

Still a bumpy road ahead

Etteplan's timely actions to reduce costs saw EBIT remaining strong, at EUR 5.4m (Evli/cons. EUR 3.2m/3.8m) despite the organic revenue decrease of 11.3%. Challenges will continue in coming quarters but the hit from the pandemic so far appears smaller than we had feared.

Timely cost reduction actions kept profitability strong

Etteplan reported Q2 results that were above expectations given the challenging circumstances. Revenue was in line with expectations at EUR 62.9m (EUR 63.3m/63.3m Evli/cons.), decreasing 2.2% y/y and organically 11.3% y/y. EBIT was clearly better than expected, at EUR 5.4m (Evli/cons. EUR 3.2m/3.8m). Profitability was aided by timely actions made to reduce operating costs. With operating costs declining faster than cash flow from sales, Etteplan posted an exceptionally strong operating cash flow of EUR 18.0m (Q2/19: 8.8m). The uncertainty in customer demand remains but we interpret comments by the company pointing to expectations of some recovery in the second half of the year. Etteplan reinstated a guidance for 2020, expecting sales to light decrease slightly or remain at 2019 levels and EBIT to decrease compared to 2019.

The hit to 2020 figures not as bad as feared based on H1

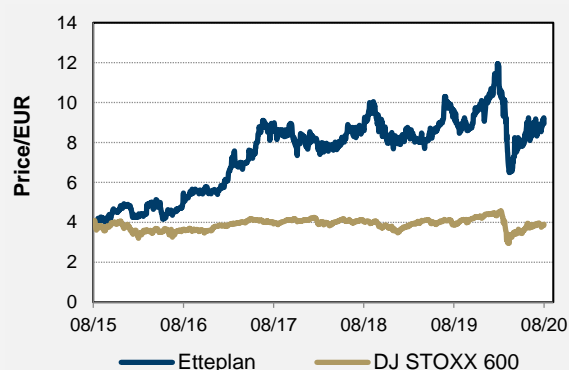
With the higher than anticipated reduction in operating expenses we adjust our 2020 EBIT estimate to EUR 18.1m (prev. 14.3m), while keeping our revenue estimates largely intact. We expect 2020 revenue of EUR 258.3m for an estimated organic decline of some 7%. Our estimates assume similar capacity decreases due to temporary layoffs in Q3 as Q2 and roughly half the decrease in Q4. Visibility into the coming years is weak but we expect to see Etteplan returning to growth in 2021, as although a second wave of the pandemic may cause challenges, lessons learned during the first wave should result in a lesser strain on both Etteplan and customers.

HOLD with a target price of EUR 8.7 (8.3)

Based on our revised estimates we adjust our target price to EUR 8.7 (8.3), for a 2020e P/E of ~16x, which we currently consider fair given the elevated uncertainty. We retain our HOLD-rating.

Rating

■ HOLD



Share price, EUR (Last trading day's closing price) 8.94

Target price, EUR 8.7

Latest change in recommendation 07-Aug-19

Latest report on company 07-Aug-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 223

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 29-Oct-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	258.3	18.1	7.0%	15.9	0.53	16.8	1.0	14.2	7.1	0.27
2021E	276.5	21.8	7.9%	13.1	0.65	13.8	0.9	11.5	5.9	0.32
2022E	290.2	24.6	8.5%	16.2	0.74	12.1	0.8	9.8	7.2	0.37
Market cap, EURm			223	Gearing 2020E, %		40.9	CAGR EPS 2019-22, %			4.3
Net debt 2020E, EURm			33	Price/book 2020E		2.7	CAGR sales 2019-22, %			3.4
Enterprise value, EURm			256	Dividend yield 2020E, %		3.0	ROE 2020E, %			16.8
Total assets 2020E, EURm			207	Tax rate 2020E, %		22.0	ROCE 2020E, %			13.3
Goodwill 2020E, EURm			79	Equity ratio 2020E, %		39.3	PEG, P/E 20/CAGR			1.3

