

Uncertainties remain high

Etteplan reported Q3 figures that were below our estimates. The company's sales and EBIT were at EUR 80.0m (Evli est. EUR 81.7m) and EUR 5.0 (Evli est. EUR 5.8m) respectively. The main drivers behind the lower-than-expected results were Technical Communication and Engineering Solutions service areas.

Weak market continues to hamper the development

Net sales in Q3 were EUR 80.0m (EUR 80.3m in Q3/22), slightly below our estimates and consensus estimates (EUR 81.7m/82.0m Evli/Cons.). EBIT in Q3 amounted to EUR 5.0m (EUR 5.8m in Q3/22), below our estimates and consensus estimates (EUR 5.8m/6.0m Evli/cons.), at a margin of 6.2%. The worst development was seen with Technical Communication Solutions as the service area suffered from weak demand even more than expected, particularly in the Central European market.

Soft Q3 adds pressure for the remainder of the year

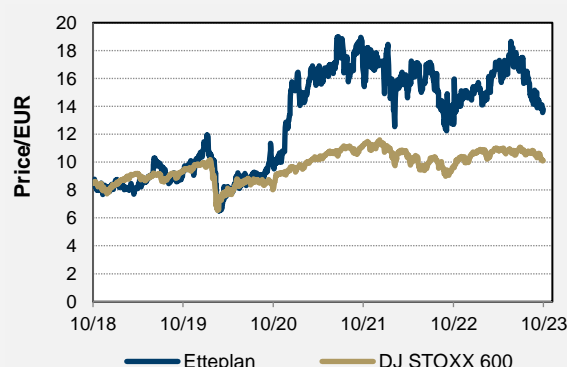
Etteplan kept its guidance unchanged (from September): revenue is estimated to be EUR 355-370m and EBIT EUR 26-28.5m. The company has implemented corrective measures for Technical Communication and Engineering Solutions to improve operational efficiency going forward. We expect that the company will return to revenue growth in Q4 helped by growth in ES and less severe revenue decline expected in S&E driven by the slight pickup in product development projects. Profitability in Q4/23 is expected to be at a slightly lower level when compared to Q4/22. We currently forecast revenue of EUR 360.4m and EBIT of EUR 26.0m for the FY 2023. Our estimates lie at the lower end of the company's guidance range, and we see that the soft Q3 has increased pressure to reach the guidance for Q4. For 2024E, we see the demand being slow at the start of the year yet picking up towards the latter part of the year while profitability climbs closer to the levels seen 2021-2022.

HOLD with a TP of EUR 13.0

Etteplan continues to trade 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. With uncertainties persisting, we struggle to find positive drivers for the stock. We retain our TP at EUR 13.0 with HOLD-rating intact.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 13.85

Target price, EUR 13.0

Latest change in recommendation	01-Nov-22
Latest report on company	25-Oct-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	348
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	08-Feb-24
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
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	360.4	26.0	7.2%	19.3	0.68	20.4	1.1	15.7	5.5	0.34
2024E	369.4	29.7	8.0%	22.7	0.81	17.1	1.1	13.3	6.5	0.40
2025E	382.3	31.8	8.3%	24.5	0.89	15.5	1.0	11.9	7.1	0.45
Market cap, EURm	348			Gearing 2023E, %	53.1			CAGR EPS 2022-25, %	8.2	
Net debt 2023E, EURm	61			Price/book 2023E	3.0			CAGR sales 2022-25, %	3.0	
Enterprise value, EURm	409			Dividend yield 2023E, %	2.5			ROE 2023E, %	15.5	
Total assets 2023E, EURm	281			Tax rate 2023E, %	22.8			ROCE 2023E, %	13.3	
Goodwill 2023E, EURm	105			Equity ratio 2023E, %	40.6			PEG, P/E 23/CAGR	1.3	

