

## Demand and growth in focus

Etteplan reports Q1 results on May 5<sup>th</sup>. We expect a relatively decent start to the year and our focus will be less on current figures and more on demand development and future growth drivers. We retain our target price of EUR 13.6 and SELL-rating.

### Expect a decent start to the year

Etteplan reports Q1 results on May 5<sup>th</sup>. 2020 was a challenging year for Etteplan due to the Coronavirus pandemic, with the organic decrease in revenue at 8.3%. Due to rapid and efficient cost savings measures Etteplan was still able to maintain solid profitability, with the EBITA-margin at 10.1% (2019: 9.9%). To our understanding the customer demand during the beginning of the year has continued to move in the right direction, with customer companies having adapted to operating under the current environment. We have made no changes to our estimates ahead of the Q1 results, expecting revenue of EUR 71.1m and EBITA of EUR 6.4m.

### Demand situation and growth drivers' key themes

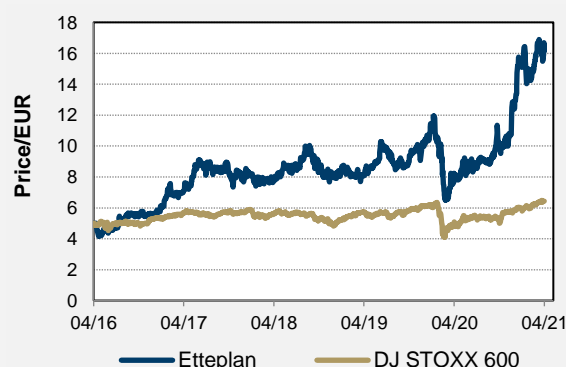
Going into 2021 key themes will be the development of customer demand and pick up in Etteplan's internal growth initiatives, with quite some work left to reach the target of EUR over 500m in revenue in 2024. As earlier mentioned, customer demand has been developing positively and has for instance been at a good level in China, while demand in other countries could still see notable improvement. We expect growth of 11.2% in 2021, aided largely by the Tegema and TekPartner acquisitions. Our organic growth assumptions remain rather modest and an improvement in the demand situation could warrant higher estimates. We expect the EBITA-margin to remain near previous year levels at 9.9% (2020: 10.1%).

### SELL with a target price of EUR 13.6

We have made no changes to our estimates and retain our target price of EUR 13.6 and SELL-rating. Etteplan currently trades above peers and with the prevailing uncertainty due to the pandemic and growth pick-up we find the >21x 2021 P/E multiples hard to justify.

## Rating

SELL



Share price, EUR (Last trading day's closing price)	16.15
Target price, EUR	13.6

Latest change in recommendation	09-Feb-21
Latest report on company	12-Feb-21
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	403
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-21
Web site	etteplan.com/investors

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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
2019	262.7	22.8	8.7%	-1.0	0.70	15.6	1.1	12.9	-0.4	0.35
2020	259.7	22.4	8.6%	11.1	0.68	18.9	1.4	16.2	3.4	0.34
2021E	288.9	24.5	8.5%	14.7	0.75	21.5	1.5	17.8	3.6	0.38
2022E	315.3	27.7	8.8%	15.2	0.86	18.8	1.4	15.6	3.8	0.43
2023E	329.1	30.1	9.1%	27.8	0.94	17.1	1.3	13.8	6.9	0.47
Market cap, EURm		403	Gearing 2021E, %			35.3	CAGR EPS 2020-23, %			11.2
Net debt 2021E, EURm		34	Price/book 2021E			4.1	CAGR sales 2020-23, %			8.2
Enterprise value, EURm		437	Dividend yield 2021E, %			2.3	ROE 2021E, %			20.4
Total assets 2021E, EURm		231	Tax rate 2021E, %			19.0	ROCE 2021E, %			15.8
Goodwill 2021E, EURm		84	Equity ratio 2021E, %			42.1	PEG, P/E 21/CAGR			2.5

