

Expecting continued improvement

Etteplan publishes its Q2/24 figures on 8th of August. We expect profitable growth to have continued driven by acquisitions, softer comparable figures and slight positive calendar effect.

Demand picture remains relatively unchanged

While Etteplan saw the first signs of improved investment activity in the European markets during Q1, we expect that the demand picture in Q2 has remained relatively unchanged when compared to Q1. We expect that the overall demand situation has remained rather weak yet demand in certain sectors such as defense and energy industry has remained at a good level. We are interested to hear comments on the demand situation for the company's R&D related business as Etteplan expects demand related to product development to pick-up in H2. The ECB delivered its first 25 bps rate cut in June as was expected and the current consensus predicts two more rate cuts of 25 bps during the remainder of the year. While the rate cuts are positive for Etteplan's end market demand, the pace of rate cuts going forward remains unknown.

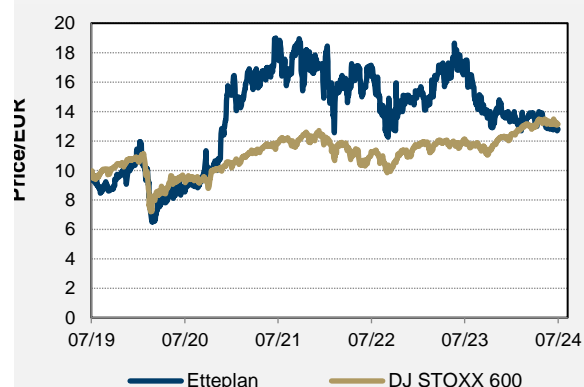
Expecting growth driven by acquisitions

Etteplan's second quarter last year was rather weak as the weaker market conditions began to show with especially the Software and Embedded Solutions underperforming our estimates. For Q2/24, we expect that Etteplan has been able to continue the positive development seen during the first quarter as we expect net sales growth coupled with margin gains y/y driven by the company's adaptation measures to improve operational efficiency. We anticipate that the primary growth engine in the second quarter of 2024 has continued to be the acquisitions completed in 2023 and early 2024. In addition, we see improved organic net sales development with slightly weaker comparable period and a positive calendar effect.

BUY with a TP of EUR 14.5

Etteplan trades at a discount to both its own historic multiple levels and its peer group. We note that a slight premium to peer group is justified driven by the above average margins, capital efficiency, and strong cash flow generation capability. We retain our TP of EUR 14.5 and rating at BUY.

Rating + BUY



Share price, EUR (Last trading day's closing price) 12.80
Target price, EUR 14.5

Latest change in recommendation 14-Jun-24
Latest report on company 14-Jun-24
Research paid by issuer: YES
No. of shares outstanding, '000's 25,250
No. of shares fully diluted, '000's 25,250
Market cap, EURm 323
Free float, % 16.0
Exchange rate
Reuters code ETTE.HE
Bloomberg code ETTE FH
Average daily volume, EURm
Next interim report 08-Aug-24
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
2022	350.2	28.6	8.2%	-4.5	0.73	15.2	1.2	15.2	-1.2	0.36
2023	360.0	25.5	7.1%	16.2	0.66	17.7	1.1	15.8	4.7	0.30
2024E	386.4	30.1	7.8%	10.1	0.80	15.9	1.0	12.8	3.1	0.40
2025E	402.3	33.4	8.3%	22.1	0.93	13.7	0.9	11.1	6.8	0.47
2026E	412.2	36.0	8.7%	25.4	1.05	12.2	0.9	10.0	7.9	0.52
Market cap, EURm	323		Gearing 2024E, %	47.8		CAGR EPS 2023-26, %		11.2		
Net debt 2024E, EURm	61		Price/book 2024E	2.6		CAGR sales 2023-26, %		4.6		
Enterprise value, EURm	384		Dividend yield 2024E, %	3.1		ROE 2024E, %		16.8		
Total assets 2024E, EURm	301		Tax rate 2024E, %	22.1		ROCE 2024E, %		14.6		
Goodwill 2024E, EURm	115		Equity ratio 2024E, %	42.0		PEG, P/E 24/CAGR		1.5		

