

Remaining on track

Etteplan posted good Q4 results, although slightly below our estimates, with net sales at EUR 62.9m (Evli 66.0m) and EBIT at 5.7m (Evli 6.2m), affected at least partly by the impact of vacation timing and activities of two major customers in December. The market outlook remains encouraging and Etteplan expects revenue and operating for 2019 to grow compared to 2018. Our estimates remain largely unchanged and we retain our HOLD-rating with a target price of EUR 9.0.

Market outlook and guidance remaining favourable

Etteplan posted good Q4 results, although falling slightly below our estimates due at least partly to the impact of vacation timing and activities of two major customers in December. The Technical Documentation continued to see challenges while Embedded Systems and IoT saw solid development, as actions to improve profitability have taken effect. Etteplan expects the revenue and operating profit for the year 2019 to grow compared to 2018. Comments regarding the market outlook were encouraging, as Etteplan continues to see favorable development in all market areas but with demand growth in Europe expected to slow down slightly. The BoD's dividend proposal for 2018 is EUR 0.30 per share, in line with expectations.

Estimates largely unchanged post-Q4

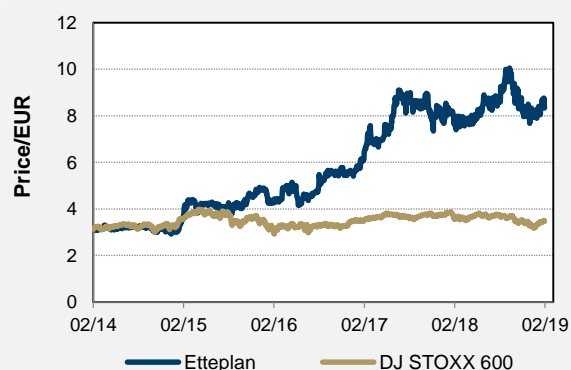
Our estimates remain largely unchanged post-Q4. We have raised our estimates for profitability for Embedded Systems and IoT after the solid performance in Q4. We expect net sales and EBIT BO of EUR 251.6m and EUR 24.7m respectively, with margins near Etteplan's strategic target of 10%. We do not expect the growth target of 15% to be reached without acquisitions.

HOLD with a target price of EUR 9.0

On our estimates Etteplan trades largely in line with peers on 2019E EV/EBIT and P/E. With our estimates largely unchanged we retain our HOLD-rating with a target price of EUR 9.0.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 8.34

Target price, EUR 9.0

Latest change in recommendation 30-Jan-19

Latest report on company 08-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 208

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 08-May-19

Web site www.etteplan.com

Analyst Jerker Salokivi

E-mail jerker.salokivi@evli.com

Telephone +358 9 4766 9149

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
2017	215	15	7.2%	15	0.47	16.6	1.0	10.5	14.1	0.23
2018	236	20	8.5%	19	0.61	13.0	1.0	19.5	11.6	0.30
2019E	252	23	9.0%	22	0.69	12.0	0.9	8.0	10.5	0.35
2020E	263	24	9.1%	23	0.73	11.4	0.9	6.8	9.6	0.37
2021E	276	25	9.2%	25	0.78	10.7	0.8	6.5	8.8	0.39
Market cap, EURm			208	BV per share 2019E, EUR		3.1		CAGR EPS 2018-21, %		8.5
Net debt 2019E, EURm			30	Price/book 2019E		2.7		CAGR sales 2018-21, %		5.3
Enterprise value, EURm			238	Dividend yield 2019E, %		4.2		ROE 2019E, %		23.9
Total assets 2019E, EURm			183	Tax rate 2019E, %		21.2		ROCE 2019E, %		18.7
Goodwill 2019E, EURm			65	Equity ratio 2019E, %		42.3		PEG, P/E 19/CAGR		4.9

