

Outlook in focus

Etteplan reports Q4 results on February 7th. With signs of slower growth in the global economy the market outlook and guidance are of key interest. We expect the Q4 results to show good performance, with our revenue and EBIT BO estimates at EUR 66.0m and 6.7m (Q4/17: 58.5m and 5.4m) respectively. We expect a dividend proposal of EUR 0.30 per share. With valuation looking fairer after share price inclines we downgrade to HOLD (BUY) with a target price of EUR 9.0.

Comments on market outlook and guidance of key interest

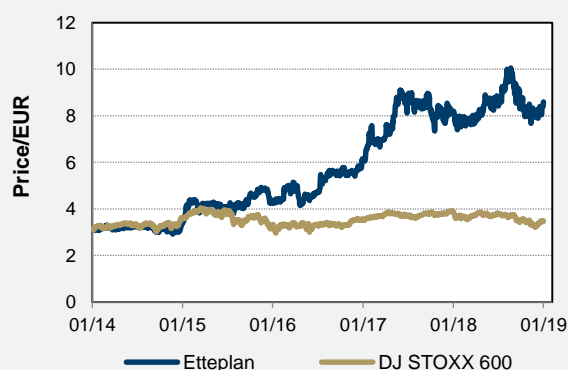
The growth in the global economy has been showing signs of slowdowns due to among other things the US-China trade war and changes in GDP growth forecasts for the near-term have been seeing a slightly declining trend. An adverse shift in engineering companies' willingness to make investments would have an effect on the engineering services sector. As the effect of any weaker demand is not yet clearly comprehensible Etteplan's comments on the market outlook along with the guidance for 2019 are of key interest. Despite increased uncertainty we still expect guidance to reflect growth in revenue and operating profit.

Expect DPS proposal of EUR 0.30

Our estimates ahead of Q4 remain intact. Our Q4 revenue and EBIT BO estimates are at 66.0m and 6.7m respectively. Etteplan has not specified a dividend policy but as the dividend has typically corresponded to around 50 % of EPS, we expect a dividend proposal of EUR 0.30 per share.

HOLD (BUY) with a target price of EUR 9.0

Etteplan's share price has seen increases during 2019 and valuation when comparing to peers seems fair. We value Etteplan at 8.8x 2019E EV/EBITDA. We downgrade our rating to HOLD (BUY) with a target price of EUR 9.0.

Rating 🟡 HOLD

 Share price, EUR (Last trading day's closing price) **8.60**

 Target price, EUR **9.0**

 Latest change in recommendation **30-Jan-19**

 Latest report on company **30-Jan-19**

 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 **215**

 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 **07-Feb-19**

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+ BUY 🟡 HOLD - SELL

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	24.5	16.6	0.16
2017	215	15	7.2%	15	0.47	16.6	1.0	10.5	14.1	0.23
2018E	240	21	8.6%	20	0.62	13.8	1.0	10.1	11.7	0.30
2019E	255	22	8.6%	21	0.66	13.0	0.9	9.6	10.6	0.32
2020E	266	23	8.7%	23	0.71	12.2	0.8	9.0	9.7	0.35
Market cap, EURm	215		BV per share 2018E, EUR		2.7		CAGR EPS 2017-20, %		14.8	
Net debt 2018E, EURm	27		Price/book 2018E		3.2		CAGR sales 2017-20, %		7.5	
Enterprise value, EURm	242		Dividend yield 2018E, %		3.5		ROE 2018E, %		24.7	
Total assets 2018E, EURm	160		Tax rate 2018E, %		22.3		ROCE 2018E, %		20.8	
Goodwill 2018E, EURm	66		Equity ratio 2018E, %		42.4		PEG, P/E 18/CAGR		2.8	