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

TCS and ES were softer than expected

Net sales in Q3 were EUR 80.0m (EUR 80.3m in Q3/22), slightly below our estimates and consensus estimates (EUR 81.7m/82.0m Evli/Cons.). Revenue decreased 0.4% y/y, yet increased 2.1% at comparable FX rates. Organic growth for the quarter was at -4.1%, despite declined sales, the company estimated that it did not lose market share during the quarter or the FY. EBIT in Q3 amounted to EUR 5.0m (EUR 5.8m in Q3/22), below our estimates and consensus estimates (EUR 5.8m/6.0m Evli/cons.), at a margin of 6.2%. EBIT was affected by weaker profitability in the Engineering Solutions and Technical Communication Solutions segments. EPS in Q3 amounted to EUR 0.10 (EUR -0.03 in Q3/22), below our estimates (EUR 0.16 Evli). Etteplan has implemented corrective measures for Technical Communication and Engineering segments to improve the profitability in Q4. The demand for the customers' delivery related project engineering has slowed down slightly, on the other hand, Etteplan has been able to win outsourcing contracts in its Engineering Solutions service area. In Software and Embedded, the market remained challenging yet there were small signs of recovery in product development towards the end of the quarter. For Technical Communication the demand weakened particularly in Central Europe where the lower volumes led to lower profitability.

Table 1: Estimate summary

Etteplan	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23E	2023E	2024E	2025E
Net sales	300.1	89.6	89.3	80.3	91.0	350.2	95.0	89.8	80.0	95.7	360.4	369.4	382.3
sales growth %	15.6%	22.8%	18.9%	20.1%	6.8%	16.7%	6.0%	0.7%	-0.4%	5.1%	2.9%	2.5%	3.5%
EBITA	30.1	9.0	8.1	7.1	9.7	33.9	7.6	7.4	6.3	9.9	31.3	34.9	37.1
EBITA margin	10.0%	10.0%	9.1%	8.8%	10.7%	9.7%	8.0%	8.3%	7.9%	10.4%	8.7%	9.5%	9.7%
EBIT	25.8	7.6	6.8	5.8	8.4	28.6	6.3	6.1	5.0	8.6	26.0	29.7	31.8
EBIT margin	8.6%	8.5%	7.6%	7.2%	9.2%	8.2%	6.6%	6.8%	6.2%	9.0%	7.2%	8.0%	8.3%
EBIT (excl. NRIs)	26.5	7.9	7.2	6.5	8.1	29.7	8.3	6.5	5.0	8.6	28.4	29.7	31.8
-margin	8.8%	8.8%	8.0%	8.1%	8.9%	8.5%	8.7%	7.2%	6.2%	9.0%	7.9%	8.0%	8.3%
Engineering Solutions	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23E	2023E	2024E	2025E
Net sales	167.5	46.7	46.2	41.9	48.9	183.7	51.7	51.0	45.1	55.0	202.8	206.9	213.1
sales growth %	12.5%	12.8%	10.0%	13.4%	3.8%	9.7%	10.7%	10.4%	7.6%	12.5%	10.4%	2.0%	3.0%
EBITA	16.6	4.9	4.9	4.3	5.3	19.4	4.9	5.2	3.9	6.0	20.1	20.9	21.5
EBITA margin	9.9%	10.6%	10.6%	10.3%	10.8%	10.6%	9.5%	10.3%	8.6%	10.9%	9.9%	10.1%	10.1%
Software and Embedded Solutions	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23E	2023E	2024E	2025E
Net sales	80.1	24.6	25.1	22.0	24.2	95.9	23.9	21.2	19.2	23.5	87.8	91.3	95.9
sales growth %	25.8%	30.8%	26.5%	21.4%	3.7%	19.7%	-3.0%	-15.4%	-12.5%	-3.0%	-8.5%	4.0%	5.0%
EBITA	8.3	2.3	1.9	2.2	2.8	9.2	1.6	1.1	2.0	2.7	7.5	8.7	9.6
EBITA margin	10.4%	9.5%	7.4%	9.9%	11.6%	9.6%	6.8%	5.3%	10.4%	11.5%	8.5%	9.5%	10.0%
Technical Communication Solutions	2021	Q1/'22	Q2/'22	Q3/'22	Q4/'22	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23E	2023E	2024E	2025E
Net sales	51.6	18.1	17.7	16.3	17.7	69.8	19.2	17.4	15.5	17.0	69.1	70.5	72.6
sales growth %	10.9%	44.3%	36.4%	38.8%	23.3%	35.2%	6.0%	-1.5%	-5.0%	-3.9%	-1.0%	2.0%	3.0%
EBITA	5.9	1.8	1.5	1.3	1.4	6.1	1.2	1.4	0.7	1.4	4.7	6.3	6.9
EBITA margin	11.5%	10.1%	8.7%	8.1%	7.7%	8.7%	6.0%	8.1%	4.5%	8.2%	6.8%	8.9%	9.5%

