

## Back to profitable growth track

The outlook for 2024 looks brighter after the tough 2023. We estimate profitable growth fueled by market recovery in H2, inorganic growth, and continued self-help.

### Technical Communication Solutions improved after soft Q3

Etteplan's Q4 2023 brought no real surprises on the group level as they were approximately in line with the preliminary figures. Net sales in Q4 came in at EUR 95.2m, revenue grew 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%. At segment level, the company's Technical Communication Solutions was a positive surprise as the measures to improve profitability after the soft Q3 brought EBITA margin to 9.4% (7.7% Q4/22). Software and Embedded was slightly weak due to the high number of sick leaves and larger-than-expected number of holidays affected the segment more than the others.

### Profitable growth in 2024 aided by acquisitions

We have made some slight adjustments to our estimates for 2024E based on the outlook and comments by the management. We expect organic growth to be slow during the first half of the year as we predict no sudden change in the market environment. On the other hand, we estimate a slight pick-up in organic growth towards the end of the year driven by the expected lower interest rate environment and softer comparison period. In addition to organic growth, we expect growth to be supported by the companies acquired in 2023 and early 2024. In terms of profitability, we estimate EBIT of EUR 30.7m for FY 2024 with EBIT margin of 8.0% (2023: 7.6% excl. NRIs). Engineering Solutions should show a small improvement, while Software and Embedded and Technical Communication Solutions should see a significant y/y improvement due to the corrective actions that Etteplan took for the service areas in 2023.

### HOLD with a TP at EUR 14.0 (prev. EUR 13.0)

On 2024E EV/EBITDA basis, Etteplan trades at a premium of 6% compared to its peers, and on adj. EV/EBITA and P/E basis, it trades roughly level to peers. In our view, a slight premium is warranted due to its above-average margins and capital efficiency. With the slightly higher estimates and peer multiples for 2024E we raise our TP to EUR 14.0 with rating kept at HOLD.



🟢 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
2022	350.2	28.6	8.2%	-4.5	0.73	15.2	1.2	15.2	-1.2	0.36
2023	360.0	25.5	7.1%	16.2	0.66	17.7	1.1	15.8	4.7	0.30
2024E	384.1	30.7	8.0%	18.4	0.82	17.1	1.1	13.2	5.2	0.41
2025E	398.2	33.7	8.5%	22.5	0.93	15.0	1.0	11.7	6.4	0.47
2026E	408.2	35.7	8.7%	24.7	1.02	13.7	0.9	10.7	7.0	0.51
Market cap, EURm		353	Gearing 2024E, %			41.1	CAGR EPS 2023-26, %			10.1
Net debt 2024E, EURm		52	Price/book 2024E			2.8	CAGR sales 2023-26, %			4.3
Enterprise value, EURm		406	Dividend yield 2024E, %			2.9	ROE 2024E, %			17.2
Total assets 2024E, EURm		293	Tax rate 2024E, %			20.0	ROCE 2024E, %			15.2
Goodwill 2024E, EURm		110	Equity ratio 2024E, %			43.4	PEG, P/E 24/CAGR			1.8

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

Our FY 2024 estimates slightly below the guidance mid-point

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. Etteplan updated the 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). The corrective measures implemented for Software and Embedded after the soft Q2 results and for Technical Communication Solutions after Q3 have both worked quickly as Software and Embedded improved from 5.3% EBITA margin in Q2 to more normal levels of roughly 10% for H2. For Technical Communication Solutions, the EBITA margin fell to 4.5% in Q3 and recovered to 9.4% in Q4. Technical Communication Solutions is still far from its potential at clearly over 10% EBITA as its profitability is still negatively affected by the Cognitas acquisition. The company's BOD's dividend proposal is EUR 0.30 (2022: 0.36) per share, lower than our estimate of EUR 0.33. Operating cash flow improved to EUR 35.6m from EUR 28.1m in 2022. For FY 2024E, we estimate revenue growth of 6.7% y/y supported by slowly improving market and inorganic growth for Engineering and Software and Embedded Solutions. With the revenue growth, continued good performance for Engineering Solutions and self-help actions for Software and Embedded and Technical Communication Solutions, we estimate EBIT of EUR 30.7m (EBIT margin 8.0%) and EBITA of EUR 36.2m (EBITA margin of 9.4%). Our estimate is below the company's target of over 10% EBITA margin for the strategy period 2023-2024, in our view, reaching the target would require stronger improvement in market conditions than we currently expect. In addition to the profitability target, Etteplan target revenue of more than EUR 500m in 2024, as we have commented previously, this target would require substantial acquisition to succeed.

