

Expectations set quite high for 2022

Etteplan's Q4 figures were quite in line with expectations. The 2022 guidance implies solid growth, which we currently have some challenges in envisaging.

Q4 quite in line with expectations

Etteplan reported Q4 results quite in line with expectations. Revenue grew some 21% to EUR 85.3m (EUR 82.9m/82.9m Evli/cons.), with organic growth of some 15%. EBIT amounted to EUR 7.8m (EUR 7.9m/8.1m Evli/cons.). Growth was particularly good in Software and Embedded solutions, although profitability suffered slightly from growth investments and the increased use of subcontracting due to the challenges with availability of professionals within certain areas.

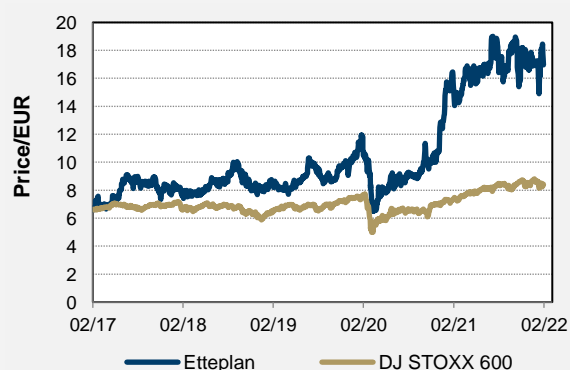
Guidance implies solid growth

Etteplan gave a rather good guidance, in particular in terms of growth, with revenue expected to amount to EUR 340-370m and EBIT to EUR 28-32m, with pre-Q4 expectations of EUR 338.3m/326.9m (Evli/cons.) and 29.6m/29.6m (Evli/cons.) respectively. Taking into account the inorganic growth from the recent acquisitions of Cognitas and Syncore Technologies along with acquisitions made during 2021 the mid-range of the guidance would imply organic growth somewhere near 10%, which although certainly not unachievable, currently seems somewhat challenging due to the pandemic and some demand uncertainties. Growth could of course still be boosted by further acquisitions in line with the company's strategy. The good organic growth in 2021 (8.9% y/y) was also skewed by the weak comparison period. We have made only slight changes to our 2022 estimates, expecting revenue of EUR 344.5m and EBIT of EUR 29.3m. Some weakness is seen during the start of 2022 due to the pandemic but we expect relative profitability and growth to pick up going forward.

HOLD with a target price of EUR 17.5 (17.0)

With only smaller changes to our estimates, we adjust our target price to EUR 17.5 (17.0), valuing Etteplan at approx. 20x 2022e P/E. Current valuation appears quite fair looking at peers and historical multiples. We retain our HOLD-rating.

Rating

HOLD


Share price, EUR (Last trading day's closing price) 16.95

Target price, EUR 17.5

Latest change in recommendation 05-May-21

Latest report on company 08-Feb-22

Research paid by issuer: YES

No. of shares outstanding, '000's 25,083

No. of shares fully diluted, '000's 25,083

Market cap, EURm 425

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-22

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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
2020	259.7	22.4	8.6%	11.1	0.68	18.9	1.4	16.2	3.4	0.34
2021	300.1	25.8	8.6%	-0.1	0.80	23.0	1.7	19.8	0.0	0.40
2022E	344.5	29.3	8.5%	7.0	0.87	19.5	1.4	16.3	1.6	0.44
2023E	363.8	33.2	9.1%	27.7	1.00	17.0	1.3	13.8	6.5	0.50
2024E	380.1	35.5	9.3%	29.0	1.08	15.7	1.2	12.5	6.8	0.54
Market cap, EURm		425	Gearing 2022E, %			46.2	CAGR EPS 2021-24, %			10.5
Net debt 2022E, EURm		51	Price/book 2022E			3.8	CAGR sales 2021-24, %			8.2
Enterprise value, EURm		476	Dividend yield 2022E, %			2.6	ROE 2022E, %			20.8
Total assets 2022E, EURm		282	Tax rate 2022E, %			20.0	ROCE 2022E, %			15.7
Goodwill 2022E, EURm		100	Equity ratio 2022E, %			39.3	PEG, P/E 22/CAGR			2.4