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

Etteplan	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	Q1/'19E	Q2/'19E	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Net sales	214.6	59.0	62.0	52.6	62.8	236.4	63.5	64.9	55.6	67.7	251.6	263.4	275.9
sales growth %	16.7%	7.7%	14.3%	11.5%	7.4%	10.1%	7.7%	4.5%	5.8%	7.8%	6.5%	4.7%	4.7%
EBIT BO	17.2	4.9	6.0	4.8	6.1	21.9	5.9	6.7	5.2	6.9	24.7	25.8	27.3
EBIT BO margin	8.0%	8.3%	9.7%	9.2%	9.8%	9.3%	9.3%	10.3%	9.3%	10.3%	9.8%	9.8%	9.9%
EBIT	15.5	4.4	5.7	4.4	5.7	20.1	0.0	0.0	0.0	0.0	22.7	23.8	25.3
EBIT margin	1.4%	7.5%	9.1%	8.3%	9.1%	8.5%	0.0%	0.0%	0.0%	0.0%	9.0%	9.1%	9.2%
Engineering													
services	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	Q1/'19E	Q2/'19E	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Net sales	120.9	33.6	35.0	28.8	34.6	132.1	35.5	36.0	30.0	37.2	138.7	142.8	147.1
sales growth %	7.1%	8.3%	13.7%	11.4%	4.4%	9.3%	5.5%	3.0%	4.0%	7.5%	5.0%	3.0%	3.0%
EBIT BO	9.8	3.1	3.7	2.9	3.3	13.0	3.2	3.8	2.8	3.7	13.5	13.6	14.0
EBIT BO margin	8.1%	9.1%	10.7%	10.0%	9.5%	9.8%	9.0%	10.5%	9.2%	10.0%	9.7%	9.5%	9.5%
Embedded													
systems and IoT	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	Q1/'19E	Q2/'19E	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Net sales	52.0	14.1	15.8	13.6	16.5	60.0	16.4	17.1	14.8	17.8	66.0	71.3	77.0
sales growth %	46.6%	4.0%	19.2%	18.7%	20.7%	15.5%	16.1%	8.3%	8.5%	7.7%	10.0%	8.0%	8.0%
EBIT BO	4.4	1.1	1.4	1.3	2.0	5.8	1.7	1.8	1.5	2.0	7.0	7.8	8.6
EBIT BO margin	8.4%	7.9%	8.6%	9.8%	12.3%	9.7%	10.6%	10.3%	10.0%	11.4%	10.6%	11.0%	11.2%
Technical													
documentation	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18E	2018E	Q1/'19E	Q2/'19E	Q3/'19E	Q4/'19E	2019E	2020E	2021E
Net sales	41.8	11.2	11.3	10.1	11.7	44.3	11.6	11.7	10.9	12.7	47.0	49.3	51.8
sales growth %	17.0%	10.8%	9.8%	3.5%	0.7%	6.0%	3.7%	4.2%	7.3%	8.8%	6.0%	5.0%	5.0%
EBIT BO	3.8	0.8	1.1	0.8	1.0	3.7	0.9	1.2	0.9	1.2	4.2	4.4	4.7
EBIT BO margin	9.1%	7.6%	9.5%	8.0%	8.1%	8.3%	8.0%	9.8%	8.5%	9.6%	9.0%	9.0%	9.0%

