

Navigating through the storm

Etteplan's Q3 was weak as was expected after the two profit warnings the company gave prior to the report. Despite the short-term market led weakness, we continue to see the long-term prospects attractive at the current valuation.

Hard to find positives from the Q3 report

The weakness of Etteplan's Q3 came as no surprise as the company released two profit warnings before the Q3 print. Net sales in Q3 were EUR 80.0m (Evli est. EUR 79.6m, EUR 80.0m in Q3/23), revenue was flat compared to last year helped by inorganic growth, in line with our estimates. EBIT in Q3 amounted to EUR 1.4m (Evli est. EUR 1.8m, EUR 5.0m in Q3/23), at a margin of 1.8%. The combined effect of NRI's on EBITA and EBIT was EUR -1.4m for the quarter. Additionally, a negative impact of EUR -0.8m was due to the correction of an accounting error in Sweden. The accounting error was related to too low salary bookings during the year. The segment figures for Q3 were roughly in line with estimates, yet Engineering Solutions was clearly softer than expected as the NRIs and the accounting error correction impacted the segment more than we had estimated (EUR -1.7m effect).

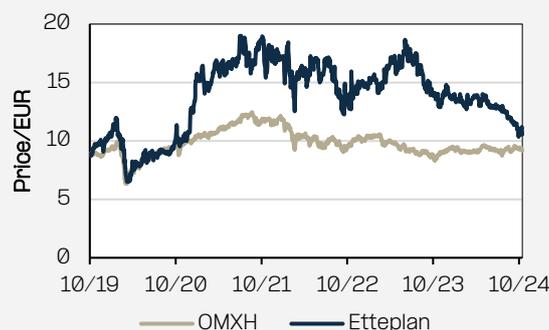
No help from the market in the short-term

With the second profit warning released ahead of the Q3 print, revenue is now estimated to be EUR 355-370m and EBIT to be EUR 18-22m for 2024. Our estimates remain largely unchanged, projecting net sales at EUR 362.9 million and EBIT at EUR 18.4 million. We expect no help from the market in Q4 as we forecast organic sales decline to persist while Software and Embedded growth continues to be driven by acquisitions. The demand seems weak throughout most of the customer industries as also the investments related to energy efficiency and green transition slowed during Q3. We still estimate growth for 2025E as we model net sales of EUR 375.4m with growth of 3.5% y/y predominantly coming from organic sources. With the higher expected net sales, we forecast EBIT of EUR 26.4m at a margin of 7.0%. The consensus estimates point towards slight growth for some of Etteplan's largest customers for 2025E vs. flat sales expected on average for 2024E.

BUY with a TP of EUR 12.0

Etteplan is priced at 7x EV/EBITDA and 12x adj. P/E based our estimates for 2025. We continue to see the pricing rather undemanding. It offers a significant discount compared to the company's historical multiples, while appearing relatively neutral compared to the peer group multiples.

Rating ++ Buy



Share price, EUR (Last trading day's closing price)	10.55
Target price, EUR	12.0
Latest change in recommendation	14-Jun-24
Latest report on company	16-Nov-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	266
Free float, %	24.0 %
Exchange rate	
Reuters code	ETTE.HE
Bloomberg code	ETTE FH
Average daily volume, EURm	
Next interim report	12-Feb-25
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	362.9	18.4	5.1%	-0.1	0.41	25.9	0.9	18.4	-0.1%	0.20
2025E	375.4	26.4	7.0%	18.0	0.65	16.3	0.9	12.3	6.8%	0.32
2026E	391.4	32.0	8.2%	19.9	0.86	12.3	0.8	9.8	7.5%	0.43
Market cap, EURm		266	Gearing 2024E, %		60.7 %	CAGR EPS 2023-26, %		3.9 %		
Net debt 2024E, EURm		71	Price/book 2024E		2.3	CAGR Sales 2023-26, %		2.8 %		
Enterprise value, EURm		337	Dividend yield 2024E, %		1.9 %	ROE 2024E, %		8.9 %		
Total assets 2024E, EURm		296	Tax rate 2024E, %		25.4 %	ROCE 2024E, %		8.9 %		
Goodwill 2024E, EURm		118	Equity ratio 2024E, %		39.5 %	PEG, P/E 24/CAGR		0.8		