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

Etteplan	2020	Q1/'21	Q2/'21	Q3/'21	Q4/'21	2021	Q1/'22E	Q2/'22E	Q3/'22E	Q4/'22E	2022E	2023E	2024E
Net sales	259.7	73.0	75.0	66.9	85.3	300.1	81.2	86.8	77.9	98.6	344.5	363.8	380.1
<i>sales growth %</i>	-1.2%	2.3%	19.3%	21.1%	21.3%	15.6%	11.3%	15.7%	16.5%	15.7%	14.8%	5.6%	4.5%
EBITA	26.2	7.7	7.8	5.7	9.0	30.1	7.7	8.8	7.0	10.6	34.1	37.7	39.5
<i>EBITA margin</i>	10.1%	10.5%	10.4%	8.5%	10.5%	10.0%	9.5%	10.2%	9.0%	10.8%	9.9%	10.4%	10.4%
EBIT	22.4	6.6	6.7	4.7	7.8	25.8	6.5	7.6	5.8	9.4	29.3	33.2	35.5
<i>EBIT margin</i>	8.6%	9.0%	9.0%	7.0%	9.2%	8.6%	8.0%	8.8%	7.4%	9.6%	8.5%	9.1%	9.3%
EBIT (excl. NRIs)	23.3	6.6	7.1	4.8	7.9	26.5	6.5	7.6	5.8	9.4	29.3	33.2	35.5
<i>-margin</i>	9.0%	9.0%	9.5%	7.2%	9.3%	8.8%	8.0%	8.8%	7.4%	9.6%	8.5%	9.1%	9.3%
Engineering Solutions	2020	Q1/'21	Q2/'21	Q3/'21	Q4/'21	2021	Q1/'22E	Q2/'22E	Q3/'22E	Q4/'22E	2022E	2023E	2024E
Net sales	148.9	41.4	42.0	36.9	47.1	167.5	44.0	45.2	40.1	50.6	179.9	187.1	194.6
<i>sales growth %</i>	1.3%	0.2%	17.0%	19.0%	16.0%	12.5%	6.3%	7.5%	8.6%	7.5%	7.4%	4.0%	4.0%
EBITA	14.7	4.4	4.2	3.0	5.0	16.6	4.2	4.5	3.5	5.4	17.6	18.3	19.1
<i>EBITA margin</i>	9.9%	10.6%	9.9%	8.2%	10.6%	9.9%	9.6%	10.0%	8.7%	10.7%	9.8%	9.8%	9.8%
Software and Embedded Solutions	2020	Q1/'21	Q2/'21	Q3/'21	Q4/'21	2021	Q1/'22E	Q2/'22E	Q3/'22E	Q4/'22E	2022E	2023E	2024E
Net sales	63.7	18.8	19.9	18.1	23.4	80.1	21.8	23.9	21.7	28.5	96.0	102.7	107.8
<i>sales growth %</i>	-5.6%	10.9%	30.3%	30.9%	32.2%	25.8%	16.1%	20.6%	20.2%	21.8%	19.8%	7.0%	5.0%
EBITA	7.1	2.1	2.2	1.6	2.4	8.3	2.0	2.3	2.0	3.0	9.3	11.3	11.9
<i>EBITA margin</i>	11.1%	11.1%	10.9%	9.1%	10.3%	10.4%	9.3%	9.7%	9.0%	10.5%	9.7%	11.0%	11.0%
Technical Documentation Solutions	2020	Q1/'21	Q2/'21	Q3/'21	Q4/'21	2021	Q1/'22E	Q2/'22E	Q3/'22E	Q4/'22E	2022E	2023E	2024E
Net sales	46.5	12.5	13.0	11.8	14.3	51.6	15.2	17.5	15.9	19.4	68.0	73.4	77.1
<i>sales growth %</i>	-3.5%	-2.3%	11.8%	15.1%	20.8%	10.9%	21.2%	35.0%	35.0%	35.0%	31.6%	8.0%	5.0%
EBITA	4.6	1.4	1.6	1.2	1.7	5.9	1.6	2.2	1.7	2.4	7.9	8.8	9.2
<i>EBITA margin</i>	9.8%	11.0%	12.5%	10.2%	12.0%	11.5%	10.5%	12.6%	10.7%	12.4%	11.6%	12.0%	12.0%

