

Challenging times ahead

Etteplan withdrew its guidance for the time being due to uncertainty caused by the coronavirus outbreak. The increased uncertainty in the global economy has adversely affected customer demand and will have a negative impact on financial development. We have lowered our 2020 estimates, expecting revenue to remain at 2019 levels and EBITA to decline clearly. We lower our target price to EUR 6.9 (10.2) and retain our HOLD-rating.

Guidance withdrawn due to coronavirus uncertainty

Etteplan withdrew its guidance for the time being due to uncertainty caused by the coronavirus outbreak, having previously estimate revenue in 2020 to increase clearly and EBIT to be at the same level or improve compared with 2019. The coronavirus outbreak has adversely affected customer demand essentially across all customer segments. Europe is expected to show weak figures in Q2, while the in Q1 weak Chinese economy has now been picking up and demand development there is showing favourable signs.

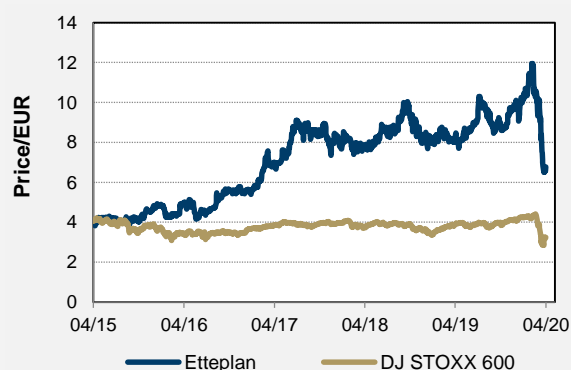
2020 EBITA estimate down some 35%

We expect the outbreak to have a clear negative effect on financial development in 2020E. We expect the brunt of the impact on Q2/Q3 while Q1 is expected to have been somewhat weaker due to the situation in China. We note the challenges in near-term estimation due to the lacking visibility and unforeseeable nature of the consequences of the outbreak. We currently expect 2020 revenue to remain at 2019 levels, despite the current situation due to inorganic growth, and profitability to decline clearly, with our EBITA estimate at EUR 18.1m (27.5m).

HOLD with a target price of EUR 6.9 (10.2)

Etteplan has on a three-year average NTM EV/EBITDA traded at around 9.0x. Assuming a swift return to a normalized demand situation current valuation is in no way challenging. The significant near-term uncertainty, however, warrants a discount and we value Etteplan at 2020E EV/EBITDA of 7.0x, and with our 2020E EBITDA estimate down some 25% we lower our target price to EUR 6.9 (10.2) and retain our HOLD-rating.

Rating

■ HOLD

 Share price, EUR (Last trading day's closing price) **6.78**

 Target price, EUR **6.9**

 Latest change in recommendation **08-Aug-19**

 Latest report on company **12-Feb-20**

 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 **169**

 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 **05-May-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	
2018	236.4	20.2	8.5%	13.0	0.61	13.0	1.0	11.4	6.6	0.30	
2019	262.7	22.8	8.7%	-1.0	0.70	15.6	1.1	12.9	-0.4	0.35	
2020E	260.4	14.3	5.5%	12.9	0.43	15.9	0.8	14.4	7.6	0.21	
2021E	298.2	24.6	8.3%	12.5	0.76	9.0	0.7	8.1	7.4	0.38	
2022E	313.0	28.0	8.9%	19.1	0.87	7.8	0.6	6.7	11.3	0.43	
Market cap, EURm			169	Gearing 2020E, %			46.1	CAGR EPS 2019-22, %			9.9
Net debt 2020E, EURm			36	Price/book 2020E			2.2	CAGR sales 2019-22, %			6.0
Enterprise value, EURm			206	Dividend yield 2020E, %			3.1	ROE 2020E, %			13.7
Total assets 2020E, EURm			200	Tax rate 2020E, %			20.7	ROCE 2020E, %			10.9
Goodwill 2020E, EURm			79	Equity ratio 2020E, %			39.3	PEG, P/E 20/CAGR			0.6