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

Etteplan	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20	2020	Q1/'21E	Q2/'21E	Q3/'21E	Q4/'21E	2021E	2022E	2023E
Net sales	262.7	71.3	62.9	55.2	70.3	259.7	71.1	72.9	66.1	78.9	288.9	315.3	329.1
sales growth %	11.1%	9.0%	-2.1%	-10.3%	-1.8%	-1.2%	-0.4%	15.8%	19.6%	12.2%	11.2%	9.1%	4.4%
EBIT A	25.9	6.6	6.3	5.2	8.1	26.2	6.4	7.3	6.0	8.8	28.5	31.7	33.1
EBIT A margin	9.9%	9.2%	10.0%	9.5%	11.5%	10.1%	9.1%	10.0%	9.1%	11.1%	9.9%	10.0%	10.0%
EBIT	22.8	5.7	5.4	4.3	7.1	22.4	5.4	6.3	5.0	7.8	24.5	27.7	30.1
EBIT margin	8.7%	7.9%	8.5%	7.8%	10.1%	8.6%	7.7%	8.6%	7.6%	9.9%	8.5%	8.8%	9.1%
EBIT (excl. NRIs)	21.7	5.8	5.7	4.3	7.4	23.3	5.8	6.6	5.4	8.1	24.5	27.7	30.1
-margin	8.3%	8.2%	9.0%	7.8%	10.6%	9.0%	8.1%	9.1%	8.1%	10.3%	8.5%	8.8%	9.1%
<b>Engineering Solutions</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20</b>	<b>Q3/'20</b>	<b>Q4/'20</b>	<b>2020</b>	<b>Q1/'21E</b>	<b>Q2/'21E</b>	<b>Q3/'21E</b>	<b>Q4/'21E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Net sales	147.0	41.3	35.9	31.0	40.6	148.9	40.7	42.4	39.4	47.2	169.7	186.7	194.1
sales growth %	11.3%	16.1%	1.9%	-12.1%	-0.6%	1.3%	-1.5%	18.0%	26.9%	16.3%	14.0%	10.0%	4.0%
EBIT A	14.5	3.9	3.7	2.8	4.2	14.7	3.8	4.3	3.5	4.9	16.5	18.3	19.0
EBIT A margin	9.8%	9.5%	10.3%	9.0%	10.5%	9.9%	9.3%	10.1%	9.0%	10.4%	9.7%	9.8%	9.8%
<b>Software and Embedded Solutions</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20</b>	<b>Q3/'20</b>	<b>Q4/'20</b>	<b>2020</b>	<b>Q1/'21E</b>	<b>Q2/'21E</b>	<b>Q3/'21E</b>	<b>Q4/'21E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Net sales	67.5	17.0	15.2	13.8	17.7	63.7	17.8	17.9	15.6	18.9	70.3	77.3	81.1
sales growth %	12.4%	-2.0%	-10.9%	-10.2%	0.0%	-5.6%	4.9%	17.5%	13.0%	7.1%	10.3%	10.0%	5.0%
EBIT A	6.3	1.5	1.7	1.4	2.4	7.1	1.6	1.9	1.6	2.5	7.6	8.5	8.9
EBIT A margin	9.3%	9.0%	11.1%	10.4%	13.8%	11.1%	9.0%	10.8%	10.1%	13.3%	10.9%	11.0%	11.0%
<b>Technical Documentation Solutions</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20</b>	<b>Q3/'20</b>	<b>Q4/'20</b>	<b>2020</b>	<b>Q1/'21E</b>	<b>Q2/'21E</b>	<b>Q3/'21E</b>	<b>Q4/'21E</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Net sales	48.2	12.8	11.6	10.2	11.9	46.5	12.4	12.4	10.9	12.6	48.3	50.7	53.3
sales growth %	8.8%	2.6%	-2.0%	-4.5%	-9.3%	-3.5%	-3.4%	6.9%	6.6%	6.1%	3.8%	5.0%	5.0%
EBIT A	4.1	1.3	1.0	1.0	1.3	4.6	1.1	1.1	1.0	1.4	4.6	5.1	5.3
EBIT A margin	8.5%	10.1%	8.9%	9.3%	11.0%	9.8%	8.9%	8.9%	8.8%	11.1%	9.4%	10.0%	10.0%