Source: Etteplan, Evli Research estimates

Our updated FY 2023 estimates at the lower end of the guidance range

Etteplan kept its guidance unchanged from September: revenue is estimated to be EUR 355-370m and EBIT EUR 26-28.5m. With our updated estimates, we forecast net sales of EUR 360.4m and EBIT of EUR 26.0m for FY 2023. We continue to forecast revenue decline for TCS and SES, yet we expect ES to grow at a faster rate y/y when compared to Q3 driven mainly by slower growth in the comparison period. We expect that the company can improve its performance in TCS q/q as we forecast EBITA margin of 8.2% for Q4 2023. The current visibility for 2024 is low yet we see that the demand is likely to pick-up in the second half of 2024 leading to slight growth for the FY 2024.

Table 2: Estimate changes

Estimate changes	2023			2024		
	Old	New	Change %	Old	New	Change %
Group level						
Net sales	360.7	360.4	-0.1%	370.4	369.4	-0.3%
sales growth %	3.0%	2.9%		3.6%	2.5%	
EBITA	31.7	31.3	-1.4%	35.1	34.9	-0.5%
EBITA margin	8.8%	8.7%		9.7%	9.5%	
EBIT	26.5	26.0	-2.0%	29.9	29.7	-0.8%
EBIT margin	7.4%	7.2%		8.3%	8.0%	
Engineering Solutions						
Net sales	201.2	202.8	0.8%	207.3	206.9	-0.2%
sales growth %	9.6%	10.4%		4.0%	2.0%	
EBITA	20.5	20.1	-2.0%	20.9	20.9	0.0%
EBITA margin	10.2%	9.9%		10.1%	10.1%	
Software and Embedded Solutions						
Net sales	90.1	87.8	-2.6%	92.8	91.3	-1.6%
sales growth %	-6.1%	-8.5%		4.0%	4.0%	
EBITA	7.1	7.5	5.6%	8.8	8.7	-1.4%
EBITA margin	7.8%	8.5%		9.8%	9.5%	
Technical Communication Solutions						
Net sales	68.6	69.1	0.8%	69.6	70.5	1.3%
sales growth %	-1.7%	-1.0%		2.0%	2.0%	
EBITA	5.0	4.7	-6.7%	6.2	6.3	1.2%
EBITA margin	7.4%	6.8%		9.4%	8.9%	

Source: Etteplan, Evli Research estimates

Table 3: Peer group

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
SWECO	3127	12.9x	11.7x	11.4x	16.9x	15.0x	13.7x	19.3x	17.0x	15.5x
AFRY	1111	6.6x	6.2x	5.6x	10.1x	9.0x	7.9x	10.4x	9.3x	8.0x
Alten	3811	8.2x	7.3x	6.7x	10.5x	9.2x	8.3x	13.3x	11.6x	10.6x
Bertrandt	451	18.3x	4.8x	4.2x	11.4x	8.0x	7.2x	11.6x	8.4x	8.1x
Multiconsult	300	7.6x	7.0x	6.8x	11.7x	10.7x	10.1x	12.3x	11.4x	10.7x
TietoEVRY	2306	7.7x	7.2x	6.7x	10.4x	9.6x	8.5x	9.1x	8.8x	8.2x
Peer Group Average	1460	10.2x	7.4x	6.9x	11.8x	10.2x	9.3x	12.7x	11.1x	10.2x
Peer Group Median	781	7.9x	7.1x	6.7x	10.9x	9.4x	8.4x	12.0x	10.3x	9.4x
Etteplan (Evli est.)	348	8.6x	8.2x	7.4x	13.3x	13.3x	11.9x	17.9x	17.1x	15.5x

Etteplan prem./disc. to peer median

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	13.85 PV of Free Cash Flow	286 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	22.32 PV of Horizon value	355 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	61.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	24.4 Marketable securities	20 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	20.5 Debt - dividend	-100 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	55.4 Value of stock	560 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	360	369	382	392	402	412	422	433	443	452	461
<i>Sales growth, %</i>	<i>16.7</i>	<i>2.9</i>	<i>2.5</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>7.2</i>	<i>8.0</i>	<i>8.3</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.	20	19	19	19	19	19	19	19	19	19	19	20
EBITDA	49	45	48	51	55	56	56	58	59	60	61	
- Paid taxes	-6	-6	-7	-7	-8	-8	-9	-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>6.1</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>4.7</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	34	37	39	41	42	42	43	44	45	46	737
= Discounted FCFF		34	33	32	32	30	28	26	25	23	22	355
= DFCF min WACC		34	33	33	33	31	29	27	26	24	23	402
= DFCF max WACC		34	33	32	32	29	27	26	24	22	21	315

