

Market turn is getting closer

Etteplan was able to improve its profitability during the first quarter as was expected. While the current weaker market conditions present challenges in the short term, there are signs of an improved market.

Moving in the right direction in a challenging environment

Net sales in Q1 were EUR 97.1m (Evli est. EUR 98.6m, EUR 95.0m in Q1/23), revenue increased 2.3% y/y, only slightly below our estimate. EBIT amounted to EUR 6.7m (Evli est. EUR 7.3m, EUR 6.3m in Q1/23), at a margin of 6.9%. While the EBIT missed our estimates slightly, the direction was as expected. Engineering Solutions service area missed our estimates as the company's organic sales declined more than we estimated coupled with operational efficiency issues in Germany. Unsurprisingly the demand situation in the defense industry, the energy industry and electrification remained at a high level during the first quarter while other areas still showed weak demand.

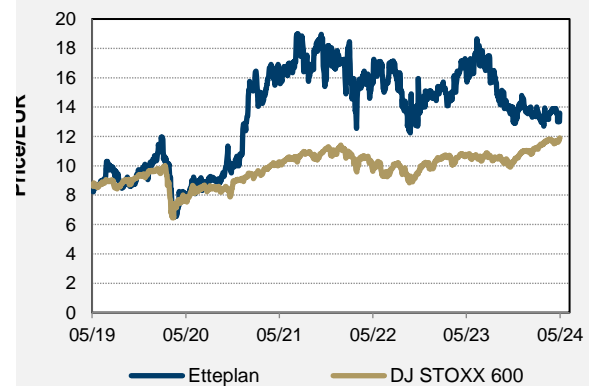
Market is showing some signs of improvement

On the positive side, the company is starting to see the first signs of improved investment activity in the European markets. The investments typically start with product development, affecting the company's Software and Embedded and to some extent Engineering Solutions service areas. We expect that the more customer delivery volume dependent Technical Communication Solutions continues to be affected by the weaker demand more than S&E and ES during the H2 and therefore profitability is expected to stay below the service area's potential during 2024. After adjusting our model to incorporate Q1 figures and some minor estimate changes for the coming quarters, we now expect net sales of EUR 385m and EBIT of EUR 30m for 2024E, both remaining below the guidance middle (guidance unchanged at net sales EUR 375-415 and EBIT EUR 28-34m).

HOLD with a TP of EUR 14.5 (prev. EUR 14.0)

Etteplan trades roughly at par when compared to its peers. In our view, a slight premium is warranted due to its above-average margins and capital efficiency. Despite slight negative estimate adjustments for 2024-2025E, the projected market turn enables us to emphasize 2025E figures in our valuation. We retain our rating at HOLD while adjusting our TP to EUR 14.5.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price)	13.60
Target price, EUR	14.5

Latest change in recommendation	01-Nov-22
Latest report on company	02-May-2024
Research paid by issuer:	YES
No. of shares outstanding, '000's	25,100
No. of shares fully diluted, '000's	25,100
Market cap, EURm	341
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-May-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
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	385.4	29.8	7.7%	11.1	0.80	17.0	1.0	13.4	3.3	0.40
2025E	399.7	33.2	8.3%	22.1	0.93	14.6	1.0	11.7	6.5	0.47
2026E	409.5	35.7	8.7%	25.2	1.05	13.0	0.9	10.5	7.4	0.52

Market cap, EURm	341	Gearing 2024E, %	47.1	CAGR EPS 2023-26, %	11.1
Net debt 2024E, EURm	60	Price/book 2024E	2.7	CAGR sales 2023-26, %	4.4
Enterprise value, EURm	401	Dividend yield 2024E, %	2.9	ROE 2024E, %	16.7
Total assets 2024E, EURm	300	Tax rate 2024E, %	22.1	ROCE 2024E, %	14.5
Goodwill 2024E, EURm	114	Equity ratio 2024E, %	42.2	PEG, P/E 24/CAGR	1.5

