x	10.8x	9.0x	8.2x	12.0x	10.3x	9.3x
Etteplan (Evli est.)	354	8.6x	8.1x	7.4x	13.2x	13.3x	11.9x	17.1x	16.6x	15.1x

Etteplan prem./disc. to peer median

Source Bloomberg, Evli Research

Table 3: Estimate change overview

Estimate changes	2023		Change %	2024		Change %
	Old	New		Old	New	
<b>Group level</b>						
Net sales	360.7	360.7	0.0%	373.7	370.4	-0.9%
<i>sales growth %</i>	3.0%	3.0%		3.6%	2.7%	
EB ITA	31.8	31.7	-0.3%	36.1	35.1	-2.6%
<i>EBITA margin</i>	8.8%	8.8%		9.7%	9.5%	
EB IT	26.6	26.5	-0.4%	30.9	29.9	-3.1%
<i>EBIT margin</i>	7.4%	7.3%		8.3%	8.1%	
<b>Engineering Solutions</b>						
Net sales	201.2	201.2	0.0%	209.3	207.3	-1.0%
<i>sales growth %</i>	9.6%	9.6%		4.0%	3.0%	
EB ITA	20.5	20.5	0.0%	21.1	20.9	-1.0%
<i>EBITA margin</i>	10.2%	10.2%		10.1%	10.1%	
<b>Software and Embedded Solutions</b>						
Net sales	90.1	90.1	0.0%	93.7	92.8	-1.0%
<i>sales growth %</i>	-6.1%	-6.1%		4.0%	3.0%	
EB ITA	7.1	7.1	0.0%	9.2	8.8	-4.0%
<i>EBITA margin</i>	7.8%	7.8%		9.8%	9.5%	
<b>Technical Communication Solutions</b>						
Net sales	68.6	68.6	0.0%	70.0	69.6	-0.5%
<i>sales growth %</i>	-1.7%	-1.7%		2.0%	1.5%	
EB ITA	5.1	5.0	-2.0%	6.6	6.2	-5.8%
<i>EBITA margin</i>	7.4%	7.2%		9.4%	8.9%	

Source: Etteplan, Evli Research estimates

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	14.10 PV of Free Cash Flow	290 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	22.59 PV of Horizon value	357 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	60.2 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	24.7 Marketable securities	20 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	20.8 Debt - dividend	-100 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	55.2 Value of stock	567 Nr of shares, Mn	25.1 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	350	361	370	383	393	403	413	423	434	445	453	463
<i>Sales growth, %</i>	<i>16.7</i>	<i>3.0</i>	<i>2.7</i>	<i>3.5</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	26	30	32	36	37	38	39	40	41	42	42
<i>Operating income margin, %</i>	<i>8.2</i>	<i>7.3</i>	<i>8.1</i>	<i>8.4</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	19	19	20	19	19	19	19	19	19	19	20
EBITDA	49	46	49	52	55	56	57	58	59	60	61	
- Paid taxes	-6	-6	-7	-7	-8	-8	-8	-9	-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>6.8</i>	<i>6.6</i>	<i>6.4</i>	<i>6.2</i>	<i>6.0</i>	<i>5.9</i>	<i>5.7</i>	<i>5.6</i>	<i>5.4</i>	<i>5.3</i>	
+ Change in other liabs	-3	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-5	-5	-5	-5	-6	-6	-6	-6	-6	-6	
<i>opCAPEX / Sales, %</i>	<i>3.3</i>	<i>4.6</i>	<i>4.4</i>	<i>4.5</i>	<i>4.5</i>	<i>4.5</i>	<i>4.5</i>	<i>4.5</i>	<i>4.5</i>	<i>4.5</i>	<i>4.4</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	35	38	40	42	42	43	43	44	45	46	743
= Discounted FCFF		35	34	33	33	30	28	26	25	23	22	357
= DFCF min WACC		35	34	34	33	31	29	27	26	24	23	405
= DFCF max WACC		35	34	33	32	30	28	26	24	23	21	317

