


Before the dawn the darkest hour

Etteplan's Q4 results were as expected, following the preliminary numbers released with January's profit warning. Etteplan targets growth and improved profitability in 2024 following a tough 2023.

- Net sales in Q4 were EUR 95.2m (EUR 91.0m in Q4/22), revenue increased 4.6% y/y, yet increased 6.5% at comparable FX rates.
- EBIT in Q4 amounted to EUR 8.2m (EUR 8.4m in Q4/22), at a margin of 8.6%. EBIT was affected by the weakening of the demand situation, the high number of sick leaves at the end of the year and the larger-than-expected number of holidays taken at Christmas time.
- EPS in Q4 amounted to EUR 0.24 (EUR 0.30 in Q4/22).
- Net sales in Engineering Solutions in Q4 were EUR 54.6m, EBITA in Q4 amounted to EUR 5.9m.
- Net sales in Software and Embedded Solutions in Q4 were EUR 22.6m, EBITA amounted to EUR 2.2m.
- Net sales in Technical Communication Solutions in Q4 were EUR 17.8m, EBITA in Q4 amounted to EUR 1.7m. Etteplan's measures to improve the segment's profitability from Q3 clearly paid off as the profitability was already at a moderate level for the segment.
- Guidance for 2024: Revenue in 2024 is estimated to be EUR 375-415 (2023: 360.0) million, and operating profit (EBIT) in 2024 is estimated to be EUR 28-34 (2023: EUR 25.5 million).
- Our current estimates for 2024: revenue of EUR 380.5m and EBIT of EUR 30.2m, within the guidance range, yet slightly lower than the guidance middle point.
- Financial targets for 2023-2024 were changed for international growth and profitability, now Etteplan aims to have at least 55% coming from outside Finland in 2024 (prev. 50%) and EBITA over 10% of revenue (prev. 10% EBITA margin)

Rating

 HOLD

Q4/23	Actual	Evli	Consensus	Q4/22	Q3/23
Net sales	95.2	94.3	94.2	91.0	80.0
EBITA	9.6	9.3	9.5	9.7	6.3
EBIT	8.2	8.1	8.1	8.4	5.0
EPS	0.24	0.23	0.26	0.30	0.10

Deviation	Actual	Evli	Consensus	Q4/22	Q3/23
Net sales		1 %	1 %	5 %	19 %
EBITA		3 %	-	-1 %	52 %
EBIT		1 %	1 %	-3 %	65 %
EPS		3 %	-8 %	-19 %	134 %

Consensus by Factset

Share price, EUR (Last trading day's closing price) 13.45

Target price, EUR 13.0

Latest change in recommendation 01-Nov-22

Latest report on company 19-Jan-24

Research paid by issuer: YES

No. of shares outstanding, '000's 25,250

No. of shares fully diluted, '000's 25,250

Market cap, EURm 340

Free float, % 16.0

Exchange rate

Reuters code ETTE.HE

Bloomberg code ETTE FH

Average daily volume, EURm 0.07

Next interim report 08-Feb-24

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 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	15.2	1.2	15.2	-1.2	0.36
2023E	359.0	25.4	7.1%	14.6	0.66	17.7	1.1	16.0	4.3	0.33
2024E	380.5	30.2	7.9%	16.7	0.81	16.6	1.0	13.1	4.9	0.41
2025E	393.9	32.9	8.3%	20.3	0.90	14.9	1.0	11.8	6.0	0.45

Market cap, EURm	340	BV per share 2023E, EUR	57.5	CAGR EPS 2022-25, %	-2.1
Net debt 2023E, EURm	65	Price/book 2023E	3.0	CAGR sales 2022-25, %	4.0
Enterprise value, EURm	405	Dividend yield 2023E, %	2.4	ROE 2023E, %	15.1
Total assets 2023E, EURm	285	Tax rate 2023E, %	22.9	ROCE 2023E, %	12.8
Goodwill 2023E, EURm	105	Equity ratio 2023E, %	39.9	PEG, P/E 23/CAGR	2.0

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

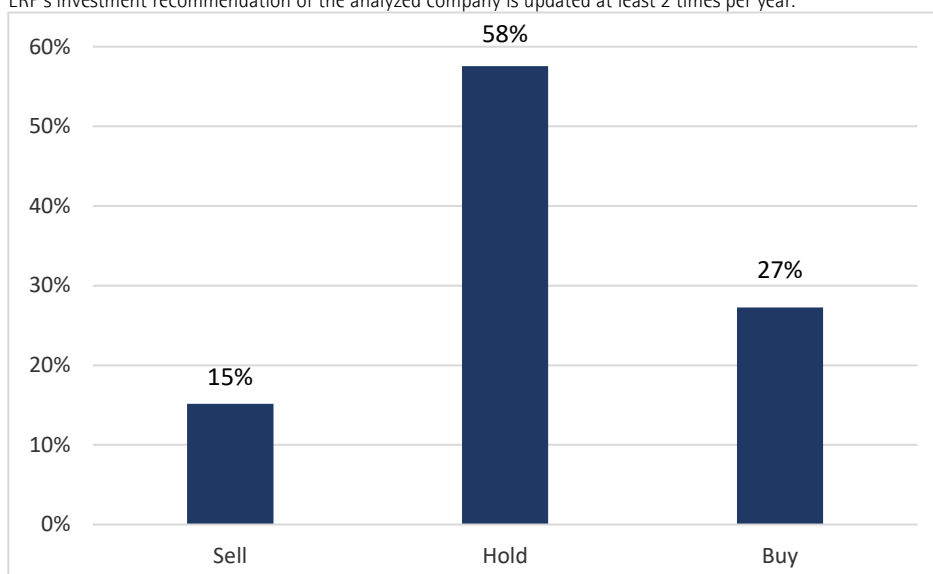
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Investment recommendations are defined as follows:

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

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

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