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/'24	Q3/'24	Q4/'24E	2024E	2025E	2026E
Net sales	350.2	95.0	89.8	80.0	95.2	360.0	97.1	92.6	80.0	93.2	362.9	375.4	391.4
<i>sales growth %</i>	16.7%	6.0%	0.7%	-0.4%	4.6%	2.8%	2.3%	3.1%	0.0%	-2.1%	0.8%	3.5%	4.2%
EBITA	33.9	7.6	7.4	6.3	9.6	30.9	8.2	6.8	2.9	6.4	24.5	32.3	38.0
<i>EBITA margin</i>	9.7%	8.0%	8.3%	7.9%	10.0%	8.6%	8.4%	7.4%	3.7%	6.9%	6.7%	8.6%	9.7%
EBIT	28.6	6.3	6.1	5.0	8.2	25.5	6.7	5.3	1.4	4.9	18.4	26.4	32.0
<i>EBIT margin</i>	8.2%	6.6%	6.8%	6.2%	8.6%	7.1%	6.9%	5.8%	1.8%	5.3%	5.1%	7.0%	8.2%
NRI	-1.0	-0.9	-0.4	-0.2	-0.2	-1.7	-0.2	-0.4	-2.2	0.0	-2.8	0.0	0.0
EBIT (excl. NRIs)	29.7	7.2	6.5	5.2	8.4	27.2	6.9	5.7	3.6	4.9	21.2	26.4	32.0
<i>-margin</i>	8.5%	7.5%	7.2%	6.5%	8.8%	7.6%	7.1%	6.2%	4.5%	5.3%	5.8%	7.0%	8.2%
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	49.6	42.0	50.3	194.1	198.0	207.9
<i>sales growth %</i>	9.7%	10.7%	10.4%	7.6%	11.7%	10.2%	1.1%	-2.7%	-6.9%	-8.0%	-4.1%	2.0%	5.0%
EBITA	19.4	4.9	5.2	3.9	0.1	19.9	4.7	3.9	1.2	3.3	13.1	18.2	20.8
<i>EBITA margin</i>	10.6%	9.5%	10.3%	8.6%	0.1%	9.8%	9.0%	7.9%	2.9%	6.5%	6.7%	9.2%	10.0%
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	24.9	21.7	25.4	98.3	104.7	107.8
<i>sales growth %</i>	19.7%	-3.0%	-15.4%	-12.5%	-6.9%	-9.4%	10.1%	17.4%	13.0%	12.5%	13.1%	6.5%	3.0%
EBITA	9.2	1.6	1.1	2.0	2.2	6.9	2.4	1.9	1.5	2.0	7.8	9.1	11.0
<i>EBITA margin</i>	9.6%	6.8%	5.3%	10.4%	9.6%	8.0%	9.1%	7.6%	6.8%	8.0%	7.9%	8.7%	10.2%
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	17.9	16.2	17.3	69.9	72.0	74.9
<i>sales growth %</i>	35.2%	6.0%	-1.5%	-5.0%	0.9%	0.2%	-3.7%	2.9%	4.6%	-3.0%	0.0%	3.0%	4.0%
EBITA	6.1	1.2	1.4	0.7	1.7	4.9	1.4	1.2	0.6	1.3	4.5	5.9	7.1
<i>EBITA margin</i>	8.7%	6.0%	8.1%	4.5%	9.4%	7.1%	7.3%	6.8%	3.9%	7.5%	6.5%	8.2%	9.5%

2024E should be the cycle-low for earnings

The early optimism of H1 proved to be premature, as market conditions have continued to deteriorate. Most of the company's end-markets remained weak or weakened further during the quarter. Only the demand in the defense industry was at a good level and automotive industry demand at a moderate level. We see that the challenges the company is facing are primarily due to market factors, as evidenced by similar difficulties encountered by Etteplan's competitors during the year and especially in Q3. Although projections for some of the company's major clients' net sales growth for 2024 have been lowered through the year, the current estimates indicate growth in 2025. Especially the company's Software and Embedded Solutions business area should react rather quickly to potential pick-up in the market as it is mostly driven by the company's clients' R&D activities. While there is potential for demand pick-up, the visibility remains limited. Therefore, we retain our group wide growth estimate for 2025E rather conservative at 3.5% as we model net sales of EUR 375.4m for next year. Etteplan's balance sheet remains robust and organic growth could be bolstered through continued acquisitions in line with the company's strategy. The efficiency measures made during this year coupled with slight growth next year should improve margins. We now estimate EBIT of EUR 26.4m at a margin of 7.0% for 2025E.