Table 1: Estimate overview

Etteplan	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	350.2	95.0	89.8	80.0	95.2	360.0	97.0	96.0	87.5	103.6	384.1	398.2	408.0
sales growth %	16.7%	6.0%	0.7%	-0.4%	4.6%	2.8%	2.2%	6.8%	9.4%	8.9%	6.7%	3.7%	2.4%
EBITA	33.9	7.6	7.4	6.3	9.6	30.9	8.4	9.2	8.3	10.4	36.2	39.3	41.3
EBITA margin	9.7%	8.0%	8.3%	7.9%	10.0%	8.6%	8.6%	9.6%	9.5%	10.1%	9.4%	9.9%	10.1%
EBIT	28.6	6.3	6.1	5.0	8.2	25.5	7.0	7.8	6.9	9.0	30.7	33.7	35.7
EBIT margin	8.2%	6.6%	6.8%	6.2%	8.6%	7.1%	7.2%	8.1%	7.9%	8.7%	8.0%	8.5%	8.7%
EBIT (excl. NRIs) -margin	29.7 8.5%	7.2 7.5%	6.5 7.2%	5.2 6.5%	8.4 8.8%	27.2 7.6%	7.0 7.2%	7.8 8.1%	6.9 7.9%	9.0 8.7%	30.7 8.0%	33.7 8.5%	35.7 8.7%
<b>Engineering Solutions</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23</b>	<b>Q4/'23</b>	<b>2023</b>	<b>Q1/'24E</b>	<b>Q2/'24E</b>	<b>Q3/'24E</b>	<b>Q4/'24E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Net sales	183.7	51.7	51.0	45.1	54.6	202.4	52.5	53.1	47.6	57.6	210.7	217.1	221.4
sales growth %	9.7%	10.7%	10.4%	7.6%	11.7%	10.2%	1.5%	4.0%	5.5%	5.5%	4.1%	3.0%	2.0%
EBITA	19.4	4.9	5.2	3.9	5.9	19.9	5.1	5.6	4.8	6.0	21.5	22.1	22.6
EBITA margin	10.6%	9.5%	10.3%	8.6%	10.8%	9.8%	9.8%	10.5%	10.0%	10.4%	10.2%	10.2%	10.2%
<b>Software and Embedded Solutions</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23</b>	<b>Q4/'23</b>	<b>2023</b>	<b>Q1/'24E</b>	<b>Q2/'24E</b>	<b>Q3/'24E</b>	<b>Q4/'24E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Net sales	95.9	23.9	21.2	19.2	22.6	86.9	25.5	25.3	23.0	27.1	100.9	106.0	109.2
sales growth %	19.7%	-3.0%	-15.4%	-12.5%	-6.9%	-9.4%	7.0%	19.0%	20.0%	20.0%	16.2%	5.0%	3.0%
EBITA	9.2	1.6	1.1	2.0	2.2	6.9	1.8	2.3	2.2	2.7	9.0	10.6	11.1
EBITA margin	9.6%	6.8%	5.3%	10.4%	9.6%	8.0%	7.0%	9.0%	9.5%	10.1%	8.9%	10.0%	10.2%
<b>Technical Communication Solutions</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23</b>	<b>Q4/'23</b>	<b>2023</b>	<b>Q1/'24E</b>	<b>Q2/'24E</b>	<b>Q3/'24E</b>	<b>Q4/'24E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
Net sales	69.8	19.2	17.4	15.5	17.8	70.0	18.8	17.4	16.7	18.7	71.6	74.5	76.7
sales growth %	35.2%	6.0%	-1.5%	-5.0%	0.9%	0.2%	-2.0%	0.0%	7.5%	5.0%	2.4%	4.0%	3.0%
EBITA	6.1	1.2	1.4	0.7	1.7	4.9	1.6	1.6	1.6	1.9	6.6	7.5	8.4
EBITA margin	8.7%	6.0%	8.1%	4.5%	9.4%	7.1%	8.5%	9.0%	9.5%	10.0%	9.2%	10.0%	11.0%

