

## Expect good Q4 despite minor bumps

Etteplan will report Q4 results on February 11<sup>th</sup>. We expect Etteplan to finish the year on a positive note, although the industrial strike in December is expected to have had a minor negative impact. We expect revenue to grow 14.7% in Q4 and an EBITA-margin of 9.9%, near the comparison period figure. Guidance should reflect growth in revenue and operating profit. We expect a dividend proposal of EUR 0.36 per share. Following peer multiple appreciation, we raise our TP to EUR 10.6 (9.6) and retain our HOLD-rating.

### Industrial strike expected to have a minor impact on figures

We expect Q4 revenue of EUR 72.1m, with growth of 14.7% y/y, driven by acquisitions made during mid-2019. We expect an EBITA of EUR 7.1m, at a margin of 9.9%. Some uncertainty in Q4 figures is brought by the industrial strike in Finland in December, which we expect to have had a minor negative impact on Q4 figures. Etteplan made two smaller acquisitions during the quarter within technical documentation, with some 50 employees combined, which will have a minor impact on growth in 2020. We expect a dividend proposal of EUR 0.36 per share.

### Continued revenue and earnings growth expected in 2020

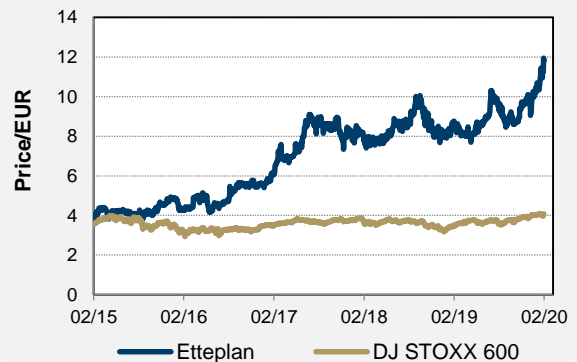
The outlook for 2020 remains somewhat hazy following demand uncertainties and a slightly slower organic growth during 2019. We expect Etteplans guidance for 2020 to at least reflect clear growth in revenue and EBIT compared to 2019, supported by the acquisitions made during 2019. A guidance reflecting significant growth this early in 2020 would be a positive sign. We expect a sales growth of around 10% and growth in EBIT of 8% in 2020.

### HOLD with a target price of EUR 10.6 (9.6)

Valuation multiples for both peers and Etteplan have increased post-Q3 and current valuation does not appear particularly attractive, although Etteplan still remains on good track. We raise our target price with the increased peer multiples and value Etteplan at 15x 2019E P/E, for a target price of EUR 10.6 (9.6) and retain our HOLD-rating.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 11.80

Target price, EUR 10.6

Latest change in recommendation 08-Aug-19

Latest report on company 04-Nov-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 295

Free float, % 16.0

Exchange rate 0.000

Reuters code ETTE.HE

Bloomberg code ETTE FH

Average daily volume, EURm 0.07

Next interim report 11-Feb-20

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■ BUY ■ HOLD ■ SELL

## KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2017	214.6	15.5	7.2%	13.0	0.47	16.6	1.0	14.1	6.8	0.23
2018	236.4	20.2	8.5%	13.0	0.61	13.0	1.0	11.4	6.6	0.30
2019E	263.1	23.4	8.9%	2.8	0.73	16.8	1.3	14.3	1.0	0.36
2020E	290.2	25.3	8.7%	16.5	0.79	15.0	1.1	12.9	5.6	0.39
2021E	303.7	27.5	9.1%	19.1	0.86	13.7	1.0	11.5	6.5	0.43
Market cap, EURm		295	Gearing 2019E, %			49.8	CAGR EPS 2018-21, %			12.1
Net debt 2019E, EURm		39	Price/book 2019E			3.8	CAGR sales 2018-21, %			8.7
Enterprise value, EURm		334	Dividend yield 2019E, %			3.1	ROE 2019E, %			24.9
Total assets 2019E, EURm		189	Tax rate 2019E, %			20.2	ROCE 2019E, %			19.2
Goodwill 2019E, EURm		76	Equity ratio 2019E, %			41.5	PEG, P/E 19/CAGR			2.9