Source: Etteplan, Evli Research estimates

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		21	22	23	21	22	23	21	22	23
SWECO	5260	21.5x	19.8x	18.6x	27.8x	25.0x	23.3x	33.0x	29.9x	27.8x
AF Poyry	3200	14.9x	13.4x	12.9x	21.8x	18.9x	18.0x	24.1x	20.8x	20.4x
Semcon	198	9.0x	8.4x	8.0x	11.5x	10.5x	9.9x	16.4x	14.8x	13.9x
Alten	3636	13.7x	11.3x	10.3x	18.2x	14.4x	12.5x	26.2x	20.6x	17.9x
Bertrandt	467	5.3x	4.3x	3.9x	11.6x	8.0x	7.0x	17.1x	11.1x	9.6x
AKKA Technologies	730	7.1x	5.0x	4.0x	13.6x	7.5x	5.8x		12.6x	9.5x
TietoEVERY	3330	8.3x	7.8x	7.6x	11.9x	11.0x	10.5x	12.2x	11.2x	10.7x
Multiconsult	479	9.1x	8.8x	8.2x	13.6x	13.1x	11.9x	17.6x	16.8x	15.1x
Peer Group Average	1967	11.1x	9.8x	9.2x	16.3x	13.6x	12.3x	20.9x	17.2x	15.6x
Peer Group Median	730	9.0x	8.6x	8.1x	13.6x	12.0x	11.2x	17.6x	15.8x	14.5x
Etteplan (Evli est.)	403	11.7x	9.0x	7.9x	18.1x	15.8x	14.0x	21.5x	18.9x	17.2x

Etteplan prem./disc. to peer median

30% 5% -2% 33% 32% 25% 22% 20% 19%

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	16.15 PV of Free Cash Flow	279 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	23.54 PV of Horizon value	349 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	45.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	25.7 Marketable securities	24 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	21.7 Debt - dividend	-65 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	55.6 Value of stock	588 Nr of shares, Mn	25.0 Effective tax rate, %	20

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	260	289	315	329	337	346	354	363	372	382	389	397
<i>Sales growth, %</i>	-1.1	11.2	9.1	4.4	2.5	2.5	2.5	2.5	2.5	2.5	2.0	2.0
Operating income (EBIT)	22	25	28	30	30	31	32	33	34	34	35	36
<i>Operating income margin, %</i>	8.6	8.5	8.8	9.1	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
+ Depreciation+amort.	18	19	21	23	23	22	22	22	22	22	22	
EBITDA	40	44	49	53	53	53	54	54	55	56	57	
- Paid taxes	-5	-5	-5	-6	-6	-6	-6	-6	-6	-7	-7	
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	-0.9	-0.8	-0.8	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.6	-0.6	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-2	-2	-3	-3	-3	-3	-3	-4	-4	-4	-4	
<i>opCAPEX / Sales, %</i>	8.1	5.7	5.8	5.8	5.7	5.7	5.7	5.7	5.7	5.7	5.7	
- Acquisitions	-6	-7	-9	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	3	0	0	0	0	0	0	0	0	0	0	
= FCFF	32	30	32	44	44	44	44	45	45	46	47	755
= Discounted FCFF		29	28	36	33	30	28	26	24	23	22	349
= DFCF min WACC		29	28	36	33	31	29	27	25	24	23	397
= DFCF max WACC		29	28	35	32	30	27	25	24	22	21	309