Source: Etteplan, Evli Research estimates

Table 2: Peer group overview

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		23	24	25	23	24	25	23	24	25
SWECO	3824	16.4x	13.5x	12.5x	21.4x	17.0x	15.5x	23.4x	20.4x	18.3x
AFRY	1653	7.4x	7.9x	7.3x	11.3x	11.4x	10.2x	15.0x	13.3x	11.4x
Alten	4984	10.3x	10.1x	9.2x	13.0x	12.4x	11.2x	18.6x	16.3x	14.8x
Bertrandt	483	6.4x	5.1x	4.3x	12.9x	8.8x	6.8x	14.2x	9.8x	7.4x
Multiconsult	346	6.7x	7.1x	6.7x	10.8x	11.3x	10.4x	12.4x	13.2x	12.0x
TietoEVRY	2588	7.9x	7.5x	7.2x	11.4x	10.7x	9.8x	10.8x	10.1x	9.3x
Rejlers AB	257	7.0x	7.0x	6.6x	13.6x	12.3x	11.3x	11.7x	11.9x	10.9x
Peer Group Average	2019	<b>8.9x</b>	<b>8.3x</b>	<b>7.7x</b>	<b>13.5x</b>	<b>12.0x</b>	<b>10.7x</b>	<b>15.2x</b>	<b>13.6x</b>	<b>12.0x</b>
Peer Group Median	1653	<b>7.4x</b>	<b>7.7x</b>	<b>7.2x</b>	<b>12.2x</b>	<b>11.4x</b>	<b>10.3x</b>	<b>14.6x</b>	<b>13.3x</b>	<b>11.7x</b>
<b>Etteplan (Evli est.)</b>	<b>350</b>	<b>8.8x</b>	<b>8.1x</b>	<b>7.5x</b>	<b>12.4x</b>	<b>11.2x</b>	<b>10.0x</b>	<b>15.9x</b>	<b>14.0x</b>	<b>12.6x</b>

*Etteplan prem./disc. to peer median* 17.8% 5.9% 4.3% 1.7% -1.2% -2.5% 8.7% 5.6% 7.5%

*Multiples adjusted for NRIs & PPA amortization*

*Source FactSet, Evli Research*

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	14.00 PV of Free Cash Flow	267 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	20.24 PV of Horizon value	307 WACC, %	8.8 Market risk premium, %	5.8
Share price potential, %	44.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	22.1 Marketable securities	23 Minimum WACC, %	8.3 Equity beta coefficient	0.80
Minimum value	18.7 Debt - dividend	-87 Maximum WACC, %	9.3 Target debt ratio, %	20
Horizon value, %	53.4 Value of stock	511 Nr of shares, Mn	25.2 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	360	384	398	408	418	429	440	451	462	473	483	493
<i>Sales growth, %</i>	<i>2.8</i>	<i>6.7</i>	<i>3.7</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>2.5</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	26	31	34	36	37	38	39	40	41	42	42	43
<i>Operating income margin, %</i>	<i>7.1</i>	<i>8.0</i>	<i>8.5</i>	<i>8.7</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>
+ Depreciation+amort.	19	19	19	19	19	19	20	20	21	22	22	
EBITDA	44	50	52	54	56	57	59	60	61	63	65	
- Paid taxes	-5	-6	-7	-7	-7	-8	-8	-8	-8	-8	-8	
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>6.6</i>	<i>6.1</i>	<i>5.8</i>	<i>5.7</i>	<i>5.5</i>	<i>5.3</i>	<i>5.2</i>	<i>5.0</i>	<i>4.9</i>	<i>4.7</i>	<i>4.6</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-9	-10	-8	-8	-8	-8	-8	-8	-10	-10	-10	
<i>opCAPEX / Sales, %</i>	<i>5.5</i>	<i>5.7</i>	<i>5.0</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>5.1</i>	<i>5.0</i>	<i>5.0</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	31	34	38	40	41	42	43	44	44	45	47	704
= Discounted FCFF		32	32	31	29	28	26	25	23	22	20	307
= DFCF min WACC		32	33	32	30	28	27	25	24	22	21	347
= DFCF max WACC		32	32	31	29	27	25	24	22	21	19	273