Commercial Services & Supplies/Finland, October 31, 2023
Company update

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3	2023Q4E	2023E	2024E	2025E
Net sales	89.6	89.3	80.3	91.0	350.2	95.0	89.8	80.0	95.7	360.4	369.4	382.3
EBITDA	12.6	11.8	10.9	13.4	48.7	11.0	10.8	9.5	13.6	44.9	48.4	51.0
<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>11.9</i>	<i>14.2</i>	<i>12.5</i>	<i>13.1</i>	<i>13.3</i>
EBIT	7.6	6.8	5.8	8.4	28.6	6.3	6.1	5.0	8.6	26.0	29.7	31.8
<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>6.2</i>	<i>9.0</i>	<i>7.2</i>	<i>8.0</i>	<i>8.3</i>
Net financial items	-0.3	0.0	-6.2	0.4	-6.2	-0.7	-0.9	-1.5	-0.7	-3.9	-3.3	-2.7
Pre-tax profit	7.3	6.8	-0.4	8.8	22.4	5.6	5.2	3.4	7.9	22.1	26.3	29.1
Tax	-1.5	-1.2	-0.2	-1.4	-4.2	-1.2	-1.4	-0.8	-1.6	-5.1	-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>24.3</i>	<i>20.0</i>	<i>22.8</i>	<i>22.8</i>	<i>22.8</i>
Net profit	5.8	5.6	-0.6	7.4	18.2	4.3	3.8	2.6	6.3	17.1	20.3	22.5
EPS	0.23	0.22	-0.03	0.30	0.73	0.17	0.15	0.10	0.25	0.68	0.81	0.89
EPS adjusted (diluted no. of shares)	0.23	0.22	0.19	0.28	0.70	0.17	0.15	0.10	0.25	0.68	0.81	0.89
Dividend per share	0.00	0.00	0.00	0.00	0.36	0.00	0.00	0.00	0.00	0.34	0.40	0.45
SALES, EURm												
Engineering Solutions	46.7	46.2	41.9	48.9	183.7	51.7	51.0	45.1	55.0	202.8	206.9	213.1
Software and Embedded Solutions	24.6	25.1	22.0	24.2	95.9	23.9	21.2	19.2	23.5	87.8	91.3	95.9
Technical Communication Solutions	18.1	17.7	16.3	17.7	69.8	19.2	17.4	15.5	17.0	69.1	70.5	72.6
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	80.0	95.7	360.4	369.4	382.3
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>10.7</i>	<i>10.4</i>	<i>7.6</i>	<i>12.5</i>	<i>10.4</i>	<i>2.0</i>	<i>3.0</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>-3.0</i>	<i>-15.4</i>	<i>-12.5</i>	<i>-3.0</i>	<i>-8.5</i>	<i>4.0</i>	<i>5.0</i>
<i>Technical Communication Solutions</i>	<i>44.3</i>	<i>36.4</i>	<i>38.8</i>	<i>23.3</i>	<i>35.2</i>	<i>6.0</i>	<i>-1.5</i>	<i>-5.0</i>	<i>-3.9</i>	<i>-1.0</i>	<i>2.0</i>	<i>3.0</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>14.3</i>	<i>-31.3</i>	<i>10.5</i>	<i>-13.0</i>	<i>-6.7</i>	<i>0.0</i>	<i>0.0</i>
Total	22.8	18.9	20.1	6.8	16.7	6.0	0.7	-0.4	5.1	2.9	2.5	3.5
EBIT, EURm												
Engineering Solutions	4.9	4.9	4.3	5.3	19.4	4.9	5.2	3.9	6.0	20.1	20.9	21.5
Software and Embedded Solutions	2.3	1.9	2.2	2.8	9.2	1.6	1.1	2.0	2.7	7.5	8.7	9.6
Technical Communication Solutions	1.8	1.5	1.3	1.4	6.1	1.2	1.4	0.7	1.4	4.7	6.3	6.9
Other	-1.5	-1.5	-2.0	-1.0	-6.0	-1.5	-1.7	-1.6	-1.5	-6.2	-6.2	-6.2
Total	7.6	6.8	5.8	8.4	28.6	6.3	6.1	5.0	8.6	26.0	29.7	31.8
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>9.5</i>	<i>10.3</i>	<i>8.6</i>	<i>10.9</i>	<i>9.9</i>	<i>10.1</i>	<i>10.1</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>6.8</i>	<i>5.3</i>	<i>10.4</i>	<i>11.5</i>	<i>8.5</i>	<i>9.5</i>	<i>10.0</i>
<i>Technical Communication Solutions</i>	<i>10.1</i>	<i>8.7</i>	<i>8.1</i>	<i>7.7</i>	<i>8.7</i>	<i>6.0</i>	<i>8.1</i>	<i>4.5</i>	<i>8.2</i>	<i>6.8</i>	<i>8.9</i>	<i>9.5</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>-733.0</i>	<i>-1,203.6</i>	<i>-951.5</i>	<i>-811.1</i>	<i>-901.7</i>	<i>-901.7</i>	<i>-901.7</i>
Total	8.5	7.6	7.2	9.2	8.2	6.6	6.8	6.2	9.0	7.2	8.0	8.3