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

Table 1: Estimate summary

Etteplan	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	350.2	95.0	89.8	80.0	95.2	360.0	97.1	98.0	88.6	102.7	386.4	402.3	412.2
sales growth %	16.7%	6.0%	0.7%	-0.4%	4.6%	2.8%	2.3%	9.1%	10.8%	7.9%	7.3%	4.1%	2.5%
EBITA	33.9	7.6	7.4	6.3	9.6	30.9	8.2	9.0	8.2	10.4	35.7	39.1	41.7
EBITA margin	9.7%	8.0%	8.3%	7.9%	10.0%	8.6%	8.4%	9.2%	9.2%	10.1%	9.2%	9.7%	10.1%
EBIT	28.6	6.3	6.1	5.0	8.2	25.5	6.7	7.6	6.8	9.0	30.1	33.4	36.0
EBIT margin	8.2%	6.6%	6.8%	6.2%	8.6%	7.1%	6.9%	7.8%	7.7%	8.7%	7.8%	8.3%	8.7%
NRIs	-1.0	-0.9	-0.4	-0.2	-0.2	-1.7	-0.2				-0.2	0.0	0.0
EBIT (excl. NRIs)	29.7	7.2	6.5	5.2	8.4	27.2	6.9	7.6	6.8	9.0	30.3	33.4	36.0
-margin	8.5%	7.5%	7.2%	6.5%	8.8%	7.6%	7.1%	7.8%	7.7%	8.7%	7.8%	8.3%	8.7%
Engineering Solutions	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	183.7	51.7	51.0	45.1	54.6	202.4	52.3	53.3	47.3	57.4	210.3	216.6	221.0
sales growth %	9.7%	10.7%	10.4%	7.6%	11.7%	10.2%	1.1%	4.5%	5.0%	5.0%	3.9%	3.0%	2.0%
EBITA	19.4	4.9	5.2	3.9	5.9	19.9	4.7	5.2	4.7	6.0	20.6	22.1	22.5
EBITA margin	10.6%	9.5%	10.3%	8.6%	10.8%	9.8%	9.0%	9.8%	10.0%	10.4%	9.8%	10.2%	10.2%
Software and Embedded Solutions	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	95.9	23.9	21.2	19.2	22.6	86.9	26.3	26.8	24.4	26.4	103.8	110.6	113.9
sales growth %	19.7%	-3.0%	-15.4%	-12.5%	-6.9%	-9.4%	10.1%	26.0%	27.0%	17.0%	19.5%	6.5%	3.0%
EBITA	9.2	1.6	1.1	2.0	2.2	6.9	2.4	2.5	2.4	2.7	10.0	10.8	11.6
EBITA margin	9.6%	6.8%	5.3%	10.4%	9.6%	8.0%	9.1%	9.2%	10.0%	10.2%	9.6%	9.8%	10.2%
Technical Communication Solutions	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24E	Q2/'24E	Q3/'24E	Q4/'24E	2024E	2025E	2026E
Net sales	69.8	19.2	17.4	15.5	17.8	70.0	18.5	17.7	16.7	18.7	71.6	74.4	76.7
sales growth %	35.2%	6.0%	-1.5%	-5.0%	0.9%	0.2%	-3.7%	1.5%	7.5%	5.0%	2.3%	4.0%	3.0%
EBITA	6.1	1.2	1.4	0.7	1.7	4.9	1.4	1.6	1.3	1.9	6.0	7.1	8.4
EBITA margin	8.7%	6.0%	8.1%	4.5%	9.4%	7.1%	7.3%	8.8%	7.5%	10.0%	8.4%	9.5%	11.0%