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

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBIT			EV/EBITDA			P/E		
		18E	19E	20E	18E	19E	20E	18E	19E	20E
Poyry	610	12.0x	13.1x	11.5x	12.0x	11.9x	10.6x	20.8x	20.0x	17.4x
SWECO	2162	15.5x	14.2x	13.0x	13.0x	12.0x	11.0x	19.0x	17.6x	16.3x
AF	1182	12.2x	10.4x	9.1x	10.9x	9.3x	8.3x	14.1x	12.6x	11.4x
Semcon	85	8.1x	7.1x	6.4x	7.4x	6.5x	6.0x	9.8x	8.7x	8.0x
Alten	2585	12.0x	10.5x	9.4x	11.1x	9.7x	8.7x	16.4x	14.6x	13.6x
Altran Technologies	2079	11.2x	9.2x	8.0x	9.5x	7.8x	6.8x	11.7x	8.9x	7.9x
Bertrandt	764	11.6x	9.6x	8.6x	8.0x	6.8x	6.2x	15.0x	12.5x	11.1x
AKKA Technologies	1052	12.4x	9.7x	8.1x	10.4x	8.0x	6.8x	17.5x	12.6x	10.7x
HiQ	309	15.5x	13.6x	12.7x	14.4x	12.8x	12.0x	20.9x	18.2x	16.9x
Acando	292	11.5x	9.7x	8.9x	10.6x	9.1x	8.4x	14.7x	12.7x	11.9x
Tieto	1866	12.1x	11.4x	10.9x	9.5x	9.2x	8.9x	14.2x	13.7x	13.2x
Peer Group Average	1100	12.2x	10.8x	9.7x	10.6x	9.4x	8.5x	15.8x	13.8x	12.6x
Peer Group Median	908	12.0x	10.4x	9.1x	10.6x	9.2x	8.4x	15.0x	12.7x	11.9x
Etteplan (Evli est.)	215	11.7x	10.6x	9.7x	9.2x	8.4x	7.7x	13.8x	13.0x	12.2x

Etteplan prem./disc. to peer median

-3% 2% 6% -13% -9% -8% -8% 2% 2%

Source FactSet, Evli Research

Etteplan	2016	Q1/'17	Q2/'17	Q3/'17	Q4/'17	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	2019E	2020E
Net sales	184.0	54.7	54.3	47.1	58.5	214.6	59.0	62.0	52.6	66.0	239.5	254.5	266.4
sales growth %	30.3%	41.8%	8.1%	12.1%	10.1%	16.7%	7.7%	14.3%	11.5%	12.8%	11.6%	6.2%	4.7%
EBIT BO	12.1	4.3	4.7	3.4	5.4	17.2	4.9	6.0	4.8	6.7	22.4	24.0	25.3
EBIT BO margin	6.6%	7.9%	8.6%	7.1%	9.2%	8.0%	8.3%	9.7%	9.2%	10.2%	9.4%	9.4%	9.5%
EBIT	10.1	3.8	4.2	2.9	4.6	15.5	4.4	5.7	4.4	6.2	20.6	22.0	23.3
EBIT margin	5.5%	7.0%	7.8%	6.1%	7.8%	1.4%	7.5%	9.1%	8.3%	9.4%	8.6%	8.6%	8.7%
Engineering services													
Net sales	112.8	31.1	30.8	25.9	33.2	120.9	33.6	35.0	28.8	37.0	134.5	141.2	145.4
sales growth %	0.4%	3.6%	3.7%	11.3%	10.9%	7.1%	8.3%	13.7%	11.4%	11.6%	11.2%	5.0%	3.0%
EBIT BO	6.5	2.3	2.7	1.8	2.9	9.8	3.1	3.7	2.9	3.8	13.5	13.4	13.7
EBIT BO margin	5.8%	7.5%	8.7%	7.1%	8.8%	8.1%	9.1%	10.7%	10.0%	10.3%	10.0%	9.5%	9.4%
Embedded systems and IoT													
Net sales	35.4	13.6	13.2	11.5	13.7	52.0	14.1	15.8	13.6	16.2	59.7	65.6	70.9
sales growth %	-	-	13.6%	10.3%	2.3%	46.6%	4.0%	19.2%	18.7%	18.2%	14.9%	10.0%	8.0%
EBIT BO	4.0	1.3	1.2	0.8	1.0	4.4	1.1	1.4	1.3	1.7	5.5	6.3	7.1
EBIT BO margin	11.2%	9.8%	8.8%	7.4%	7.3%	8.4%	7.9%	8.6%	9.8%	10.5%	9%	10%	10%
Technical documentation													
Net sales	35.7	10.1	10.3	9.8	11.6	41.8	11.2	11.3	10.1	12.8	45.4	47.7	50.1
sales growth %	23.8%	17.4%	15.8%	16.6%	18.2%	17.0%	10.8%	9.8%	3.5%	10.1%	8.6%	5.0%	5.0%
EBIT BO	2.8	0.8	1.0	0.8	1.2	3.8	0.8	1.1	0.8	1.2	3.9	4.3	4.5
EBIT BO margin	7.9%	7.9%	9.5%	8.4%	10.4%	9.1%	7.6%	9.5%	8.0%	9.4%	8.7%	9.0%	9.0%