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## INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	89.6	89.3	80.3	91.0	350.2	95.0	89.8	81.7	94.1	360.7	370.4	383.4
EBITDA	12.6	11.8	10.9	13.4	48.7	11.0	10.8	10.8	13.2	45.8	49.2	51.9
<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>11.6</i>	<i>12.1</i>	<i>13.2</i>	<i>14.0</i>	<i>12.7</i>	<i>13.3</i>	<i>13.5</i>
EBIT	7.6	6.8	5.8	8.4	28.6	6.3	6.1	5.8	8.2	26.5	29.9	32.1
<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>6.6</i>	<i>6.8</i>	<i>7.1</i>	<i>8.8</i>	<i>7.3</i>	<i>8.1</i>	<i>8.4</i>
Net financial items	-0.3	0.0	-6.2	0.4	-6.2	-0.7	-0.9	-0.7	-0.7	-3.0	-2.6	-2.0
Pre-tax profit	7.3	6.8	-0.4	8.8	22.4	5.6	5.2	5.1	7.5	23.4	27.3	30.0
Tax	-1.5	-1.2	-0.2	-1.4	-4.2	-1.2	-1.4	-1.0	-1.5	-5.2	-6.0	-6.6
<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>21.9</i>	<i>27.2</i>	<i>20.0</i>	<i>20.0</i>	<i>22.0</i>	<i>22.0</i>	<i>22.0</i>
Net profit	5.8	5.6	-0.6	7.4	18.2	4.3	3.8	4.1	6.0	18.3	21.3	23.4
EPS	0.23	0.22	-0.03	0.30	0.73	0.17	0.15	0.16	0.24	0.73	0.85	0.93
EPS adjusted (diluted no. of shares)	0.23	0.22	0.19	0.28	0.70	0.17	0.15	0.16	0.24	0.73	0.85	0.93
Dividend per share	0.00	0.00	0.00	0.00	0.36	0.00	0.00	0.00	0.00	0.36	0.42	0.47
<b>SALES, EURm</b>												
Engineering Solutions	46.7	46.2	41.9	48.9	183.7	51.7	51.0	44.5	54.0	201.2	207.3	213.5
Software and Embedded Solutions	24.6	25.1	22.0	24.2	95.9	23.9	21.2	21.5	23.5	90.1	92.8	97.5
Technical Communication Solutions	18.1	17.7	16.3	17.7	69.8	19.2	17.4	15.6	16.4	68.6	69.6	71.7
Other	0.2	0.2	0.2	0.2	0.7	0.2	0.1	0.2	0.2	0.7	0.7	0.7
Total	89.6	89.3	80.3	91.0	350.2	95.0	89.8	81.7	94.1	360.7	370.4	383.4
<b>SALES GROWTH, Y/Y %</b>												
Engineering Solutions	12.8	10.0	13.4	3.8	9.7	10.7	10.4	6.3	10.4	9.6	3.0	3.0
Software and Embedded Solutions	30.8	26.5	21.4	3.7	19.7	-3.0	-15.4	-2.1	-3.0	-6.1	3.0	5.0
Technical Communication Solutions	44.3	36.4	38.8	23.3	35.2	6.0	-1.5	-4.7	-7.0	-1.7	1.5	3.0
Other	-7.9	9.2	77.9	-53.4	-18.6	14.3	-31.3	17.6	-13.0	-5.2	0.0	0.0
Total	22.8	18.9	20.1	6.8	16.7	6.0	0.7	1.8	3.4	3.0	2.7	3.5
<b>EBIT, EURm</b>												
Engineering Solutions	4.9	4.9	4.3	5.3	19.4	4.9	5.2	4.5	5.8	20.5	20.9	21.6
Software and Embedded Solutions	2.3	1.9	2.2	2.8	9.2	1.6	1.1	1.7	2.6	7.1	8.8	9.7
Technical Communication Solutions	1.8	1.5	1.3	1.4	6.1	1.2	1.4	1.1	1.3	5.0	6.2	6.8
Other	-1.5	-1.5	-2.0	-1.0	-6.0	-1.5	-1.7	-1.5	-1.5	-6.0	-6.0	-6.0
Total	7.6	6.8	5.8	8.4	28.6	6.3	6.1	5.8	8.2	26.5	29.9	32.1
<b>EBIT margin, %</b>												
Engineering Solutions	10.6	10.6	10.3	10.8	10.6	9.5	10.3	10.1	10.7	10.2	10.1	10.1
Software and Embedded Solutions	9.5	7.4	9.9	11.6	9.6	6.8	5.3	7.9	11.1	7.8	9.5	10.0
Technical Communication Solutions	10.1	8.7	8.1	7.7	8.7	6.0	8.1	7.1	7.9	7.2	8.9	9.5
Other	-846.3	-739.3	-1,326.1	-484.1	-814.9	-733.0	-1,203.6	-811.1	-811.1	-866.3	-866.3	-866.3
Total	8.5	7.6	7.2	9.2	8.2	6.6	6.8	7.1	8.8	7.3	8.1	8.4