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	4316	23.0x	16.0x	15.0x	32.8x	22.3x	20.6x	29.6x	26.2x	24.3x
AFRY	2130	14.7x	10.5x	9.8x	22.2x	15.7x	14.1x	17.7x	15.7x	14.4x
Semcon	207	9.5x	8.8x	8.3x	12.0x	10.7x	9.9x	16.8x	14.2x	13.5x
Alten	4985	15.1x	12.4x	11.5x	18.7x	15.2x	14.0x	24.3x	21.0x	19.4x
Bertrandt	556	9.0x	6.4x	5.4x	26.1x	12.1x	9.0x	41.4x	15.0x	10.7x
AKKA Technologies	1494	14.0x	11.5x	9.9x	34.0x	18.2x	14.7x		27.5x	20.5x
TietoEVRY	3143	7.6x	7.5x	7.2x	11.1x	10.9x	10.2x	11.9x	11.1x	10.4x
Multiconsult	423	10.2x	8.9x	8.6x	15.8x	13.5x	12.8x	18.5x	15.6x	14.7x
Peer Group Average	1964	12.9x	10.3x	9.5x	21.6x	14.8x	13.2x	22.9x	18.3x	16.0x
Peer Group Median	1494	12.1x	9.7x	9.2x	20.4x	14.3x	13.4x	18.5x	15.7x	14.5x
Etteplan (Evli est.)	425	10.8x	9.8x	8.4x	18.3x	16.3x	13.8x	21.1x	19.5x	17.0x

Etteplan prem./disc. to peer median

-11 % 1 % -9 % -11 % 14 % 3 % 14 % 24 % 17 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	16.95 PV of Free Cash Flow	294 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	24.71 PV of Horizon value	374 WACC, %	8.3 Market risk premium, %	5.8
Share price potential, %	45.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	3.3
Maximum value	27.0 Marketable securities	30 Minimum WACC, %	7.8 Equity beta coefficient	0.70
Minimum value	22.7 Debt - dividend	-79 Maximum WACC, %	8.8 Target debt ratio, %	20
Horizon value, %	56.0 Value of stock	620 Nr of shares, Mn	25.1 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	300	344	364	380	390	399	409	420	430	441	450	459
<i>Sales growth, %</i>	<i>15.6</i>	<i>14.8</i>	<i>5.6</i>	<i>4.5</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>2.0</i>	<i>2.0</i>
Operating income (EBIT)	26	29	33	35	36	37	38	39	39	40	41	42
<i>Operating income margin, %</i>	<i>8.6</i>	<i>8.5</i>	<i>9.1</i>	<i>9.3</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>	<i>9.2</i>
+ Depreciation+amort.	18	19	21	21	21	21	21	21	21	21	22	22
EBITDA	44	49	55	57	57	58	59	60	61	62	63	
- Paid taxes	-4	-6	-7	-7	-7	-7	-8	-8	-8	-8	-8	-8
- Change in NWC	-10	-1	-1	-1	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>2.6</i>	<i>2.7</i>	<i>2.7</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-12	-8	-3	-3	-3	-3	-3	-4	-4	-4	-4	-4
<i>opCAPEX / Sales, %</i>	<i>7.1</i>	<i>6.9</i>	<i>5.0</i>	<i>5.0</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>	<i>4.9</i>
- Acquisitions	-7	-9	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	11	24	44	46	46	47	47	48	49	50	51	824
= Discounted FCFF		22	38	37	34	32	30	28	26	25	23	374
= DFCF min WACC		22	39	37	35	32	30	29	27	26	24	426
= DFCF max WACC		22	38	36	33	31	29	27	25	24	22	331