Source: Etteplan, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.60 PV of Free Cash Flow	112 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	9.73 PV of Horizon value	162 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	13.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	10.7 Marketable securities	11 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	8.9 Debt - dividend	-38 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	59.1 Value of stock	243 Nr of shares, Mn	25.0 Effective tax rate, %	20

DCF valuation, EURm	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Horizon
Net sales	215	240	255	266	274	281	288	295	303	310	318	326
<i>Sales growth, %</i>	<i>16.7</i>	<i>11.6</i>	<i>6.2</i>	<i>4.7</i>	<i>2.9</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>
Operating income (EBIT)	15	21	22	23	23	24	24	25	24	25	25	26
<i>EBIT margin, %</i>	<i>7.2</i>	<i>8.6</i>	<i>8.6</i>	<i>8.7</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>	<i>8.0</i>
+ Depreciation+amort.	5	6	6	6	6	7	7	7	7	7	7	
- Income taxes	-3	-5	-5	-5	-5	-5	-5	-6	-5	-6	-6	
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>2.5</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>2.6</i>	<i>2.6</i>	<i>2.6</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-5	-17	-7	-7	-7	-7	-7	-8	-8	-8	-8	-8
<i>Investments / Sales, %</i>	<i>2.4</i>	<i>7.2</i>	<i>2.6</i>	<i>2.8</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>
- Other items	-2	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	11	4	16	16	17	18	18	18	18	18	19	330
= Discounted FCF (DFCF)		4	15	14	14	13	12	12	10	10	9	162
= DFCF min WACC		4	15	14	14	13	12	12	11	10	10	185
= DFCF max WACC		4	15	14	13	13	12	11	10	9	9	143

