

## Looking to improve

Etteplan publishes its Q1 results on 8<sup>th</sup> of May. We expect year-on-year revenue growth boosted by acquisitions while profitability improvement is driven mainly by a softer comparison period affected by NRIs.

### Market has remained slow for Etteplan's clients

The machinery and metal industry, which is vital for Etteplan, faced difficulties throughout 2023. Based on data from Technology Industries of Finland, the Finnish machinery and metal industry order backlog stood 16% lower at the end of 2023 when compared to 2022. The consensus forecasts point towards slower growth in 2024E for selected publicly listed blue chip customers of Etteplan. The growth forecasts have been revised downwards during the beginning of the year as some of the companies have reported modest Q1 results. On a positive note, the ECB is still expected to cut rates in June. Etteplan expects the rate cuts to boost investments and improve the demand situation.

### Expecting y/y EBIT improvement in Q1

Etteplan has continued to make bolt-on acquisitions to support its growth strategy. In 2023, the company acquired two companies operating in Software and Embedded and Engineering Solutions business areas. At the start of 2024, Etteplan acquired STRONGIT ApS which is a Danish Software and Embedded company. While we expect modest organic net sales development for Q1, the acquisitions made during 2023 and early 2024 are expected to provide y/y growth for Q1/24. In terms of profitability, we expect improvement over the first quarter of 2023 as the comparison period was affected negatively by NRIs. We have not made major estimate changes for Q1 2024, we expect net sales of EUR 99m and EBIT of EUR 7.3m. For FY 2024, we are slightly below the financial guidance middle point for both net sales (guidance EUR 375m-415m, Evli est. EUR 387m) and EBIT (EUR 28-34m, Evli est. EUR 30.5m).

### Valuation remains neutral

Etteplan is currently valued at 8-7x EV/EBITDA and 13-11x adj. P/E on our estimates for 2024-2025E. The current valuation is in line with the peer group, the company's historic multiple levels and the multiples seen in recent industry transactions. We keep our TP at EUR 14.0 with HOLD-rating intact.



## 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	387.2	30.5	7.9%	17.9	0.81	16.0	1.0	12.5	5.4	0.41
2025E	401.4	33.4	8.3%	23.3	0.97	13.4	0.9	11.0	7.1	0.48
2026E	411.3	36.0	8.8%	26.4	1.08	12.0	0.9	9.8	8.0	0.54
Market cap, EURm	328			Gearing 2024E, %	41.6		CAGR EPS 2023-26, %		12.5	
Net debt 2024E, EURm	53			Price/book 2024E	2.6		CAGR sales 2023-26, %		4.5	
Enterprise value, EURm	381			Dividend yield 2024E, %	3.1		ROE 2024E, %		17.1	
Total assets 2024E, EURm	294			Tax rate 2024E, %	20.0		ROCE 2024E, %		15.0	
Goodwill 2024E, EURm	110			Equity ratio 2024E, %	43.2		PEG, P/E 24/CAGR		1.4	

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

Table 1: Peer group

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			EV/Sales		
		24	25	26	24	25	26	24	25	26	24	25	26
SWECO	3638	12.7x	11.8x	10.9x	17.0x	15.4x	14.0x	21.1x	18.7x	16.9x	1.5x	1.4x	1.3x
AFRY	1694	8.3x	7.6x	7.0x	12.0x	10.5x	9.5x	14.2x	11.9x	10.5x	0.9x	0.9x	0.8x
Alten	3847	8.2x	7.5x	7.1x	9.9x	9.0x	8.4x	13.0x	11.8x	10.9x	0.8x	0.7x	0.6x
Bertrandt	407	4.6x	3.9x		8.2x	6.3x		8.7x	6.5x		0.4x	0.4x	
Multiconsult	329	6.9x	6.5x	6.1x	11.0x	10.2x	9.4x	12.9x	11.8x	10.8x	0.9x	0.8x	0.8x
TietoEVRY	2100	6.5x	6.2x	6.0x	9.4x	8.6x	8.2x	8.8x	7.9x	7.5x	1.0x	1.0x	0.9x
Rejlers AB	266	7.4x	7.0x	6.5x	11.8x	10.8x	10.0x	12.5x	11.3x	10.3x	1.6x	1.5x	1.4x
Prevas	130	7.2x	7.0x	6.2x	9.1x	8.9x	7.7x	12.0x	11.8x	10.1x	0.9x	0.8x	0.8x
Peer Group Average	1754	7.7x	7.2x	7.3x	11.1x	10.1x	9.9x	12.9x	11.4x	11.1x	1.0x	1.0x	1.0x
Peer Group Median	1694	7.4x	7.0x	7.0x	10.5x	9.6x	9.4x	13.0x	11.8x	10.8x	0.9x	0.8x	0.8x
<b>Etteplan (Evli est.)</b>	<b>350</b>	<b>7.9x</b>	<b>7.3x</b>	<b>6.7x</b>	<b>10.9x</b>	<b>9.7x</b>	<b>8.8x</b>	<b>13.0x</b>	<b>11.3x</b>	<b>10.4x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>0.9x</b>
<i>Etteplan prem./disc. to peer median</i>		7.3%	4.3%	-5.0%	3.9%	1.5%	-6.7%	0.4%	-4.4%	-3.8%	12.6%	12.3%	12.5%
<i>Multiples adjusted for NRIs &amp; PPA amortization</i>													
<i>Source FactSet, Evli Research</i>													