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	71.3	62.9	55.2	70.3	259.7	71.1	72.9	66.1	78.9	288.9	315.3	329.1
EBITDA	9.7	9.9	9.1	11.7	40.4	10.2	10.1	7.8	9.6	43.8	48.8	53.4
<i>EBITDA margin (%)</i>	<i>13.6</i>	<i>15.7</i>	<i>16.5</i>	<i>16.6</i>	<i>15.6</i>	<i>14.4</i>	<i>13.8</i>	<i>11.9</i>	<i>12.2</i>	<i>15.1</i>	<i>15.5</i>	<i>16.2</i>
EBIT	5.7	5.4	4.3	7.1	22.4	5.4	6.3	5.0	7.8	24.5	27.7	30.1
<i>EBIT margin (%)</i>	<i>7.9</i>	<i>8.5</i>	<i>7.8</i>	<i>10.1</i>	<i>8.6</i>	<i>7.7</i>	<i>8.6</i>	<i>7.6</i>	<i>9.9</i>	<i>8.5</i>	<i>8.8</i>	<i>9.1</i>
Net financial items	-0.1	-0.3	-0.3	-0.5	-1.3	-0.3	-0.3	-0.3	-0.3	-1.3	-1.3	-1.1
Pre-tax profit	5.5	5.0	4.0	6.6	21.1	5.1	5.9	4.7	7.4	23.2	26.4	29.0
Tax	-1.3	-1.1	-0.9	-0.7	-4.0	-1.0	-1.1	-0.9	-1.4	-4.4	-5.0	-5.5
<i>Tax rate (%)</i>	<i>23.8</i>	<i>21.6</i>	<i>23.3</i>	<i>10.3</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>	<i>19.0</i>
Net profit	4.2	3.9	3.1	5.9	17.1	4.1	4.8	3.8	6.0	18.8	21.4	23.5
EPS	0.17	0.16	0.12	0.24	0.68	0.17	0.19	0.15	0.24	0.75	0.86	0.94
EPS adjusted (diluted no. of shares)	0.17	0.16	0.12	0.24	0.68	0.17	0.19	0.15	0.24	0.75	0.86	0.94
Dividend per share	0.00	0.00	0.00	0.00	0.34	0.00	0.00	0.00	0.00	0.38	0.43	0.47
<b>SALES, EURm</b>												
Engineering Solutions	41.3	35.9	31.0	40.6	148.9	40.7	42.4	39.4	47.2	169.7	186.7	194.1
Software and Embedded Solutions	17.0	15.2	13.8	17.7	63.7	17.8	17.9	15.6	18.9	70.3	77.3	81.1
Technical Documentation Solutions	12.8	11.6	10.2	11.9	46.5	12.4	12.4	10.9	12.6	48.3	50.7	53.3
Other	0.2	0.1	0.1	0.2	0.6	0.2	0.2	0.2	0.2	0.6	0.6	0.6
<b>Total</b>	<b>71.3</b>	<b>62.9</b>	<b>55.2</b>	<b>70.3</b>	<b>259.7</b>	<b>71.1</b>	<b>72.9</b>	<b>66.1</b>	<b>78.9</b>	<b>288.9</b>	<b>315.3</b>	<b>329.1</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Engineering Solutions</i>	<i>16.1</i>	<i>1.9</i>	<i>-12.1</i>	<i>-0.6</i>	<i>1.3</i>	<i>-1.5</i>	<i>18.0</i>	<i>26.9</i>	<i>16.3</i>	<i>14.0</i>	<i>10.0</i>	<i>4.0</i>
<i>Software and Embedded Solutions</i>	<i>-2.0</i>	<i>-10.9</i>	<i>-10.2</i>	<i>0.0</i>	<i>-5.6</i>	<i>4.9</i>	<i>17.5</i>	<i>13.0</i>	<i>7.1</i>	<i>10.3</i>	<i>10.0</i>	<i>5.0</i>
<i>Technical Documentation Solutions</i>	<i>2.6</i>	<i>-2.0</i>	<i>-4.5</i>	<i>-9.3</i>	<i>-3.3</i>	<i>-3.4</i>	<i>6.9</i>	<i>6.6</i>	<i>6.1</i>	<i>3.8</i>	<i>5.0</i>	<i>5.0</i>
<i>Other</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-8.5</i>	<i>17.2</i>	<i>0.7</i>	<i>-2.0</i>	<i>1.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Total</b>	<b>9.0</b>	<b>-2.1</b>	<b>-10.1</b>	<b>-1.8</b>	<b>-1.1</b>	<b>-0.3</b>	<b>15.8</b>	<b>19.6</b>	<b>12.2</b>	<b>11.2</b>	<b>9.1</b>	<b>4.4</b>
<b>EBIT, EURm</b>												
Engineering Solutions	3.9	3.7	2.8	4.2	14.7	3.8	4.3	3.5	4.9	16.5	18.3	19.0
Software and Embedded Solutions	1.5	1.7	1.4	2.4	7.1	1.6	1.9	1.6	2.5	7.6	8.5	8.9
Technical Documentation Solutions	1.3	1.0	1.0	1.3	4.6	1.1	1.1	1.0	1.4	4.6	5.1	5.3
Other	-1.1	-1.1	-0.9	-0.9	-4.0	-1.0	-1.0	-1.0	-1.0	-4.2	-4.2	-3.2