Source: Etteplan, Evli Research estimates

Table 2: Peer group

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			EV/Sales		
		24	25	26	24	25	26	24	25	26	24	25	26
SWECO	5194	17.4x	15.9x	14.6x	22.2x	19.9x	18.2x	28.2x	24.9x	22.5x	2.1x	2.0x	1.8x
AFRY	1839	9.4x	8.5x	7.6x	13.3x	11.5x	10.2x	15.2x	12.7x	10.9x	1.0x	0.9x	0.8x
Alten	3475	7.9x	7.1x	6.7x	9.8x	8.7x	8.2x	13.0x	11.5x	10.6x	0.8x	0.7x	0.6x
Bertrandt	273	4.6x	3.3x		9.2x	5.5x		13.3x	6.4x		0.4x	0.3x	
Multiconsult	383	8.0x	7.7x	7.2x	12.5x	11.7x	10.9x	14.4x	13.5x	12.6x	1.0x	0.9x	0.9x
TietoEVRY	2212	7.0x	6.6x	6.4x	10.3x	9.2x	8.9x	9.7x	8.6x	8.1x	1.1x	1.0x	1.0x
Rejlers AB	300	8.3x	7.8x	7.3x	13.3x	12.0x	11.1x	14.1x	12.5x	11.4x	1.8x	1.7x	1.6x
Prevas	157	8.6x	7.7x	6.6x	11.2x	10.2x	8.5x	16.0x	13.9x	11.4x	1.2x	1.0x	0.9x
Peer Group Average	1954	8.9x	8.1x	8.3x	12.7x	11.2x	11.2x	15.5x	12.8x	12.7x	1.2x	1.1x	1.1x
Peer Group Median	1839	8.0x	7.4x	7.2x	11.4x	10.3x	10.2x	13.9x	12.1x	10.9x	1.0x	0.9x	0.9x
Etteplan (Evli est.)	350	7.8x	7.0x	6.5x	10.9x	9.6x	8.7x	12.8x	11.3x	10.2x	1.0x	0.9x	0.9x
Etteplan prem./disc. to peer median		-3.3%	-5.1%	-9.9%	-4.1%	-6.9%	-14.2%	-7.6%	-6.9%	-6.4%	0.1%	1.9%	2.7%
Multiples adjusted for NRIs & PPA amortization													
Source FactSet, Evli Research													

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	12.80 PV of Free Cash Flow	259 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	16.14 PV of Horizon value	234 WACC, %	8.8 Market risk premium, %
Share price potential, %	26.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	17.6 Marketable securities	23 Minimum WACC, %	8.3 Equity beta coefficient
Minimum value	14.9 Debt - dividend	-94 Maximum WACC, %	9.3 Target debt ratio, %
Horizon value, %	47.5 Value of stock	422 Nr of shares, Mn	25.2 Effective tax rate, %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	360	386	402	412	423	433	444	455	466	478	488	497
<i>Sales growth, %</i>	<i>2.8</i>	<i>7.3</i>	<i>4.1</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>2.0</i>	<i>2.0</i>
Operating income (EBIT)	26	30	33	36	37	38	39	40	41	42	43	44
<i>Operating income margin, %</i>	<i>7.1</i>	<i>7.8</i>	<i>8.3</i>	<i>8.7</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>	<i>8.8</i>
+ Depreciation+amort.	19	20	19	20	20	20	20	21	21	22	23	
EBITDA	44	50	52	56	58	58	60	61	63	64	65	
- Paid taxes	-5	-7	-7	-8	-8	-8	-9	-9	-9	-9	-9	
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>6.6</i>	<i>6.1</i>	<i>5.8</i>	<i>5.6</i>	<i>5.4</i>	<i>5.3</i>	<i>5.1</i>	<i>4.9</i>	<i>4.8</i>	<i>4.6</i>	<i>4.5</i>	
+ Change in other liabs	1	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-9	-18	-8	-9	-9	-9	-9	-9	-10	-10	-10	
<i>opCAPEX / Sales, %</i>	<i>5.5</i>	<i>7.9</i>	<i>5.0</i>	<i>5.1</i>	<i>5.1</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>4.9</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	-12	
= FCFF	31	26	37	39	40	41	42	43	44	45	35	521
= Discounted FCFF		24	32	32	30	28	26	25	23	22	16	234
= DFCF min WACC		25	32	32	30	29	27	26	24	23	16	264
= DFCF max WACC		24	32	31	29	28	26	24	23	21	15	208