Table 2: Estimate summary

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	98.6	97.3	89.1	102.2	387.2	401.4	411.3
sales growth %	16.7%	6.0%	0.7%	-0.4%	4.6%	2.8%	3.8%	8.3%	11.4%	7.4%	7.6%	3.7%	2.4%
EBITA	33.9	7.6	7.4	6.3	9.6	30.9	8.7	9.0	8.1	10.3	36.0	39.0	41.6
EBITA margin	9.7%	8.0%	8.3%	7.9%	10.0%	8.6%	8.8%	9.3%	9.1%	10.1%	9.3%	9.7%	10.1%
EBIT	28.6	6.3	6.1	5.0	8.2	25.5	7.3	7.6	6.7	8.9	30.5	33.4	36.0
EBIT margin	8.2%	6.6%	6.8%	6.2%	8.6%	7.1%	7.4%	7.8%	7.5%	8.7%	7.9%	8.3%	8.8%
EBIT (excl. NRIs)	29.7	7.2	6.5	5.2	8.4	27.2	7.3	7.6	6.7	8.9	30.5	33.4	36.0
-margin	8.5%	7.5%	7.2%	6.5%	8.8%	7.6%	7.4%	7.8%	7.5%	8.7%	7.9%	8.3%	8.8%
<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	54.0	53.1	48.2	57.4	212.7	219.1	223.5
sales growth %	9.7%	10.7%	10.4%	7.6%	11.7%	10.2%	4.5%	4.0%	7.0%	5.0%	5.1%	3.0%	2.0%
EBITA	19.4	4.9	5.2	3.9	5.9	19.9	5.3	5.3	4.8	6.0	21.4	22.3	22.8
EBITA margin	10.6%	9.5%	10.3%	8.6%	10.8%	9.8%	9.8%	10.0%	10.0%	10.4%	10.1%	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	25.7	24.0	26.0	101.2	106.3	109.5
sales growth %	19.7%	-3.0%	-15.4%	-12.5%	-6.9%	-9.4%	7.0%	21.0%	25.0%	15.0%	16.5%	5.0%	3.0%
EBITA	9.2	1.6	1.1	2.0	2.2	6.9	2.0	2.2	2.3	2.6	9.2	10.4	11.2
EBITA margin	9.6%	6.8%	5.3%	10.4%	9.6%	8.0%	8.0%	8.8%	9.5%	10.1%	9.1%	9.8%	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	18.3	16.7	18.7	72.5	75.4	77.7
sales growth %	35.2%	6.0%	-1.5%	-5.0%	0.9%	0.2%	-2.0%	5.0%	7.5%	5.0%	3.6%	4.0%	3.0%
EBITA	6.1	1.2	1.4	0.7	1.7	4.9	1.5	1.6	1.3	1.9	6.3	7.2	8.5
EBITA margin	8.7%	6.0%	8.1%	4.5%	9.4%	7.1%	8.0%	9.0%	7.5%	10.0%	8.7%	9.5%	11.0%