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBIT			EV/EBITDA			P/E		
		19E	20E	21E	19E	20E	21E	19E	20E	21E
Poyry	632	11.6x	10.5x	10.1x	10.9x	9.9x		19.9x	16.9x	17.4x
SWECO	2243	15.7x	14.6x		13.0x	12.3x	12.0x	17.9x	16.6x	
AF	1158	7.6x	6.6x		7.3x	6.4x	5.1x	11.2x	10.2x	
Semcon	91	6.9x	6.1x	6.0x	6.3x	5.7x	5.5x	9.3x	8.3x	7.9x
Alten	2911	12.0x	11.3x	10.7x	11.2x	10.5x	10.1x	16.0x	14.9x	14.0x
Altran Technologies	2101	9.5x	8.6x	9.0x	7.9x	7.3x	7.0x	8.9x	7.8x	6.7x
Bertrandt	770	10.1x	9.1x	8.6x	7.1x	6.5x	6.1x	12.9x	11.5x	10.9x
AKKA Technologies	1106	10.4x	8.9x	7.4x	8.3x	7.2x	6.1x	12.9x	11.0x	8.6x
HiQ	294	12.8x	11.8x	10.8x	12.3x	11.2x	10.5x	17.3x	16.0x	14.1x
Acando	291	10.2x	9.6x		10.0x	8.9x		12.9x	12.1x	
Tieto	1893	12.6x	11.8x	11.4x	9.3x	8.9x	8.6x	13.8x	13.3x	12.7x
Peer Group Average	1141	10.8x	9.9x	9.3x	9.4x	8.6x	7.9x	13.9x	12.6x	11.6x
Peer Group Median	938	10.4x	9.6x	9.6x	9.3x	8.9x	7.0x	12.9x	12.1x	11.8x
Etteplan (Evli est.)	208	10.5x	9.6x	8.8x	7.0x	6.4x	5.9x	12.0x	11.4x	10.7x

Etteplan prem./disc. to peer median

0% -2% -13% -21% -24% -22% -7% -6% -12%

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	8.34 PV of Free Cash Flow	121 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	10.13 PV of Horizon value	167 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	21.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	11.2 Marketable securities	16 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	9.2 Debt - dividend	-51 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	58.1 Value of stock	253 Nr of shares, Mn	25.0 Effective tax rate, %	20

DCF valuation, EURm	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Horizon
Net sales	236	252	263	276	283	290	297	305	312	320	328	336
<i>Sales growth, %</i>	<i>10.1</i>	<i>6.5</i>	<i>4.7</i>	<i>4.7</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>2.5</i>
Operating income (EBIT)	20	23	24	25	24	25	25	26	27	27	28	29
<i>EBIT margin, %</i>	<i>8.5</i>	<i>9.0</i>	<i>9.1</i>	<i>9.2</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>	<i>8.5</i>
+ Depreciation+amort.	6	11	12	13	13	13	13	13	14	14	14	
- Income taxes	-3	-5	-5	-5	-5	-5	-5	-5	-6	-6	-6	
- Change in NWC	-13	-3	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>7.6</i>	<i>8.4</i>	<i>8.2</i>	<i>7.9</i>	<i>7.8</i>	<i>7.7</i>	<i>7.6</i>	<i>7.5</i>	<i>7.4</i>	<i>7.3</i>	<i>7.2</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-15	-12	-13	-14	-14	-14	-14	-14	-14	-15	-15	-15
<i>Investments / Sales, %</i>	<i>6.5</i>	<i>4.9</i>	<i>5.1</i>	<i>5.0</i>	<i>4.8</i>	<i>4.8</i>	<i>4.7</i>	<i>4.7</i>	<i>4.6</i>	<i>4.6</i>	<i>4.6</i>	<i>4.6</i>
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	-4	14	17	18	18	18	19	19	20	20	21	369
= Discounted FCF (DFCF)		13	15	14	13	12	12	11	11	10	9	167
= DFCF min WACC		13	15	15	13	13	12	12	11	10	10	192
= DFCF max WACC		13	15	14	13	12	11	11	10	10	9	147

INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1E	2019Q2E	2019Q3E	2019Q4E	2019E	2020E	2021E
Net sales	59	62	53	63	236	63	65	56	68	252	263	276
EBITDA	6	7	6	7	26	8	9	7	9	34	36	38
<i>EBITDA margin (%)</i>	<i>9.7</i>	<i>11.4</i>	<i>11.1</i>	<i>11.7</i>	<i>11.0</i>	<i>12.8</i>	<i>13.9</i>	<i>13.4</i>	<i>13.7</i>	<i>13.5</i>	<i>13.7</i>	<i>13.7</i>
EBIT	4	6	4	6	20	5	6	5	6	23	24	25
<i>EBIT margin (%)</i>	<i>7.5</i>	<i>9.1</i>	<i>8.4</i>	<i>9.1</i>	<i>8.5</i>	<i>8.4</i>	<i>9.6</i>	<i>8.3</i>	<i>9.6</i>	<i>9.0</i>	<i>9.1</i>	<i>9.2</i>
Net financial items	0	0	0	0	-1	0	0	0	0	-1	-1	-1
Pre-tax profit	4	6	4	5	19	5	6	4	6	22	23	25
Tax	-1	-1	-1	-1	-4	-1	-1	-1	-1	-5	-5	-5
<i>Tax rate (%)</i>	<i>23.0</i>	<i>21.3</i>	<i>21.9</i>	<i>19.3</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>	<i>21.2</i>
Net profit	3	4	3	4	15	4	5	4	5	17	18	19
EPS	0.13	0.17	0.13	0.18	0.61	0.16	0.19	0.14	0.20	0.69	0.73	0.78
EPS adjusted (diluted no. of shares)	0.13	0.17	0.13	0.18	0.61	0.16	0.19	0.14	0.20	0.69	0.73	0.78
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.35	0.37	0.39
SALES, EURm												
Engineering Services	34	35	29	35	132	35	36	30	37	139	143	147
Embedded Systems and IoT	14	16	14	17	60	16	17	15	18	66	71	77
Technical Documentation	11	11	10	12	44	12	12	11	13	47	49	52
Total	59	62	53	63	236	63	65	56	68	252	263	276
SALES GROWTH, Y/Y %												
<i>Engineering Services</i>	<i>8.3</i>	<i>13.7</i>	<i>11.4</i>	<i>4.4</i>	<i>9.3</i>	<i>5.5</i>	<i>3.0</i>	<i>4.0</i>	<i>7.5</i>	<i>5.0</i>	<i>3.0</i>	<i>3.0</i>
<i>Embedded Systems and IoT</i>	<i>4.0</i>	<i>19.2</i>	<i>18.7</i>	<i>20.7</i>	<i>15.5</i>	<i>16.1</i>	<i>8.3</i>	<i>8.5</i>	<i>7.7</i>	<i>10.0</i>	<i>8.0</i>	<i>8.0</i>
<i>Technical Documentation</i>	<i>10.8</i>	<i>9.8</i>	<i>3.5</i>	<i>0.6</i>	<i>6.0</i>	<i>3.7</i>	<i>4.2</i>	<i>7.3</i>	<i>8.8</i>	<i>6.0</i>	<i>5.0</i>	<i>5.0</i>
<i>Total</i>	<i>7.7</i>	<i>14.3</i>	<i>11.5</i>	<i>7.4</i>	<i>10.1</i>	<i>7.7</i>	<i>4.5</i>	<i>5.8</i>	<i>7.8</i>	<i>6.5</i>	<i>4.7</i>	<i>4.7</i>
EBIT, EURm												
Engineering Services	3	4	3	3	13	3	4	3	4	13	14	14
Embedded Systems and IoT	1	1	1	2	6	2	2	1	2	7	8	9
Technical Documentation	1	1	1	1	4	1	1	1	1	4	4	5
Other & PPA	-1	-1	-1	-1	-2	-1	0	-1	0	-2	-2	-2
Total	4	6	4	6	20	5	6	5	6	23	24	25
EBIT margin, %												
<i>Engineering Services</i>	<i>9.1</i>	<i>10.7</i>	<i>10.0</i>	<i>9.5</i>	<i>9.8</i>	<i>9.0</i>	<i>10.5</i>	<i>9.2</i>	<i>10.0</i>	<i>9.7</i>	<i>9.5</i>	<i>9.5</i>
<i>Embedded Systems and IoT</i>	<i>7.9</i>	<i>8.6</i>	<i>9.8</i>	<i>12.3</i>	<i>9.7</i>	<i>10.6</i>	<i>10.3</i>	<i>10.0</i>	<i>11.4</i>	<i>10.6</i>	<i>11.0</i>	<i>11.2</i>
<i>Technical Documentation</i>	<i>7.6</i>	<i>9.5</i>	<i>8.0</i>	<i>8.1</i>	<i>8.3</i>	<i>8.0</i>	<i>9.8</i>	<i>8.5</i>	<i>9.6</i>	<i>9.0</i>	<i>9.0</i>	<i>9.0</i>
<i>Total</i>	<i>7.5</i>	<i>9.1</i>	<i>8.4</i>	<i>9.1</i>	<i>8.5</i>	<i>8.4</i>	<i>9.6</i>	<i>8.3</i>	<i>9.6</i>	<i>9.0</i>	<i>9.1</i>	<i>9.2</i>

