Continued strong organic growth

Etteplan's sales and EBIT from business operations were at EUR 47.1m and EUR 3.4m respectively. EBIT BO was slightly below our estimates due to weaker profitability in embedded systems and IoT.

- The business environment continued favorable development and the demand situation remained good.
- The outlook remains intact. Etteplan expects revenue and operating profit to grow significantly compared to 2016.
- Etteplan's revenue in Q3 was EUR 47.1m. Revenue was in line with our estimates of EUR 47.1m and consensus estimates. Revenue grew 12.3% y/y, with organic growth at 11.3%.
- Etteplan's EBIT from business operations in Q3 was EUR 3.4m, slightly below our estimates of EUR 3.8m. EBIT BO margin in Q3 was 7.1%.
- In Engineering Services revenue in Q3 increased by 11.3% y/y to EUR 25.9m. The EBIT BO-margin in Q3 improved to 7.1% (4.9% in Q3/16). The sales and EBIT BO-margin were in line with our estimates (EUR 25.6m and 7.0%). The MSI-% was 53% compared to 53% in Q2/17 and 48% in Q3/16.
- In Embedded Systems and IoT revenue in Q3 increased by 10.3% y/y to EUR 11.5m. The EBIT BO-margin in Q3 fell to 7.4% (11.9% in Q3/16). The sales and EBIT BO-margin were below our estimates (EUR 11.9m and 10.0 %). The MSI-% was 53% compared to 55% in Q2/17 and 52% in Q3/16.
- In Technical Documentation revenue in Q3 increased by 16.6% y/y to EUR 9.8m. The EBIT BO-margin in Q3 improved to 8.4% (6.8% in Q3/16). The sales and EBIT BO-margin were in line with our estimates (EUR 9.6m and 8.5 %). The MSI-% was 78% compared to 78% in Q2/17 and 71% in Q3/16.

Rating

HOLD

Q3	Actual	Evli	Consensus	Year ago	Prev. Quarter
Net sales	47,1	47,1	46,4	42,0	54,3
EBIT BO*	3,4	3,8	n/a	2,4	4,7
EBIT	2,9	3,3	3,2	1,9	4,2
PTP	2,7	3,1	3,1	1,8	4,1
EPS	0,08	0,10	0,10	0,05	0,12

Deviation	Actual	Evli	Consensus	Year ago	Prev. Quarter
Net sales		0 %	2 %	12 %	-13 %
EBIT BO*		-11 %		39 %	-28 %
EBIT		-12 %	-9 %	54 %	-32 %
PTP		-12 %	-11 %	54 %	-34 %
EPS		-20 %	-18 %	60 %	-33 %

*EBIT from business operations

Consensus by Bloomberg

Share price, EUR (Last trading day's closing price)	8.85
Target price, EUR	9.0
Latest change in recommendation	14-Aug-17
Latest report on company	11-Oct-17
Research paid by issuer:	YES
No. of shares outstanding, '000's	24,771
No. of shares fully diluted, '000's	24,771
Market cap, EURm	219
Free float, %	23.4
Exchange rate	0.000
Reuters code	ETTE.HE
Bloomberg code	ETTE FH
Average daily volume, EURm	-
Next interim report	25-Oct-17
Web site	www.etteplan.com

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BUY HOLD SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2015	141	9	6.1%	8	0.30	14.6	0.7	9.0	12.0	0.15
2016	184	10	5.5%	9	0.30	18.6	0.9	24.4	16.6	0.16
2017E	215	16	7.7%	16	0.50	17.6	1.1	11.9	14.7	0.25
2018E	228	19	8.4%	19	0.59	15.0	1.0	11.2	12.1	0.30
2019E	243	22	9.2%	22	0.70	12.7	0.9	9.9	9.9	0.35

Market cap, EURm	219	BV per share 2017E, EUR	2.5	CAGR EPS 2016-19, %	32.4
Net debt 2017E, EURm	21	Price/book 2017E	3.6	CAGR sales 2016-19, %	9.7
Enterprise value, EURm	241	Dividend yield 2017E, %	2.8	ROE 2017E, %	21.9
Total assets 2017E, EURm	136	Tax rate 2017E, %	18.6	ROCE 2017E, %	18.8
Goodwill 2017E, EURm	56	Equity ratio 2017E, %	45.0	PEG, P/E 17/CAGR	1.2

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

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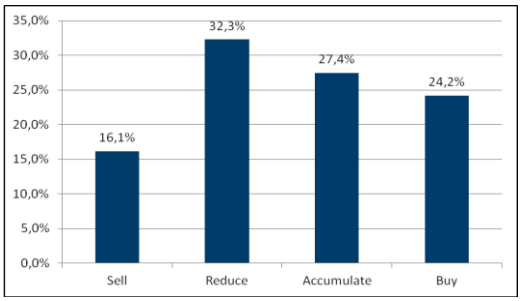
https://research.evli.com/JasperAllModels.action?authParam=key;461&authParam=x;G3rNagWrtf7K&authType=3
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:
http://research.evli.com
Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is in general updated 2 – 4 per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 22nd of February 2017. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Järvinen, Salokivi

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