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

Table 1: Estimate summary

Etteplan	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	350.2	95.0	89.8	80.0	95.2	360.0	97.1	97.8	88.2	102.2	385.4	399.7	409.5
<i>sales growth %</i>	16.7%	6.0%	0.7%	-0.4%	4.6%	2.8%	2.3%	8.8%	10.3%	7.4%	7.1%	3.7%	2.5%
EBITA	33.9	7.6	7.4	6.3	9.6	30.9	8.2	8.9	8.1	10.3	35.5	38.8	41.4
<i>EBITA margin</i>	9.7%	8.0%	8.3%	7.9%	10.0%	8.6%	8.4%	9.1%	9.2%	10.1%	9.2%	9.7%	10.1%
EBIT	28.6	6.3	6.1	5.0	8.2	25.5	6.7	7.5	6.7	8.9	29.8	33.2	35.7
<i>EBIT margin</i>	8.2%	6.6%	6.8%	6.2%	8.6%	7.1%	6.9%	7.6%	7.6%	8.7%	7.7%	8.3%	8.7%
NRIs	-1.0	-0.9	-0.4	-0.2	-0.2	-1.7	-0.2				-0.2	0.0	0.0
EBIT (excl. NRIs)	29.7	7.2	6.5	5.2	8.4	27.2	6.9	7.5	6.7	8.9	30.0	33.2	35.7
<i>-margin</i>	8.5%	7.5%	7.2%	6.5%	8.8%	7.6%	7.1%	7.6%	7.6%	8.7%	7.8%	8.3%	8.7%
Engineering Solutions	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	183.7	51.7	51.0	45.1	54.6	202.4	52.3	53.3	47.3	57.4	210.3	216.6	221.0
<i>sales growth %</i>	9.7%	10.7%	10.4%	7.6%	11.7%	10.2%	1.1%	4.5%	5.0%	5.0%	3.9%	3.0%	2.0%
EBITA	19.4	4.9	5.2	3.9	5.9	19.9	4.7	5.1	4.7	6.0	20.5	22.1	22.5
<i>EBITA margin</i>	10.6%	9.5%	10.3%	8.6%	10.8%	9.8%	9.0%	9.5%	10.0%	10.4%	9.7%	10.2%	10.2%
Software and Embedded Solutions	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	95.9	23.9	21.2	19.2	22.6	86.9	26.3	26.6	24.0	26.0	102.8	107.9	111.2
<i>sales growth %</i>	19.7%	-3.0%	-15.4%	-12.5%	-6.9%	-9.4%	10.1%	25.0%	25.0%	15.0%	18.3%	5.0%	3.0%
EBITA	9.2	1.6	1.1	2.0	2.2	6.9	2.4	2.4	2.4	2.6	9.9	10.6	11.3
<i>EBITA margin</i>	9.6%	6.8%	5.3%	10.4%	9.6%	8.0%	9.1%	9.2%	10.0%	10.2%	9.6%	9.8%	10.2%
Technical Communication Solutions	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	69.8	19.2	17.4	15.5	17.8	70.0	18.5	17.7	16.7	18.7	71.6	74.4	76.7
<i>sales growth %</i>	35.2%	6.0%	-1.5%	-5.0%	0.9%	0.2%	-3.7%	1.5%	7.5%	5.0%	2.3%	4.0%	3.0%
EBITA	6.1	1.2	1.4	0.7	1.7	4.9	1.4	1.6	1.3	1.9	6.0	7.1	8.4
<i>EBITA margin</i>	8.7%	6.0%	8.1%	4.5%	9.4%	7.1%	7.3%	8.8%	7.5%	10.0%	8.4%	9.5%	11.0%

Source: Etteplan, Evli Research estimates

Expecting improvement especially for H2/24 backed by the positive market comments

Etteplan's comments regarding the market conditions were cautiously optimistic especially regarding geographies excluding Finland and assignments related to R&D. The company's largest geography by revenue, Finland, remains a thorn on the side as the Finnish machinery and metal industry order backlog trend remains negative. While the domestic market remains sluggish, the expected ECB rate cuts in June could bring some optimism to the market. We have made only slight estimate adjustments going forward. We expect that while the market remains quite challenging in the short term, Etteplan can reach revenue of EUR 386m in 2024E with y/y growth of 7.4%. We model growth based on the following drivers: 1) Improved market conditions especially for H2/24 for ES & S&E, 2) Inorganic growth for ES and S&E and 3) Higher number of working days Q2-Q3. With the expected growth in sales, we estimate EBIT of EUR 30m for 2024E at a margin of 7.8% (2023: 7.1%). Our updated estimates of net sales at EUR 384m and EBIT at EUR 30m for 2024E, both remain below the guidance middle point (guidance unchanged at net sales EUR 375-415 and EBIT EUR 28-34m).