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	95.0	89.8	80.0	95.2	360.0	97.0	96.0	87.5	103.6	384.1	398.2	408.2
EBITDA	11.0	10.8	9.5	13.1	44.4	11.8	12.6	11.7	13.8	49.9	52.2	54.4
<i>EBITDA margin (%)</i>	<i>11.6</i>	<i>12.1</i>	<i>11.9</i>	<i>13.8</i>	<i>12.3</i>	<i>12.1</i>	<i>13.1</i>	<i>13.4</i>	<i>13.3</i>	<i>13.0</i>	<i>13.1</i>	<i>13.3</i>
EBIT	6.3	6.1	5.0	8.2	25.5	7.0	7.8	6.9	9.0	30.7	33.7	35.7
<i>EBIT margin (%)</i>	<i>6.6</i>	<i>6.8</i>	<i>6.2</i>	<i>8.6</i>	<i>7.1</i>	<i>7.2</i>	<i>8.1</i>	<i>7.9</i>	<i>8.7</i>	<i>8.0</i>	<i>8.5</i>	<i>8.7</i>
Net financial items	-0.7	-0.9	-1.5	-1.6	-4.7	-1.5	-1.3	-1.0	-1.0	-4.8	-4.2	-3.5
Pre-tax profit	5.6	5.2	3.4	6.6	20.8	5.5	6.5	5.9	8.0	25.9	29.5	32.1
Tax	-1.2	-1.4	-0.8	-0.7	-4.2	-1.1	-1.3	-1.2	-1.6	-5.2	-5.9	-6.4
<i>Tax rate (%)</i>	<i>21.9</i>	<i>27.2</i>	<i>24.3</i>	<i>10.5</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>	<i>20.0</i>
Net profit	4.3	3.8	2.6	5.9	16.6	4.4	5.2	4.7	6.4	20.7	23.6	25.7
EPS	0.17	0.15	0.10	0.23	0.66	0.17	0.21	0.19	0.25	0.82	0.93	1.02
EPS adjusted (diluted no. of shares)	0.25	0.17	0.11	0.23	0.76	0.17	0.21	0.19	0.25	0.82	0.93	1.02
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.41	0.47	0.51
<b>SALES, EURm</b>												
Engineering Solutions	51.7	51.0	45.1	54.6	202.4	52.5	53.1	47.6	57.6	210.7	217.1	222.5
Software and Embedded Solutions	23.9	21.2	19.2	22.6	86.9	25.5	25.3	23.0	27.1	100.9	106.0	108.6
Technical Communication Solutions	19.2	17.4	15.5	17.8	70.0	18.8	17.4	16.7	18.7	71.6	74.5	76.4
Other	0.2	0.1	0.2	0.2	0.7	0.2	0.2	0.2	0.2	0.8	0.7	0.7
Total	95.0	89.8	80.0	95.2	360.0	97.0	96.0	87.5	103.6	384.1	398.2	408.2
<b>SALES GROWTH, YYY %</b>												
<i>Engineering Solutions</i>	<i>10.7</i>	<i>10.4</i>	<i>7.6</i>	<i>11.7</i>	<i>10.2</i>	<i>1.5</i>	<i>4.0</i>	<i>5.5</i>	<i>5.5</i>	<i>4.1</i>	<i>3.0</i>	<i>2.5</i>
<i>Software and Embedded Solutions</i>	<i>-3.0</i>	<i>-15.4</i>	<i>-12.5</i>	<i>-6.9</i>	<i>-9.4</i>	<i>7.0</i>	<i>19.0</i>	<i>20.0</i>	<i>20.0</i>	<i>16.2</i>	<i>5.0</i>	<i>2.5</i>
<i>Technical Communication Solutions</i>	<i>6.0</i>	<i>-1.5</i>	<i>-5.0</i>	<i>0.9</i>	<i>0.2</i>	<i>-2.0</i>	<i>0.0</i>	<i>7.5</i>	<i>5.0</i>	<i>2.4</i>	<i>4.0</i>	<i>2.5</i>
<i>Other</i>	<i>14.3</i>	<i>-31.3</i>	<i>10.5</i>	<i>-25.6</i>	<i>-10.2</i>	<i>0.0</i>	<i>44.9</i>	<i>18.3</i>	<i>29.9</i>	<i>21.0</i>	<i>-14.1</i>	<i>2.5</i>
Total	6.0	0.7	-0.4	4.6	2.8	2.2	6.8	9.4	8.9	6.7	3.7	2.5
<b>EBIT, EURm</b>												
Engineering Solutions	4.9	5.2	3.9	5.9	19.9	5.1	5.6	4.8	6.0	21.5	22.1	22.6
Software and Embedded Solutions	1.6	1.1	2.0	2.2	6.9	1.8	2.3	2.2	2.7	9.0	10.6	11.1
Technical Communication Solutions	1.2	1.4	0.7	1.7	4.9	1.6	1.6	1.6	1.9	6.6	7.5	8.4
Other	-1.5	-1.7	-1.6	-1.5	-6.3	-1.6	-1.6	-1.6	-1.6	-6.4	-6.5	-6.5
Total	6.3	6.1	5.0	8.2	25.5	7.0	7.8	6.9	9.0	30.7	33.7	35.7
<b>EBIT margin, %</b>												
<i>Engineering Solutions</i>	<i>9.5</i>	<i>10.3</i>	<i>8.6</i>	<i>10.8</i>	<i>9.8</i>	<i>9.8</i>	<i>10.5</i>	<i>10.0</i>	<i>10.4</i>	<i>10.2</i>	<i>10.2</i>	<i>10.2</i>
<i>Software and Embedded Solutions</i>	<i>6.8</i>	<i>5.3</i>	<i>10.4</i>	<i>9.6</i>	<i>8.0</i>	<i>7.0</i>	<i>9.0</i>	<i>9.5</i>	<i>10.1</i>	<i>8.9</i>	<i>10.0</i>	<i>10.2</i>
<i>Technical Communication Solutions</i>	<i>6.0</i>	<i>8.1</i>	<i>4.5</i>	<i>9.4</i>	<i>7.1</i>	<i>8.5</i>	<i>9.0</i>	<i>9.5</i>	<i>10.0</i>	<i>9.2</i>	<i>10.0</i>	<i>11.1</i>
<i>Other</i>	<i>-733.0</i>	<i>-1,203.6</i>	<i>-952.1</i>	<i>-995.5</i>	<i>-948.4</i>	<i>-778.0</i>	<i>-800.0</i>	<i>-822.0</i>	<i>-780.0</i>	<i>-795.0</i>	<i>-946.1</i>	<i>-923.1</i>
Total	6.6	6.8	6.2	8.6	7.1	7.2	8.1	7.9	8.7	8.0	8.5	8.7