Source: Etteplan, Evli Research estimates

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	13.00 PV of Free Cash Flow	268 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	17.37 PV of Horizon value	234 WACC, %	8.8 Market risk premium, %	5.8
Share price potential, %	33.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	18.8 Marketable securities	23 Minimum WACC, %	8.3 Equity beta coefficient	0.80
Minimum value	16.1 Debt - dividend	-87 Maximum WACC, %	9.3 Target debt ratio, %	20
Horizon value, %	46.6 Value of stock	439 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	387	401	411	422	432	443	454	465	477	486	496
<i>Sales growth, %</i>	<i>2.8</i>	<i>7.6</i>	<i>3.7</i>	<i>2.4</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	33	36	37	38	39	40	41	42	43	44
<i>Operating income margin, %</i>	<i>7.1</i>	<i>7.9</i>	<i>8.3</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>	<i>8.8</i>
+ Depreciation+amort.	19	19	19	19	19	19	20	20	21	22	22	
EBITDA	44	50	52	55	56	57	59	60	62	63	65	
- Paid taxes	-5	-6	-7	-7	-7	-8	-8	-8	-8	-8	-9	
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>6.6</i>	<i>6.0</i>	<i>5.8</i>	<i>5.6</i>	<i>5.4</i>	<i>5.3</i>	<i>5.1</i>	<i>5.0</i>	<i>4.8</i>	<i>4.7</i>	<i>4.5</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>4.9</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>5.0</i>	<i>5.0</i>	<i>4.9</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	-12	
= FCFF	31	34	38	40	41	42	43	44	44	46	35	527
= Discounted FCFF		32	33	32	30	28	27	25	23	22	16	234
= DFCF min WACC		32	33	32	31	29	27	26	24	23	16	264
= DFCF max WACC		32	32	32	30	28	26	24	22	21	15	208

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	98.6	97.3	89.1	102.2	387.2	401.4	411.3
EBITDA	11.0	10.8	9.5	13.1	44.4	12.1	12.4	11.5	13.7	49.7	51.9	54.7
<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>12.3</i>	<i>12.8</i>	<i>12.9</i>	<i>13.4</i>	<i>12.8</i>	<i>12.9</i>	<i>13.3</i>
EBIT	6.3	6.1	5.0	8.2	25.5	7.3	7.6	6.7	8.9	30.5	33.4	36.0
<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>7.4</i>	<i>7.8</i>	<i>7.5</i>	<i>8.7</i>	<i>7.9</i>	<i>8.3</i>	<i>8.8</i>
Net financial items	-0.7	-0.9	-1.5	-1.6	-4.7	-1.5	-1.3	-1.0	-1.0	-4.8	-2.9	-1.8
Pre-tax profit	5.6	5.2	3.4	6.6	20.8	5.8	6.3	5.7	7.9	25.7	30.5	34.2
Tax	-1.2	-1.4	-0.8	-0.7	-4.2	-1.2	-1.3	-1.1	-1.6	-5.1	-6.1	-6.8
<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	4.6	5.0	4.6	6.3	20.5	24.4	27.4
EPS	0.17	0.15	0.10	0.23	0.66	0.18	0.20	0.18	0.25	0.81	0.97	1.08
EPS adjusted (diluted no. of shares)	0.25	0.17	0.11	0.23	0.76	0.18	0.20	0.18	0.25	0.81	0.97	1.08
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.41	0.48	0.54
<b>SALES, EURm</b>												
Engineering Solutions	51.7	51.0	45.1	54.6	202.4	54.0	53.1	48.2	57.4	212.7	219.1	223.5
Software and Embedded Solutions	23.9	21.2	19.2	22.6	86.9	25.5	25.7	24.0	26.0	101.2	106.3	109.5
Technical Communication Solutions	19.2	17.4	15.5	17.8	70.0	18.8	18.3	16.7	18.7	72.5	75.4	77.7
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	98.6	97.3	89.1	102.2	387.2	401.4	411.3
<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>4.5</i>	<i>4.0</i>	<i>7.0</i>	<i>5.0</i>	<i>5.1</i>	<i>3.0</i>	<i>2.0</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>21.0</i>	<i>25.0</i>	<i>15.0</i>	<i>16.5</i>	<i>5.0</i>	<i>3.0</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>5.0</i>	<i>7.5</i>	<i>5.0</i>	<i>3.6</i>	<i>4.0</i>	<i>3.0</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>0.0</i>
Total	6.0	0.7	-0.4	4.6	2.8	3.8	8.3	11.4	7.4	7.6	3.7	2.4
<b>EBIT, EURm</b>												
Engineering Solutions	4.9	5.2	3.9	5.9	19.9	5.3	5.3	4.8	6.0	21.4	22.3	22.8
Software and Embedded Solutions	1.6	1.1	2.0	2.2	6.9	2.0	2.2	2.3	2.6	9.2	10.4	11.2
Technical Communication Solutions	1.2	1.4	0.7	1.7	4.9	1.5	1.6	1.3	1.9	6.3	7.2	8.5
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	7.3	7.6	6.7	8.9	30.5	33.4	36.0
<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>10.0</i>	<i>10.0</i>	<i>10.4</i>	<i>10.1</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>8.0</i>	<i>8.8</i>	<i>9.5</i>	<i>10.1</i>	<i>9.1</i>	<i>9.8</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>8.0</i>	<i>9.0</i>	<i>7.5</i>	<i>10.0</i>	<i>8.7</i>	<i>9.5</i>	<i>11.0</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>-946.1</i>
Total	6.6	6.8	6.2	8.6	7.1	7.4	7.8	7.5	8.7	7.9	8.3	8.8