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	5569	18.7x	16.9x	15.6x	23.9x	21.3x	19.0x	30.3x	26.4x	23.4x	2.3x	2.1x	2.0x
AFRY	1552	8.3x	7.7x	6.8x	12.1x	10.8x	9.3x	13.4x	11.5x	9.7x	0.9x	0.8x	0.8x
Alten	2712	6.5x	6.3x	5.8x	8.1x	7.9x	7.2x	10.7x	10.5x	9.4x	0.6x	0.6x	0.5x
Bertrandt	182	4.8x	2.7x		26.3x	6.9x		37.0x	6.7x		0.3x	0.3x	
Multiconsult	438	8.4x	8.2x	7.8x	12.4x	12.2x	11.5x	14.2x	14.1x	13.2x	1.1x	1.0x	0.9x
TietoEVRY	2034	6.6x	6.4x	6.2x	9.8x	9.2x	8.6x	8.8x	8.4x	7.8x	1.0x	1.0x	1.0x
Rejlers AB	289	8.1x	7.5x	7.0x	12.9x	11.4x	10.5x	13.5x	11.6x	10.5x	1.7x	1.6x	1.5x
Prevas	121	9.8x	8.0x	6.8x	13.7x	10.8x	8.9x	15.0x	12.2x	9.7x	1.0x	0.9x	0.8x
Peer Group Average	1825	8.9x	8.0x	8.2x	14.9x	11.4x	11.0x	17.9x	12.7x	12.3x	1.1x	1.1x	1.1x
Peer Group Median	1552	8.1x	7.0x	6.8x	12.3x	10.0x	9.3x	13.8x	11.0x	9.7x	1.0x	0.9x	0.9x
Etteplan (Evli est.)	350	9.0x	7.0x	6.2x	15.2x	10.0x	8.2x	15.2x	11.9x	9.5x	1.0x	0.9x	0.9x

Etteplan prem./disc. to peer med 11.2% -1.1% -8.9% 23.7% 0.1% -11.7% 10.4% 8.6% -1.5% 3.2% 0.3% -7.9%

Multiples adjusted for NRI's & PPA amortization

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	10.55 PV of Free Cash Flow	235 Long-term growth, %	2.0 % Risk-free interest rate, %
DCF share value	17.41 PV of Horizon value	276 WACC, %	9.2 % Market risk premium, %
Share price potential, %	65.0 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %
Maximum value	18.9 Marketable securities	23 Minimum WACC, %	8.7 % Equity beta coefficient
Minimum value	16.1 Debt – dividend	–94 Maximum WACC, %	9.7 % Target debt ratio, %
Horizon value, %	54.0 % Value of stock	440 No. of shares, Mn	25.2 Effective tax rate, %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TERMINAL
Net sales	360	363	375	391	401	411	421	432	443	454	463	472
Sales growth (%)	2.8%	0.8%	3.5%	4.2%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%
Operating income (EBIT)	26	18	26	32	34	35	36	37	35	36	37	38
Operating income margin %	7.1%	5.1%	7.0%	8.2%	8.5%	8.5%	8.5%	8.5%	8.0%	8.0%	8.0%	8.0%
+ Depreciation+amort.	19	17	19	18	19	19	20	20	21	21	20	
EBITDA	44	36	45	50	53	54	55	57	56	57	57	
– Paid taxes	–5	–5	–7	–8	–9	–9	–9	–9	–9	–9	–9	
– Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
NWC / Sales, %	6.6%	6.5%	6.3%	6.0%	5.8%	5.6%	5.4%	5.3%	5.1%	5.0%	4.8%	
+ Change in other liabs	1											
– Operative CAPEX	–9	–18	–5	–8	–7	–8	–8	–8	–8	–4	–4	
opCAPEX / Sales, %	5.5%	7.6%	4.5%	5.2%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	4.0%	
– Acquisitions												
+ Divestments												
– Other items												
= FCFF	31	13	33	35	37	38	39	40	39	44	44	619
= Discounted FCF		12	30	29	28	26	25	23	21	22	20	276
= DFCF min WACC		12	30	29	28	27	25	24	21	22	20	309
= DFCF max WACC		12	30	28	28	26	24	22	20	21	19	247