Commercial Services & Supplies/Finland, October 25, 2023  
Preview

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	236.4	262.7	259.7	300.1	350.2	360.7	370.4	383.4
<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>3.0</i>	<i>2.7</i>	<i>3.5</i>
EBITDA	26.0	37.5	40.4	43.6	48.7	45.8	49.2	51.9
<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>12.7</i>	<i>13.3</i>	<i>13.5</i>
Depreciation	-5.8	-14.7	-18.0	-17.8	-20.0	-19.3	-19.3	-19.8
EBITA	20.2	22.8	22.4	25.8	28.6	26.5	29.9	32.1
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	26.5	29.9	32.1
<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>7.3</i>	<i>8.1</i>	<i>8.4</i>
Reported EBIT	20.2	22.8	22.4	25.8	28.6	26.5	29.9	32.1
<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>7.3</i>	<i>8.1</i>	<i>8.4</i>
Net financials	-0.8	-0.9	-1.3	-0.9	-6.2	-3.0	-2.6	-2.0
Pre-tax profit	19.4	21.9	21.1	24.9	22.4	23.4	27.3	30.0
Taxes	-4.1	-4.5	-4.0	-4.8	-4.2	-5.2	-6.0	-6.6
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	18.3	21.3	23.4
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	26	30	29	32	39	36	32	29
Goodwill	65	79	84	92	105	105	105	105
Right of use assets	12	15	23	22	21	21	22	23
Inventory	0	0	0	0	1	1	1	1
Receivables	53	62	57	75	94	96	97	100
Liquid funds	16	16	24	30	20	20	21	21
Total assets	173	203	218	253	281	281	280	281
<b>Liabilities</b>								
Shareholder's equity	68	77	87	99	106	116	128	141
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	21	22	23
Deferred taxes	5	6	7	7	10	10	10	10
Interest bearing debt	36	41	40	56	69	58	42	27
Non-interest bearing current liabilities	48	61	57	66	66	68	70	73
Other interest-free debt	4	2	2	3	8	8	8	8
Total liabilities	173	203	218	253	281	281	280	281
<b>CASH FLOW, EURm</b>								
+ EBITDA	26	38	40	44	49	46	49	52
- Net financial items	-1	-1	-1	-1	-6	-3	-3	-2
- Taxes	-4	-4	-5	-6	-5	-5	-6	-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	38	41	43
- Capex	-2	-13	-21	-12	-12	-17	-16	-17
- 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	21	24	26
+/- New issues/buybacks	0	-1	2	0	-1	0	0	0
- Paid dividend	-6	-7	-9	-8	-10	-9	-9	-11
+/- Other	-1	9	4	6	4	-11	-15	-15
Change in cash	6	0	9	6	-11	1	1	1