Commercial Services & Supplies/Finland, February 8, 2019
Spot comment

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	132	141	184	215	236	252	263	276
<i>Sales growth (%)</i>	<i>2.6</i>	<i>7.0</i>	<i>30.3</i>	<i>16.7</i>	<i>10.1</i>	<i>6.5</i>	<i>4.7</i>	<i>4.7</i>
Costs	-121	-131	-171	-194	-210	-218	-227	-238
Reported EBITDA	10	12	15	21	26	34	36	38
Extraordinary items in EBITDA	0	1	2	0	0	0	0	0
<i>EBITDA margin (%)</i>	<i>8.0</i>	<i>8.3</i>	<i>8.1</i>	<i>9.7</i>	<i>11.0</i>	<i>13.5</i>	<i>13.7</i>	<i>13.7</i>
Depreciation	-3	-3	-5	-5	-6	-11	-12	-13
EBITA	8	9	10	15	20	23	24	25
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	7	9	10	15	20	23	24	25
<i>EBIT margin (%)</i>	<i>5.6</i>	<i>6.1</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>9.0</i>	<i>9.1</i>	<i>9.2</i>
Net financials	-1	-1	-1	-1	-1	-1	-1	-1
Pre-tax profit	7	8	9	15	19	22	23	25
Extraordinary items	1	0	0	0	0	0	0	0
Taxes	-1	-2	-2	-3	-4	-5	-5	-5
Minority shares	0	0	0	0	0	0	0	0
Net profit	6	6	7	12	15	17	18	19
BALANCE SHEET, EURm								
Assets								
Fixed assets	8	12	22	22	26	27	28	29
<i>% of sales</i>	<i>6</i>	<i>9</i>	<i>12</i>	<i>10</i>	<i>11</i>	<i>11</i>	<i>11</i>	<i>11</i>
Goodwill	39	43	58	59	65	65	65	65
<i>% of sales</i>	<i>29</i>	<i>30</i>	<i>32</i>	<i>27</i>	<i>28</i>	<i>26</i>	<i>25</i>	<i>24</i>
Inventory	0	0	0	0	0	0	0	0
<i>% of sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Receivables	26	28	49	53	68	73	76	78
<i>% of sales</i>	<i>20</i>	<i>20</i>	<i>27</i>	<i>24</i>	<i>29</i>	<i>29</i>	<i>29</i>	<i>28</i>
Liquid funds	3	9	5	10	16	17	18	19
<i>% of sales</i>	<i>2</i>	<i>6</i>	<i>3</i>	<i>5</i>	<i>7</i>	<i>7</i>	<i>7</i>	<i>7</i>
Total assets	75	93	134	144	176	183	187	193
Liabilities								
Equity	29	35	53	58	68	77	87	97
<i>% of sales</i>	<i>22</i>	<i>25</i>	<i>29</i>	<i>27</i>	<i>29</i>	<i>31</i>	<i>33</i>	<i>35</i>
Deferred taxes	1	2	3	3	5	5	5	5
<i>% of sales</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>2</i>	<i>2</i>
Interest bearing debt	19	23	34	35	51	47	39	32
<i>% of sales</i>	<i>14</i>	<i>16</i>	<i>19</i>	<i>16</i>	<i>22</i>	<i>19</i>	<i>15</i>	<i>11</i>
Non-interest bearing current liabilities	27	32	43	46	48	50	53	55
<i>% of sales</i>	<i>20</i>	<i>23</i>	<i>23</i>	<i>21</i>	<i>20</i>	<i>20</i>	<i>20</i>	<i>20</i>
Other interest free debt	0	1	2	2	4	4	4	4
<i>% of sales</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>2</i>	<i>1</i>	<i>1</i>
Total liabilities	75	93	134	144	176	183	187	193
CASH FLOW, EURm								
+ EBITDA	10	12	15	21	26	34	36	38
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-2	-1	-3	-2	-3	-5	-5	-5
- Increase in Net Working Capital	0	-1	-1	1	-13	-3	0	0
+/- Other	0	1	-5	0	0	0	0	0
= Cash flow from operations	8	10	6	18	8	25	30	32
- Capex	-1	-2	-2	-2	-15	-12	-13	-14
- Acquisitions	-1	-2	-22	-3	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	7	7	1	11	-7	13	17	18
+/- Change in interest-bearing debt	-1	4	11	1	16	-5	-7	-8
+/- New issues/buybacks	-1	3	14	-2	0	0	0	0
- Paid dividend	-2	-3	-3	-4	-6	-7	-9	-9
+/- Change in loan receivables	-2	0	1	0	1	0	0	0
Change in cash	1	11	24	5	5	1	1	1