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

Etteplan	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20E	Q2/'20E	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Net sales	236.4	65.4	64.2	61.5	71.6	262.7	67.0	63.1	58.3	71.9	260.4	298.2	313.0
sales growth %	10.1%	11.0%	3.5%	17.1%	14.0%	11.1%	2.5%	-1.7%	-5.2%	0.4%	-0.9%	14.5%	5.0%
EBITA	22.6	6.4	6.5	6.6	6.4	25.9	5.4	3.8	3.1	5.9	18.1	27.8	31.2
EBITA margin	9.5%	9.8%	10.1%	10.7%	8.9%	9.9%	8.0%	6.0%	5.2%	8.2%	7.0%	9.3%	10.0%
EBIT	20.8	5.8	5.8	5.7	5.6	22.8	4.4	2.9	2.1	5.0	14.3	24.6	28.0
EBIT margin	8.8%	8.8%	9.0%	9.3%	7.8%	8.7%	6.6%	4.5%	3.6%	6.9%	5.5%	8.3%	8.9%
EBIT (excl. NRIs)	20.5	6.0	5.8	4.9	5.1	21.7	4.4	2.9	2.1	5.0	14.3	24.6	28.0
-margin	8.7%	9.1%	9.0%	8.0%	7.1%	8.3%	6.6%	4.5%	3.6%	6.9%	5.5%	8.3%	8.9%
Engineering Solutions	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20E	Q2/'20E	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Net sales	132.1	35.6	35.3	35.3	40.8	147.0	37.8	34.4	31.6	39.9	143.8	165.8	172.4
sales growth %	9.3%	5.8%	0.8%	22.5%	18.1%	11.3%	6.2%	-2.4%	-10.5%	-2.2%	-2.2%	15.3%	4.0%
EBITA	13.0	3.7	3.8	3.4	3.6	14.5	3.0	1.6	1.3	3.2	9.1	15.4	17.1
EBITA margin	9.8%	10.3%	10.9%	9.6%	8.7%	9.8%	7.9%	4.6%	4.1%	8.0%	6.3%	9.3%	9.9%
Software and Embedded Solutions	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20E	Q2/'20E	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Net sales	60.0	17.3	17.1	15.4	17.7	67.5	17.0	17.4	15.6	18.7	68.7	77.5	82.9
sales growth %	15.5%	22.8%	8.5%	12.9%	6.9%	12.4%	-1.5%	1.6%	1.3%	5.7%	1.8%	12.8%	7.0%
EBITA	5.8	1.7	1.6	1.6	1.4	6.3	1.6	1.4	1.1	1.6	5.7	7.6	8.6
EBITA margin	9.7%	9.8%	9.3%	10.1%	8.0%	9.3%	9.1%	8.1%	7.1%	8.6%	8.2%	9.8%	10.4%
Technical Documentation Solutions	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20E	Q2/'20E	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Net sales	44.3	12.5	11.8	10.7	13.1	48.2	12.2	11.3	11.1	13.3	48.0	54.9	57.6
sales growth %	6.0%	11.6%	5.1%	5.8%	11.8%	8.8%	-2.5%	-4.3%	3.8%	1.6%	-0.6%	14.5%	5.0%
EBITA	3.7	1.2	1.0	0.8	0.9	4.1	0.8	0.8	0.7	1.1	3.4	4.8	5.5
EBITA margin	8.3%	9.9%	8.8%	7.8%	6.8%	8.5%	6.6%	7.1%	5.8%	8.3%	7.0%	8.7%	9.5%