Commercial Services & Supplies/Finland, July 30, 2024
Preview

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	95.0	89.8	80.0	95.2	360.0	97.1	98.0	88.6	102.7	386.4	402.3	412.2
EBITDA	11.0	10.8	9.5	13.1	44.4	11.6	12.6	11.8	14.0	50.0	51.9	56.0
<i>EBITDA margin (%)</i>	<i>11.6</i>	<i>12.1</i>	<i>11.9</i>	<i>13.8</i>	<i>12.3</i>	<i>11.9</i>	<i>12.9</i>	<i>13.3</i>	<i>13.6</i>	<i>12.9</i>	<i>12.9</i>	<i>13.6</i>
EBIT	6.3	6.1	5.0	8.2	25.5	6.7	7.6	6.8	9.0	30.1	33.4	36.0
<i>EBIT margin (%)</i>	<i>6.6</i>	<i>6.8</i>	<i>6.2</i>	<i>8.6</i>	<i>7.1</i>	<i>6.9</i>	<i>7.8</i>	<i>7.7</i>	<i>8.7</i>	<i>7.8</i>	<i>8.3</i>	<i>8.7</i>
Net financial items	-0.7	-0.9	-1.5	-1.6	-4.7	-1.1	-1.0	-1.0	-1.0	-4.1	-3.2	-2.1
Pre-tax profit	5.6	5.2	3.4	6.6	20.8	5.6	6.6	5.8	8.0	26.0	30.2	33.9
Tax	-1.2	-1.4	-0.8	-0.7	-4.2	-1.7	-1.3	-1.2	-1.6	-5.7	-6.7	-7.5
<i>Tax rate (%)</i>	<i>21.9</i>	<i>27.2</i>	<i>24.3</i>	<i>10.5</i>	<i>20.0</i>	<i>29.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>22.1</i>	<i>22.1</i>	<i>22.1</i>
Net profit	4.3	3.8	2.6	5.9	16.6	3.9	5.3	4.6	6.4	20.3	23.5	26.5
EPS	0.17	0.15	0.10	0.23	0.66	0.16	0.21	0.18	0.25	0.80	0.93	1.05
EPS adjusted (diluted no. of shares)	0.25	0.17	0.11	0.23	0.76	0.16	0.21	0.18	0.25	0.80	0.93	1.05
Dividend per share	0.00	0.00	0.00	0.00	0.30	0.00	0.00	0.00	0.00	0.40	0.47	0.52
SALES, EURm												
Engineering Solutions	51.7	51.0	45.1	54.6	202.4	52.3	53.3	47.3	57.4	210.3	216.6	221.0
Software and Embedded Solutions	23.9	21.2	19.2	22.6	86.9	26.3	26.8	24.4	26.4	103.8	110.6	113.9
Technical Communication Solutions	19.2	17.4	15.5	17.8	70.0	18.5	17.7	16.7	18.7	71.6	74.4	76.7
Other	0.2	0.1	0.2	0.2	0.7	0.1	0.2	0.2	0.2	0.7	0.7	0.7
Total	95.0	89.8	80.0	95.2	360.0	97.1	98.0	88.6	102.7	386.4	402.3	412.2
SALES GROWTH, YYY %												
<i>Engineering Solutions</i>	<i>10.7</i>	<i>10.4</i>	<i>7.6</i>	<i>11.7</i>	<i>10.2</i>	<i>1.1</i>	<i>4.5</i>	<i>5.0</i>	<i>5.0</i>	<i>3.9</i>	<i>3.0</i>	<i>2.0</i>
<i>Software and Embedded Solutions</i>	<i>-3.0</i>	<i>-15.4</i>	<i>-12.5</i>	<i>-6.9</i>	<i>-9.4</i>	<i>10.1</i>	<i>26.0</i>	<i>27.0</i>	<i>17.0</i>	<i>19.5</i>	<i>6.5</i>	<i>3.0</i>
<i>Technical Communication Solutions</i>	<i>6.0</i>	<i>-1.5</i>	<i>-5.0</i>	<i>0.9</i>	<i>0.2</i>	<i>-3.7</i>	<i>1.5</i>	<i>7.5</i>	<i>5.0</i>	<i>2.3</i>	<i>4.0</i>	<i>3.0</i>
<i>Other</i>	<i>14.3</i>	<i>-31.3</i>	<i>10.5</i>	<i>-25.6</i>	<i>-10.2</i>	<i>-61.0</i>	<i>44.9</i>	<i>18.3</i>	<i>29.9</i>	<i>2.6</i>	<i>1.3</i>	<i>0.0</i>
Total	6.0	0.7	-0.4	4.6	2.8	2.3	9.1	10.8	7.9	7.3	4.1	2.5
EBIT, EURm												
Engineering Solutions	4.9	5.2	3.9	5.9	19.9	4.7	5.2	4.7	6.0	20.6	22.1	22.5
Software and Embedded Solutions	1.6	1.1	2.0	2.2	6.9	2.4	2.5	2.4	2.7	10.0	10.8	11.6
Technical Communication Solutions	1.2	1.4	0.7	1.7	4.9	1.4	1.6	1.3	1.9	6.0	7.1	8.4
Other	-1.5	-1.7	-1.6	-1.5	-6.3	-1.7	-1.6	-1.6	-1.6	-6.5	-6.6	-6.6
Total	6.3	6.1	5.0	8.2	25.5	6.7	7.6	6.8	9.0	30.1	33.4	36.0
EBIT margin, %												
<i>Engineering Solutions</i>	<i>9.5</i>	<i>10.3</i>	<i>8.6</i>	<i>10.8</i>	<i>9.8</i>	<i>9.0</i>	<i>9.8</i>	<i>10.0</i>	<i>10.4</i>	<i>9.8</i>	<i>10.2</i>	<i>10.2</i>
<i>Software and Embedded Solutions</i>	<i>6.8</i>	<i>5.3</i>	<i>10.4</i>	<i>9.6</i>	<i>8.0</i>	<i>9.1</i>	<i>9.2</i>	<i>10.0</i>	<i>10.2</i>	<i>9.6</i>	<i>9.8</i>	<i>10.2</i>
<i>Technical Communication Solutions</i>	<i>6.0</i>	<i>8.1</i>	<i>4.5</i>	<i>9.4</i>	<i>7.1</i>	<i>7.3</i>	<i>8.8</i>	<i>7.5</i>	<i>10.0</i>	<i>8.4</i>	<i>9.5</i>	<i>11.0</i>
<i>Other</i>	<i>-733.0</i>	<i>-1,203.6</i>	<i>-952.1</i>	<i>-995.5</i>	<i>-948.4</i>	<i>-2,229.5</i>	<i>-800.0</i>	<i>-822.0</i>	<i>-780.0</i>	<i>-965.0</i>	<i>-959.1</i>	<i>-959.1</i>
Total	6.6	6.8	6.2	8.6	7.1	6.9	7.8	7.7	8.7	7.8	8.3	8.7