Sensitivity analysis, EUR

		Terminal WACC				
		7.22 %	8.22 %	9.22 %	10.22 %	11.22 %
Terminal EBIT–%	6.00 %	21.43	17.77	15.10	13.07	11.47
	7.00 %	23.32	19.22	16.26	14.01	12.24
	8.00 %	25.21	20.68	17.41	14.94	13.00
	9.00 %	27.10	22.14	18.56	15.87	13.77
	10.00 %	28.99	23.60	19.72	16.80	14.54

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	95.0	89.8	80.0	95.2	360.0	97.1	92.6	80.0	93.2	362.9	375.4	391.4
EBITDA	11.0	10.8	9.5	13.1	44.4	11.6	9.7	4.6	9.7	35.5	44.9	50.3
<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>10.5%</i>	<i>5.7%</i>	<i>10.4%</i>	<i>9.8%</i>	<i>12.0%</i>	<i>12.9%</i>
EBIT	6.3	6.1	5.0	8.2	25.5	6.7	5.3	1.4	4.9	18.4	26.4	32.0
<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>5.8%</i>	<i>1.8%</i>	<i>5.3%</i>	<i>5.1%</i>	<i>7.0%</i>	<i>8.2%</i>
Net financial items	-0.7	-0.9	-1.5	-1.6	-4.7	-1.1	-1.2	-1.2	-1.1	-4.6	-4.4	-3.1
Pre-tax profit	5.6	5.2	3.4	6.6	20.8	5.6	4.1	0.3	3.8	13.8	21.9	28.9
Tax	-1.2	-1.4	-0.8	-0.7	-4.2	-1.7	-0.7	-0.3	-0.8	-3.5	-5.6	-7.3
<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>17.9%</i>	<i>98.9%</i>	<i>22.0%</i>	<i>25.4%</i>	<i>25.4%</i>	<i>25.4%</i>
Net profit	4.3	3.8	2.6	5.9	16.6	3.9	3.4	0.0	3.0	10.3	16.4	21.6
EPS	0.17	0.15	0.10	0.23	0.66	0.16	0.13	0.00	0.12	0.41	0.65	0.86
EPS adj. (diluted)	0.25	0.17	0.11	0.23	0.76	0.16	0.13	0.00	0.12	0.41	0.65	0.86
Dividend per share					0.30					0.20	0.32	0.43
SALES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Engineering Solutions	51.7	51.0	45.1	54.6	202.4	52.3	49.6	42.0	50.3	194.1	198.0	207.9
Software and Embedded Solutions	23.9	21.2	19.2	22.6	86.9	26.3	24.9	21.7	25.4	98.3	104.7	107.8
Technical Communication Solutions	19.2	17.4	15.5	17.8	70.0	18.5	17.9	16.2	17.3	69.9	72.0	74.9
Other	0.2	0.1	0.2	0.2	0.7	0.1	0.1	0.1	0.2	0.5	0.7	0.7
Total	95.0	89.8	80.0	95.2	360.0	97.1	92.6	80.0	93.2	362.9	375.4	391.4
SALES GROWTH, Y/Y%	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Engineering Solutions	10.7%	10.4%	7.6%	11.7%	10.2%	1.1%	-2.7%	-6.9%	-8.0%	-4.1%	2.0%	5.0%
Software and Embedded Solutions	-3.0%	-15.4%	-12.5%	-6.9%	-9.4%	10.1%	17.4%	13.0%	12.5%	13.1%	6.5%	3.0%
Technical Communication Solutions	6.0%	-1.5%	-5.0%	0.9%	0.2%	-3.7%	2.9%	4.6%	-3.0%	0.0%	3.0%	4.0%
Other	14.3%	-31.3%	10.5%	-25.6%	-10.2%	-61.0%	-15.9%	-54.4%	29.9%	-28.7%	45.9%	
Total	6.0%	0.7%	-0.4%	4.6%	2.8%	2.3%	3.1%		-2.1%	0.8%	3.5%	4.2%
EBIT, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Engineering Solutions	4.9	5.2	3.9	5.9	19.9	4.7	3.9	1.2	3.3	13.1	18.2	20.8
Software and Embedded Solutions	1.6	1.1	2.0	2.2	6.9	2.4	1.9	1.5	2.0	7.8	9.1	11.0
Technical Communication Solutions	1.2	1.4	0.7	1.7	4.9	1.4	1.2	0.6	1.3	4.5	5.9	7.1
Other	-1.5	-1.7	-1.6	-1.5	-6.3	-1.7	-1.7	-1.9	-1.7	-7.0	-6.9	-6.9
Total	6.3	6.1	5.0	8.2	25.5	6.7	5.3	1.4	4.9	18.4	26.4	32.0
EBIT margin %	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Engineering Solutions	9.5%	10.3%	8.6%	10.8%	9.9%	9.0%	7.9%	2.9%	6.5%	6.8%	9.2%	10.0%
Software and Embedded Solutions	6.8%	5.3%	10.4%	9.6%	8.0%	9.1%	7.6%	6.8%	8.0%	7.9%	8.7%	10.2%
Technical Communication Solutions	6.1%	8.1%	4.5%	9.4%	7.1%	7.3%	6.8%	3.9%	7.5%	6.5%	8.2%	9.5%
Other	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%
Total	6.6%	6.8%	6.2%	8.6%	7.1%	6.9%	5.8%	1.8%	5.3%	5.1%	7.0%	8.2%

