

Etteplan

Business Services
Finland

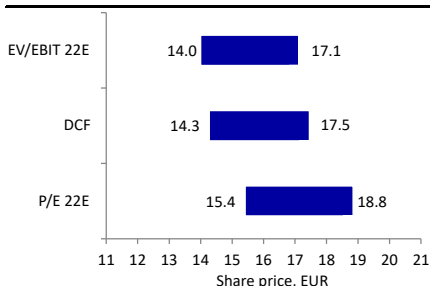
KEY DATA

| | |
|---------------------|-------------------|
| Stock country | Finland |
| Bloomberg | ETTE.FH |
| Reuters | ETTE.HE |
| Share price (close) | EUR 16.80 |
| Free Float | 34% |
| Market cap. (bn) | EUR 0.42/EUR 0.42 |
| Website | www.etteplan.com |
| Next report date | 10 Feb 2022 |

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

| Year | 2021E | 2022E | 2023E |
|------------|-------|-------|-------|
| Sales | -2% | -1% | -1% |
| EBIT (adj) | -6% | -5% | -4% |

Source: Nordea estimates

Nordea Markets - Analysts

Pasi Väisänen
Senior AnalystJoni Sandvall
Analyst

An unexpected hit to margins

Net sales in Q3 were 6% below Infront consensus while EBIT was 17% below. The surprisingly weak results were due to delayed new projects and weak utilisation ratios. Etteplan expects the situation to improve in Q4, but we still downgrade our sales forecast for 2021 by 2%. However, the company's margin volatility is usually very low and we expect it to stay that way. Our valuation model, based on a combination of peer group and DCF analysis, suggests a new fair value range of EUR 14.6-17.8 (15.1-18.5) for the share.

Etteplan expects improving utilisation rates in Q4

A strong economic cycle should support end demand for engineering services, but the current market situation is so extraordinary that many customers are concentrating on daily operations rather than new R&D initiatives. At 6.9%, Etteplan's operating profit margin in Q3 was the lowest for many years indicating low utilisation ratios and higher costs. Employee turnover could even intensify after the pandemic creating, challenges for utilisation ratio management. The engineering service sector might also encounter price pressure if project delays continue in Q4 2021. We expect Etteplan to analyse the situation carefully and take the necessary action to achieve normal utilisation rates by late 2021.

We lower our EBIT forecast by 6%

Organic sales increased 14% y/y in Q3, but that was more thanks to a weak comparison than new customers and projects. All three business areas reported weaker revenue and weaker EBITA than we had expected in Q3, indicating that weakness was not related to a single account or sector. Full-year EBIT guidance of EUR 25-28m remains unchanged. However, we lower our EBIT forecast by 6%, leaving our estimate close to the lower end of guidance (consensus EUR 27m). Our EBIT margin forecast for 2022 is now 8.6%, which is not weak by any means. Possible further weakness in China is not included in our estimates.

Fair value range corresponding to 2022E P/E of 17-21x

We derive a fair value range of EUR 14.6-17.8 (15.1-18.5) per share, based on a combined peer group and DCF analysis. The valuation discount compared to the peer group has declined in 2020-21, which we believe is warranted, as top-line growth has been decent and margin volatility low. A high number of intangibles in the balance sheet could become a problem in a downturn, but there are no signs of that.

SUMMARY TABLE - KEY FIGURES

| EURm | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|
| Total revenue | 215 | 236 | 263 | 260 | 296 | 314 | 329 |
| EBITDA (adj) | 21 | 26 | 36 | 41 | 43 | 46 | 47 |
| EBIT (adj) | 16 | 21 | 22 | 23 | 25 | 28 | 29 |
| EBIT (adj) margin | 7.4% | 8.7% | 8.3% | 9.0% | 8.6% | 8.8% | 8.9% |
| EPS (adj, EUR) | 0.49 | 0.63 | 0.66 | 0.73 | 0.79 | 0.86 | 0.91 |
| EPS (adj) growth | 32.0% | 29.9% | 4.3% | 10.4% | 8.2% | 9.0% | 6.1% |
| DPS (ord, EUR) | 0.23 | 0.30 | 0.35 | 0.34 | 0.38 | 0.42 | 0.45 |
| EV/Sales | 1.0 | 0.9 | 1.1 | 1.4 | 1.6 | 1.4 | 1.3 |
| EV/EBIT (adj) | 13.7 | 10.6 | 13.4 | 15.5 | 18.3 | 16.1 | 14.8 |
| P/E (adj) | 16.0 | 12.6 | 15.4 | 17.8 | 21.4 | 19.6 | 18.5 |
| P/BV | 3.3 | 2.9 | 3.3 | 3.7 | 4.2 | 3.8 | 3.4 |
| Dividend yield (ord) | 3.0% | 3.8% | 3.4% | 2.6% | 2.3% | 2.5% | 2.7% |
| FCF Yield bef A&D, lease | 8.4% | 10.8% | 9.2% | 8.1% | 2.9% | 6.8% | 5.9% |
| Net debt | 25 | 20 | 40 | 41 | 50 | 31 | 17 |
| Net debt/EBITDA | 1.2 | 0.8 | 1.1 | 1.0 | 1.2 | 0.7 | 0.4 |
| ROIC after tax | 14.7% | 18.1% | 16.8% | 15.7% | 15.1% | 19.6% | 21.5% |