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INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	262.7	259.7	300.1	350.2	360.0	384.1	398.2	408.2
<i>Sales growth (%)</i>	<i>11.1</i>	<i>-1.1</i>	<i>15.6</i>	<i>16.7</i>	<i>2.8</i>	<i>6.7</i>	<i>3.7</i>	<i>2.5</i>
EBITDA	37.5	40.4	43.6	48.7	44.4	49.9	52.2	54.4
<i>EBITDA margin (%)</i>	<i>14.3</i>	<i>15.6</i>	<i>14.5</i>	<i>13.9</i>	<i>12.3</i>	<i>13.0</i>	<i>13.1</i>	<i>13.3</i>
Depreciation	-14.7	-18.0	-17.8	-20.0	-18.9	-19.2	-18.5	-18.7
EBITA	22.8	22.4	25.8	28.6	25.5	30.7	33.7	35.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	22.8	22.4	25.8	28.6	25.5	30.7	33.7	35.7
<i>EBIT margin (%)</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.2</i>	<i>7.1</i>	<i>8.0</i>	<i>8.5</i>	<i>8.7</i>
Reported EBIT	22.8	22.4	25.8	28.6	25.5	30.7	33.7	35.7
<i>EBIT margin (reported) (%)</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.2</i>	<i>7.1</i>	<i>8.0</i>	<i>8.5</i>	<i>8.7</i>
Net financials	-0.9	-1.3	-0.9	-6.2	-4.7	-4.8	-4.2	-3.5
Pre-tax profit	21.9	21.1	24.9	22.4	20.8	25.9	29.5	32.1
Taxes	-4.5	-4.0	-4.8	-4.2	-4.2	-5.2	-5.9	-6.4
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	17.4	17.1	20.1	18.2	16.6	20.7	23.6	25.7
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>								
Assets								
Fixed assets	30	29	32	39	36	37	38	38
Goodwill	79	84	92	105	110	110	110	110
Right of use assets	15	23	22	21	21	22	23	23
Inventory	0	0	0	1	1	1	1	1
Receivables	62	57	75	94	92	96	98	100
Liquid funds	16	24	30	20	23	25	26	27
Total assets	203	218	253	281	285	293	298	301
Liabilities								
Shareholder's equity	77	87	99	106	114	127	140	154
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	16	24	23	22	21	22	23	23
Deferred taxes	6	7	7	10	10	10	10	10
Interest bearing debt	41	40	56	69	65	55	43	30
Non-interest bearing current liabilities	61	57	66	66	67	71	74	76
Other interest-free debt	2	2	3	8	8	8	8	8
Total liabilities	203	218	253	281	285	293	298	301
<b>CASH FLOW, EURm</b>								
+ EBITDA	38	40	44	49	44	50	52	54
- Net financial items	-1	-1	-1	-6	-5	-5	-4	-4
- Taxes	-4	-5	-6	-5	-5	-5	-6	-6
- Increase in Net Working Capital	4	1	-10	-17	1	0	0	0
+/- Other	-4	3	1	8	0	0	0	0
= Cash flow from operations	33	38	27	28	36	40	42	45
- Capex	-13	-21	-12	-12	-20	-22	-20	-20
- Acquisitions	-21	-6	-7	-21	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-1	11	8	-4	16	18	22	25
+/- New issues/buybacks	-1	2	0	-1	0	0	0	0
- Paid dividend	-7	-9	-8	-10	-9	-8	-10	-12
+/- Other	9	4	6	4	-3	-9	-11	-12
Change in cash	0	9	6	-11	4	2	1	1