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	262.7	259.7	300.1	350.2	360.0	362.9	375.4	391.4
<i>Sales growth (%)</i>	11.1%	-1.1%	15.6%	16.7%	2.8%	0.8%	3.5%	4.2%
EBITDA	37.5	40.4	43.6	48.7	44.4	35.5	44.9	50.3
<i>EBITDA margin (%)</i>	14.3%	15.6%	14.5%	13.9%	12.3%	9.8%	12.0%	12.9%
Depreciation	-14.7	-18.0	-17.8	-20.0	-18.9	-17.2	-18.5	-18.2
EBITA	22.8	22.4	25.8	28.6	25.5	18.4	26.4	32.0
Goodwill amortization / writedown								
EBIT	22.8	22.4	25.8	28.6	25.5	18.4	26.4	32.0
<i>EBIT margin (%)</i>	8.7%	8.6%	8.6%	8.2%	7.1%	5.1%	7.0%	8.2%
Reported EBIT	22.8	22.4	25.8	28.6	25.5	18.4	26.4	32.0
<i>EBIT margin (reported) (%)</i>	8.7%	8.6%	8.6%	8.2%	7.1%	5.1%	7.0%	8.2%
Net financials	-0.9	-1.3	-0.9	-6.2	-4.7	-4.6	-4.4	-3.1
Pre-tax profit	21.9	21.1	24.9	22.4	20.8	13.8	21.9	28.9
Taxes	-4.5	-4.0	-4.8	-4.2	-4.2	-3.5	-5.6	-7.3
Minority shares								
Net profit	17.4	17.1	20.1	18.2	16.6	10.3	16.4	21.6
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	30	29	32	39	36	38	36	37
Goodwill	79	84	92	105	110	118	118	118
Right of use assets	15	23	22	21	21	21	22	22
Inventory	0	0	0	1	1	1	1	1
Receivables	62	57	75	94	92	92	94	97
Liquid funds	16	24	30	20	23	24	24	25
Total assets	203	218	253	281	285	296	297	303
Liabilities								
Shareholders' equity	77	87	99	106	114	117	128	141
Minority interest								
Convertibles								
Lease liabilities	16	24	23	22	21	22	23	23
Deferred taxes	6	7	7	10	10	10	10	10
Interest bearing debt	41	40	56	69	65	73	60	48
Non-interest bearing current liabilities	61	57	66	66	67	67	70	72
Other interest-free debt	2	2	3	8	8	8	8	8
Total liabilities	203	218	253	281	285	296	297	303
CASH FLOW, EURm								
+ EBITDA	38	40	44	49	44	36	45	50
- Net financial items	-1	-1	-1	-6	-5	-5	-4	-3
- Taxes	-4	-5	-6	-5	-5	-3	-6	-7
- Increase in Net Working Capital	4	1	-10	-17	1	0	0	0
+/- Other	-4	3	1	8				
= Cash flow from operations	33	38	27	28	36	27	35	40
- Capex	-13	-21	-12	-12	-20	-28	-17	-20
- Acquisitions	-21	-6	-7	-21				
+ Divestments		0						
= Free cash flow	-1	11	8	-4	16	0	18	20
+/- New issues/buybacks	-1	2	0	-1	0			
- Paid dividend	9	8	10	9	8	5	8	11
+/- Other	9	4	6	4	-3	8	-12	-11
Change in cash	0	9	6	-11	4	0	1	1