<b>Total</b>	<b>5.7</b>	<b>5.4</b>	<b>4.3</b>	<b>7.1</b>	<b>22.4</b>	<b>5.4</b>	<b>6.3</b>	<b>5.0</b>	<b>7.8</b>	<b>24.5</b>	<b>27.7</b>	<b>30.1</b>
<b>EBIT margin, %</b>												
<i>Engineering Solutions</i>	<i>9.5</i>	<i>10.3</i>	<i>9.0</i>	<i>10.5</i>	<i>9.9</i>	<i>9.3</i>	<i>10.1</i>	<i>9.0</i>	<i>10.4</i>	<i>9.7</i>	<i>9.8</i>	<i>9.8</i>
<i>Software and Embedded Solutions</i>	<i>9.0</i>	<i>11.1</i>	<i>10.4</i>	<i>13.8</i>	<i>11.1</i>	<i>9.0</i>	<i>10.8</i>	<i>10.1</i>	<i>13.3</i>	<i>10.9</i>	<i>11.0</i>	<i>11.0</i>
<i>Technical Documentation Solutions</i>	<i>10.1</i>	<i>8.9</i>	<i>9.3</i>	<i>11.0</i>	<i>9.8</i>	<i>8.9</i>	<i>8.9</i>	<i>8.8</i>	<i>11.1</i>	<i>9.4</i>	<i>10.0</i>	<i>10.0</i>
<i>Other</i>	<i>-666.5</i>	<i>-840.6</i>	<i>-602.0</i>	<i>-585.0</i>	<i>-666.8</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-700.0</i>	<i>-533.3</i>
<b>Total</b>	<b>7.9</b>	<b>8.5</b>	<b>7.8</b>	<b>10.1</b>	<b>8.6</b>	<b>7.7</b>	<b>8.6</b>	<b>7.6</b>	<b>9.9</b>	<b>8.5</b>	<b>8.8</b>	<b>9.1</b>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	183.9	214.6	236.4	262.7	259.7	288.9	315.3	329.1
<i>Sales growth (%)</i>	<i>30.3</i>	<i>16.7</i>	<i>10.1</i>	<i>11.1</i>	<i>-1.1</i>	<i>11.2</i>	<i>9.1</i>	<i>4.4</i>
EBITDA	15.0	20.8	26.0	37.5	40.4	43.8	48.8	53.4
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>9.7</i>	<i>11.0</i>	<i>14.3</i>	<i>15.6</i>	<i>15.1</i>	<i>15.5</i>	<i>16.2</i>
Depreciation	-4.8	-5.3	-5.8	-14.7	-18.0	-19.2	-21.1	-23.3
EBITA	10.1	15.5	20.2	22.8	22.4	24.5	27.7	30.1
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	10.1	15.5	20.2	22.8	22.4	24.5	27.7	30.1
<i>EBIT margin (%)</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.5</i>	<i>8.8</i>	<i>9.1</i>
Reported EBIT	10.1	15.5	20.2	22.8	22.4	24.5	27.7	30.1
<i>EBIT margin (reported) (%)</i>	<i>5.5</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.5</i>	<i>8.8</i>	<i>9.1</i>
Net financials	-0.7	-0.7	-0.8	-0.9	-1.3	-1.3	-1.3	-1.1
Pre-tax profit	9.4	14.7	19.4	21.9	21.1	23.2	26.4	29.0
Taxes	-1.8	-3.2	-4.1	-4.5	-4.0	-4.4	-5.0	-5.5
Minority shares	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	7.4	11.6	15.3	17.4	17.1	18.8	21.4	23.5
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	22	22	26	30	29	31	35	29
Goodwill	58	59	65	79	84	84	84	84
Right of use assets	0	0	12	15	23	25	28	29
Inventory	0	0	0	0	0	0	0	0
Receivables	49	53	53	62	57	63	69	72
Liquid funds	5	10	16	16	24	27	30	31
Total assets	134	144	173	203	218	231	246	246
<b>Liabilities</b>								
Shareholder's equity	53	58	68	77	87	97	109	122
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	12	16	24	25	28	29
Deferred taxes	3	3	5	6	7	7	7	7
Interest bearing debt	34	35	36	41	40	36	31	13
Non-interest bearing current liabilities	43	46	48	61	57	64	70	73
Other interest-free debt	2	2	4	2	2	2	2	2
Total liabilities	134	144	173	203	218	231	246	246
<b>CASH FLOW, EURm</b>								
+ EBITDA	15	21	26	38	40	44	49	53