INTERIM FIGURES

EVLI ESTIMATES, EURm	2017Q1	2017Q2	2017Q3	2017Q4	2017	2018Q1	2018Q2	2018Q3	2018Q4E	2018E	2019E	2020E
Net sales	55	54	47	58	215	59	62	53	66	240	255	266
EBITDA	5	5	4	6	21	6	7	6	8	26	28	29
<i>EBITDA margin (%)</i>	<i>9.4</i>	<i>10.0</i>	<i>9.1</i>	<i>10.1</i>	<i>9.7</i>	<i>9.7</i>	<i>11.4</i>	<i>11.1</i>	<i>11.5</i>	<i>11.0</i>	<i>10.9</i>	<i>11.0</i>
EBIT	4	4	3	5	15	4	6	4	6	21	22	23
<i>EBIT margin (%)</i>	<i>7.0</i>	<i>7.8</i>	<i>6.1</i>	<i>7.8</i>	<i>7.2</i>	<i>7.5</i>	<i>9.1</i>	<i>8.4</i>	<i>9.4</i>	<i>8.6</i>	<i>8.6</i>	<i>8.7</i>
Net financial items	0	0	0	0	-1	0	0	0	0	-1	-1	-1
Pre-tax profit	4	4	3	4	15	4	6	4	6	20	21	23
Tax	-1	-1	-1	-1	-3	-1	-1	-1	-1	-4	-5	-5
<i>Tax rate (%)</i>	<i>20.6</i>	<i>22.9</i>	<i>24.0</i>	<i>19.1</i>	<i>21.4</i>	<i>23.0</i>	<i>21.3</i>	<i>21.9</i>	<i>23.2</i>	<i>22.3</i>	<i>22.3</i>	<i>22.3</i>
Net profit	3	3	2	3	12	3	4	3	5	16	17	18
EPS	0.12	0.13	0.08	0.14	0.47	0.13	0.17	0.13	0.19	0.62	0.66	0.71
EPS adjusted (diluted no. of shares)	0.12	0.13	0.08	0.14	0.47	0.13	0.17	0.13	0.19	0.62	0.66	0.71
Dividend per share	0.00	0.00	0.00	0.00	0.23	0.00	0.00	0.00	0.00	0.30	0.32	0.35
SALES, EURm												
Engineering Services	31	31	26	33	121	34	35	29	37	134	141	145
Embedded Systems and IoT	14	13	11	14	52	14	16	14	16	60	66	71
Technical Documentation	10	10	10	12	42	11	11	10	13	45	48	50
Total	55	54	47	58	215	59	62	53	66	240	255	266
SALES GROWTH, Y/Y %												
<i>Engineering Services</i>	<i>3.6</i>	<i>3.7</i>	<i>11.3</i>	<i>10.8</i>	<i>7.1</i>	<i>8.3</i>	<i>13.7</i>	<i>11.4</i>	<i>11.6</i>	<i>11.2</i>	<i>5.0</i>	<i>3.0</i>
<i>Embedded Systems and IoT</i>	<i>0.0</i>	<i>13.5</i>	<i>10.3</i>	<i>2.7</i>	<i>46.8</i>	<i>4.0</i>	<i>19.2</i>	<i>18.7</i>	<i>18.2</i>	<i>14.9</i>	<i>10.0</i>	<i>8.0</i>
<i>Technical Documentation</i>	<i>17.4</i>	<i>15.8</i>	<i>16.6</i>	<i>18.2</i>	<i>17.0</i>	<i>10.8</i>	<i>9.8</i>	<i>3.5</i>	<i>10.1</i>	<i>8.6</i>	<i>5.0</i>	<i>5.0</i>
<i>Total</i>	<i>41.8</i>	<i>8.1</i>	<i>12.1</i>	<i>10.1</i>	<i>16.7</i>	<i>7.7</i>	<i>14.3</i>	<i>11.5</i>	<i>12.8</i>	<i>11.6</i>	<i>6.2</i>	<i>4.7</i>
EBIT, EURm												
Engineering Services	2	3	2	3	10	3	4	3	4	14	13	14
Embedded Systems and IoT	1	1	1	1	4	1	1	1	2	6	6	7
Technical Documentation	1	1	1	1	4	1	1	1	1	4	4	5
Other & PPA	-1	-1	-1	-1	-2	-1	-1	-1	0	-2	-2	-2
Total	4	4	3	5	15	4	6	4	6	21	22	23
EBIT margin, %												
<i>Engineering Services</i>	<i>7.5</i>	<i>8.7</i>	<i>7.1</i>	<i>8.8</i>	<i>8.1</i>	<i>9.1</i>	<i>10.7</i>	<i>10.0</i>	<i>10.3</i>	<i>10.0</i>	<i>9.5</i>	<i>9.4</i>
<i>Embedded Systems and IoT</i>	<i>9.8</i>	<i>8.8</i>	<i>7.4</i>	<i>7.3</i>	<i>8.4</i>	<i>7.9</i>	<i>8.6</i>	<i>9.8</i>	<i>10.5</i>	<i>9.2</i>	<i>9.6</i>	<i>10.0</i>
<i>Technical Documentation</i>	<i>7.9</i>	<i>9.5</i>	<i>8.4</i>	<i>10.4</i>	<i>9.1</i>	<i>7.6</i>	<i>9.5</i>	<i>8.0</i>	<i>9.4</i>	<i>8.7</i>	<i>9.0</i>	<i>9.0</i>
<i>Total</i>	<i>7.0</i>	<i>7.8</i>	<i>6.1</i>	<i>7.8</i>	<i>7.2</i>	<i>7.5</i>	<i>9.1</i>	<i>8.4</i>	<i>9.4</i>	<i>8.6</i>	<i>8.6</i>	<i>8.7</i>