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/'20	Q2/'20	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Net sales	236.4	65.4	64.2	61.5	71.6	262.7	71.3	62.9	55.6	68.5	258.3	276.5	290.2
sales growth %	10.1%	11.0%	3.5%	17.1%	14.0%	11.1%	9.0%	-2.1%	-9.6%	-4.4%	-1.7%	7.1%	4.9%
EBITA	22.6	6.4	6.5	6.6	6.4	25.9	6.6	6.3	3.6	5.4	21.8	24.8	27.3
EBITA margin	9.5%	9.8%	10.1%	10.7%	8.9%	9.9%	9.2%	10.0%	6.4%	7.8%	8.4%	9.0%	9.4%
EBIT	20.8	5.8	5.8	5.7	5.6	22.8	5.7	5.4	2.6	4.4	18.1	21.8	24.6
EBIT margin	8.8%	8.8%	9.0%	9.3%	7.8%	8.7%	7.9%	8.5%	4.7%	6.5%	7.0%	7.9%	8.5%
EBIT (excl. NRIs)	20.5	6.0	5.8	4.9	5.1	21.7	5.8	5.7	2.6	4.4	18.6	21.8	24.6
-margin	8.7%	9.1%	9.0%	8.0%	7.1%	8.3%	8.2%	9.0%	4.7%	6.5%	7.2%	7.9%	8.5%
Engineering Solutions	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20	Q2/'20	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Net sales	132.1	35.6	35.3	35.3	40.8	147.0	41.3	35.9	30.7	37.8	145.8	155.0	161.2
sales growth %	9.3%	5.8%	0.8%	22.5%	18.1%	11.3%	16.1%	1.9%	-13.1%	-7.5%	-0.9%	6.3%	4.0%
EBITA	13.0	3.7	3.8	3.4	3.6	14.5	3.9	3.7	1.8	2.9	12.3	14.1	15.3
EBITA margin	9.8%	10.3%	10.9%	9.6%	8.7%	9.8%	9.5%	10.3%	5.9%	7.7%	8.5%	9.1%	9.5%
Software and Embedded Solutions	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20	Q2/'20	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Net sales	60.0	17.3	17.1	15.4	17.7	67.5	17.0	15.2	14.5	17.9	64.6	70.7	75.6
sales growth %	15.5%	22.8%	8.5%	12.9%	6.9%	12.4%	-2.0%	-10.9%	-5.7%	1.2%	-4.3%	9.4%	7.0%
EBITA	5.8	1.7	1.6	1.6	1.4	6.3	1.5	1.7	1.2	1.6	6.0	6.9	7.9
EBITA margin	9.7%	9.8%	9.3%	10.1%	8.0%	9.3%	9.0%	11.1%	8.3%	8.9%	9.3%	9.8%	10.4%
Technical Documentation Solutions	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20	Q2/'20	Q3/'20E	Q4/'20E	2020E	2021E	2022E
Net sales	44.3	12.5	11.8	10.7	13.1	48.2	12.8	11.6	10.3	12.6	47.3	50.2	52.7
sales growth %	6.0%	11.6%	5.1%	5.8%	11.8%	8.8%	2.6%	-2.0%	-3.9%	-3.7%	-1.8%	6.1%	5.0%
EBITA	3.7	1.2	1.0	0.8	0.9	4.1	1.3	1.0	0.7	1.0	4.0	4.4	4.7
EBITA margin	8.3%	9.9%	8.8%	7.8%	6.8%	8.5%	10.1%	8.9%	6.8%	7.9%	8.5%	8.8%	9.0%