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1E	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	73.0	75.0	66.9	85.3	300.1	81.2	86.8	77.9	98.6	344.5	363.8	380.1
EBITDA	11.0	11.1	9.2	12.4	43.6	11.3	12.4	10.6	14.2	48.5	54.7	56.8
<i>EBITDA margin (%)</i>	<i>15.1</i>	<i>14.8</i>	<i>13.7</i>	<i>14.5</i>	<i>14.5</i>	<i>13.9</i>	<i>14.3</i>	<i>13.6</i>	<i>14.4</i>	<i>14.1</i>	<i>15.0</i>	<i>14.9</i>
EBIT	6.6	6.7	4.7	7.8	25.8	6.5	7.6	5.8	9.4	29.3	33.2	35.5
<i>EBIT margin (%)</i>	<i>9.0</i>	<i>9.0</i>	<i>7.0</i>	<i>9.2</i>	<i>8.6</i>	<i>8.0</i>	<i>8.8</i>	<i>7.4</i>	<i>9.6</i>	<i>8.5</i>	<i>9.1</i>	<i>9.3</i>
Net financial items	-0.1	-0.4	-0.2	-0.2	-0.9	-0.5	-0.5	-0.5	-0.5	-2.0	-1.9	-1.6
Pre-tax profit	6.5	6.3	4.5	7.7	24.9	6.0	7.1	5.3	8.9	27.3	31.3	33.9
Tax	-1.2	-1.4	-1.0	-1.3	-4.8	-1.2	-1.4	-1.1	-1.8	-5.5	-6.3	-6.8
<i>Tax rate (%)</i>	<i>17.9</i>	<i>22.1</i>	<i>21.9</i>	<i>16.9</i>	<i>19.4</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	5.3	4.9	3.5	6.4	20.1	4.8	5.7	4.2	7.1	21.9	25.0	27.1
EPS	0.21	0.20	0.14	0.25	0.80	0.19	0.23	0.17	0.28	0.87	1.00	1.08
EPS adjusted (diluted no. of shares)	0.21	0.20	0.14	0.25	0.80	0.19	0.23	0.17	0.28	0.87	1.00	1.08
Dividend per share	0.00	0.00	0.00	0.00	0.40	0.00	0.00	0.00	0.00	0.44	0.50	0.54
SALES, EURm												
Engineering Solutions	41.4	42.0	36.9	47.1	167.5	44.0	45.2	40.1	50.6	179.9	187.1	194.6
Software and Embedded Solutions	18.8	19.9	18.1	23.4	80.1	21.8	23.9	21.7	28.5	96.0	102.7	107.8
Technical Documentation Solutions	12.5	13.0	11.8	14.3	51.6	15.2	17.5	15.9	19.4	68.0	73.4	77.1
Other	0.2	0.2	0.1	0.4	0.9	0.2	0.2	0.2	0.2	0.6	0.6	0.6
Total	73.0	75.0	66.9	85.3	300.1	81.2	86.8	77.9	98.6	344.5	363.8	380.1
SALES GROWTH, Y/Y %												
<i>Engineering Solutions</i>	<i>0.2</i>	<i>17.0</i>	<i>19.0</i>	<i>16.0</i>	<i>12.5</i>	<i>6.3</i>	<i>7.5</i>	<i>8.6</i>	<i>7.5</i>	<i>7.4</i>	<i>4.0</i>	<i>4.0</i>
<i>Software and Embedded Solutions</i>	<i>10.9</i>	<i>30.3</i>	<i>30.9</i>	<i>32.2</i>	<i>25.8</i>	<i>16.1</i>	<i>20.6</i>	<i>20.2</i>	<i>21.8</i>	<i>19.8</i>	<i>7.0</i>	<i>5.0</i>
<i>Technical Documentation Solutions</i>	<i>-2.3</i>	<i>11.8</i>	<i>15.1</i>	<i>20.8</i>	<i>10.9</i>	<i>21.2</i>	<i>35.0</i>	<i>35.0</i>	<i>35.0</i>	<i>31.6</i>	<i>8.0</i>	<i>5.0</i>
<i>Other</i>	<i>15.9</i>	<i>43.8</i>	<i>-42.3</i>	<i>190.2</i>	<i>52.2</i>	<i>-15.8</i>	<i>-13.0</i>	<i>86.0</i>	<i>-64.0</i>	<i>-29.2</i>	<i>0.0</i>	<i>0.0</i>
Total	2.3	19.3	21.1	21.3	15.6	11.3	15.7	16.5	15.7	14.8	5.6	4.5
EBIT, EURm												
Engineering Solutions	4.4	4.2	3.0	5.0	16.6	4.2	4.5	3.5	5.4	17.6	18.3	19.1
Software and Embedded Solutions	2.1	2.2	1.6	2.4	8.3	2.0	2.3	2.0	3.0	9.3	11.3	11.9
Technical Documentation Solutions	1.4	1.6	1.2	1.7	5.9	1.6	2.2	1.7	2.4	7.9	8.8	9.2
Other	-1.3	-1.2	-1.2	-1.3	-5.0	-1.4	-1.4	-1.4	-1.4	-5.5	-5.2	-4.7
Total	6.6	6.7	4.7	7.8	25.8	6.5	7.6	5.8	9.4	29.3	33.2	35.5
EBIT margin, %												
<i>Engineering Solutions</i>	<i>10.6</i>	<i>9.9</i>	<i>8.2</i>	<i>10.6</i>	<i>9.9</i>	<i>9.6</i>	<i>10.0</i>	<i>8.7</i>	<i>10.7</i>	<i>9.8</i>	<i>9.8</i>	<i>9.8</i>
<i>Software and Embedded Solutions</i>	<i>11.1</i>	<i>10.9</i>	<i>9.1</i>	<i>10.3</i>	<i>10.4</i>	<i>9.3</i>	<i>9.7</i>	<i>9.0</i>	<i>10.5</i>	<i>9.7</i>	<i>11.0</i>	<i>11.0</i>
<i>Technical Documentation Solutions</i>	<i>11.0</i>	<i>12.5</i>	<i>10.2</i>	<i>12.0</i>	<i>11.5</i>	<i>10.5</i>	<i>12.6</i>	<i>10.7</i>	<i>12.4</i>	<i>11.6</i>	<i>12.0</i>	<i>12.0</i>
<i>Other</i>	<i>-665.3</i>	<i>-676.1</i>	<i>-1,429.1</i>	<i>-288.7</i>	<i>-555.2</i>	<i>-862.5</i>	<i>-862.5</i>	<i>-862.5</i>	<i>-862.5</i>	<i>-862.5</i>	<i>-815.6</i>	<i>-737.5</i>
Total	9.0	9.0	7.0	9.2	8.6	8.0	8.8	7.4	9.6	8.5	9.1	9.3