ETTEPLAN PEER GROUP	MCAP	EV/EBITDA			EV/EBIT			P/E		
	MEUR	20	21	22	20	21	22	20	21	22
SWECO	3073	19.7x	14.2x	13.5x	26.9x	19.3x	18.1x	23.9x	21.7x	20.2x
AF Poyry	1572	12.8x	9.0x	8.3x	18.7x	12.8x	11.3x	12.3x	12.3x	11.0x
Semcon	74	6.4x	4.3x	3.8x	8.5x	5.6x	4.9x	7.4x	7.0x	6.0x
Alten	2205	13.4x	8.3x	7.5x	15.9x	9.8x	8.8x	12.7x	12.6x	11.2x
Altran Technologies	3793	10.5x	10.4x	9.6x	14.7x	13.9x	12.5x	18.3x	16.6x	14.7x
Bertrandt	317	7.6x	5.6x	4.7x	12.0x	9.6x	7.7x	8.8x	10.0x	7.7x
AKKA Technologies	496	10.4x	6.0x	5.0x	13.8x	8.4x	6.8x	6.8x	6.6x	5.3x
HiQ International	184	10.9x	7.4x	6.9x	13.6x	8.4x	7.9x	12.3x	12.0x	11.2x
TietoEVRY	2339	8.6x	5.8x	5.3x	12.1x	7.7x	7.2x	11.3x	9.6x	8.8x
Multiconsult	102	9.9x	5.1x	4.6x	24.6x	9.6x	8.0x	29.3x	8.8x	6.6x
Etteplan	168	8.2x	5.9x	5.3x	13.7x	10.4x	9.0x	10.1x	11.2x	9.5x
Peer Group Average	1302	10.8x	7.4x	6.8x	15.9x	10.5x	9.3x	13.9x	11.7x	10.2x
Peer Group Median	496	10.4x	6.0x	5.3x	13.8x	9.6x	8.0x	12.3x	11.2x	9.5x
Etteplan (Evli est.)	169	6.9x	5.0x	4.1x	14.4x	8.1x	6.7x	15.9x	9.0x	7.8x

Etteplan prem./disc. to peer median

-34% -26% -32% 1% -16% -15% 30% -18% -21%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	6.78 PV of Free Cash Flow	206 Long-term growth, %	2.5 Risk-free interest rate, %	2.25
DCF share value	18.51 PV of Horizon value	296 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	173.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	20.4 Marketable securities	16 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	16.9 Debt - dividend	-56 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	59.0 Value of stock	462 Nr of shares, Mn	25.0 Effective tax rate, %	20

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	263	260	298	313	321	329	337	345	354	363	372	381
<i>Sales growth, %</i>	<i>11.1</i>	<i>-0.8</i>	<i>14.5</i>	<i>5.0</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)	23	14	25	28	27	28	29	29	30	31	32	32
<i>Operating income margin, %</i>	<i>8.7</i>	<i>5.5</i>	<i>8.3</i>	<i>8.9</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.	15	16	15	18	19	19	19	20	20	21	21	
EBITDA	38	30	40	46	46	47	48	49	50	52	53	
- Paid taxes	-4	-3	-5	-6	-6	-6	-6	-6	-6	-6	-7	
- Change in NWC	4	1	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-0.5</i>	<i>-1.0</i>	<i>-0.9</i>	<i>-0.9</i>	<i>-0.9</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.8</i>	<i>-0.7</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	4	-3	-9	-9	-9	-9	-9	-9	-10	-10	
<i>opCAPEX / Sales, %</i>	<i>4.9</i>	<i>1.9</i>	<i>4.7</i>	<i>6.4</i>	<i>6.2</i>	<i>6.2</i>	<i>6.2</i>	<i>6.2</i>	<i>6.2</i>	<i>6.2</i>	<i>6.2</i>	
- Acquisitions	-21	-10	-8	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	-4	0	0	0	0	0	0	0	0	0	0	
= FCFF	11	22	24	31	31	32	33	34	35	36	36	645
= Discounted FCFF		21	21	25	23	22	21	20	19	18	17	296
= DFCF min WACC		21	21	25	24	23	21	20	19	18	18	339
= DFCF max WACC		21	21	24	23	22	20	19	18	17	16	261