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

Commercial Services & Supplies/Finland, February 6, 2020  
Preview

Etteplan	2017	Q1/'18	Q2/'18	Q3/'18	Q4/'18	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19E	2019E	2020E	2021E
Net sales	214.6	59.0	62.0	52.6	62.8	236.4	65.4	64.2	61.5	72.1	263.1	290.2	303.7
sales growth %	16.7%	7.7%	14.3%	11.5%	7.4%	10.1%	11.0%	3.5%	17.1%	14.7%	11.3%	10.3%	4.7%
EBITA	17.2	4.9	6.2	5.0	6.4	22.6	6.4	6.5	6.6	7.1	26.6	29.3	30.7
EBITA margin	8.0%	8.3%	10.1%	9.6%	10.2%	9.5%	9.8%	10.1%	10.7%	9.9%	10.1%	10.1%	10.1%
EBIT	15.5	4.4	5.7	4.4	5.7	20.8	5.8	5.8	5.7	6.1	23.3	25.3	27.5
EBIT margin	1.4%	7.5%	9.1%	8.3%	9.1%	8.8%	8.8%	9.0%	9.3%	8.5%	8.9%	8.7%	9.1%
EBIT (excl. NRIs)		4.6	5.8	4.4	5.7	20.5	6.0	5.8	4.9	6.1	22.7	25.3	27.5
-margin		7.8%	9.3%	8.3%	9.1%	8.7%	9.1%	9.0%	8.0%	8.5%	8.6%	8.7%	9.1%
<b>Engineering Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Net sales	120.9	33.6	35.0	28.8	34.6	132.1	35.6	35.3	35.3	40.5	146.7	163.3	168.2
sales growth %	7.1%	8.3%	13.7%	11.4%	4.4%	9.3%	5.8%	0.8%	22.5%	17.1%	11.1%	11.3%	3.0%
EBITA	9.8	3.1	3.7	2.9	3.3	13.0	3.7	3.8	3.4	4.0	14.9	16.3	16.5
EBITA margin	8.1%	9.1%	10.7%	10.0%	9.5%	9.8%	10.3%	10.9%	9.6%	9.9%	10.2%	10.0%	9.8%
<b>Software and Embedded Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Net sales	52.0	14.1	15.8	13.6	16.5	60.0	17.3	17.1	15.4	19.1	68.9	75.1	81.1
sales growth %	46.6%	4.0%	19.2%	18.7%	20.7%	15.5%	22.8%	8.5%	12.9%	15.5%	14.8%	9.0%	8.0%
EBITA	4.4	1.1	1.4	1.3	2.0	5.8	1.7	1.6	1.6	2.1	7.0	8.2	9.1
EBITA margin	8.4%	7.9%	8.6%	9.8%	12.3%	9.7%	9.8%	9.3%	10.1%	11.2%	10.1%	10.9%	11.2%
<b>Technical Documentation Solutions</b>	<b>2017</b>	<b>Q1/'18</b>	<b>Q2/'18</b>	<b>Q3/'18</b>	<b>Q4/'18</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>
Net sales	41.8	11.2	11.3	10.1	11.7	44.3	12.5	11.8	10.7	12.5	47.6	51.8	54.4
sales growth %	17.0%	10.8%	9.8%	3.5%	0.7%	6.0%	11.6%	5.1%	5.8%	6.8%	7.3%	9.0%	5.0%
EBITA	3.8	0.8	1.1	0.8	1.0	3.7	1.2	1.0	0.8	1.0	4.1	4.8	5.2
EBITA margin	9.1%	7.6%	9.5%	8.0%	8.1%	8.3%	9.9%	8.8%	7.8%	8.0%	8.7%	9.2%	9.5%