Source: Etteplan, Evli Research estimates

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		20	21	22	20	21	22	20	21	22
SWECO	6084	23.4x	21.6x	20.2x	34.5x	30.5x	27.9x	40.8x	35.8x	33.0x
AF Poyry	2595	12.1x	10.7x	10.3x	19.4x	16.0x	14.3x	23.7x	18.9x	16.8x
Semcon	95	5.2x	4.1x	3.8x	5.6x	5.2x	4.8x	7.6x	7.1x	6.5x
Alten	2378	13.3x	10.2x	8.9x	17.9x	13.1x	11.2x	24.2x	17.2x	14.3x
Bertrandt	347	7.3x	5.3x	4.9x	21.3x	9.9x	9.2x	20.9x	10.7x	9.0x
AKKA Technologies	379	8.8x	4.0x	3.3x	73.1x	7.4x	4.8x		7.6x	5.6x
HiQ International	289	11.6x	10.5x	9.7x	14.5x	12.7x	11.7x	20.3x	17.8x	16.3x
TietoEVRY	3006	10.9x	8.4x	7.7x	19.0x	12.5x	11.8x	14.6x	11.7x	10.9x
Multiconsult	168	7.5x	6.3x	5.8x	16.0x	11.7x	10.2x	13.5x	10.6x	10.4x
Peer Group Average	1556	11.1x	9.0x	8.3x	24.6x	13.2x	11.7x	20.7x	15.3x	13.6x
Peer Group Median	363	10.9x	8.4x	7.7x	19.0x	12.5x	11.2x	20.6x	11.7x	10.9x
Etteplan (Evli est.)	223	7.2x	6.4x	5.6x	14.2x	11.5x	9.8x	16.8x	13.8x	12.1x

Etteplan prem./disc. to peer median

-34% -24% -27% -25% -8% -12% -18% 17% 11%

Source Bloomberg, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	8.94 PV of Free Cash Flow	232 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	19.08 PV of Horizon value	293 WACC, %	8.3 Market risk premium, %
Share price potential, %	113.5 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	20.9 Marketable securities	16 Minimum WACC, %	7.8 Equity beta coefficient
Minimum value	17.6 Debt - dividend	-65 Maximum WACC, %	8.8 Target debt ratio, %
Horizon value, %	55.8 Value of stock	476 Nr of shares, Mn	25.0 Effective tax rate, %

DCF valuation, EURm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	263	258	276	290	297	305	312	320	328	336	343	350
<i>Sales growth, %</i>	<i>11.1</i>	<i>-1.7</i>	<i>7.1</i>	<i>4.9</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>2.0</i>	<i>2.0</i>
Operating income (EBIT)	23	18	22	25	25	26	27	27	28	29	29	30
<i>Operating income margin, %</i>	<i>8.7</i>	<i>7.0</i>	<i>7.9</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>	<i>8.5</i>
+ Depreciation+amort.	15	18	17	18	19	19	18	18	18	18	18	
EBITDA	38	36	39	43	45	45	45	46	46	47	48	
- Paid taxes	-4	-4	-5	-5	-6	-6	-6	-6	-6	-6	-6	
- 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>-1.0</i>	<i>-0.9</i>	<i>-0.9</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>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-1	-1	-1	-3	-3	-3	-3	-3	-3	-3	
<i>opCAPEX / Sales, %</i>	<i>4.9</i>	<i>4.8</i>	<i>4.8</i>	<i>4.8</i>	<i>5.2</i>	<i>5.2</i>	<i>5.2</i>	<i>5.2</i>	<i>5.2</i>	<i>5.2</i>	<i>5.2</i>	
- Acquisitions	-21	-4	-7	-7	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	28	26	30	37	36	37	37	37	38	38	620
= Discounted FCFF		27	23	24	28	26	24	22	21	19	18	293
= DFCF min WACC		27	24	25	28	26	24	23	21	20	19	333
= DFCF max WACC		27	23	24	27	25	23	21	20	19	17	260