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1E	2020Q2E	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	65.4	64.2	61.4	71.6	262.7	67.0	63.1	58.3	71.9	260.4	298.2	313.0
EBITDA	8.9	9.1	9.5	9.9	37.5	8.3	6.8	6.0	8.9	29.9	40.1	45.6
<i>EBITDA margin (%)</i>	<i>13.7</i>	<i>14.2</i>	<i>15.5</i>	<i>13.8</i>	<i>14.3</i>	<i>12.4</i>	<i>10.7</i>	<i>10.3</i>	<i>12.3</i>	<i>11.5</i>	<i>13.4</i>	<i>14.6</i>
EBIT	5.8	5.8	5.7	5.6	22.8	4.4	2.9	2.1	5.0	14.3	24.6	28.0
<i>EBIT margin (%)</i>	<i>8.8</i>	<i>9.0</i>	<i>9.3</i>	<i>7.8</i>	<i>8.7</i>	<i>6.6</i>	<i>4.5</i>	<i>3.6</i>	<i>6.9</i>	<i>5.5</i>	<i>8.3</i>	<i>8.9</i>
Net financial items	-0.2	-0.1	-0.2	-0.4	-0.9	-0.2	-0.2	-0.2	-0.2	-0.9	-0.8	-0.7
Pre-tax profit	5.6	5.7	5.5	5.1	21.9	4.2	2.6	1.9	4.7	13.4	23.8	27.3
Tax	-1.3	-1.2	-0.9	-1.2	-4.5	-0.9	-0.5	-0.4	-1.0	-2.8	-4.9	-5.6
<i>Tax rate (%)</i>	<i>23.4</i>	<i>20.3</i>	<i>15.7</i>	<i>23.6</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>	<i>20.7</i>
Net profit	4.3	4.5	4.7	3.9	17.4	3.3	2.1	1.5	3.7	10.6	18.9	21.6
EPS	0.17	0.18	0.19	0.16	0.70	0.13	0.08	0.06	0.15	0.43	0.76	0.87
EPS adjusted (diluted no. of shares)	0.18	0.18	0.16	0.14	0.65	0.13	0.08	0.06	0.15	0.43	0.76	0.87
Dividend per share	0.00	0.00	0.00	0.00	0.35	0.00	0.00	0.00	0.00	0.21	0.38	0.43
SALES, EURm												
Engineering Solutions	35.6	35.3	35.3	40.8	147.0	37.8	34.4	31.6	39.9	143.8	165.8	172.4
Software and Embedded Solutions	17.3	17.1	15.4	17.7	67.5	17.0	17.4	15.6	18.7	68.7	77.5	82.9
Technical Documentation Solutions	12.5	11.8	10.7	13.1	48.1	12.2	11.3	11.1	13.3	48.0	54.9	57.6
Total	65.4	64.2	61.4	71.6	262.7	67.0	63.1	58.3	71.9	260.4	298.2	313.0
SALES GROWTH, Y/Y %												
<i>Engineering Solutions</i>	<i>5.8</i>	<i>0.8</i>	<i>22.5</i>	<i>18.1</i>	<i>11.3</i>	<i>6.2</i>	<i>-2.4</i>	<i>-10.5</i>	<i>-2.2</i>	<i>-2.2</i>	<i>15.3</i>	<i>4.0</i>
<i>Software and Embedded Solutions</i>	<i>22.8</i>	<i>8.5</i>	<i>12.9</i>	<i>6.9</i>	<i>12.4</i>	<i>-1.5</i>	<i>1.6</i>	<i>1.3</i>	<i>5.7</i>	<i>1.8</i>	<i>12.8</i>	<i>7.0</i>
<i>Technical Documentation Solutions</i>	<i>11.6</i>	<i>5.1</i>	<i>5.8</i>	<i>11.8</i>	<i>8.7</i>	<i>-2.5</i>	<i>-4.3</i>	<i>3.8</i>	<i>1.6</i>	<i>-0.4</i>	<i>14.5</i>	<i>5.0</i>
Total	11.0	3.5	16.8	14.0	11.1	2.5	-1.7	-5.0	0.4	-0.8	14.5	5.0
EBIT, EURm												
Engineering Solutions	3.7	3.8	3.4	3.6	14.5	3.0	1.6	1.3	3.2	9.1	15.4	17.1
Software and Embedded Solutions	1.7	1.6	1.6	1.4	6.3	1.6	1.4	1.1	1.6	5.7	7.6	8.6
Technical Documentation Solutions	1.2	1.0	0.8	0.9	4.0	0.8	0.8	0.7	1.1	3.4	4.8	5.5
Other	-0.9	-0.7	-0.1	-0.3	-1.9	-0.9	-0.9	-0.9	-0.9	-3.8	-3.2	-3.2
Total	5.8	5.8	5.7	5.6	22.8	4.4	2.9	2.1	5.0	14.3	24.6	28.0
EBIT margin, %												
<i>Engineering Solutions</i>	<i>10.3</i>	<i>10.9</i>	<i>9.6</i>	<i>8.7</i>	<i>9.8</i>	<i>7.9</i>	<i>4.6</i>	<i>4.1</i>	<i>8.0</i>	<i>6.3</i>	<i>9.3</i>	<i>9.9</i>
<i>Software and Embedded Solutions</i>	<i>9.8</i>	<i>9.3</i>	<i>10.1</i>	<i>8.0</i>	<i>9.3</i>	<i>9.1</i>	<i>8.1</i>	<i>7.1</i>	<i>8.6</i>	<i>8.2</i>	<i>9.8</i>	<i>10.4</i>
<i>Technical Documentation Solutions</i>	<i>9.9</i>	<i>8.8</i>	<i>7.8</i>	<i>6.8</i>	<i>8.3</i>	<i>6.6</i>	<i>7.1</i>	<i>5.8</i>	<i>8.3</i>	<i>7.0</i>	<i>8.7</i>	<i>9.5</i>
<i>Other</i>			<i>-60,000.0</i>									
Total	8.8	9.0	9.3	7.8	8.7	6.6	4.5	3.6	6.9	5.5	8.3	8.9