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	323	424	366	341	266	266	266
Net debt (excl. convertibles)	41	48	71	63	71	58	46
Enterprise value	364	472	437	404	337	324	313
Sales	260	300	350	360	363	375	391
EBITDA	40	44	49	44	36	45	50
EBIT	22	26	29	26	18	26	32
Pre-tax	21	25	22	21	14	22	29
Earnings	17	20	18	17	10	16	22
Equity book value (excl. minorities)	87	99	106	114	117	128	141

Valuation multiple	2020	2021	2022	2023	2024E	2025E	2026E
EV/Sales	1.4	1.6	1.2	1.1	0.9	0.9	0.8
EV/EBITDA	9.0	10.8	9.0	9.1	9.5	7.2	6.2
EV/EBITA	16.2	18.3	15.2	15.8	18.4	12.3	9.8
EV/EBIT	16.2	18.3	15.2	15.8	18.4	12.3	9.8
EV/OCF	9.6	17.4	15.5	11.2	12.3	9.3	7.8
EV/FCF	11.5	41.1	57.3	12.8	26.8	9.8	9.0
P/FCFR	29.2	52.6	-81.8	21.1	-2214.3	14.8	13.4
P/E	18.9	21.1	15.2	17.7	25.9	16.3	12.3
P/BV	3.7	4.3	3.4	3.0	2.3	2.1	1.9
Target EV/EBITDA					10.5	8.0	6.9
Target EV/EBIT					20.4	13.7	10.9
Target EV/FCFF					-3107.5	20.0	17.6
Target P/BV					2.6	2.4	2.1
Target P/E, diluted	21.1	21.5	18.1	17.1	29.4	18.5	14.0

Per share measures	2020	2021	2022	2023	2024E	2025E	2026E
Number of shares (million)	24.96	25.08	25.04	25.25	25.25	25.25	25.25
Number of shares (diluted, million)	24.96	25.08	25.04	25.25	25.25	25.25	25.25
EPS	0.69	0.80	0.73	0.66	0.41	0.65	0.86
Operating cash flow per share	1.52	1.08	1.12	1.43	1.09	1.39	1.59
Free cash flow per share	0.44	0.32	-0.18	0.64	0.00	0.71	0.79
Book value per share	3.49	3.94	4.25	4.52	4.62	5.07	5.60
Dividend per share	0.34	0.40	0.36	0.30	0.20	0.32	0.43
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%	1.9%	3.1%	4.1%
FCF yield, %	3.4%	1.9%	-1.2%	4.7%	-0.1%	6.8%	7.5%

Efficiency measures	2020	2021	2022	2023	2024E	2025E	2026E
ROE	20.9%	21.6%	17.7%	15.1%	8.9%	13.4%	16.1%
ROCE	15.7%	15.7%	15.3%	12.9%	8.9%	12.5%	15.1%

Financial ratios	2020	2021	2022	2023	2024E	2025E	2026E
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%	25.4%	25.2%	24.8%
Non-int. bearing liabilities as % of sales	22.1%	21.9%	19.0%	18.5%	18.5%	18.5%	18.5%
NWC/sales, %	-0.9%	2.6%	7.0%	6.6%	6.5%	6.3%	6.0%
Operative CAPEX/Sales, %	8.1%	4.0%	3.3%	5.5%	7.6%	4.5%	5.2%
CAPEX/sales (incl. acquisitions), %	5.9%	1.7%	-2.6%	5.5%	7.6%	4.5%	5.2%
FCFF/EBITDA	0.8	0.3	0.2	0.7	0.4	0.7	0.7
Net Debt/EBITDA, book-weighted	1.0	1.1	1.5	1.4	2.0	1.3	0.9
Debt/equity, market-weighted	0.1	0.1	0.2	0.2	0.3	0.2	0.2
Equity ratio, book-weighted	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Gearing, %	46.6%	48.7%	66.8%	55.4%	60.7%	45.3%	32.7%

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 has a comprehensive service offering and good market position that provides organic growth opportunities while the 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 weak overall demand situation.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16 670 000	175.869	66.0 %
Oy Fincorp Ab	2 597 344	27.402	10.3 %
Varma Mutual Pension Insurance Company	985 593	10.398	3.9 %
Ilmarinen Mutual Pension Insurance Company	343 618	3.625	1.4 %
Tuori Klaus	309 134	3.261	1.2 %
Tuori Aino	300 275	3.168	1.2 %
Elo Mutual Pension Insurance Company	262 000	2.764	1.0 %
VAS Invest Oy	194 035	2.047	0.8 %
Aktia Mikro Markka fund	146 654	1.547	0.6 %
OP Fin Small Cap	108 980	1.150	0.4 %
Ten largest	21 917 633	231.231	86.8 %
Residual	3 332 239	35.155	13.2 %
Total	25 249 872	266.386	100%