INTERIM FIGURES

EVLI ESTIMATES, EURm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3E	2020Q4E	2020E	2021E	2022E
Net sales	65.4	64.2	61.4	71.6	262.7	71.3	62.9	55.6	68.5	258.3	276.5	290.2
EBITDA	8.9	9.1	9.5	9.9	37.5	9.7	9.9	7.1	8.9	35.6	39.1	43.1
<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>13.6</i>	<i>15.7</i>	<i>12.8</i>	<i>13.0</i>	<i>13.8</i>	<i>14.1</i>	<i>14.8</i>
EBIT	5.8	5.8	5.7	5.6	22.8	5.7	5.4	2.6	4.4	18.1	21.8	24.6
<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>7.9</i>	<i>8.5</i>	<i>4.7</i>	<i>6.5</i>	<i>7.0</i>	<i>7.9</i>	<i>8.5</i>
Net financial items	-0.2	-0.1	-0.2	-0.4	-0.9	-0.1	-0.3	-0.3	-0.3	-1.1	-1.0	-0.9
Pre-tax profit	5.6	5.7	5.5	5.1	21.9	5.5	5.0	2.3	4.1	17.0	20.8	23.7
Tax	-1.3	-1.2	-0.9	-1.2	-4.5	-1.3	-1.1	-0.5	-0.9	-3.7	-4.6	-5.2
<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>23.8</i>	<i>21.6</i>	<i>20.7</i>	<i>20.7</i>	<i>22.0</i>	<i>22.0</i>	<i>22.0</i>
Net profit	4.3	4.5	4.7	3.9	17.4	4.2	3.9	1.8	3.3	13.2	16.2	18.5
EPS	0.17	0.18	0.19	0.16	0.70	0.17	0.16	0.07	0.13	0.53	0.65	0.74
EPS adjusted (diluted no. of shares)	0.18	0.18	0.16	0.14	0.65	0.17	0.16	0.07	0.13	0.53	0.65	0.74
Dividend per share	0.00	0.00	0.00	0.00	0.35	0.00	0.00	0.00	0.00	0.27	0.32	0.37
SALES, EURm												
Engineering Solutions	35.6	35.3	35.3	40.8	147.0	41.3	35.9	30.7	37.8	145.8	155.0	161.2
Software and Embedded Solutions	17.3	17.1	15.4	17.7	67.5	17.0	15.2	14.5	17.9	64.6	70.7	75.6
Technical Documentation Solutions	12.5	11.8	10.7	13.1	48.1	12.8	11.6	10.3	12.6	47.3	50.2	52.7
Other	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	0.2	0.6	0.6	0.6
Total	65.4	64.2	61.4	71.6	262.7	71.3	62.9	55.6	68.5	258.3	276.5	290.2
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>16.1</i>	<i>1.9</i>	<i>-13.1</i>	<i>-7.5</i>	<i>-0.9</i>	<i>6.3</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>-2.0</i>	<i>-10.9</i>	<i>-5.7</i>	<i>1.2</i>	<i>-4.3</i>	<i>9.4</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>2.6</i>	<i>-2.0</i>	<i>-3.9</i>	<i>-3.7</i>	<i>-1.7</i>	<i>6.1</i>	<i>5.0</i>
Total	11.0	3.5	16.8	14.0	11.1	9.0	-2.1	-9.4	-4.4	-1.7	7.1	4.9
EBIT, EURm												
Engineering Solutions	3.7	3.8	3.4	3.6	14.5	3.9	3.7	1.8	2.9	12.3	14.1	15.3
Software and Embedded Solutions	1.7	1.6	1.6	1.4	6.3	1.5	1.7	1.2	1.6	6.0	6.9	7.9
Technical Documentation Solutions	1.2	1.0	0.8	0.9	4.0	1.3	1.0	0.7	1.0	4.0	4.4	4.7
Other	-0.9	-0.7	-0.1	-0.3	-1.9	-1.1	-1.1	-1.1	-1.1	-4.3	-3.6	-3.3
Total	5.8	5.8	5.7	5.6	22.8	5.7	5.4	2.6	4.4	18.1	21.8	24.6
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>9.5</i>	<i>10.3</i>	<i>5.9</i>	<i>7.7</i>	<i>8.5</i>	<i>9.1</i>	<i>9.5</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>9.0</i>	<i>11.1</i>	<i>8.3</i>	<i>8.9</i>	<i>9.3</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>10.1</i>	<i>8.9</i>	<i>6.8</i>	<i>7.9</i>	<i>8.5</i>	<i>8.8</i>	<i>9.0</i>
<i>Other</i>						<i>-666.5</i>	<i>-840.6</i>	<i>-717.3</i>	<i>-717.3</i>	<i>-729.9</i>	<i>-611.3</i>	<i>-560.6</i>
Total	8.8	9.0	9.3	7.8	8.7	7.9	8.5	4.7	6.5	7.0	7.9	8.5