INCOME STATEMENT, EURm	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	129	132	141	184	215	240	255	266
<i>Sales growth (%)</i>	-4.4	2.6	7.0	30.3	16.7	11.6	6.2	4.7
Costs	-120	-121	-131	-171	-194	-213	-227	-237
Reported EBITDA	9	10	12	15	21	26	28	29
Extraordinary items in EBITDA	0	0	1	2	0	0	0	0
<i>EBITDA margin (%)</i>	7.0	8.0	8.3	8.1	9.7	11.0	10.9	11.0
Depreciation	-3	-3	-3	-5	-5	-6	-6	-6
EBITA	6	8	9	10	15	21	22	23
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	6	7	9	10	15	21	22	23
<i>EBIT margin (%)</i>	5.0	5.6	6.1	5.5	7.2	8.6	8.6	8.7
Net financials	-1	-1	-1	-1	-1	-1	-1	-1
Pre-tax profit	6	7	8	9	15	20	21	23
Extraordinary items	0	1	0	0	0	0	0	0
Taxes	-1	-1	-2	-2	-3	-4	-5	-5
Minority shares	0	0	0	0	0	0	0	0
Net profit	4	6	6	7	12	16	17	18
BALANCE SHEET, EURm								
Assets								
Fixed assets	9	8	12	22	22	26	27	29
<i>% of sales</i>	7	6	9	12	10	11	11	11
Goodwill	39	39	43	58	59	66	66	66
<i>% of sales</i>	30	29	30	32	27	28	26	25
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	0	0	0	0	0	0	0	0
Receivables	26	26	28	49	53	55	59	61
<i>% of sales</i>	20	20	20	27	24	23	23	23
Liquid funds	1	3	9	5	10	11	12	13
<i>% of sales</i>	1	2	6	3	5	5	5	5
Total assets	74	75	93	134	144	160	165	169
Liabilities								
Equity	25	29	35	53	58	68	77	86
<i>% of sales</i>	20	22	25	29	27	28	30	32
Deferred taxes	1	1	2	3	3	3	3	3
<i>% of sales</i>	1	1	1	2	2	1	1	1
Interest bearing debt	20	19	23	34	35	38	31	24
<i>% of sales</i>	15	14	16	19	16	16	12	9
Non-interest bearing current liabilities	25	27	32	43	46	48	51	53
<i>% of sales</i>	20	20	23	23	21	20	20	20
Other interest free debt	3	0	1	2	2	2	2	2
<i>% of sales</i>	2	0	1	1	1	1	1	1
Total liabilities	75	75	93	134	144	160	165	169
CASH FLOW, EURm								
+ EBITDA	9	10	12	15	21	26	28	29
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-2	-2	-1	-3	-2	-4	-5	-5
- Increase in Net Working Capital	0	0	-1	-1	1	0	0	0
+/- Other	-4	0	1	-5	0	0	0	0
= Cash flow from operations	2	8	10	6	18	21	22	23
- Capex	-2	-1	-2	-2	-2	-17	-7	-7
- Acquisitions	0	-1	-2	-22	-3	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	5	7	7	1	11	3	15	16
+/- Change in interest-bearing debt	-1	-1	4	11	1	3	-7	-7
+/- New issues/buybacks	0	-1	3	14	-2	0	0	0
- Paid dividend	-3	-2	-3	-3	-4	-6	-7	-8
+/- Change in loan receivables	-1	-2	0	1	0	0	0	0
Change in cash	0	1	11	24	5	1	1	1

Commercial Services & Supplies/Finland, January 30, 2019
Preview

KEY FIGURES	2014	2015	2016	2017	2018E	2019E	2020E
M-cap	61	89	138	193	215	215	215
Net debt	16	14	29	25	27	19	11
Enterprise value	77	104	168	218	242	234	226
Sales	132	141	184	215	240	255	266
EBITDA	10	12	15	21	26	28	29
EBIT	7	9	10	15	21	22	23
Pre-tax	7	8	9	15	20	21	23
Earnings	6	6	7	12	16	17	18
Book value	29	35	53	58	68	77	86
Valuation multiples							
EV/sales	0.6	0.7	0.9	1.0	1.0	0.9	0.8
EV/EBITDA	7.3	8.9	11.2	10.5	9.2	8.4	7.7
EV/EBITA	9.7	12.0	16.6	14.1	11.7	10.6	9.7
EV/EBIT	10.4	12.0	16.6	14.1	11.7	10.6	9.7
EV/operating cash flow	9.9	10.4	29.8	11.9	11.4	10.5	9.5
EV/cash earnings	8.7	10.4	12.2	12.8	11.5	10.5	9.5
P/E	10.6	14.6	18.6	16.6	13.8	13.0	12.2
P/E excl. goodwill	9.8	14.6	18.6	16.6	13.8	13.0	12.2
P/B	2.1	2.6	2.6	3.3	3.2	2.8	2.5
P/sales	0.5	0.6	0.8	0.9	0.9	0.8	0.8
P/CF	7.8	9.0	24.5	10.5	10.1	9.6	9.0
Target EV/EBIT	0.0	0.0	0.0	0.0	12.2	11.1	10.1
Target P/E	0.0	0.0	0.0	0.0	14.5	13.6	12.7
Target P/B	0.0	0.0	0.0	0.0	3.3	2.9	2.6
Per share measures							
Number of shares	20,179	20,666	24,771	24,771	24,963	24,963	24,963
Number of shares (diluted)	20,179	20,666	24,771	24,771	24,963	24,963	24,963
EPS	0.28	0.30	0.30	0.47	0.62	0.66	0.71
EPS excl. goodwill	0.31	0.30	0.30	0.47	0.62	0.66	0.71
Cash EPS	0.44	0.48	0.56	0.69	0.84	0.89	0.95
Operating cash flow per share	0.38	0.48	0.23	0.74	0.85	0.89	0.95
Capital employed per share	2.23	2.36	3.32	3.34	3.80	3.85	3.92
Book value per share	1.42	1.68	2.12	2.34	2.71	3.08	3.46
Book value excl. goodwill	-0.49	-0.39	-0.22	-0.04	0.05	0.41	0.80
Dividend per share	0.15	0.15	0.16	0.23	0.30	0.32	0.35
Dividend payout ratio, %	53.2	50.6	53.3	49.2	48.3	48.2	50.0
Dividend yield, %	5.0	3.5	2.9	3.0	3.5	3.7	4.1
Efficiency measures							
ROE	21.0	19.3	17.1	21.0	24.7	22.9	21.6
ROCE	15.9	16.3	14.0	17.2	20.8	20.5	21.3
Financial ratios							
Capex/sales, %	1.7	2.5	13.1	2.4	7.2	2.6	2.8
Capex/depreciation excl. goodwill,%	87.3	-18.2	181.7	81.2	174.5	115.8	120.8
Net debt/EBITDA, book-weighted	1.5	1.2	2.0	1.2	1.0	0.7	0.4
Debt/equity, market-weighted	0.3	0.3	0.2	0.2	0.2	0.1	0.1
Equity ratio, book-weighted	38.1	37.4	39.2	40.1	42.4	46.6	51.0
Gearing	0.57	0.41	0.56	0.43	0.40	0.25	0.13
Number of employees, average	1,900	2,078	2,545	2,802	3,100	3,220	3,348
Sales per employee, EUR	69,430	67,947	72,274	76,597	77,273	79,039	79,565
EBIT per employee, EUR	3,892	4,136	3,984	5,526	6,667	6,834	6,949