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		19	20	21	19	20	21	19	20	21
SWECO	4256	19.5x	17.2x	15.7x	28.0x	23.6x	22.1x	31.8x	27.0x	25.2x
AF Poyry	2652	15.0x	11.2x	10.2x	20.6x	15.3x	14.1x	21.4x	18.6x	17.2x
Semcon	113	6.7x	5.8x	5.2x	8.7x	7.6x	6.7x	11.1x	9.6x	8.4x
Altran	3901	13.7x	12.7x	11.9x	15.8x	14.5x	13.6x	21.0x	19.0x	17.7x
Altran Technologies	3758	10.6x	9.7x	9.0x	13.3x	12.6x	11.4x	17.3x	15.0x	13.5x
Bertrandt	555	7.2x	6.5x	5.8x	11.4x	10.2x	9.0x	15.6x	12.2x	10.8x
AKKA Technologies	1299	10.0x	8.9x	8.0x	12.8x	11.1x	10.4x	14.6x	12.3x	10.9x
HiQ International	268	10.2x	10.2x	9.6x	12.3x	12.1x	11.4x	16.1x	16.1x	15.1x
TietoEVERY	3560	15.6x	9.3x	8.7x	21.1x	13.4x	13.8x	16.4x	14.5x	13.4x
Multiconsult	197	9.9x	7.5x	6.7x	24.2x	13.9x	11.5x	22.7x	13.1x	10.6x
Peer Group Average	1896	11.8x	9.9x	9.1x	16.8x	13.4x	12.4x	18.8x	15.7x	14.3x
Peer Group Median	1299	10.4x	9.5x	8.8x	14.6x	13.0x	11.4x	16.8x	14.7x	13.5x
Etteplan (Evli est.)	295	8.9x	7.9x	7.2x	14.3x	12.9x	11.5x	16.8x	15.0x	13.7x

Etteplan prem./disc. to peer median

-15% -17% -18% -2% 0% 1% 0% 2% 2%

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	11.80 PV of Free Cash Flow	202 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	18.03 PV of Horizon value	299 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	52.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	19.9 Marketable securities	11 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	16.5 Debt - dividend	-50 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	59.7 Value of stock	461 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	263	290	304	311	319	327	335	344	352	361	370
<i>Sales growth, %</i>	<i>10.1</i>	<i>11.3</i>	<i>10.3</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	25	28	26	27	28	28	29	30	31	31
<i>Operating income margin, %</i>	<i>8.5</i>	<i>8.9</i>	<i>8.7</i>	<i>9.1</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	14	16	16	17	17	18	18	19	19	20	
EBITDA	26	38	41	44	44	45	46	47	48	49	50	
- Paid taxes	-4	-5	-5	-6	-5	-5	-6	-6	-6	-6	-6	
- Change in NWC	2	-4	-1	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>1.3</i>	<i>2.5</i>	<i>2.5</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>2.7</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	1	1	-1	-8	-8	-9	-9	-9	-9	-9	
<i>opCAPEX / Sales, %</i>	<i>0.7</i>	<i>2.9</i>	<i>2.8</i>	<i>3.4</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	<i>5.8</i>	
- Acquisitions	-8	-18	-10	-8	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	-1	0	0	0	0	0	0	0	0	0	0	
= FCFF	14	12	26	29	30	30	31	32	33	34	34	608
= Discounted FCFF		12	24	25	24	22	21	20	19	18	17	299
= DFCF min WACC		12	24	25	24	23	22	21	20	19	18	341
= DFCF max WACC		12	24	25	23	22	21	19	18	17	16	264