Commercial Services & Supplies/Finland, February 11, 2022
Company update

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	214.6	236.4	262.7	259.7	300.1	344.5	363.8	380.1
<i>Sales growth (%)</i>	<i>16.7</i>	<i>10.1</i>	<i>11.1</i>	<i>-1.1</i>	<i>15.6</i>	<i>14.8</i>	<i>5.6</i>	<i>4.5</i>
EBITDA	20.8	26.0	37.5	40.4	43.6	48.5	54.7	56.8
<i>EBITDA margin (%)</i>	<i>9.7</i>	<i>11.0</i>	<i>14.3</i>	<i>15.6</i>	<i>14.5</i>	<i>14.1</i>	<i>15.0</i>	<i>14.9</i>
Depreciation	-5.3	-5.8	-14.7	-18.0	-17.8	-19.2	-21.5	-21.3
EBITA	15.5	20.2	22.8	22.4	25.8	29.3	33.2	35.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	15.5	20.2	22.8	22.4	25.8	29.3	33.2	35.5
<i>EBIT margin (%)</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.5</i>	<i>9.1</i>	<i>9.3</i>
Reported EBIT	15.5	20.2	22.8	22.4	25.8	29.3	33.2	35.5
<i>EBIT margin (reported) (%)</i>	<i>7.2</i>	<i>8.5</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.5</i>	<i>9.1</i>	<i>9.3</i>
Net financials	-0.7	-0.8	-0.9	-1.3	-0.9	-2.0	-1.9	-1.6
Pre-tax profit	14.7	19.4	21.9	21.1	24.9	27.3	31.3	33.9
Taxes	-3.2	-4.1	-4.5	-4.0	-4.8	-5.5	-6.3	-6.8
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	11.6	15.3	17.4	17.1	20.1	21.9	25.0	27.1
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	22	26	30	29	32	35	30	27
Goodwill	59	65	79	84	92	100	100	100
Right of use assets	0	12	15	23	22	25	26	27
Inventory	0	0	0	0	0	0	0	0
Receivables	53	53	62	57	75	86	91	95
Liquid funds	10	16	16	24	30	35	37	38
Total assets	144	173	203	218	253	282	286	289
Liabilities								
Shareholder's equity	58	68	77	87	99	111	125	139
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	12	16	24	23	25	26	27
Deferred taxes	3	5	6	7	7	7	7	7
Interest bearing debt	35	36	41	40	56	61	45	29
Non-interest bearing current liabilities	46	48	61	57	66	75	79	83
Other interest-free debt	2	4	2	2	3	3	3	3
Total liabilities	144	173	203	218	253	282	286	289
CASH FLOW, EURm								
+ EBITDA	21	26	38	40	44	49	55	57
- Net financial items	-1	-1	-1	-1	-1	-2	-2	-2
- Taxes	-2	-4	-4	-5	-4	-5	-6	-7
- Increase in Net Working Capital	1	2	4	1	-10	-1	-1	-1
+/- Other	0	-1	-4	3	0	0	0	0
= Cash flow from operations	18	23	33	38	28	40	46	48
- Capex	-2	-2	-13	-21	-21	-24	-18	-19
- Acquisitions	-3	-8	-21	-6	-7	-9	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	13	13	-1	11	0	7	28	29
+/- New issues/buybacks	-2	0	-1	2	0	0	0	0
- Paid dividend	-4	-6	-7	-9	-8	-10	-11	-13
+/- Other	-1	-1	9	4	14	8	-15	-15
Change in cash	5	6	0	9	6	4	2	2