Commercial Services & Supplies/Finland, February 8, 2019
Spot comment

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	89	138	193	198	208	208	208
Net debt	14	29	25	35	30	22	13
Enterprise value	104	168	218	233	238	230	221
Sales	141	184	215	236	252	263	276
EBITDA	12	15	21	26	34	36	38
EBIT	9	10	15	20	23	24	25
Pre-tax	8	9	15	19	22	23	25
Earnings	6	7	12	15	17	18	19
Book value	35	53	58	68	77	87	97
Valuation multiples							
EV/sales	0.7	0.9	1.0	1.0	0.9	0.9	0.8
EV/EBITDA	8.9	11.2	10.5	9.0	7.0	6.4	5.9
EV/EBITA	12.0	16.6	14.1	11.6	10.5	9.6	8.8
EV/EBIT	12.0	16.6	14.1	11.6	10.5	9.6	8.8
EV/operating cash flow	10.4	29.8	11.9	23.0	9.2	7.5	6.9
EV/cash earnings	10.4	12.2	12.8	10.5	8.3	7.6	6.9
P/E	14.6	18.6	16.6	13.0	12.0	11.4	10.7
P/E excl. goodwill	14.6	18.6	16.6	13.0	12.0	11.4	10.7
P/B	2.6	2.6	3.3	2.9	2.7	2.4	2.1
P/sales	0.6	0.8	0.9	0.8	0.8	0.8	0.8
P/CF	9.0	24.5	10.5	19.5	8.0	6.8	6.5
Target EV/EBIT	0.0	0.0	0.0	0.0	11.2	10.3	9.4
Target P/E	0.0	0.0	0.0	0.0	13.0	12.3	11.5
Target P/B	0.0	0.0	0.0	0.0	2.9	2.6	2.3
Per share measures							
Number of shares	20,666	24,771	24,771	24,963	24,963	24,963	24,963
Number of shares (diluted)	20,666	24,771	24,771	24,963	24,963	24,963	24,963
EPS	0.30	0.30	0.47	0.61	0.69	0.73	0.78
EPS excl. goodwill	0.30	0.30	0.47	0.61	0.69	0.73	0.78
Cash EPS	0.48	0.56	0.69	0.89	1.14	1.22	1.28
Operating cash flow per share	0.48	0.23	0.74	0.41	1.04	1.22	1.28
Capital employed per share	2.36	3.32	3.34	4.11	4.28	4.35	4.42
Book value per share	1.68	2.12	2.34	2.71	3.10	3.48	3.90
Book value excl. goodwill	-0.39	-0.22	-0.04	0.09	0.49	0.87	1.29
Dividend per share	0.15	0.16	0.23	0.30	0.35	0.37	0.39
Dividend payout ratio, %	50.6	53.3	49.2	49.0	50.0	50.0	50.0
Dividend yield, %	3.5	2.9	3.0	3.6	4.2	4.4	4.7
Efficiency measures							
ROE	19.3	17.1	21.0	24.4	23.9	22.3	21.2
ROCE	16.3	14.0	17.2	19.1	18.7	19.0	19.8
Financial ratios							
Capex/sales, %	2.5	13.1	2.4	6.5	4.9	5.1	5.0
Capex/depreciation excl. goodwill,%	-18.2	181.7	81.2	160.3	109.5	110.3	110.6
Net debt/EBITDA, book-weighted	1.2	2.0	1.2	1.4	0.9	0.6	0.3
Debt/equity, market-weighted	0.3	0.2	0.2	0.3	0.2	0.2	0.2
Equity ratio, book-weighted	37.4	39.2	40.1	38.5	42.3	46.4	50.6
Gearing	0.41	0.56	0.43	0.52	0.38	0.25	0.13
Number of employees, average	2,078	2,545	2,802	3,055	3,055	3,055	3,055
Sales per employee, EUR	67,947	72,274	76,597	77,376	82,371	86,230	90,307
EBIT per employee, EUR	4,136	3,984	5,526	6,607	7,422	7,807	8,268