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	141.2	183.9	214.6	236.4	262.7	260.4	298.2	313.0
<i>Sales growth (%)</i>	<i>7.0</i>	<i>30.3</i>	<i>16.7</i>	<i>10.1</i>	<i>11.1</i>	<i>-0.8</i>	<i>14.5</i>	<i>5.0</i>
EBITDA	11.7	15.0	20.8	26.0	37.5	29.9	40.1	45.6
<i>EBITDA margin (%)</i>	<i>8.3</i>	<i>8.1</i>	<i>9.7</i>	<i>11.0</i>	<i>14.3</i>	<i>11.5</i>	<i>13.4</i>	<i>14.6</i>
Depreciation	-3.1	-4.8	-5.3	-5.8	-14.7	-15.6	-15.4	-17.7
EBITA	8.6	10.1	15.5	20.2	22.8	14.3	24.6	28.0
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	8.6	10.1	15.5	20.2	22.8	14.3	24.6	28.0
<i>EBIT margin (%)</i>	<i>6.1</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>5.5</i>	<i>8.3</i>	<i>8.9</i>
Reported EBIT	8.6	10.1	15.5	20.2	22.8	14.3	24.6	28.0
<i>EBIT margin (reported) (%)</i>	<i>6.1</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>5.5</i>	<i>8.3</i>	<i>8.9</i>
Net financials	-0.7	-0.7	-0.7	-0.8	-0.9	-0.9	-0.8	-0.7
Pre-tax profit	7.9	9.4	14.7	19.4	21.9	13.4	23.8	27.3
Taxes	-1.7	-1.8	-3.2	-4.1	-4.5	-2.8	-4.9	-5.6
Minority shares	-0.1	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	6.1	7.4	11.6	15.3	17.4	10.6	18.9	21.6
Cash NRIs	0.0	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
BALANCE SHEET, EURm								
Assets								
Fixed assets	12	22	22	26	30	30	34	36
Goodwill	43	58	59	65	79	79	79	79
Right of use assets	0	0	0	12	15	15	17	18
Inventory	0	0	0	0	0	0	0	0
Receivables	28	49	53	53	62	60	69	72
Liquid funds	9	5	10	16	16	16	18	19
Total assets	93	134	144	173	203	200	217	224
Liabilities								
Shareholder's equity	35	53	58	68	77	79	92	104
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	12	16	15	17	18
Deferred taxes	2	3	3	5	6	6	6	6
Interest bearing debt	23	34	35	36	41	37	30	21
Non-interest bearing current liabilities	32	43	46	48	61	60	69	73
Other interest-free debt	1	2	2	4	2	2	2	2
Total liabilities	93	134	144	173	203	200	217	224
CASH FLOW, EURm								
+ EBITDA	12	15	21	26	38	30	40	46
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-1	-3	-2	-4	-4	-3	-5	-6
- Increase in Net Working Capital	-1	-1	1	2	4	1	0	0
+/- Other	0	-5	0	-1	-4	0	0	0
= Cash flow from operations	9	6	18	23	33	28	34	39
- Capex	-2	-2	-2	-2	-13	-5	-12	-10
- Acquisitions	-2	-22	-3	-8	-21	-10	-10	-10
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	6	-18	13	13	-1	13	12	19
+/- New issues/buybacks	3	14	-2	0	-1	0	0	0
- Paid dividend	-3	-3	-4	-6	-7	-9	-5	-9
+/- Other	1	4	-1	-1	9	-4	-5	-9
Change in cash	6	-4	5	6	0	0	2	1