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:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,500,000	141.900	66.1%
Oy Fincorp Ab	2,503,000	21.526	10.0%
Varma Mutual Pension Insurance Company	985,593	8.476	3.9%
VAS Invest Oy	562,573	4.838	2.3%
Tuori Klaus	421,200	3.622	1.7%
Taaleri Mikro Markka fund	351,808	3.026	1.4%
Tuori Aino Mirjami	308,275	2.651	1.2%
Kempe Anna	110,073	0.947	0.4%
Näkki Juha	104,947	0.903	0.4%
Etteplan Oyj	95,307	0.820	0.4%
Ten largest	21,942,776	188.708	88%
Residual	3,020,532	25.977	12%
Total	24,963,308	214.684	100%

EARNINGS CALENDAR

February 07, 2019	FY 2018 Results
May 08, 2019	Q1 report
August 13, 2019	Q2 report

OTHER EVENTS

April 04, 2019	AGM
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COMPANY MISCELLANEOUS

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CFO: Per-Anders Gådin	Tel: +358 1,0 3,070
IR: Outi Tornainen	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales	$\frac{\text{Market cap}}{\text{Sales}}$	DPS	Dividend for the financial period per share
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS	$\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF	$\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share	$\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share	$\frac{\text{Sales}}{\text{Number of shares}}$
Net debt	Interest bearing debt – financial assets	EBITDA/Share	$\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share	$\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share	$\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share	$\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets	Balance sheet total
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x)	$\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share	$\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x)	$\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, %	$\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

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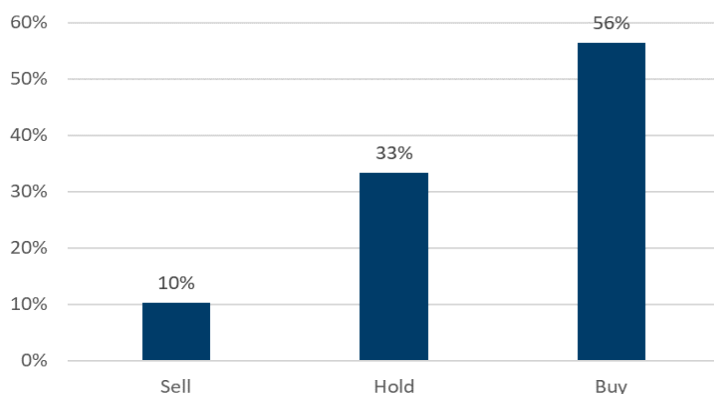
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:

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Investment recommendations are defined as follows:

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

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



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

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