Commercial Services & Supplies/Finland, October 31, 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	360.4	369.4	382.3
<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>2.9</i>	<i>2.5</i>	<i>3.5</i>
EBITDA	26.0	37.5	40.4	43.6	48.7	44.9	48.4	51.0
<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>12.5</i>	<i>13.1</i>	<i>13.3</i>
Depreciation	-5.8	-14.7	-18.0	-17.8	-20.0	-18.9	-18.7	-19.2
EBITA	20.2	22.8	22.4	25.8	28.6	26.0	29.7	31.8
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	26.0	29.7	31.8
<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>7.2</i>	<i>8.0</i>	<i>8.3</i>
Reported EBIT	20.2	22.8	22.4	25.8	28.6	26.0	29.7	31.8
<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>7.2</i>	<i>8.0</i>	<i>8.3</i>
Net financials	-0.8	-0.9	-1.3	-0.9	-6.2	-3.9	-3.3	-2.7
Pre-tax profit	19.4	21.9	21.1	24.9	22.4	22.1	26.3	29.1
Taxes	-4.1	-4.5	-4.0	-4.8	-4.2	-5.1	-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	17.1	20.3	22.5
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	26	30	29	32	39	36	34	31
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	95	97	99
Liquid funds	16	16	24	30	20	20	21	21
Total assets	173	203	218	253	281	281	281	282
Liabilities								
Shareholder's equity	68	77	87	99	106	114	126	138
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	59	45	31
Non-interest bearing current liabilities	48	61	57	66	66	68	70	72
Other interest-free debt	4	2	2	3	8	8	8	8
Total liabilities	173	203	218	253	281	281	281	282
CASH FLOW, EURm								
+ EBITDA	26	38	40	44	49	45	48	51
- Net financial items	-1	-1	-1	-1	-6	-4	-3	-3
- 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	36	39	42
- 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	19	23	25
+/- New issues/buybacks	0	-1	2	0	-1	0	0	0
- Paid dividend	-6	-7	-9	-8	-10	-9	-9	-10
+/- Other	-1	9	4	6	4	-10	-14	-14
Change in cash	6	0	9	6	-11	1	1	1