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	138	193	198	253	169	169	169
Net debt (excl. convertibles)	29	25	32	40	36	29	19
Enterprise value	168	218	231	294	206	198	189
Sales	184	215	236	263	260	298	313
EBITDA	15	21	26	38	30	40	46
EBIT	10	15	20	23	14	25	28
Pre-tax	9	15	19	22	13	24	27
Earnings	7	12	15	17	11	19	22
Equity book value (excl. minorities)	53	58	68	77	79	92	104
Valuation multiples							
EV/sales	0.9	1.0	1.0	1.1	0.8	0.7	0.6
EV/EBITDA	11.2	10.5	8.9	7.8	6.9	5.0	4.1
EV/EBITA	16.6	14.1	11.4	12.9	14.4	8.1	6.7
EV/EBIT	16.6	14.1	11.4	12.9	14.4	8.1	6.7
EV/OCF	29.7	11.9	10.0	8.9	7.4	5.8	4.8
EV/FCFF	-46.0	18.2	16.9	27.3	9.2	8.2	6.1
P/FCFE	-7.5	14.8	15.2	-247.0	13.2	13.6	8.9
P/E	18.6	16.6	13.0	15.6	15.9	9.0	7.8
P/B	2.6	3.3	2.9	3.3	2.2	1.8	1.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.0	5.0	4.2
Target EV/EBIT	0.0	0.0	0.0	0.0	14.6	8.2	6.9
Target EV/FCF	0.0	0.0	0.0	0.0	16.2	16.2	10.0
Target P/B	0.0	0.0	0.0	0.0	2.2	1.9	1.7
Target P/E	0.0	0.0	0.0	0.0	16.2	9.1	8.0
Per share measures							
Number of shares	24,771	24,771	24,963	24,963	24,963	24,963	24,963
Number of shares (diluted)	24,771	24,771	24,963	24,963	24,963	24,963	24,963
EPS	0.30	0.47	0.61	0.70	0.43	0.76	0.87
Operating cash flow per share	0.23	0.74	0.92	1.32	1.11	1.38	1.57
Free cash flow per share	-0.75	0.53	0.52	-0.04	0.51	0.50	0.77
Book value per share	2.12	2.34	2.71	3.07	3.15	3.69	4.18
Dividend per share	0.16	0.23	0.30	0.35	0.21	0.38	0.43
Dividend payout ratio, %	53.3	49.2	49.0	50.2	50.0	50.0	50.0
Dividend yield, %	2.9	3.0	3.8	5.2	3.1	5.6	6.4
FCF yield, %	-13.4	6.8	6.6	-0.4	7.6	7.4	11.3
Efficiency measures							
ROE	17.1	21.0	24.4	24.1	13.7	22.1	22.0
ROCE	14.0	17.2	19.3	18.3	10.9	18.3	19.9
Financial ratios							
Inventories as % of sales	0.1	0.1	0.2	0.1	0.1	0.1	0.1
Receivables as % of sales	26.7	24.5	22.4	23.6	23.0	23.0	23.0
Non-interest bearing liabilities as % of sales	23.1	21.3	20.5	23.2	23.2	23.2	23.2
NWC/sales, %	3.2	2.5	1.3	-0.5	-1.0	-0.9	-0.9
Operative CAPEX/sales, %	1.0	1.0	0.7	4.9	1.9	4.7	6.4
CAPEX/sales (incl. acquisitions), %	-11.1	-0.5	-2.8	-3.1	-2.0	2.0	6.4
FCFF/EBITDA	-0.2	0.6	0.5	0.3	0.8	0.6	0.7
Net debt/EBITDA, book-weighted	2.0	1.2	1.3	1.1	1.2	0.7	0.4
Debt/equity, market-weighted	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Equity ratio, book-weighted	39.2	40.1	39.1	37.8	39.3	42.4	46.6
Gearing, %	55.7	43.0	48.1	52.6	46.1	31.6	18.6