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-3	-2	-4	-4	-5	-4	-5	-6
- Increase in Net Working Capital	-1	1	2	4	1	0	0	0
+/- Other	-5	0	-1	-4	3	0	0	0
= Cash flow from operations	6	18	23	33	38	38	43	47
- Capex	-2	-2	-2	-13	-21	-16	-18	-19
- Acquisitions	-22	-3	-8	-21	-6	-7	-9	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-18	13	13	-1	11	15	15	28
+/- New issues/buybacks	14	-2	0	-1	2	0	0	0
- Paid dividend	-3	-4	-6	-7	-9	-8	-9	-11
+/- Other	4	-1	-1	9	4	-3	-3	-16
Change in cash	-4	5	6	0	9	3	2	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	193	198	253	323	403	403	403
Net debt (excl. convertibles)	25	32	40	41	34	29	11
Enterprise value	218	231	294	364	437	432	415
Sales	215	236	263	260	289	315	329
EBITDA	21	26	38	40	44	49	53
EBIT	15	20	23	22	25	28	30
Pre-tax	15	19	22	21	23	26	29
Earnings	12	15	17	17	19	21	24
Equity book value (excl. minorities)	58	68	77	87	97	109	122
<b>Valuation multiples</b>							
EV/sales	1.0	1.0	1.1	1.4	1.5	1.4	1.3
EV/EBITDA	10.5	8.9	7.8	9.0	10.0	8.9	7.8
EV/EBITA	14.1	11.4	12.9	16.2	17.8	15.6	13.8
EV/EBIT	14.1	11.4	12.9	16.2	17.8	15.6	13.8
EV/OCF	11.9	10.0	8.9	9.6	11.5	10.1	8.9
EV/FCFF	18.2	16.9	27.3	11.5	14.4	13.5	9.3
P/FCFE	14.8	15.2	-247.0	29.2	27.4	26.5	14.5
P/E	16.6	13.0	15.6	18.9	21.5	18.8	17.1
P/B	3.3	2.9	3.3	3.7	4.1	3.7	3.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.5	7.5	6.6
Target EV/EBIT	0.0	0.0	0.0	0.0	15.3	13.3	11.7
Target EV/FCF	0.0	0.0	0.0	0.0	25.4	24.2	12.6
Target P/B	0.0	0.0	0.0	0.0	3.5	3.1	2.8
Target P/E	0.0	0.0	0.0	0.0	18.1	15.9	14.4
<b>Per share measures</b>							
Number of shares	24,771	24,963	24,963	24,963	24,963	24,963	24,963
Number of shares (diluted)	24,771	24,963	24,963	24,963	24,963	24,963	24,963
EPS	0.47	0.61	0.70	0.68	0.75	0.86	0.94
Operating cash flow per share	0.74	0.92	1.32	1.52	1.52	1.70	1.88
Free cash flow per share	0.53	0.52	-0.04	0.44	0.59	0.61	1.12
Book value per share	2.34	2.71	3.07	3.49	3.90	4.38	4.89
Dividend per share	0.23	0.30	0.35	0.34	0.38	0.43	0.47
Dividend payout ratio, %	49.2	49.0	50.2	49.6	50.0	50.0	50.0
Dividend yield, %	3.0	3.8	3.4	2.1	2.3	2.7	2.9
FCF yield, %	6.8	6.6	-0.4	3.4	3.6	3.8	6.9
<b>Efficiency measures</b>							
ROE	21.0	24.4	24.1	20.9	20.4	20.7	20.3
ROCE	17.2	19.3	18.3	15.7	15.8	17.0	18.1
<b>Financial ratios</b>							
Inventories as % of sales	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Receivables as % of sales	24.5	22.4	23.6	21.8	21.8	21.8	21.8
Non-interest bearing liabilities as % of sales	21.3	20.5	23.2	22.1	22.1	22.1	22.1
NWC/sales, %	2.5	1.3	-0.5	-0.9	-0.8	-0.8	-0.7
Operative CAPEX/sales, %	1.0	0.7	4.9	8.1	5.7	5.8	5.8
CAPEX/sales (incl. acquisitions), %	-0.5	-2.8	-3.1	5.9	3.2	3.0	5.8
FCFF/EBITDA	0.6	0.5	0.3	0.8	0.7	0.7	0.8
Net debt/EBITDA, book-weighted	1.2	1.3	1.1	1.0	0.8	0.6	0.2
Debt/equity, market-weighted	0.2	0.2	0.2	0.1	0.1	0.1	0.0
Equity ratio, book-weighted	40.1	39.1	37.8	40.0	42.1	44.5	49.7
Gearing, %	43.0	48.1	52.6	46.6	35.3	26.1	9.3