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KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	323	424	366	341	353	353	353
Net debt (excl. convertibles)	41	48	71	63	52	40	27
Enterprise value	364	472	437	404	406	394	381
Sales	260	300	350	360	384	398	408
EBITDA	40	44	49	44	50	52	54
EBIT	22	26	29	26	31	34	36
Pre-tax	21	25	22	21	26	29	32
Earnings	17	20	18	17	21	24	26
Equity book value (excl. minorities)	87	99	106	114	127	140	154
<b>Valuation multiples</b>							
EV/sales	1.4	1.6	1.2	1.1	1.1	1.0	0.9
EV/EBITDA	9.0	10.8	9.0	9.1	8.1	7.5	7.0
EV/EBITA	16.2	18.3	15.2	15.8	13.2	11.7	10.7
EV/EBIT	16.2	18.3	15.2	15.8	13.2	11.7	10.7
EV/OCF	9.6	17.4	15.5	11.2	10.1	9.3	8.5
EV/FCFF	11.5	41.1	57.3	12.8	11.8	10.4	9.6
P/FCFE	29.2	52.6	-81.8	21.1	19.2	15.7	14.3
P/E	18.9	21.1	15.2	17.7	17.1	15.0	13.7
P/B	3.7	4.3	3.4	3.0	2.8	2.5	2.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.1	7.5	7.0
Target EV/EBIT	0.0	0.0	0.0	0.0	13.2	11.7	10.7
Target EV/FCF	0.0	0.0	0.0	0.0	22.0	17.5	15.4
Target P/B	0.0	0.0	0.0	0.0	2.8	2.5	2.3
Target P/E	0.0	0.0	0.0	0.0	17.1	15.0	13.7
<b>Per share measures</b>							
Number of shares	24,963	25,083	25,042	25,250	25,250	25,250	25,250
Number of shares (diluted)	24,963	25,083	25,042	25,250	25,250	25,250	25,250
EPS	0.68	0.80	0.73	0.66	0.82	0.93	1.02
Operating cash flow per share	1.52	1.08	1.12	1.43	1.59	1.67	1.77
Free cash flow per share	0.44	0.32	-0.18	0.64	0.73	0.89	0.98
Book value per share	3.49	3.94	4.25	4.52	5.04	5.56	6.11
Dividend per share	0.34	0.40	0.36	0.30	0.41	0.47	0.51
Dividend payout ratio, %	49.6	49.9	49.6	45.5	50.0	50.0	50.0
Dividend yield, %	2.6	2.4	2.5	2.1	2.9	3.3	3.6
FCF yield, %	3.4	1.9	-1.2	4.7	5.2	6.4	7.0
<b>Efficiency measures</b>							
ROE	20.9	21.6	17.7	15.1	17.2	17.6	17.5
ROCE	15.7	15.7	15.3	12.9	15.2	16.4	17.2
<b>Financial ratios</b>							
Inventories as % of sales	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Receivables as % of sales	21.8	24.9	26.7	25.5	25.0	24.7	24.5
Non-interest bearing liabilities as % of sales	22.1	21.8	19.0	18.5	18.5	18.5	18.5
NWC/sales, %	-0.9	2.6	7.0	6.6	6.1	5.8	5.7
Operative CAPEX/sales, %	8.1	4.0	3.3	5.5	5.7	5.0	4.9
CAPEX/sales (incl. acquisitions), %	5.9	1.7	-2.6	5.5	5.7	5.0	4.9
FCFF/EBITDA	0.8	0.3	0.2	0.7	0.7	0.7	0.7
Net debt/EBITDA, book-weighted	1.0	1.1	1.5	1.4	1.0	0.8	0.5
Debt/equity, market-weighted	0.1	0.1	0.2	0.2	0.2	0.1	0.1
Equity ratio, book-weighted	40.0	39.1	37.8	40.1	43.4	47.2	51.3
Gearing, %	46.6	48.7	66.8	55.4	41.1	28.6	17.7