Commercial Services & Supplies/Finland, February 11, 2022
Company update

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	198	253	323	463	425	425	425
Net debt (excl. convertibles)	32	40	41	48	51	34	18
Enterprise value	231	294	364	511	476	460	443
Sales	236	263	260	300	344	364	380
EBITDA	26	38	40	44	49	55	57
EBIT	20	23	22	26	29	33	35
Pre-tax	19	22	21	25	27	31	34
Earnings	15	17	17	20	22	25	27
Equity book value (excl. minorities)	68	77	87	99	111	125	139
Valuation multiples							
EV/sales	1.0	1.1	1.4	1.7	1.4	1.3	1.2
EV/EBITDA	8.9	7.8	9.0	11.7	9.8	8.4	7.8
EV/EBITA	11.4	12.9	16.2	19.8	16.3	13.8	12.5
EV/EBIT	11.4	12.9	16.2	19.8	16.3	13.8	12.5
EV/OCF	10.0	8.9	9.6	18.0	12.0	10.0	9.2
EV/FCFF	16.9	27.3	11.5	45.2	20.1	10.4	9.6
P/FCFE	15.2	-247.0	29.2	-4,923.3	61.1	15.4	14.7
P/E	13.0	15.6	18.9	23.0	19.5	17.0	15.7
P/B	2.9	3.3	3.7	4.7	3.8	3.4	3.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	10.1	8.7	8.0
Target EV/EBIT	0.0	0.0	0.0	0.0	16.7	14.3	12.9
Target EV/FCF	0.0	0.0	0.0	0.0	70.5	17.1	15.7
Target P/B	0.0	0.0	0.0	0.0	4.0	3.5	3.1
Target P/E	0.0	0.0	0.0	0.0	20.1	17.5	16.2
Per share measures							
Number of shares	24,963	24,963	24,963	25,083	25,083	25,083	25,083
Number of shares (diluted)	24,963	24,963	24,963	25,083	25,083	25,083	25,083
EPS	0.61	0.70	0.68	0.80	0.87	1.00	1.08
Operating cash flow per share	0.92	1.32	1.52	1.13	1.58	1.83	1.91
Free cash flow per share	0.52	-0.04	0.44	0.00	0.28	1.10	1.16
Book value per share	2.71	3.07	3.49	3.94	4.41	4.98	5.56
Dividend per share	0.30	0.35	0.34	0.40	0.44	0.50	0.54
Dividend payout ratio, %	49.0	50.2	49.6	49.9	50.0	50.0	50.0
Dividend yield, %	3.8	3.4	2.6	2.4	2.6	2.9	3.2
FCF yield, %	6.6	-0.4	3.4	0.0	1.6	6.5	6.8
Efficiency measures							
ROE	24.4	24.1	20.9	21.6	20.8	21.3	20.5
ROCE	19.3	18.3	15.7	15.7	15.7	16.9	18.1
Financial ratios							
Inventories as % of sales	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Receivables as % of sales	22.4	23.6	21.8	24.9	24.9	24.9	24.9
Non-interest bearing liabilities as % of sales	20.5	23.2	22.1	21.8	21.8	21.8	21.8
NWC/sales, %	1.3	-0.5	-0.9	2.6	2.7	2.7	2.8
Operative CAPEX/sales, %	0.7	4.9	8.1	7.1	6.9	5.0	5.0
CAPEX/sales (incl. acquisitions), %	-2.8	-3.1	5.9	4.8	4.3	5.0	5.0
FCFF/EBITDA	0.5	0.3	0.8	0.3	0.5	0.8	0.8
Net debt/EBITDA, book-weighted	1.3	1.1	1.0	1.1	1.1	0.6	0.3
Debt/equity, market-weighted	0.2	0.2	0.1	0.1	0.1	0.1	0.1
Equity ratio, book-weighted	39.1	37.8	40.0	39.1	39.3	43.7	48.3
Gearing, %	48.1	52.6	46.6	48.7	46.2	27.6	12.9