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	137.610	66.1%
Oy Fincorp Ab	2,500,000	20.850	10.0%
Varma Mutual Pension Insurance Company	985,593	8.220	3.9%
VAS Invest Oy	562,573	4.692	2.3%
Tuori Klaus	417,200	3.479	1.7%
Taaleri Mikro Markka fund	351,808	2.934	1.4%
Tuori Aino Mirjami	308,275	2.571	1.2%
SEB Gyllenberg Finland Small Cap Fund	107,000	0.892	0.4%
Kempe Anna	105,695	0.881	0.4%
Näkki Juha	104,497	0.872	0.4%
Ten largest	21,942,641	183.002	88%
Residual	3,020,667	25.192	12%
Total	24,963,308	208.194	100%

EARNINGS CALENDAR

May 08, 2019 Q1 report
August 13, 2019 Q2 report

OTHER EVENTS

April 04, 2019 AGM

COMPANY MISCELLANEOUS

CEO: Juha Näkki
CFO: Per-Anders Gådin
IR: Outi Tornainen

Ensimmäinen savu 01510 Vantaa
Tel: +358 1,0 3,070

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

Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at <https://research.evli.com/JasperAllModels.action?authParam=key:461&authParam=x:G3rNagWrtf7K&authType=3>

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.

Recommendation	Percentage
Sell	8%
Hold	53%
Buy	39%

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on 8.2.2019, 9:15. This report has been published on 8.2.2019, 9:45.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP may pursue an assignment from the issuer(s) of the financial instruments mentioned in the recommendation or this report. These assignments may have a limited economic or financial impact on ERP and/or Evli. Under such assignments ERP may perform services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to,

arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making services.

Evli Group's Member of the Board Robert Ingman is a Member of the Board of the company.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions performed by Evli Bank Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity Sales**

Ari Laine +358 9 4766 9115
Lauri Ahokanto +358 9 4766 9117
Niclas Henelius +358 9 4766 9116

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9130
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120

ETFs and Derivatives

Tobias Björk (Head) +358 9 4766 9130
Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130
Sami Järvinen +358 9 4766 9110

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Joonas Häyhä +358 9 4766 9662
Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205
Markku Reinikainen +358 9 4766 9669

**EVLI BANK PLC**

Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail
firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Kungsgatan 27, P.O. Box 16354
SE-111 56 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001