Commercial Services & Supplies/Finland, October 31, 2023
Company update

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	253	323	424	366	348	348	348
Net debt (excl. convertibles)	40	41	48	71	61	47	32
Enterprise value	294	364	472	437	409	394	380
Sales	263	260	300	350	360	369	382
EBITDA	38	40	44	49	45	48	51
EBIT	23	22	26	29	26	30	32
Pre-tax	22	21	25	22	22	26	29
Earnings	17	17	20	18	17	20	22
Equity book value (excl. minorities)	77	87	99	106	114	126	138
Valuation multiples							
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	9.1	8.2	7.4
EV/EBITA	12.9	16.2	18.3	15.2	15.7	13.3	11.9
EV/EBIT	12.9	16.2	18.3	15.2	15.7	13.3	11.9
EV/OCF	8.9	9.6	17.4	15.5	11.3	10.1	9.1
EV/FCFF	27.3	11.5	41.1	57.3	12.0	10.8	9.8
P/FCFE	-247.0	29.2	52.6	-81.8	18.0	15.3	14.2
P/E	15.6	18.9	21.1	20.7	20.4	17.1	15.5
P/B	3.3	3.7	4.3	3.4	3.0	2.8	2.5
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.6	7.7	7.0
Target EV/EBIT	0.0	0.0	0.0	0.0	14.9	12.6	11.3
Target EV/FCF	0.0	0.0	0.0	0.0	20.1	16.5	14.6
Target P/B	0.0	0.0	0.0	0.0	2.9	2.6	2.4
Target P/E	0.0	0.0	0.0	0.0	19.1	16.1	14.5
Per share measures							
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	0.68	0.81	0.89
Operating cash flow per share	1.32	1.52	1.08	1.12	1.44	1.56	1.66
Free cash flow per share	-0.04	0.44	0.32	-0.18	0.77	0.90	0.98
Book value per share	3.07	3.49	3.94	4.25	4.55	5.02	5.51
Dividend per share	0.35	0.34	0.40	0.36	0.34	0.40	0.45
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	2.5	2.9	3.2
FCF yield, %	-0.4	3.4	1.9	-1.2	5.5	6.5	7.1
Efficiency measures							
ROE	24.1	20.9	21.6	17.7	15.5	16.9	17.0
ROCE	18.3	15.7	15.7	15.3	13.3	15.3	16.5
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	26.5	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	4.7	4.4	4.5
CAPEX/sales (incl. acquisitions), %	-3.1	5.9	1.7	-2.6	4.7	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	1.4	1.0	0.6
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	40.6	44.8	49.0
Gearing, %	52.6	46.6	48.7	66.8	53.1	37.0	23.3

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	230.760	66.4%
Oy Fincorp Ab	2,530,531	35.048	10.1%
Varma Mutual Pension Insurance Company	985,593	13.650	3.9%
Tuori Klaus	309,134	4.282	1.2%
Tuori Aino	308,275	4.270	1.2%
Ilmarinen Mutual Pension Insurance Company	298,311	4.132	1.2%
Elo Mutual Pension Insurance Company	212,000	2.936	0.8%
VAS Invest Oy	194,035	2.687	0.8%
Taaleri Mikro Markka fund	154,048	2.134	0.6%
Näkki Juha Antti Ilmari	137,739	1.908	0.5%
Ten largest	21,791,050	301.806	87%
Residual	3,319,837	45.980	13%
Total	25,110,887	347.786	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

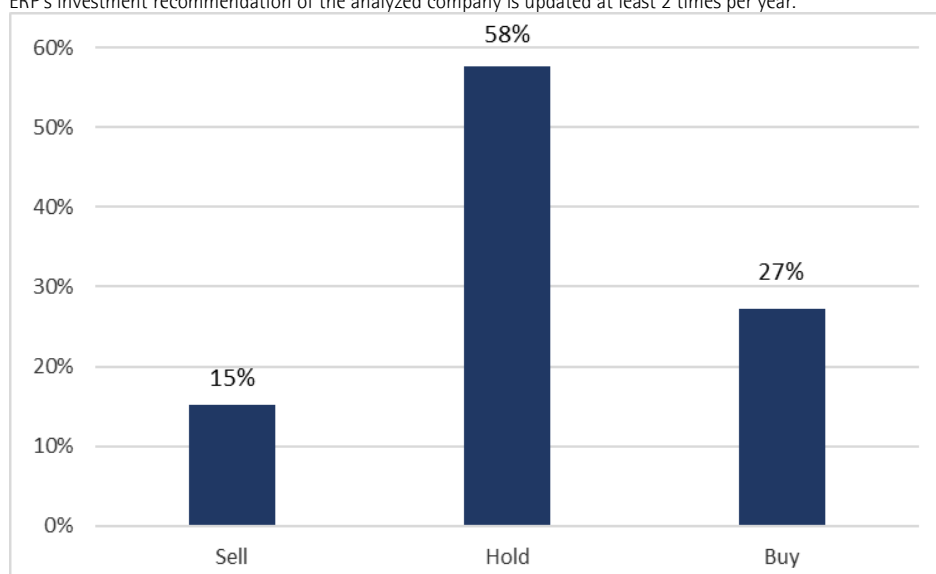
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< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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