**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	266.475	66.1%
Oy Fincorp Ab	2,498,000	40.343	10.0%
Varma Mutual Pension Insurance Company	985,593	15.917	3.9%
SEB Gyllenberg Finland Small Cap Fund	496,623	8.020	2.0%
Tuori Klaus	399,134	6.446	1.6%
Taaleri Mikro Markka fund	339,048	5.476	1.4%
Tuori Aino	308,275	4.979	1.2%
VAS Invest Oy	215,332	3.478	0.9%
OP-Finland Micro Cap	165,486	2.673	0.7%
Elo Mutual Pension Insurance Company	142,667	2.304	0.6%
Ten largest	22,050,158	356.110	88%
Residual	2,913,150	47.047	12%
Total	24,963,308	403.157	100%

**EARNINGS CALENDAR**

May 05, 2021	Q1 report
August 11, 2021	Q2 report
October 28, 2021	Q3 report

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



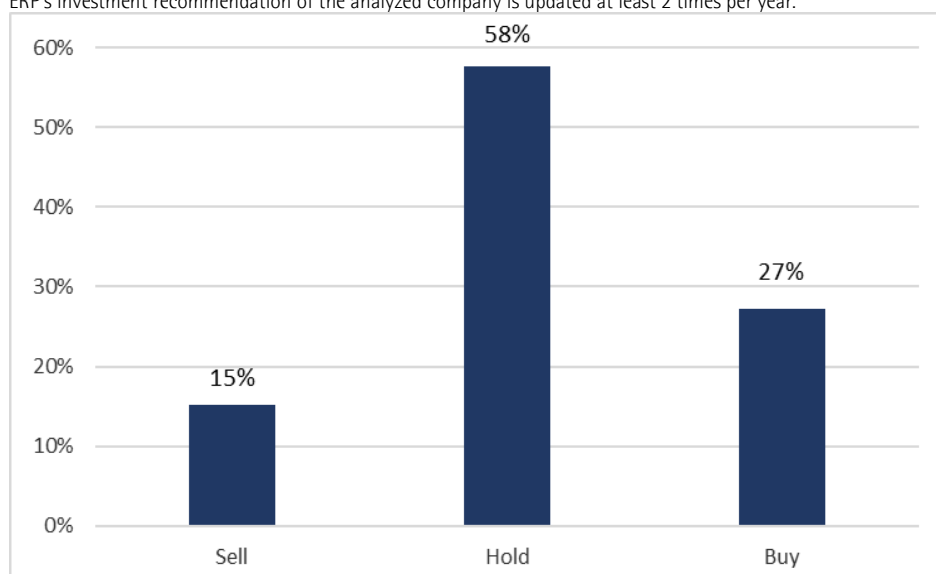
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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