

Earnings beat and guidance upgrade

Etteplan's Q1 results beat expectations especially for profitability, with EBIT at EUR 5.8m (EUR 5.2m/5.1m Evli/cons.) and revenue at EUR 65.6m (EUR 63.5m/64.0m Evli/cons.). Performance was solid across all business areas. Etteplan upgraded its guidance and now expects its revenue and operating profit for the year 2019 to grow clearly compared to 2018.

- Etteplan's net sales in Q1 amounted to EUR 65.6m (EUR 59.0m in Q1/18), slightly above our estimates (Evli EUR 63.5m). Sales growth in Q1 amounted to 11.3% y/y (organic growth 7.0%).
- EBITA in Q1 was EUR 6.4m (EUR 4.9m in Q1/18), above our estimates (Evli EUR 5.8m), at a margin of 9.8%.
- Engineering Solutions: Net sales in Q1 were EUR 35.6m vs. EUR 35.5m Evli. EBITA in Q1 was EUR 3.7m vs. EUR 3.2m Evli.
- Software and Embedded Solutions: Net sales in Q1 were EUR 17.3m vs. EUR 16.4m Evli. EBITA in Q1 was EUR 1.7m vs. EUR 1.7m Evli.
- Technical Documentation Solutions: Net sales in Q1 were EUR 12.5m vs. EUR 11.6m Evli. EBITA in Q1 was EUR 1.2m vs. EUR 0.9m Evli.
- **Guidance upgraded:** Etteplan expects its revenue and operating profit for the year 2019 to grow **clearly (added)** compared to 2018.

Rating + BUY

Q1/19	Actual	Evli	Consensus	Year ago	Q4/18
Net sales	65.6	63.5	64.0	59.0	62.8
EBITA	6.4	5.8	-	4.9	6.4
EBIT	5.8	5.2	5.1	4.4	5.7
EPS	0.17	0.16	0.16	0.13	0.18

Deviation	Actual	Evli	Consensus	Year ago	Q4/18
Net sales		3%	3%	11%	4%
EBITA		10%	-	31%	1%
EBIT		11%	13%	31%	1%
EPS		5%	6%	29%	-4%

Consensus by Bloomberg

Share price, EUR(Last trading day's closing price) 8.50
Target price, EUR 9.0

Latest change in recommendation	03-May-19
Latest report on company	03-May-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	212
Free float, %	16.0
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

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+ BUY o 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
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	12.3	1.0	8.2	10.7	0.35
2020E	263	24	9.1%	23	0.73	11.6	0.9	6.9	9.8	0.37
2021E	276	25	9.2%	25	0.78	10.9	0.8	6.6	8.9	0.39

Market cap, EURm	212	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	242	Dividend yield 2019E, %	4.1	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.

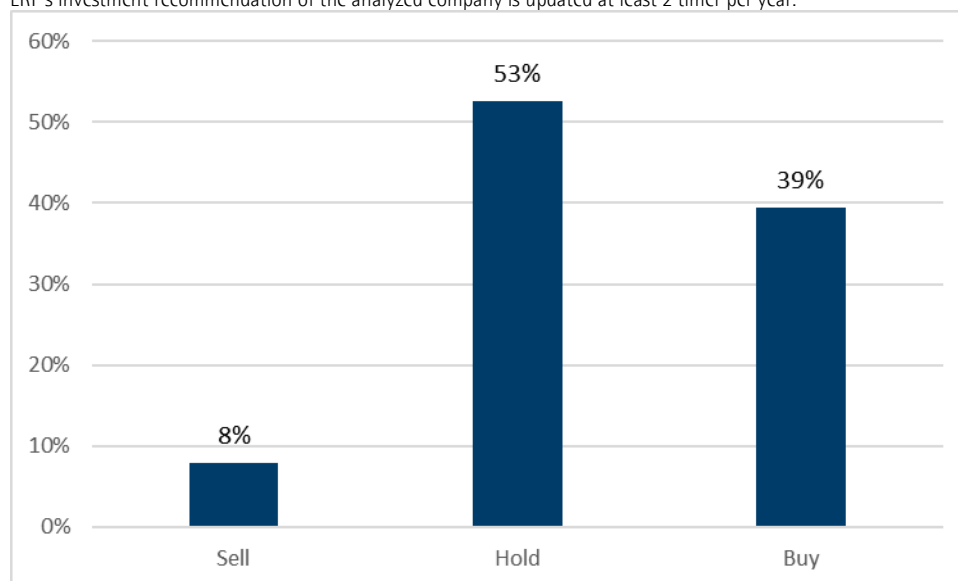
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Investment recommendations are defined as follows:

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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