Table 2: Estimate change summary

	2024E			2025E		
	Old	New	Change %	Old	New	Change %
Net sales	387.2	385.4	-0.5%	401.4	399.7	-0.4%
<i>Sales growth %</i>	7.6%	7.1%		3.7%	3.7%	
EBITA	36.0	35.5	-1.4%	39.0	38.8	-0.5%
<i>EBITA margin %</i>	9.3%	9.2%		9.7%	9.7%	
Operative EBIT	30.5	30.0	-1.5%	33.4	33.2	-0.8%
<i>EBIT margin %</i>	7.9%	7.8%		8.3%	8.3%	

Source: Evli Research

Table 3: 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	3684	12.9x	11.9x	11.0x	17.3x	15.6x	14.2x	21.5x	19.1x	17.1x	1.6x	1.4x	1.3x
AFRY	1764	8.6x	7.9x	7.3x	12.4x	10.9x	9.8x	14.6x	12.3x	11.0x	1.0x	0.9x	0.8x
Alten	4159	8.9x	8.1x	7.7x	10.7x	9.7x	9.1x	14.0x	12.7x	11.7x	0.9x	0.8x	0.7x
Bertrandt	406	4.6x	3.9x		8.2x	6.3x		8.7x	6.5x		0.4x	0.4x	
Multiconsult	348	7.1x	6.7x	6.4x	11.5x	10.6x	9.9x	13.6x	12.4x	11.4x	0.9x	0.9x	0.8x
TietoEVRY	2164	6.6x	6.3x	6.1x	9.6x	8.8x	8.4x	9.1x	8.2x	7.7x	1.0x	1.0x	1.0x
Rejlers AB	286	7.8x	7.4x	7.0x	12.5x	11.5x	10.6x	13.4x	12.0x	11.1x	1.7x	1.6x	1.5x
Prevas	148	8.0x	7.8x	7.0x	10.0x	9.9x	8.5x	14.1x	13.1x	11.3x	1.1x	1.0x	0.9x
Peer Group Average	1830	8.1x	7.5x	7.6x	11.5x	10.5x	10.3x	13.6x	11.9x	11.7x	1.1x	1.0x	1.0x
Peer Group Median	1764	7.8x	7.3x	7.3x	11.1x	10.2x	9.8x	13.8x	12.3x	11.4x	0.9x	0.9x	0.8x
Etteplan (Evli est.)	350	8.2x	7.5x	6.9x	11.4x	10.0x	9.1x	13.7x	12.0x	10.8x	1.0x	1.0x	0.9x

Etteplan prem./disc. to peer median

4.2% 3.1% -5.2% 2.0% -1.5% -7.7% -1.1% -3.0% -5.3% 11.1% 11.0% 11.2%

Multiples adjusted for NRIs & PPA amortization

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	13.60 PV of Free Cash Flow	255 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	16.72 PV of Horizon value	227 WACC, %	8.8 Market risk premium, %	5.8
Share price potential, %	22.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	18.1 Marketable securities	23 Minimum WACC, %	8.3 Equity beta coefficient	0.80
Minimum value	15.5 Debt - dividend	-87 Maximum WACC, %	9.3 Target debt ratio, %	20
Horizon value, %	47.1 Value of stock	420 Nr of shares, Mn	25.1 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	360	385	400	409	420	430	441	452	463	475	484	494
<i>Sales growth, %</i>	<i>2.8</i>	<i>7.1</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	30	33	36	37	38	39	40	41	42	43	43
<i>Operating income margin, %</i>	<i>7.1</i>	<i>7.7</i>	<i>8.3</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	21	22	
EBITDA	44	49	52	54	56	57	59	60	62	63	65	
- Paid taxes	-5	-7	-7	-8	-8	-8	-9	-9	-9	-9	-9	
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>6.6</i>	<i>6.1</i>	<i>5.8</i>	<i>5.6</i>	<i>5.5</i>	<i>5.3</i>	<i>5.1</i>	<i>5.0</i>	<i>4.8</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	-16	-8	-8	-8	-8	-8	-9	-10	-10	-10	
<i>opCAPEX / Sales, %</i>	<i>5.5</i>	<i>7.4</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>5.0</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	27	37	39	40	41	42	43	43	45	34	511
= Discounted FCFF		25	32	31	29	28	26	25	23	22	15	227
= DFCF min WACC		25	32	32	30	28	27	25	24	22	16	257
= DFCF max WACC		25	32	31	29	27	25	24	22	21	14	202

