

Expecting revenue and operating profit growth to continue

Etteplans Q4 revenue (EUR 62.9m/66.0m Act./Evli est.) and EBIT (EUR 5.7m/6.2m Act./Evli est.) fell slightly below our estimates but remained at good levels nonetheless. Etteplan expects its revenue and operating profit for the year 2019 to grow compared to 2018. The BoD proposes a dividend of EUR 0.30 per share (Evli EUR 0.30).

- Net sales in Q4 were EUR 62.9m (EUR 58.5m in Q4/17), slightly below our estimates (Evli EUR 66m). Growth in Q4 amounted to 7.5 % y/y.
- EBIT in Q4 was EUR 5.7m (EUR 4.6m in Q4/17), below our estimates (Evli EUR 6.2m), at a margin of 9.1 %.
- Engineering services: Net sales in Q4 were EUR 34.6m vs. EUR 37m Evli. EBIT BO in Q4 was EUR 3.3m vs. EUR 3.8m Evli.
- Embedded systems and IoT: Net sales in Q4 were EUR 16.5m vs. EUR 16.2m Evli. EBIT BO in Q4 was EUR 2.0m vs. EUR 1.7m Evli.
- Technical documentation: Net sales in Q4 were EUR 11.7m vs. EUR 12.8m Evli. EBIT BO in Q4 was EUR 1.0m vs. EUR 1.2m Evli.
- Etteplan sees its business environment continuing to develop favorably in all market areas while demand growth in Europe is expected to slow down slightly due to political uncertainty.
- **Dividend proposal:** Etteplan's BoD proposes a dividend of EUR 0.30 per share (Evli EUR 0.30).
- **Guidance:** Etteplan expects its revenue and operating profit for the year 2019 to grow compared to 2018. The guidance is in line with our expectations

Rating 🟡 HOLD

Q4/18	Actual	Evli	Year ago	Q3/18
Net sales	62.9	66.0	58.5	52.6
EBIT	5.7	6.2	4.6	4.4
EPS	0.18	0.19	0.14	0.13
DPS 2018	0.30	0.30	0.23	-

Deviation	Actual	Evli	Year ago	Q3/18
Net sales		-5%	8%	20%
EBIT		-8%	25%	30%
EPS		-3%	29%	39%
DPS 2018		0%	30%	-

Share price, EUR(Last trading day's closing price) 8.74
Target price, EUR 9.0

Latest change in recommendation	30-Jan-19
Latest report on company	7-Feb-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	218
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
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	24.5	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	14.1	1.0	10.3	11.9	0.30
2019E	255	22	8.6%	21	0.66	13.2	0.9	9.8	10.8	0.32
2020E	266	23	8.7%	23	0.71	12.4	0.9	9.2	9.9	0.35

Market cap, EURm	218	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	245	Dividend yield 2018E, %	3.4	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	2.9

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

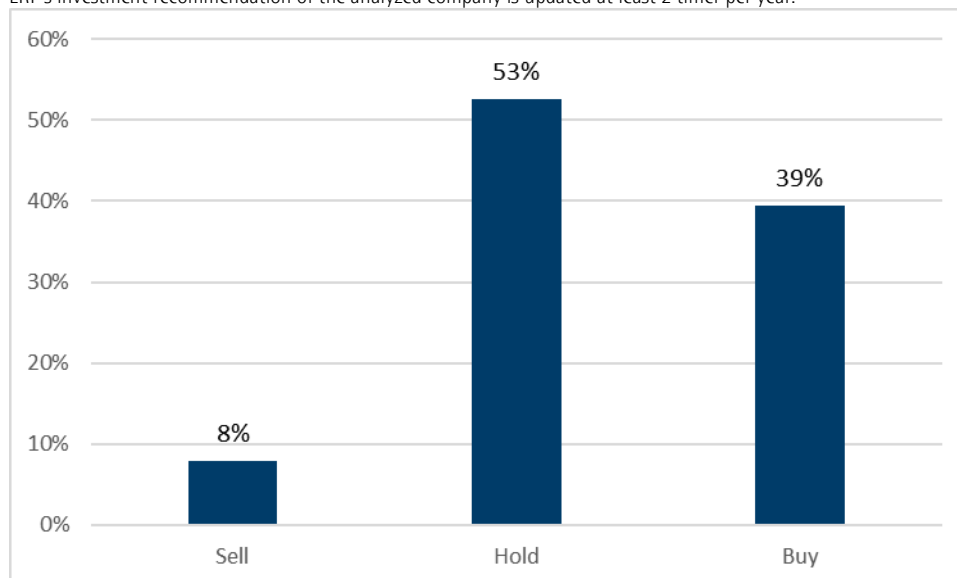
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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