EARNINGS CALENDAR

February 12, 2025

FY 2024 Results

OTHER EVENTS

COMPANY MISCELLANEOUS

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IR: Outi Torniainen

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DEFINITIONS

<p>P/E</p> $\frac{\text{Price per share}}{\text{Earnings per share}}$	<p>EPS</p> $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
<p>P/BV</p> $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	<p>DPS</p> <p>Dividend for the financial period per share</p>
<p>Market cap</p> <p>Price per share * Number of shares</p>	<p>OCF (Operating cash flow)</p> <p>EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments</p>
<p>EV (Enterprise value)</p> <p>Market cap + net debt + minority interest at market value – share of associated companies at market value</p>	<p>FCF (Free cash flow)</p> <p>Operating cash flow – Operative CAPEX – acquisitions + divestments</p>
<p>EV/Sales</p> $\frac{\text{Enterprise value}}{\text{Sales}}$	<p>FCF yield, %</p> $\frac{\text{Free cash flow}}{\text{Market cap}}$
<p>EV/EBITDA</p> $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	<p>Operative CAPEX / Sales</p> $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
<p>EV/EBIT</p> $\frac{\text{Enterprise value}}{\text{Operating profit}}$	<p>Net working capital</p> <p>Current assets – current liabilities</p>
<p>Net debt</p> <p>Interest bearing debt – financial assets</p>	<p>Capital employed / Share</p> $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
<p>Total assets</p> <p>Balance sheet total</p>	<p>Gearing</p> $\frac{\text{Net debt}}{\text{Equity}}$
<p>Div yield, %</p> $\frac{\text{Dividend per share}}{\text{Price per share}}$	<p>Debt/Equity, %</p> $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
<p>Payout ratio, %</p> $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	<p>Equity ratio, %</p> $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
<p>ROCE, %</p> $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	<p>CAGR, %</p> <p>Cumulative annual growth rate = Average growth rate per year</p>
<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

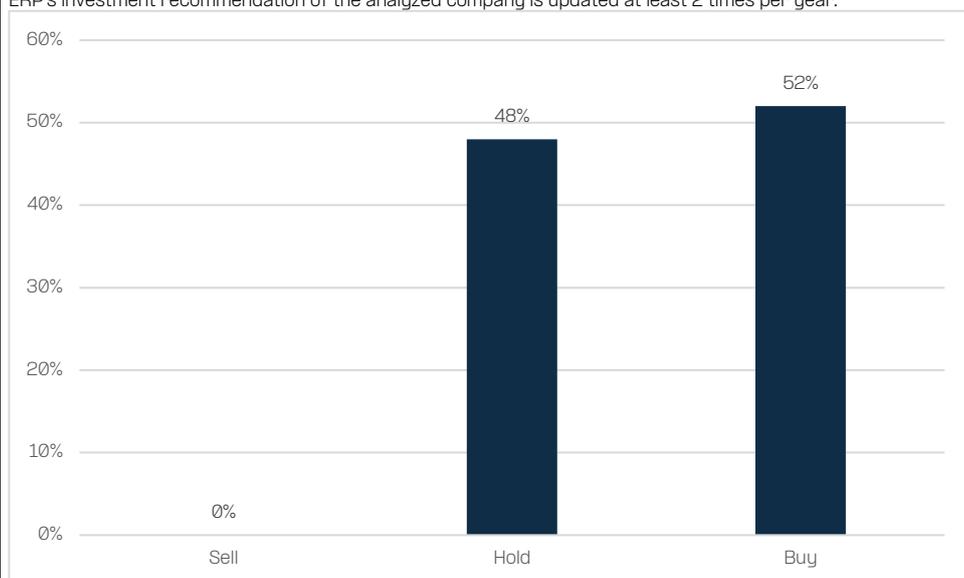
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Target price compared to share price < -10 % -10 – (+10) % > 10 %	Recommendation SELL HOLD BUY
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Name(s) of the analyst(s): Atte Jortikka

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