Commercial Services & Supplies/Finland, May 10, 2024
Company update

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	97.1	97.8	88.2	102.2	385.4	399.7	409.5
EBITDA	11.0	10.8	9.5	13.1	44.4	11.6	12.3	11.5	13.7	49.1	51.7	54.5
<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>11.9</i>	<i>12.5</i>	<i>13.1</i>	<i>13.4</i>	<i>12.7</i>	<i>12.9</i>	<i>13.3</i>
EBIT	6.3	6.1	5.0	8.2	25.5	6.7	7.5	6.7	8.9	29.8	33.2	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>6.9</i>	<i>7.6</i>	<i>7.6</i>	<i>8.7</i>	<i>7.7</i>	<i>8.3</i>	<i>8.7</i>
Net financial items	-0.7	-0.9	-1.5	-1.6	-4.7	-1.1	-1.0	-1.0	-1.0	-4.1	-3.2	-2.0
Pre-tax profit	5.6	5.2	3.4	6.6	20.8	5.6	6.5	5.7	7.9	25.7	30.0	33.7
Tax	-1.2	-1.4	-0.8	-0.7	-4.2	-1.7	-1.3	-1.1	-1.6	-5.7	-6.6	-7.4
<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>29.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>22.1</i>	<i>22.1</i>	<i>22.1</i>
Net profit	4.3	3.8	2.6	5.9	16.6	3.9	5.2	4.6	6.3	20.1	23.4	26.3
EPS	0.17	0.15	0.10	0.23	0.66	0.16	0.21	0.18	0.25	0.80	0.93	1.05
EPS adjusted (diluted no. of shares)	0.25	0.17	0.11	0.23	0.76	0.16	0.21	0.18	0.25	0.80	0.93	1.05
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.40	0.47	0.52
SALES, EURm												
Engineering Solutions	51.7	51.0	45.1	54.6	202.4	52.3	53.3	47.3	57.4	210.3	216.6	221.0
Software and Embedded Solutions	23.9	21.2	19.2	22.6	86.9	26.3	26.6	24.0	26.0	102.8	107.9	111.2
Technical Communication Solutions	19.2	17.4	15.5	17.8	70.0	18.5	17.7	16.7	18.7	71.6	74.4	76.7
Other	0.2	0.1	0.2	0.2	0.7	0.1	0.2	0.2	0.2	0.7	0.7	0.7
Total	95.0	89.8	80.0	95.2	360.0	97.1	97.8	88.2	102.2	385.4	399.7	409.5
SALES GROWTH, YYY %												
<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>1.1</i>	<i>4.5</i>	<i>5.0</i>	<i>5.0</i>	<i>3.9</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>10.1</i>	<i>25.0</i>	<i>25.0</i>	<i>15.0</i>	<i>18.3</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>-3.7</i>	<i>1.5</i>	<i>7.5</i>	<i>5.0</i>	<i>2.3</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>-61.0</i>	<i>44.9</i>	<i>18.3</i>	<i>29.9</i>	<i>2.6</i>	<i>1.3</i>	<i>0.0</i>
Total	6.0	0.7	-0.4	4.6	2.8	2.3	8.8	10.3	7.4	7.1	3.7	2.5
EBIT, EURm												
Engineering Solutions	4.9	5.2	3.9	5.9	19.9	4.7	5.1	4.7	6.0	20.5	22.1	22.5
Software and Embedded Solutions	1.6	1.1	2.0	2.2	6.9	2.4	2.4	2.4	2.6	9.9	10.6	11.3
Technical Communication Solutions	1.2	1.4	0.7	1.7	4.9	1.4	1.6	1.3	1.9	6.0	7.1	8.4
Other	-1.5	-1.7	-1.6	-1.5	-6.3	-1.7	-1.6	-1.6	-1.6	-6.5	-6.6	-6.6
Total	6.3	6.1	5.0	8.2	25.5	6.7	7.5	6.7	8.9	29.8	33.2	35.7
EBIT margin, %												
<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>9.0</i>	<i>9.5</i>	<i>10.0</i>	<i>10.4</i>	<i>9.7</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>9.1</i>	<i>9.2</i>	<i>10.0</i>	<i>10.2</i>	<i>9.6</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>7.3</i>	<i>8.8</i>	<i>7.5</i>	<i>10.0</i>	<i>8.4</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>-2,229.5</i>	<i>-800.0</i>	<i>-822.0</i>	<i>-780.0</i>	<i>-965.0</i>	<i>-959.1</i>	<i>-959.1</i>
Total	6.6	6.8	6.2	8.6	7.1	6.9	7.6	7.6	8.7	7.7	8.3	8.7