Commercial Services & Supplies/Finland, February 11, 2022
Company update

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 and an increase in own software products could further boost margins.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,500,000	279.675	65.8%
Oy Fincorp Ab	2,519,000	42.697	10.0%
Varma Mutual Pension Insurance Company	985,593	16.706	3.9%
SEB Gyllenberg Finland Small Cap Fund	480,000	8.136	1.9%
Tuori Klaus	309,134	5.240	1.2%
Tuori Aino	308,275	5.225	1.2%
Ilmarinen Mutual Pension Insurance Company	288,311	4.887	1.1%
Elo Mutual Pension Insurance Company	209,662	3.554	0.8%
VAS Invest Oy	194,035	3.289	0.8%
Taaleri Mikro Markka fund	164,048	2.781	0.7%
Ten largest	21,958,058	372.189	88%
Residual	3,125,250	52.973	12%
Total	25,083,308	425.162	100%

EARNINGS CALENDAR

May 05, 2022	Q1 report
August 10, 2022	Q2 report
October 28, 2022	Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Juha Näkki	Tekniikantie 4 B, 02150 Espoo
CFO: Helena Kukkonen	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

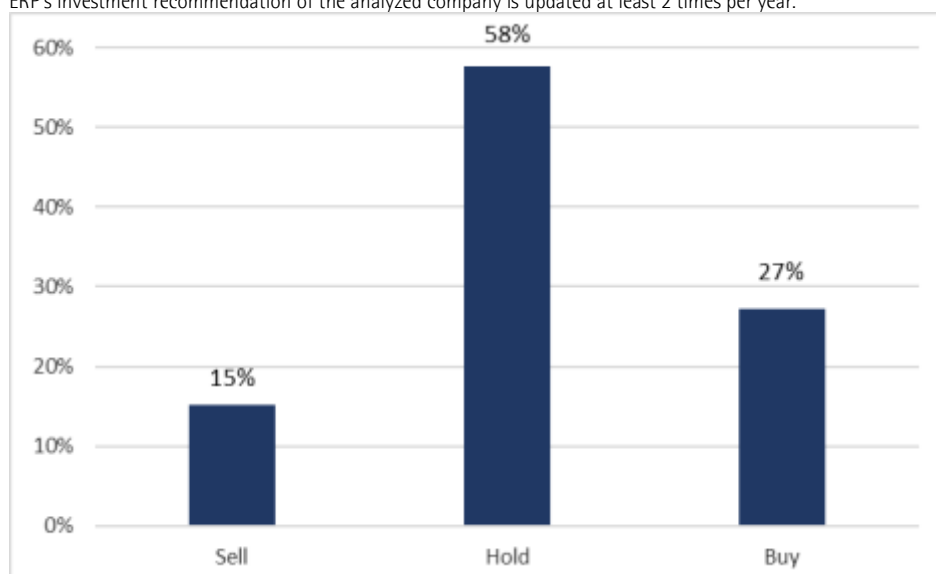
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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