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2018Q1	2018Q2	2018Q3	2018Q4	2018	2019Q1	2019Q2	2019Q3	2019Q4E	2019E	2020E	2021E
Net sales	59.0	62.0	52.6	62.8	236.4	65.4	64.2	61.4	72.1	263.1	290.2	303.7
EBITDA	5.7	7.1	5.9	7.3	26.0	8.9	9.1	9.5	9.9	37.6	41.2	43.9
<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>13.7</i>	<i>14.2</i>	<i>15.5</i>	<i>13.8</i>	<i>14.3</i>	<i>14.2</i>	<i>14.4</i>
EBIT	4.4	5.7	4.4	5.7	20.2	5.8	5.8	5.7	6.1	23.4	25.3	27.5
<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>8.8</i>	<i>9.0</i>	<i>9.3</i>	<i>8.5</i>	<i>8.9</i>	<i>8.7</i>	<i>9.1</i>
Net financial items	-0.2	-0.1	-0.3	-0.3	-0.8	-0.2	-0.1	-0.2	-0.2	-0.6	-0.6	-0.6
Pre-tax profit	4.3	5.5	4.1	5.5	19.4	5.6	5.7	5.5	6.0	22.8	24.6	27.0
Tax	-1.0	-1.2	-0.9	-1.1	-4.1	-1.3	-1.2	-0.9	-1.3	-4.6	-5.0	-5.4
<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>23.4</i>	<i>20.3</i>	<i>15.7</i>	<i>21.2</i>	<i>20.2</i>	<i>20.2</i>	<i>20.2</i>
Net profit	3.3	4.4	3.2	4.4	15.3	4.3	4.5	4.7	4.7	18.2	19.7	21.5
EPS	0.13	0.17	0.13	0.18	0.61	0.17	0.18	0.19	0.19	0.73	0.79	0.86
EPS adjusted (diluted no. of shares)	0.13	0.17	0.13	0.18	0.61	0.18	0.18	0.16	0.19	0.70	0.79	0.86
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.36	0.39	0.43
<b>SALES, EURm</b>												
Engineering Solutions	33.6	35.0	28.8	34.6	132.1	35.6	35.3	35.3	40.5	146.7	163.3	168.2
Software and Embedded Solutions	14.1	15.8	13.6	16.5	60.0	17.3	17.1	15.4	19.1	68.9	75.1	81.1
Technical Documentation Solutions	11.2	11.3	10.1	11.7	44.3	12.5	11.8	10.7	12.5	47.6	51.8	54.4
Total	59.0	62.0	52.6	62.8	236.4	65.4	64.2	61.4	72.1	263.1	290.2	303.7
<b>SALES GROWTH, Y/Y %</b>												
<i>Engineering Solutions</i>	<i>8.3</i>	<i>13.7</i>	<i>11.4</i>	<i>4.4</i>	<i>9.3</i>	<i>5.8</i>	<i>0.8</i>	<i>22.5</i>	<i>17.0</i>	<i>11.1</i>	<i>11.3</i>	<i>3.0</i>
<i>Software and Embedded Solutions</i>	<i>4.0</i>	<i>19.2</i>	<i>18.7</i>	<i>20.7</i>	<i>15.5</i>	<i>22.8</i>	<i>8.5</i>	<i>12.9</i>	<i>15.5</i>	<i>14.8</i>	<i>9.0</i>	<i>8.0</i>
<i>Technical Documentation Solutions</i>	<i>10.8</i>	<i>9.8</i>	<i>3.5</i>	<i>0.6</i>	<i>6.0</i>	<i>11.6</i>	<i>5.1</i>	<i>5.8</i>	<i>6.8</i>	<i>7.3</i>	<i>9.0</i>	<i>5.0</i>
Total	7.7	14.3	11.5	7.4	10.1	11.0	3.5	16.8	14.7	11.3	10.3	4.7
<b>EBIT, EURm</b>												
Engineering Solutions	3.1	3.7	2.9	3.3	13.0	3.7	3.8	3.4	4.0	14.9	16.3	16.5
Software and Embedded Solutions	1.1	1.4	1.3	2.0	5.8	1.7	1.6	1.6	2.1	7.0	8.2	9.1
Technical Documentation Solutions	0.8	1.1	0.8	1.0	3.7	1.2	1.0	0.8	1.0	4.1	4.8	5.2
Other	-0.6	-0.5	-0.6	-0.5	-2.3	-0.9	-0.7	-0.1	-1.0	-2.6	-4.0	-3.2
Total	4.4	5.7	4.4	5.7	20.2	5.8	5.8	5.7	6.1	23.4	25.3	27.5
<b>EBIT margin, %</b>												
<i>Engineering Solutions</i>	<i>9.1</i>	<i>10.7</i>	<i>10.0</i>	<i>9.5</i>	<i>9.8</i>	<i>10.3</i>	<i>10.9</i>	<i>9.6</i>	<i>9.9</i>	<i>10.2</i>	<i>10.0</i>	<i>9.8</i>
<i>Software and Embedded Solutions</i>	<i>7.9</i>	<i>8.6</i>	<i>9.8</i>	<i>12.3</i>	<i>9.7</i>	<i>9.8</i>	<i>9.3</i>	<i>10.1</i>	<i>11.2</i>	<i>10.1</i>	<i>10.9</i>	<i>11.2</i>
<i>Technical Documentation Solutions</i>	<i>7.6</i>	<i>9.5</i>	<i>8.0</i>	<i>8.1</i>	<i>8.3</i>	<i>9.9</i>	<i>8.8</i>	<i>7.8</i>	<i>8.0</i>	<i>8.7</i>	<i>9.2</i>	<i>9.5</i>
<i>Other</i>								<i>-60,000.0</i>				
Total	7.5	9.1	8.4	9.1	8.5	8.8	9.0	9.3	8.5	8.9	8.7	9.1