Commercial Services & Supplies/Finland, October 25, 2023  
Preview

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	253	323	424	366	354	354	354
Net debt (excl. convertibles)	40	41	48	71	59	44	28
Enterprise value	294	364	472	437	413	398	382
Sales	263	260	300	350	361	370	383
EBITDA	38	40	44	49	46	49	52
EBIT	23	22	26	29	26	30	32
Pre-tax	22	21	25	22	23	27	30
Earnings	17	17	20	18	18	21	23
Equity book value (excl. minorities)	77	87	99	106	116	128	141
<b>Valuation multiples</b>							
EV/sales	1.1	1.4	1.6	1.2	1.1	1.1	1.0
EV/EBITDA	7.8	9.0	10.8	9.0	9.0	8.1	7.4
EV/EBITA	12.9	16.2	18.3	15.2	15.6	13.3	11.9
EV/EBIT	12.9	16.2	18.3	15.2	15.6	13.3	11.9
EV/OCF	8.9	9.6	17.4	15.5	11.0	9.8	8.8
EV/FCFF	27.3	11.5	41.1	57.3	11.8	10.6	9.6
P/FCFE	-247.0	29.2	52.6	-81.8	16.8	14.6	13.6
P/E	15.6	18.9	21.1	20.7	19.4	16.6	15.1
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	8.4	7.5	6.8
Target EV/EBIT	0.0	0.0	0.0	0.0	14.6	12.4	11.1
Target EV/FCF	0.0	0.0	0.0	0.0	18.3	15.3	13.6
Target P/B	0.0	0.0	0.0	0.0	2.8	2.6	2.3
Target P/E	0.0	0.0	0.0	0.0	17.9	15.3	13.9
<b>Per share measures</b>							
Number of shares	24,963	24,963	25,083	25,042	25,111	25,111	25,111
Number of shares (diluted)	24,963	24,963	25,083	25,042	25,111	25,111	25,111
EPS	0.70	0.68	0.80	0.73	0.73	0.85	0.93
Operating cash flow per share	1.32	1.52	1.08	1.12	1.50	1.62	1.73
Free cash flow per share	-0.04	0.44	0.32	-0.18	0.84	0.97	1.04
Book value per share	3.07	3.49	3.94	4.25	4.60	5.09	5.60
Dividend per share	0.35	0.34	0.40	0.36	0.36	0.42	0.47
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	2.5	2.6	3.0	3.3
FCF yield, %	-0.4	3.4	1.9	-1.2	6.0	6.9	7.4
<b>Efficiency measures</b>							
ROE	24.1	20.9	21.6	17.7	16.5	17.5	17.5
ROCE	18.3	15.7	15.7	15.3	13.5	15.5	16.8
<b>Financial ratios</b>							
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	26.5	26.3	26.0
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	6.8	6.6	6.4
Operative CAPEX/sales, %	4.9	8.1	4.0	3.3	4.6	4.4	4.5
CAPEX/sales (incl. acquisitions), %	-3.1	5.9	1.7	-2.6	4.6	4.4	4.5
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	1.3	0.9	0.5
Debt/equity, market-weighted	0.2	0.1	0.1	0.2	0.2	0.1	0.1
Equity ratio, book-weighted	37.8	40.0	39.1	37.8	41.1	45.6	50.0
Gearing, %	52.6	46.6	48.7	66.8	51.0	34.3	20.2

**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 a weekend overall demand situation.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,661,384	234.926	66.4%
Oy Fincorp Ab	2,530,531	35.680	10.1%
Varma Mutual Pension Insurance Company	985,593	13.897	3.9%
Tuori Klaus	309,134	4.359	1.2%
Tuori Aino	308,275	4.347	1.2%
Ilmarinen Mutual Pension Insurance Company	298,311	4.206	1.2%
Elo Mutual Pension Insurance Company	212,000	2.989	0.8%
VAS Invest Oy	194,035	2.736	0.8%
Taaleri Mikro Markka fund	154,048	2.172	0.6%
Näkki Juha Antti Ilmari	137,739	1.942	0.5%
Ten largest	21,791,050	307.254	87%
Residual	3,319,837	46.810	13%
Total	25,110,887	354.064	100%

EARNINGS CALENDAR	
February 08, 2024	FY 2023 Results
May 08, 2024	Q1 report
August 08, 2024	Q2 report
October 31, 2024	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

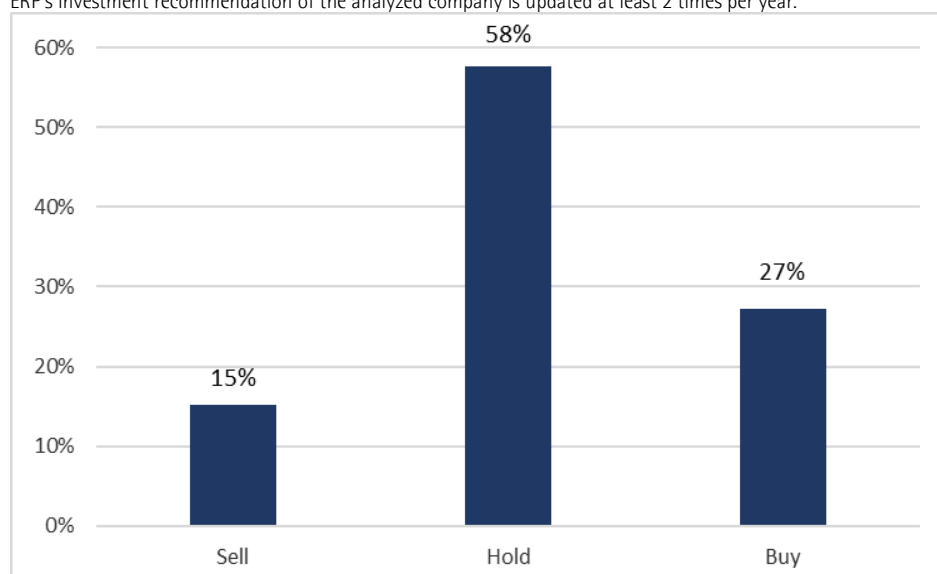
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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