Commercial Services & Supplies/Finland, July 30, 2024
Preview

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	262.7	259.7	300.1	350.2	360.0	386.4	402.3	412.2
<i>Sales growth (%)</i>	<i>11.1</i>	<i>-1.1</i>	<i>15.6</i>	<i>16.7</i>	<i>2.8</i>	<i>7.3</i>	<i>4.1</i>	<i>2.5</i>
EBITDA	37.5	40.4	43.6	48.7	44.4	50.0	51.9	56.0
<i>EBITDA margin (%)</i>	<i>14.3</i>	<i>15.6</i>	<i>14.5</i>	<i>13.9</i>	<i>12.3</i>	<i>12.9</i>	<i>12.9</i>	<i>13.6</i>
Depreciation	-14.7	-18.0	-17.8	-20.0	-18.9	-19.9	-18.5	-20.0
EBITA	22.8	22.4	25.8	28.6	25.5	30.1	33.4	36.0
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	22.8	22.4	25.8	28.6	25.5	30.1	33.4	36.0
<i>EBIT margin (%)</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.2</i>	<i>7.1</i>	<i>7.8</i>	<i>8.3</i>	<i>8.7</i>
Reported EBIT	22.8	22.4	25.8	28.6	25.5	30.1	33.4	36.0
<i>EBIT margin (reported) (%)</i>	<i>8.7</i>	<i>8.6</i>	<i>8.6</i>	<i>8.2</i>	<i>7.1</i>	<i>7.8</i>	<i>8.3</i>	<i>8.7</i>
Net financials	-0.9	-1.3	-0.9	-6.2	-4.7	-4.1	-3.2	-2.1
Pre-tax profit	21.9	21.1	24.9	22.4	20.8	26.0	30.2	33.9
Taxes	-4.5	-4.0	-4.8	-4.2	-4.2	-5.7	-6.7	-7.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	17.4	17.1	20.1	18.2	16.6	20.3	23.5	26.5
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	30	29	32	39	36	40	40	41
Goodwill	79	84	92	105	110	115	115	115
Right of use assets	15	23	22	21	21	22	23	24
Inventory	0	0	0	1	1	1	1	1
Receivables	62	57	75	94	92	96	99	101
Liquid funds	16	24	30	20	23	25	26	27
Total assets	203	218	253	281	285	301	307	310
Liabilities								
Shareholder's equity	77	87	99	106	114	127	140	155
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	16	24	23	22	21	22	23	24
Deferred taxes	6	7	7	10	10	10	10	10
Interest bearing debt	41	40	56	69	65	64	52	38
Non-interest bearing current liabilities	61	57	66	66	67	72	75	76
Other interest-free debt	2	2	3	8	8	8	8	8
Total liabilities	203	218	253	281	285	301	307	310
CASH FLOW, EURm								
+ EBITDA	38	40	44	49	44	50	52	56
- Net financial items	-1	-1	-1	-6	-5	-4	-3	-2
- Taxes	-4	-5	-6	-5	-5	-6	-7	-7
- Increase in Net Working Capital	4	1	-10	-17	1	0	0	0
+/- Other	-4	3	1	8	0	0	0	0
= Cash flow from operations	33	38	27	28	36	40	42	47
- Capex	-13	-21	-12	-12	-20	-30	-20	-21
- Acquisitions	-21	-6	-7	-21	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-1	11	8	-4	16	10	22	25
+/- New issues/buybacks	-1	2	0	-1	0	0	0	0
- Paid dividend	-7	-9	-8	-10	-9	-8	-10	-12
+/- Other	9	4	6	4	-3	-1	-11	-13
Change in cash	0	9	6	-11	4	2	1	1

