

## In line with expectations

Etteplan posted solid Q3 results, largely in line with our estimates. Net sales amounted to EUR 52.6m (Evli 54.5m) and EBIT from business operations was EUR 4.8m (Evli 4.7m). Development was good in Engineering services and Embedded Systems and IoT, while Technical documentation continued to see some weakness. The demand situation is expected to remain good throughout the end of year despite some market uncertainty.

- Net sales in Q3 were EUR 52.6m (EUR 47.1m in Q3/17), slightly below our estimates (Evli EUR 54.5m). Sales growth in Q3 was 11.6 % y/y.
- EBIT in Q3 was EUR 4.4m (EUR 2.9m in Q3/17), slightly above our estimates (Evli EUR 4.2m), at an EBIT-margin of 8.3 %.
- **Engineering services:** Net sales in Q3 were EUR 28.8m vs. EUR 29m Evli. EBIT BO in Q3 was EUR 2.9m vs. EUR 2.5m Evli. The MSI-% in Q3 was 52 % compared to 53 % in Q3/17.
- **Embedded systems and IoT:** Net sales in Q3 were EUR 13.6m vs. EUR 14.4m Evli. EBIT BO in Q3 was EUR 1.3m vs. EUR 1.2m Evli. The MSI-% in Q3 was 46 % compared to 53 % in Q3/17.
- **Technical documentation:** Net sales in Q3 were EUR 10.1m vs. EUR 11.1m Evli. EBIT BO in Q3 was EUR 0.8m vs. EUR 1m Evli. The MSI-% in Q3 was 74 % compared to 78 % in Q3/17.
- The demand situation is expected to remain good in Q4 despite some market uncertainty.

### Rating + BUY

Q3/18	Actual	Evli	Year ago	Q2/18
Net sales	52.6	54.5	47.1	62.0
EBIT BO*	4.8	4.7	3.4	6.0
EBIT	4.4	4.2	2.9	5.7
EPS	0.13	0.13	0.08	0.17
Deviation	Actual	Evli	Year ago	Q2/18
Net sales		-4%	12%	-15%
EBIT BO*		2%	43%	-21%
EBIT		5%	52%	-22%
EPS		4%	56%	-25%

\*EBIT from business operations

Share price, EUR (Last trading day's closing price) 8.50

Target price, EUR 10.0

Latest change in recommendation	22-Oct-18
Latest report on company	22-Oct-18
Research paid by issuer:	YES
No. of shares outstanding, '000's	24,963
No. of shares fully diluted, '000's	24,963
Market cap, EURm	212
Free float, %	27.1
Exchange rate	0.000
Reuters code	ETTE.HE
Bloomberg code	ETTE FH
Average daily volume, EURm	0.04
Next interim report	30-Oct-18
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
2016	184	10	5.5%	9	0.30	18.6	0.9	24.4	16.6	0.16
2017	215	15	7.2%	15	0.47	16.6	1.0	10.5	14.1	0.23
2018E	243	20	8.4%	20	0.62	13.7	0.9	10.2	11.1	0.30
2019E	258	23	8.9%	22	0.70	12.1	0.8	9.5	9.5	0.35
2020E	270	25	9.3%	25	0.78	10.9	0.8	8.8	8.2	0.43
Market cap, EURm		212	BV per share 2018E, EUR		2.7	CAGR EPS 2017-20, %		18.5		
Net debt 2018E, EURm		15	Price/book 2018E		3.1	CAGR sales 2017-20, %		7.9		
Enterprise value, EURm		227	Dividend yield 2018E, %		3.5	ROE 2018E, %		24.7		
Total assets 2018E, EURm		148	Tax rate 2018E, %		20.0	ROCE 2018E, %		21.9		
Goodwill 2018E, EURm		57	Equity ratio 2018E, %		45.7	PEG, P/E 18/CAGR		1.6		

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

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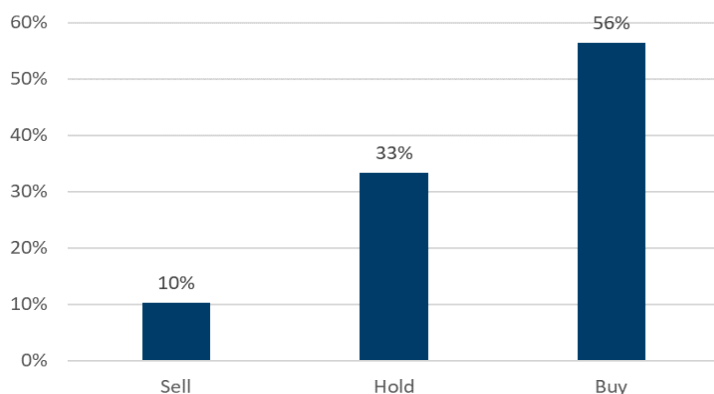
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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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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The graph above shows the distribution of ERP's recommendations of companies under coverage in 16th of April 2018. If recommendation is not given, it is not mentioned here.

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

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