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	111.870	66.1%
Oy Fincorp Ab	2,499,102	16.944	10.0%
Varma Mutual Pension Insurance Company	985,593	6.682	3.9%
Tuori Klaus	402,134	2.726	1.6%
SEB Gyllenberg Finland Small Cap Fund	375,611	2.547	1.5%
VAS Invest Oy	368,955	2.502	1.5%
Taaleri Mikro Markka fund	339,048	2.299	1.4%
Tuori Aino	308,275	2.090	1.2%
Etteplan Oyj	156,203	1.059	0.6%
Näkki Juha	104,947	0.712	0.4%
Ten largest	22,039,868	149.430	88%
Residual	2,923,440	19.821	12%
Total	24,963,308	169.251	100%

EARNINGS CALENDAR	
May 05, 2020	Q1 report
August 11, 2020	Q2 report
October 29, 2020	Q3 report
OTHER EVENTS	
April 02, 2020	AGM

COMPANY MISCELLANEOUS	
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CFO: Per-Anders Gådin	Tel: +358 1,0 3,070
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

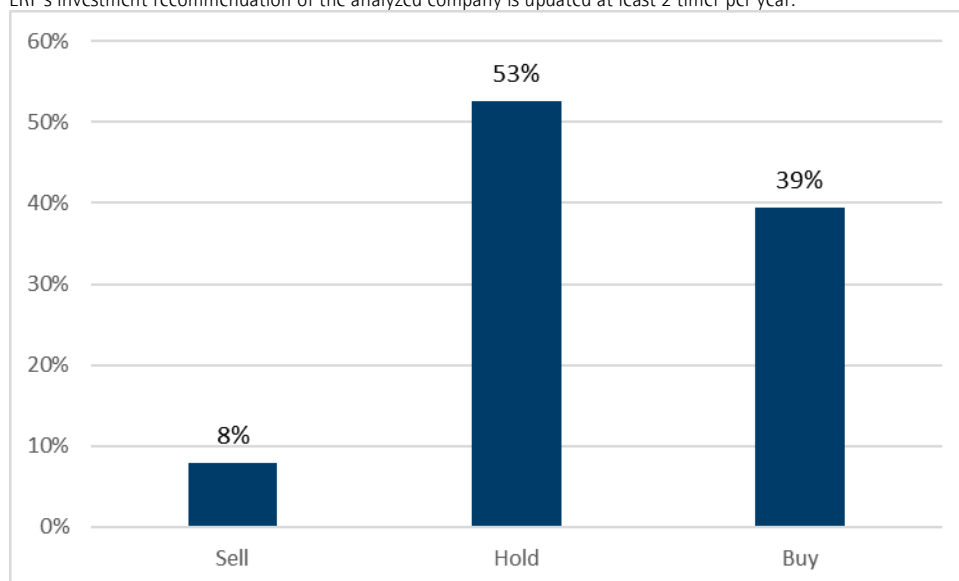
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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