INCOME STATEMENT, EURm	2014	2015	2016	2017	2018	2019E	2020E	2021E
Sales	131.9	141.2	183.9	214.6	236.4	263.1	290.2	303.7
<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>11.3</i>	<i>10.3</i>	<i>4.7</i>
EBITDA	10.5	11.7	15.0	20.8	26.0	37.6	41.2	43.9
<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>14.3</i>	<i>14.2</i>	<i>14.4</i>
Depreciation	-2.6	-3.1	-4.8	-5.3	-5.8	-14.2	-15.9	-16.3
EBITA	7.9	8.6	10.1	15.5	20.2	23.4	25.3	27.5
Goodwill amortization / writedown	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	7.4	8.6	10.1	15.5	20.2	23.4	25.3	27.5
<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>8.9</i>	<i>8.7</i>	<i>9.1</i>
Reported EBIT	8.2	8.6	10.1	15.5	20.2	23.4	25.3	27.5
<i>EBIT margin (reported) (%)</i>	<i>6.2</i>	<i>6.1</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.9</i>	<i>8.7</i>	<i>9.1</i>
Net financials	-0.7	-0.7	-0.7	-0.7	-0.8	-0.6	-0.6	-0.6
Pre-tax profit	6.7	7.9	9.4	14.7	19.4	22.8	24.6	27.0
Taxes	-1.0	-1.7	-1.8	-3.2	-4.1	-4.6	-5.0	-5.4
Minority shares	0.0	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0
Net profit	6.5	6.1	7.4	11.6	15.3	18.2	19.7	21.5
Cash NRIs	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	8	12	22	22	26	26	29	30
Goodwill	39	43	58	59	65	76	76	76
Right of use assets	0	0	0	0	12	16	15	16
Inventory	0	0	0	0	0	0	0	0
Receivables	26	28	49	53	53	61	67	70
Liquid funds	3	9	5	10	16	11	17	18
Total assets	75	93	134	144	173	189	204	210
<b>Liabilities</b>								
Shareholder's equity	29	35	53	58	68	78	89	100
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	12	16	15	16
Deferred taxes	1	2	3	3	5	5	5	5
Interest bearing debt	19	23	34	35	36	34	34	25
Non-interest bearing current liabilities	27	32	43	46	48	53	58	61
Other interest-free debt	0	1	2	2	4	4	4	4
Total liabilities	75	93	134	144	173	189	204	210
<b>CASH FLOW, EURm</b>								
+ EBITDA	10	12	15	21	26	38	41	44
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-2	-1	-3	-2	-4	-5	-5	-5
- Increase in Net Working Capital	0	-1	-1	1	2	-4	-1	0
+/- Other	-1	0	-5	0	-1	0	0	0
= Cash flow from operations	7	9	6	18	23	29	35	37
- Capex	-1	-2	-2	-2	-2	-8	-8	-10
- Acquisitions	-1	-2	-22	-3	-8	-18	-10	-8
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	5	6	-18	13	13	3	16	19
+/- New issues/buybacks	-1	3	14	-2	0	0	0	0
- Paid dividend	-2	-3	-3	-4	-6	-7	-9	-10
+/- Other	0	1	4	-1	-1	-1	0	-8
Change in cash	2	6	-4	5	6	-6	7	1