Commercial Services & Supplies/Finland, August 12, 2020
Company update

INCOME STATEMENT, EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	141.2	183.9	214.6	236.4	262.7	258.3	276.5	290.2
<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>-1.7</i>	<i>7.1</i>	<i>4.9</i>
EBITDA	11.7	15.0	20.8	26.0	37.5	35.6	39.1	43.1
<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>13.8</i>	<i>14.1</i>	<i>14.8</i>
Depreciation	-3.1	-4.8	-5.3	-5.8	-14.7	-17.6	-17.3	-18.5
EBITA	8.6	10.1	15.5	20.2	22.8	18.1	21.8	24.6
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	18.1	21.8	24.6
<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>7.0</i>	<i>7.9</i>	<i>8.5</i>
Reported EBIT	8.6	10.1	15.5	20.2	22.8	18.1	21.8	24.6
<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>7.0</i>	<i>7.9</i>	<i>8.5</i>
Net financials	-0.7	-0.7	-0.7	-0.8	-0.9	-1.1	-1.0	-0.9
Pre-tax profit	7.9	9.4	14.7	19.4	21.9	17.0	20.8	23.7
Taxes	-1.7	-1.8	-3.2	-4.1	-4.5	-3.7	-4.6	-5.2
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	13.2	16.2	18.5
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	32	33
Goodwill	43	58	59	65	79	79	79	79
Right of use assets	0	0	0	12	15	14	15	16
Inventory	0	0	0	0	0	0	0	0
Receivables	28	49	53	53	62	59	64	67
Liquid funds	9	5	10	16	16	23	25	26
Total assets	93	134	144	173	203	207	216	222
Liabilities								
Shareholder's equity	35	53	58	68	77	81	91	101
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	14	15	16
Deferred taxes	2	3	3	5	6	6	6	6
Interest bearing debt	23	34	35	36	41	42	36	29
Non-interest bearing current liabilities	32	43	46	48	61	60	64	67
Other interest-free debt	1	2	2	4	2	2	2	2
Total liabilities	93	134	144	173	203	207	216	222
CASH FLOW, EURm								
+ EBITDA	12	15	21	26	38	36	39	43
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-1	-3	-2	-4	-4	-4	-5	-5
- 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	32	33	37
- Capex	-2	-2	-2	-2	-13	-12	-13	-14
- Acquisitions	-2	-22	-3	-8	-21	-4	-7	-7
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	6	-18	13	13	-1	16	13	16
+/- New issues/buybacks	3	14	-2	0	-1	0	0	0
- Paid dividend	-3	-3	-4	-6	-7	-9	-7	-8
+/- Other	1	4	-1	-1	9	0	-5	-7
Change in cash	6	-4	5	6	0	7	2	1