Commercial Services & Supplies/Finland, May 10, 2024
Company update

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	262.7	259.7	300.1	350.2	360.0	385.4	399.7	409.5
<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>7.1</i>	<i>3.7</i>	<i>2.5</i>
EBITDA	37.5	40.4	43.6	48.7	44.4	49.1	51.7	54.5
<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>12.7</i>	<i>12.9</i>	<i>13.3</i>
Depreciation	-14.7	-18.0	-17.8	-20.0	-18.9	-19.3	-18.5	-18.7
EBITA	22.8	22.4	25.8	28.6	25.5	29.8	33.2	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	29.8	33.2	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>7.7</i>	<i>8.3</i>	<i>8.7</i>
Reported EBIT	22.8	22.4	25.8	28.6	25.5	29.8	33.2	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>7.7</i>	<i>8.3</i>	<i>8.7</i>
Net financials	-0.9	-1.3	-0.9	-6.2	-4.7	-4.1	-3.2	-2.0
Pre-tax profit	21.9	21.1	24.9	22.4	20.8	25.7	30.0	33.7
Taxes	-4.5	-4.0	-4.8	-4.2	-4.2	-5.7	-6.6	-7.4
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	20.1	23.4	26.3
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	30	29	32	39	36	40	40	41
Goodwill	79	84	92	105	110	114	114	114
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	99	100
Liquid funds	16	24	30	20	23	25	26	27
Total assets	203	218	253	281	285	300	305	308
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	63	51	37
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	300	305	308
CASH FLOW, EURm								
+ EBITDA	38	40	44	49	44	49	52	54
- Net financial items	-1	-1	-1	-6	-5	-4	-3	-2
- Taxes	-4	-5	-6	-5	-5	-6	-7	-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	42	45
- Capex	-13	-21	-12	-12	-20	-29	-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	11	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	-2	-11	-13
Change in cash	0	9	6	-11	4	2	1	1

Commercial Services & Supplies/Finland, May 10, 2024
Company update

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	323	424	366	341	341	341	341
Net debt (excl. convertibles)	41	48	71	63	60	48	34
Enterprise value	364	472	437	404	401	389	375
Sales	260	300	350	360	385	400	409
EBITDA	40	44	49	44	49	52	54
EBIT	22	26	29	26	30	33	36
Pre-tax	21	25	22	21	26	30	34
Earnings	17	20	18	17	20	23	26
Equity book value (excl. minorities)	87	99	106	114	127	140	154
Valuation multiples							
EV/sales	1.4	1.6	1.2	1.1	1.0	1.0	0.9
EV/EBITDA	9.0	10.8	9.0	9.1	8.2	7.5	6.9
EV/EBITA	16.2	18.3	15.2	15.8	13.4	11.7	10.5
EV/EBIT	16.2	18.3	15.2	15.8	13.4	11.7	10.5
EV/OCF	9.6	17.4	15.5	11.2	10.1	9.2	8.3
EV/FCFF	11.5	41.1	57.3	12.8	15.1	10.6	9.6
P/FCFE	29.2	52.6	-81.8	21.1	30.7	15.4	13.5
P/E	18.9	21.1	15.2	17.7	17.0	14.6	13.0
P/B	3.7	4.3	3.4	3.0	2.7	2.4	2.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.6	8.0	7.3
Target EV/EBIT	0.0	0.0	0.0	0.0	14.2	12.4	11.1
Target EV/FCF	0.0	0.0	0.0	0.0	38.1	18.6	15.8
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	18.1	15.6	13.9
Per share measures							
Number of shares	24,963	25,083	25,042	25,250	25,100	25,100	25,100
Number of shares (diluted)	24,963	25,083	25,042	25,250	25,100	25,100	25,100
EPS	0.68	0.80	0.73	0.66	0.80	0.93	1.05
Operating cash flow per share	1.52	1.08	1.12	1.43	1.58	1.68	1.80
Free cash flow per share	0.44	0.32	-0.18	0.64	0.44	0.88	1.00
Book value per share	3.49	3.94	4.25	4.52	5.04	5.57	6.15
Dividend per share	0.34	0.40	0.36	0.30	0.40	0.47	0.52
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	2.2	2.9	3.4	3.8
FCF yield, %	3.4	1.9	-1.2	4.7	3.3	6.5	7.4
Efficiency measures							
ROE	20.9	21.6	17.7	15.1	16.7	17.5	17.9
ROCE	15.7	15.7	15.3	12.9	14.5	15.6	16.7
Financial ratios							
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	24.7	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	5.6
Operative CAPEX/sales, %	8.1	4.0	3.3	5.5	7.4	5.0	4.9
CAPEX/sales (incl. acquisitions), %	5.9	1.7	-2.6	5.5	7.4	5.0	4.9
FCFF/EBITDA	0.8	0.3	0.2	0.7	0.5	0.7	0.7
Net debt/EBITDA, book-weighted	1.0	1.1	1.5	1.4	1.2	0.9	0.6
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	42.2	45.9	50.1
Gearing, %	46.6	48.7	66.8	55.4	47.1	34.0	22.0