Commercial Services & Supplies/Finland, May 2, 2024  
Preview

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	262.7	259.7	300.1	350.2	360.0	387.2	401.4	411.3
<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>7.6</i>	<i>3.7</i>	<i>2.4</i>
EBITDA	37.5	40.4	43.6	48.7	44.4	49.7	51.9	54.7
<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>12.8</i>	<i>12.9</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	30.5	33.4	36.0
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	30.5	33.4	36.0
<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>7.9</i>	<i>8.3</i>	<i>8.8</i>
Reported EBIT	22.8	22.4	25.8	28.6	25.5	30.5	33.4	36.0
<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>7.9</i>	<i>8.3</i>	<i>8.8</i>
Net financials	-0.9	-1.3	-0.9	-6.2	-4.7	-4.8	-2.9	-1.8
Pre-tax profit	21.9	21.1	24.9	22.4	20.8	25.7	30.5	34.2
Taxes	-4.5	-4.0	-4.8	-4.2	-4.2	-5.1	-6.1	-6.8
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	20.5	24.4	27.4
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	30	29	32	39	36	38	38	39
Goodwill	79	84	92	105	110	110	110	110
Right of use assets	15	23	22	21	21	22	23	24
Inventory	0	0	0	1	1	1	1	1
Receivables	62	57	75	94	92	96	99	101
Liquid funds	16	24	30	20	23	25	26	27
Total assets	203	218	253	281	285	294	299	302
<b>Liabilities</b>								
Shareholder's equity	77	87	99	106	114	127	141	156
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	24
Deferred taxes	6	7	7	10	10	10	10	10
Interest bearing debt	41	40	56	69	65	56	43	29
Non-interest bearing current liabilities	61	57	66	66	67	72	74	76
Other interest-free debt	2	2	3	8	8	8	8	8
Total liabilities	203	218	253	281	285	294	299	302
<b>CASH FLOW, EURm</b>								
+ EBITDA	38	40	44	49	44	50	52	55
- Net financial items	-1	-1	-1	-6	-5	-5	-3	-2
- Taxes	-4	-5	-6	-5	-5	-5	-6	-7
- 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	43	46
- 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	23	26
+/- 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	-12	-14
Change in cash	0	9	6	-11	4	2	1	1