Commercial Services & Supplies/Finland, August 12, 2020
Company update

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	138	193	198	253	223	223	223
Net debt (excl. convertibles)	29	25	32	40	33	27	19
Enterprise value	168	218	231	294	256	250	242
Sales	184	215	236	263	258	276	290
EBITDA	15	21	26	38	36	39	43
EBIT	10	15	20	23	18	22	25
Pre-tax	9	15	19	22	17	21	24
Earnings	7	12	15	17	13	16	18
Equity book value (excl. minorities)	53	58	68	77	81	91	101
Valuation multiples							
EV/sales	0.9	1.0	1.0	1.1	1.0	0.9	0.8
EV/EBITDA	11.2	10.5	8.9	7.8	7.2	6.4	5.6
EV/EBITA	16.6	14.1	11.4	12.9	14.2	11.5	9.8
EV/EBIT	16.6	14.1	11.4	12.9	14.2	11.5	9.8
EV/OCF	29.7	11.9	10.0	8.9	7.9	7.5	6.5
EV/FCFF	-46.0	18.2	16.9	27.3	9.2	9.6	8.2
P/FCFE	-7.5	14.8	15.2	-247.0	14.1	17.0	13.8
P/E	18.6	16.6	13.0	15.6	16.8	13.8	12.1
P/B	2.6	3.3	2.9	3.3	2.7	2.5	2.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.0	6.2	5.5
Target EV/EBIT	0.0	0.0	0.0	0.0	13.9	11.2	9.6
Target EV/FCF	0.0	0.0	0.0	0.0	15.8	18.6	14.6
Target P/B	0.0	0.0	0.0	0.0	2.7	2.4	2.1
Target P/E	0.0	0.0	0.0	0.0	16.4	13.4	11.8
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	0.53	0.65	0.74
Operating cash flow per share	0.23	0.74	0.92	1.32	1.29	1.34	1.48
Free cash flow per share	-0.75	0.53	0.52	-0.04	0.63	0.53	0.65
Book value per share	2.12	2.34	2.71	3.07	3.25	3.64	4.05
Dividend per share	0.16	0.23	0.30	0.35	0.27	0.32	0.37
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	3.4	3.0	3.6	4.1
FCF yield, %	-13.4	6.8	6.6	-0.4	7.1	5.9	7.2
Efficiency measures							
ROE	17.1	21.0	24.4	24.1	16.8	18.8	19.2
ROCE	14.0	17.2	19.3	18.3	13.3	15.6	17.1
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	-1.0	-0.9
Operative CAPEX/sales, %	1.0	1.0	0.7	4.9	4.8	4.8	4.8
CAPEX/sales (incl. acquisitions), %	-11.1	-0.5	-2.8	-3.1	3.3	2.3	2.3
FCFF/EBITDA	-0.2	0.6	0.5	0.3	0.8	0.7	0.7
Net debt/EBITDA, book-weighted	2.0	1.2	1.3	1.1	0.9	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	42.1	45.5
Gearing, %	55.7	43.0	48.1	52.6	40.9	29.5	18.5

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	147.510	66.1%
Oy Fincorp Ab	2,523,813	22.563	10.1%
Varma Mutual Pension Insurance Company	985,593	8.811	3.9%
Tuori Klaus	402,134	3.595	1.6%
SEB Gyllenberg Finland Small Cap Fund	380,543	3.402	1.5%
VAS Invest Oy	368,955	3.298	1.5%
Taaleri Mikro Markka fund	339,048	3.031	1.4%
Tuori Aino	308,275	2.756	1.2%
Näkki Juha	125,848	1.125	0.5%
Etteplan Oyj	79,046	0.707	0.3%
Ten largest	22,013,255	196.798	88%
Residual	2,950,053	26.373	12%
Total	24,963,308	223.172	100%

EARNINGS CALENDAR

October 29, 2020

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

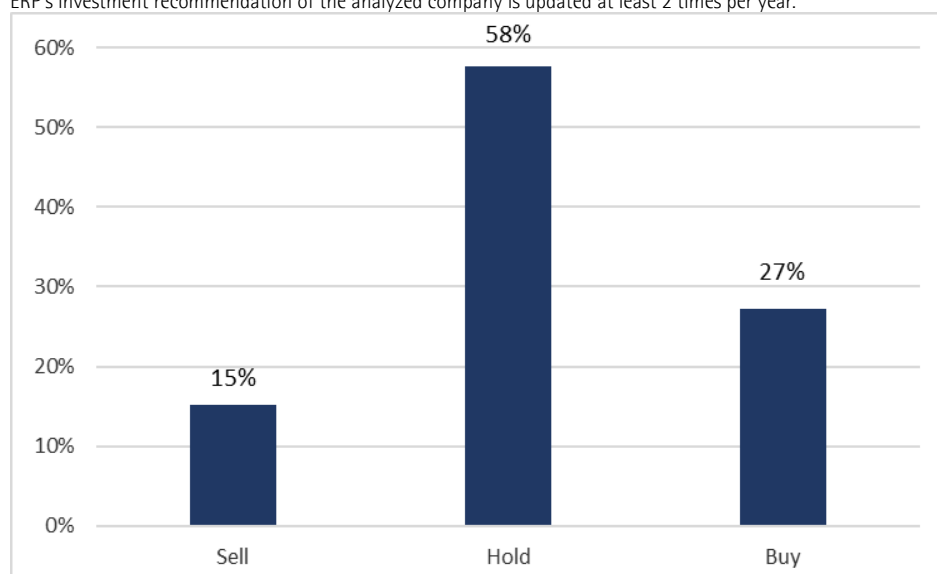
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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