Commercial Services & Supplies/Finland, May 10, 2024
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	16,670,000	226.712	66.4%
Oy Fincorp Ab	2,554,804	34.745	10.2%
Varma Mutual Pension Insurance Company	985,593	13.404	3.9%
Ilmarinen Mutual Pension Insurance Company	309,318	4.207	1.2%
Tuori Klaus	309,134	4.204	1.2%
Tuori Aino	308,275	4.193	1.2%
Elo Mutual Pension Insurance Company	262,000	3.563	1.0%
VAS Invest Oy	194,035	2.639	0.8%
Aktia Mikro Markka fund	154,048	2.095	0.6%
OP Fin Small Cap	111,436	1.516	0.4%
Ten largest	21,858,643	297.278	87%
Residual	3,241,229	44.081	13%
Total	25,099,872	341.358	100%

EARNINGS CALENDAR

August 08, 2024

Q2 report

October 31, 2024

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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Tel: +358 1,0 3,070

IR: Outi Tornainen

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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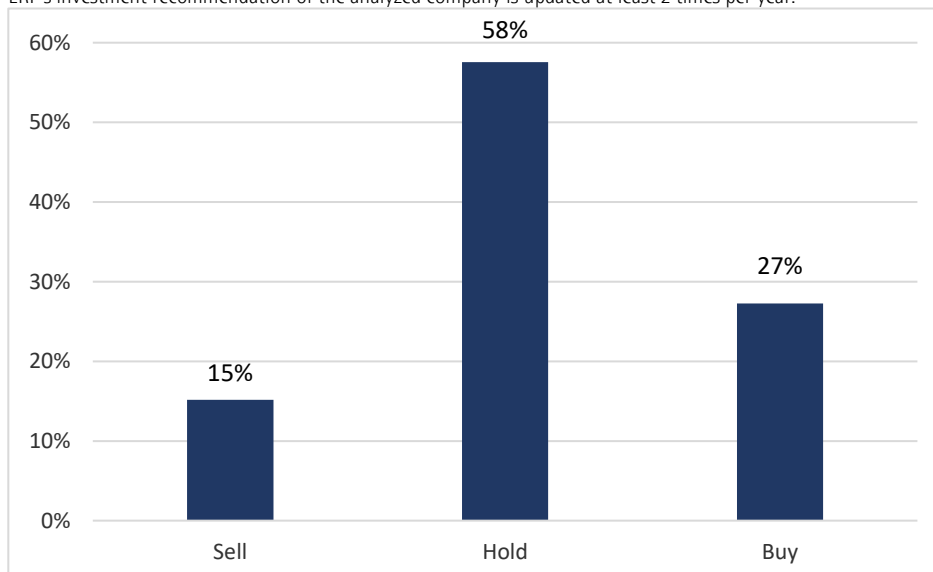
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Investment recommendations are defined as follows:

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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