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Company update

**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	233.259	66.0%
Oy Fincorp Ab	2,530,531	35.427	10.0%
Varma Mutual Pension Insurance Company	985,593	13.798	3.9%
Tuori Klaus	309,134	4.328	1.2%
Tuori Aino	308,275	4.316	1.2%
Ilmarinen Mutual Pension Insurance Company	298,311	4.176	1.2%
Elo Mutual Pension Insurance Company	212,000	2.968	0.8%
VAS Invest Oy	194,035	2.716	0.8%
Taaleri Mikro Markka fund	154,048	2.157	0.6%
Näkki Juha Antti Ilmari	137,739	1.928	0.5%
Ten largest	21,791,050	305.075	86%
Residual	3,458,822	48.424	14%
Total	25,249,872	353.498	100%

**EARNINGS CALENDAR**

May 08, 2024	Q1 report
August 08, 2024	Q2 report
October 31, 2024	Q3 report

**OTHER EVENTS****COMPANY MISCELLANEOUS**

CEO: Juha Näkki	Tekniikantie 4 D, 02150 Espoo
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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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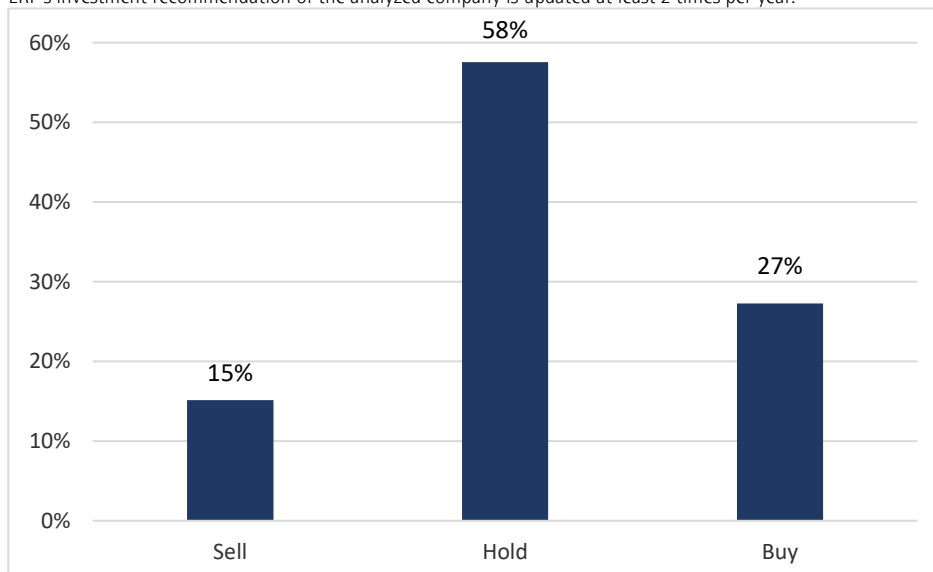
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Investment recommendations are defined as follows:

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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