Commercial Services & Supplies/Finland, July 30, 2024
Preview

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	323	424	366	341	323	323	323
Net debt (excl. convertibles)	41	48	71	63	61	49	35
Enterprise value	364	472	437	404	384	372	358
Sales	260	300	350	360	386	402	412
EBITDA	40	44	49	44	50	52	56
EBIT	22	26	29	26	30	33	36
Pre-tax	21	25	22	21	26	30	34
Earnings	17	20	18	17	20	24	26
Equity book value (excl. minorities)	87	99	106	114	127	140	155
Valuation multiples							
EV/sales	1.4	1.6	1.2	1.1	1.0	0.9	0.9
EV/EBITDA	9.0	10.8	9.0	9.1	7.7	7.2	6.4
EV/EBITA	16.2	18.3	15.2	15.8	12.8	11.1	10.0
EV/EBIT	16.2	18.3	15.2	15.8	12.8	11.1	10.0
EV/OCF	9.6	17.4	15.5	11.2	9.5	8.8	7.7
EV/FCFF	11.5	41.1	57.3	12.8	15.0	10.1	9.1
P/FCFE	29.2	52.6	-81.8	21.1	31.9	14.6	12.7
P/E	18.9	21.1	15.2	17.7	15.9	13.7	12.2
P/B	3.7	4.3	3.4	3.0	2.6	2.3	2.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.5	8.0	7.2
Target EV/EBIT	0.0	0.0	0.0	0.0	14.2	12.4	11.1
Target EV/FCF	0.0	0.0	0.0	0.0	42.1	18.8	15.8
Target P/B	0.0	0.0	0.0	0.0	2.9	2.6	2.4
Target P/E	0.0	0.0	0.0	0.0	18.1	15.6	13.8
Per share measures							
Number of shares	24,963	25,083	25,042	25,250	25,250	25,250	25,250
Number of shares (diluted)	24,963	25,083	25,042	25,250	25,250	25,250	25,250
EPS	0.68	0.80	0.73	0.66	0.80	0.93	1.05
Operating cash flow per share	1.52	1.08	1.12	1.43	1.60	1.67	1.85
Free cash flow per share	0.44	0.32	-0.18	0.64	0.40	0.87	1.01
Book value per share	3.49	3.94	4.25	4.52	5.02	5.55	6.13
Dividend per share	0.34	0.40	0.36	0.30	0.40	0.47	0.52
Dividend payout ratio, %	49.6	49.9	49.6	45.5	50.0	50.0	50.0
Dividend yield, %	2.6	2.4	2.5	2.2	3.1	3.6	4.1
FCF yield, %	3.4	1.9	-1.2	4.7	3.1	6.8	7.9
Efficiency measures							
ROE	20.9	21.6	17.7	15.1	16.8	17.6	17.9
ROCE	15.7	15.7	15.3	12.9	14.6	15.6	16.7
Financial ratios							
Inventories as % of sales	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Receivables as % of sales	21.8	24.9	26.7	25.5	24.9	24.6	24.4
Non-interest bearing liabilities as % of sales	22.1	21.8	19.0	18.5	18.5	18.5	18.5
NWC/sales, %	-0.9	2.6	7.0	6.6	6.1	5.8	5.6
Operative CAPEX/sales, %	8.1	4.0	3.3	5.5	7.9	5.0	5.1
CAPEX/sales (incl. acquisitions), %	5.9	1.7	-2.6	5.5	7.9	5.0	5.1
FCFF/EBITDA	0.8	0.3	0.2	0.7	0.5	0.7	0.7
Net debt/EBITDA, book-weighted	1.0	1.1	1.5	1.4	1.2	0.9	0.6
Debt/equity, market-weighted	0.1	0.1	0.2	0.2	0.2	0.2	0.1
Equity ratio, book-weighted	40.0	39.1	37.8	40.1	42.0	45.7	49.9
Gearing, %	46.6	48.7	66.8	55.4	47.8	34.7	22.6