Commercial Services & Supplies/Finland, February 6, 2020  
Preview

KEY FIGURES	2015	2016	2017	2018	2019E	2020E	2021E
M-cap	89	138	193	198	295	295	295
Net debt (excl. convertibles)	14	29	25	32	39	32	22
Enterprise value	104	168	218	231	334	326	317
Sales	141	184	215	236	263	290	304
EBITDA	12	15	21	26	38	41	44
EBIT	9	10	15	20	23	25	28
Pre-tax	8	9	15	19	23	25	27
Earnings	6	7	12	15	18	20	22
Equity book value (excl. minorities)	35	53	58	68	78	89	100
<b>Valuation multiples</b>							
EV/sales	0.7	0.9	1.0	1.0	1.3	1.1	1.0
EV/EBITDA	8.9	11.2	10.5	8.9	8.9	7.9	7.2
EV/EBITA	12.0	16.6	14.1	11.4	14.3	12.9	11.5
EV/EBIT	12.0	16.6	14.1	11.4	14.3	12.9	11.5
EV/OCF	11.0	29.7	11.9	10.0	11.6	9.4	8.5
EV/FCFF	12.3	-46.0	18.2	16.9	27.1	12.6	10.8
P/FCFE	15.2	-7.5	14.8	15.2	104.6	17.9	15.5
P/E	14.6	18.6	16.6	13.0	16.8	15.0	13.7
P/B	2.6	2.6	3.3	2.9	3.8	3.3	2.9
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.1	7.2	6.5
Target EV/EBIT	0.0	0.0	0.0	0.0	13.0	11.7	10.4
Target EV/FCF	0.0	0.0	0.0	0.0	107.8	18.0	15.1
Target P/B	0.0	0.0	0.0	0.0	3.4	3.0	2.6
Target P/E	0.0	0.0	0.0	0.0	15.1	13.4	12.3
<b>Per share measures</b>							
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	0.73	0.79	0.86
Operating cash flow per share	0.45	0.23	0.74	0.92	1.15	1.39	1.50
Free cash flow per share	0.28	-0.75	0.53	0.52	0.11	0.66	0.76
Book value per share	1.68	2.12	2.34	2.71	3.13	3.56	4.03
Dividend per share	0.15	0.16	0.23	0.30	0.36	0.39	0.43
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	3.8	3.1	3.3	3.7
FCF yield, %	6.6	-13.4	6.8	6.6	1.0	5.6	6.5
<b>Efficiency measures</b>							
ROE	19.3	17.1	21.0	24.4	24.9	23.6	22.7
ROCE	16.3	14.0	17.2	19.3	19.2	19.0	19.7
<b>Financial ratios</b>							
Inventories as % of sales	0.0	0.1	0.1	0.2	0.2	0.2	0.2
Receivables as % of sales	20.0	26.7	24.5	22.4	23.0	23.0	23.0
Non-interest bearing liabilities as % of sales	22.6	23.1	21.3	20.5	20.0	20.0	20.0
NWC/sales, %	-3.2	3.2	2.5	1.3	2.5	2.5	2.6
Operative CAPEX/sales, %	1.1	1.0	1.0	0.7	2.9	2.8	3.4
CAPEX/sales (incl. acquisitions), %	-0.2	-11.1	-0.5	-2.8	-4.1	-0.6	0.8
FCFF/EBITDA	0.7	-0.2	0.6	0.5	0.3	0.6	0.7
Net debt/EBITDA, book-weighted	1.2	2.0	1.2	1.3	1.0	0.8	0.5
Debt/equity, market-weighted	0.3	0.2	0.2	0.2	0.1	0.1	0.1
Equity ratio, book-weighted	37.4	39.2	40.1	39.1	41.5	43.5	47.8
Gearing, %	41.1	55.7	43.0	48.1	49.8	35.6	22.3