Commercial Services & Supplies/Finland, May 2, 2024  
Preview

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	323	424	366	341	328	328	328
Net debt (excl. convertibles)	41	48	71	63	53	40	26
Enterprise value	364	472	437	404	381	368	354
Sales	260	300	350	360	387	401	411
EBITDA	40	44	49	44	50	52	55
EBIT	22	26	29	26	31	33	36
Pre-tax	21	25	22	21	26	31	34
Earnings	17	20	18	17	21	24	27
Equity book value (excl. minorities)	87	99	106	114	127	141	156
<b>Valuation multiples</b>							
EV/sales	1.4	1.6	1.2	1.1	1.0	0.9	0.9
EV/EBITDA	9.0	10.8	9.0	9.1	7.7	7.1	6.5
EV/EBITA	16.2	18.3	15.2	15.8	12.5	11.0	9.8
EV/EBIT	16.2	18.3	15.2	15.8	12.5	11.0	9.8
EV/OCF	9.6	17.4	15.5	11.2	9.5	8.5	7.7
EV/FCFF	11.5	41.1	57.3	12.8	11.2	9.8	8.9
P/FCFE	29.2	52.6	-81.8	21.1	18.4	14.1	12.4
P/E	18.9	21.1	15.2	17.7	16.0	13.4	12.0
P/B	3.7	4.3	3.4	3.0	2.6	2.3	2.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.2	7.6	6.9
Target EV/EBIT	0.0	0.0	0.0	0.0	13.3	11.8	10.5
Target EV/FCF	0.0	0.0	0.0	0.0	22.8	16.9	14.4
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	17.2	14.5	12.9
<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	0.81	0.97	1.08
Operating cash flow per share	1.52	1.08	1.12	1.43	1.59	1.71	1.83
Free cash flow per share	0.44	0.32	-0.18	0.64	0.71	0.92	1.04
Book value per share	3.49	3.94	4.25	4.52	5.03	5.59	6.19
Dividend per share	0.34	0.40	0.36	0.30	0.41	0.48	0.54
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	2.3	3.1	3.7	4.2
FCF yield, %	3.4	1.9	-1.2	4.7	5.4	7.1	8.0
<b>Efficiency measures</b>							
ROE	20.9	21.6	17.7	15.1	17.1	18.2	18.4
ROCE	15.7	15.7	15.3	12.9	15.0	16.2	17.3
<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	24.9	24.6	24.4
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	6.0	5.8	5.6
Operative CAPEX/sales, %	8.1	4.0	3.3	5.5	5.7	4.9	4.8
CAPEX/sales (incl. acquisitions), %	5.9	1.7	-2.6	5.5	5.7	4.9	4.8
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	1.1	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	43.2	47.2	51.7
Gearing, %	46.6	48.7	66.8	55.4	41.6	28.2	16.4

Commercial Services & Supplies/Finland, May 2, 2024  
Preview

**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	16,670,000	216.710	66.0%
Oy Fincorp Ab	2,554,804	33.212	10.1%
Varma Mutual Pension Insurance Company	985,593	12.813	3.9%
Ilmarinen Mutual Pension Insurance Company	309,318	4.021	1.2%
Tuori Klaus	309,134	4.019	1.2%
Tuori Aino	308,275	4.008	1.2%
Elo Mutual Pension Insurance Company	262,000	3.406	1.0%
VAS Invest Oy	194,035	2.522	0.8%
Aktia Mikro Markka fund	154,048	2.003	0.6%
OP Fin Small Cap	111,436	1.449	0.4%
Ten largest	21,858,643	284.162	87%
Residual	3,391,229	44.086	13%
Total	25,249,872	328.248	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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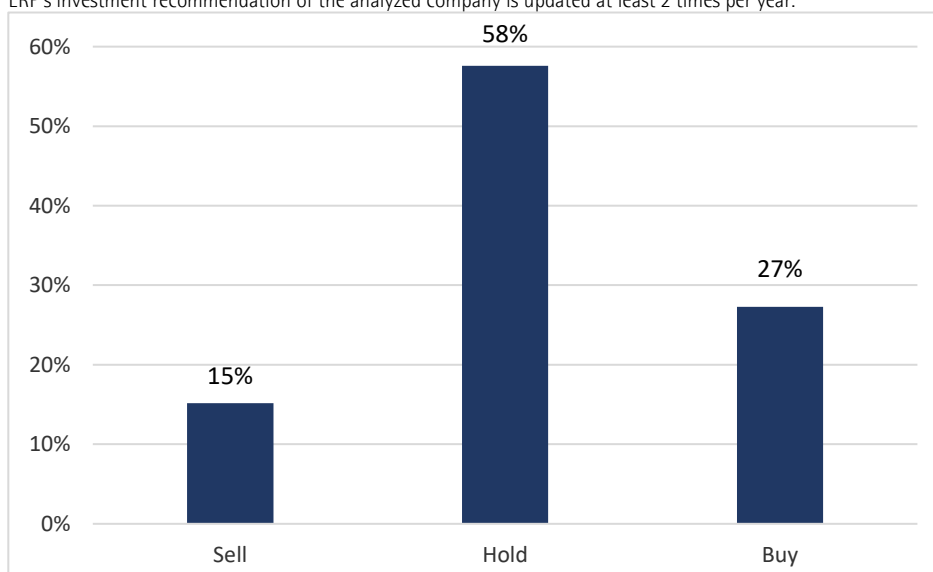
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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**Contact information****SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg +358 9 4766 9123  
Ari Laine +358 9 4766 9115  
Kimmo Lijja +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**

Atte Jortikka +358 40 054 3725  
Joonas Ilvonen +358 44 430 9071  
Jerker Salokivi +358 9 4766 9149

**Evli Investment Solutions**

Johannes Asuja +358 9 4766 9205

**EVLI****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