Commercial Services & Supplies/Finland, July 30, 2024
Preview

COMPANY DESCRIPTION: Etteplan is a specialist in industrial equipment engineering, embedded systems and IoT and technical communication 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 communication 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 but some smaller challenges in Technical Communication Solutions and Software and Embedded Solutions still remain. Bringing those service areas up to par and optimization of resources through an increase in Managed Services and an increase in own software products could provide a further boost to margins. In the near-term, uncertainty is elevated by the weekend overall demand situation.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,670,000	213.376	66.0%
Oy Fincorp Ab	2,560,344	32.772	10.1%
Varma Mutual Pension Insurance Company	985,593	12.616	3.9%
Ilmarinen Mutual Pension Insurance Company	343,618	4.398	1.4%
Tuori Klaus	309,134	3.957	1.2%
Tuori Aino	308,275	3.946	1.2%
Elo Mutual Pension Insurance Company	262,000	3.354	1.0%
VAS Invest Oy	194,035	2.484	0.8%
Aktia Mikro Markka fund	154,048	1.972	0.6%
OP Fin Small Cap	111,436	1.426	0.4%
Ten largest	21,898,483	280.301	87%
Residual	3,351,389	42.898	13%
Total	25,249,872	323.198	100%

EARNINGS CALENDAR

August 08, 2024

Q2 report

October 31, 2024

Q3 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

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Tel: +358 1,0 3,070

IR: Outi Tornainen

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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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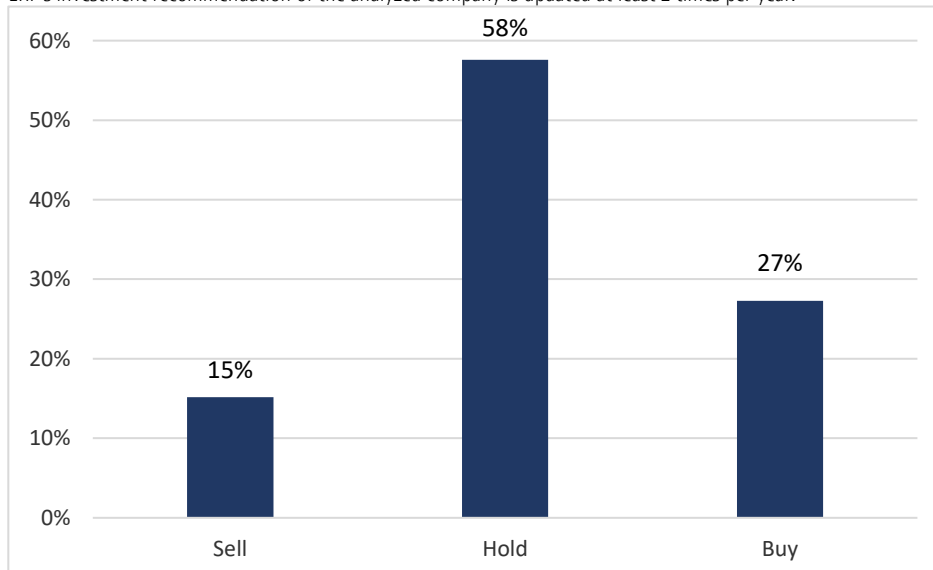
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Investment recommendations are defined as follows:

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

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

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