**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:** Etteplan is in our view set to continue on a track of profitable growth. The comprehensive service offering and good market positioning provides organic growth opportunities while the company's M&A track record will see growth further boosted through acquisitions. Etteplan has achieved a solid level of relative profitability and further improvement appears challenging, although optimization of resources through an increase in Managed services could further boost margins.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,500,000	194.700	66.1%
Oy Fincorp Ab	2,499,000	29.488	10.0%
Varma Mutual Pension Insurance Company	985,593	11.630	3.9%
Tuori Klaus	402,134	4.745	1.6%
VAS Invest Oy	370,494	4.372	1.5%
Taaleri Mikro Markka fund	339,048	4.001	1.4%
SEB Gyllenberg Finland Small Cap Fund	335,611	3.960	1.3%
Tuori Aino Mirjami	308,275	3.638	1.2%
Etteplan Oyj	156,203	1.843	0.6%
Näkki Juha	104,947	1.238	0.4%
Ten largest	22,001,305	259.615	88%
Residual	2,962,003	34.952	12%
Total	24,963,308	294.567	100%

**EARNINGS CALENDAR**

February 11, 2020	FY 2019 Results
May 05, 2020	Q1 report
August 11, 2020	Q2 report
October 29, 2020	Q3 report

**OTHER EVENTS**

April 02, 2020	AGM
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**COMPANY MISCELLANEOUS**

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IR: Outi Torniainen	

## DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



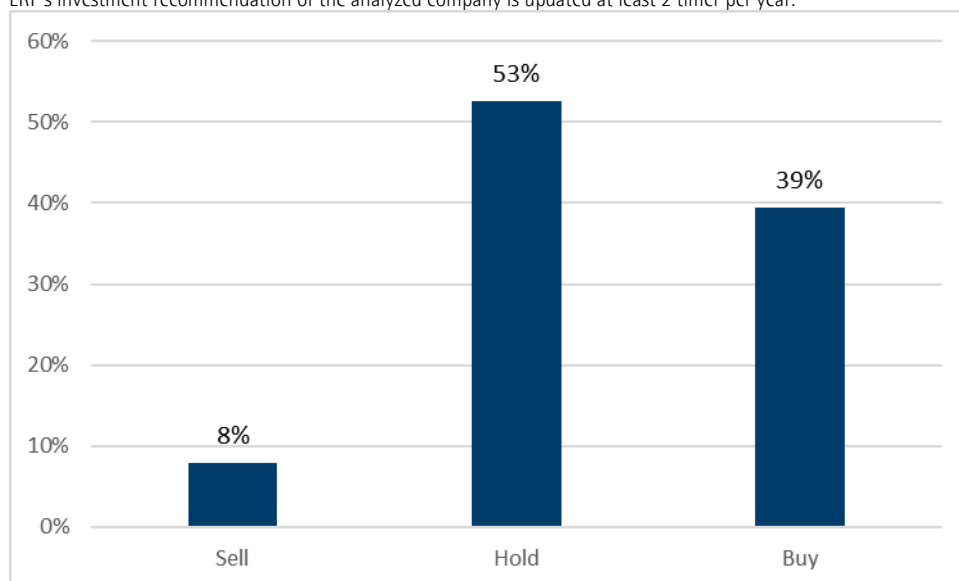
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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