Source: Company data and Nordea estimates

Segment estimates

QUARTERLY ESTIMATES BY SEGMENT (EURm)

| | Q1 19 | Q2 19 | Q3 19 | Q4 19 | Q1 20 | Q2 20 | Q3 20 | Q4 20 | Q1 21 | Q2 21 | Q3 21 | Q4 21E |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| Engineering | | | | | | | | | | | | |
| Sales | 35.6 | 35.3 | 35.3 | 40.8 | 41.3 | 35.9 | 31.0 | 40.6 | 41.4 | 42.0 | 36.9 | 45.1 |
| - sales growth | 6% | 1% | 23% | 18% | 16% | 2% | -12% | -1% | 0% | 17% | 19% | 11% |
| - organic growth | | | | | -1% | -11% | -14% | -8% | -6% | 10% | 10% | 7% |
| Adj. EBITA | 3.7 | 3.8 | 3.4 | 3.6 | 3.9 | 3.7 | 2.8 | 4.2 | 4.4 | 4.2 | 3.0 | 4.3 |
| Adj. EBITA margin | 10.3% | 10.9% | 9.6% | 8.7% | 9.5% | 10.3% | 9.0% | 10.5% | 10.6% | 9.9% | 8.2% | 9.5% |
| Software and Embedded | | | | | | | | | | | | |
| Sales | 17.3 | 17.1 | 15.4 | 17.7 | 17.0 | 15.2 | 13.8 | 17.7 | 18.8 | 19.9 | 18.1 | 22.0 |
| - sales growth | 23% | 8% | 13% | 7% | -2% | -11% | -10% | 0% | 11% | 30% | 31% | 24% |
| - organic growth | | | | | -4% | -12% | -10% | 0% | -1% | 12% | 8% | 7% |
| Adj. EBITA | 1.7 | 1.6 | 1.6 | 1.4 | 1.5 | 1.7 | 1.4 | 2.4 | 2.1 | 2.2 | 1.6 | 2.7 |
| Adj. EBITA margin | 9.8% | 9.3% | 10.1% | 8.0% | 9.0% | 11.1% | 10.4% | 13.8% | 11.1% | 10.9% | 9.1% | 12.5% |
| Technical Documentation | | | | | | | | | | | | |
| Sales | 12.5 | 11.8 | 10.7 | 13.1 | 12.8 | 11.6 | 10.2 | 11.9 | 12.5 | 13.0 | 11.8 | 14.3 |
| - sales growth | 12% | 5% | 6% | 12% | 3% | -2% | -5% | -9% | -2% | 12% | 15% | 20% |
| - organic growth | | | | | -3% | -8% | -10% | -10% | -2% | 7% | 12% | 18% |
| Adj. EBITA | 1.2 | 1.0 | 0.8 | 0.9 | 1.3 | 1.0 | 1.0 | 1.3 | 1.4 | 1.6 | 1.2 | 1.6 |
| Adj. EBITA margin | 9.9% | 8.8% | 7.8% | 6.8% | 10.1% | 8.9% | 9.3% | 11.0% | 11.0% | 12.5% | 10.2% | 11.0% |
| Group | | | | | | | | | | | | |
| Sales | 65.6 | 64.3 | 61.5 | 71.8 | 71.3 | 62.9 | 55.2 | 70.3 | 73.0 | 75.0 | 66.9 | 81.3 |
| - sales growth | 11% | 4% | 17% | 14% | 9% | -2% | -10% | -2% | 2% | 19% | 21% | 16% |
| - organic growth | 7% | 1% | 5% | 1% | -3% | -11% | -13% | -6% | -4% | 12% | 14% | 9% |
| Adj. EBITA | 6.6 | 6.5 | 5.8 | 6.0 | 6.8 | 6.6 | 5.3 | 8.4 | 7.7 | 7.8 | 5.7 | 8.7 |
| Adj. EBITA margin | 10.1% | 10.0% | 9.4% | 8.3% | 9.5% | 10.5% | 9.6% | 12.0% | 10.5% | 10.4% | 8.5% | 10.7% |
| PTP clean | 5.8 | 5.6 | 4.7 | 4.6 | 5.7 | 5.3 | 4.1 | 6.9 | 6.4 | 6.3 | 4.4 | 7.3 |
| Net Profit clean | 4.5 | 4.5 | 3.9 | 3.4 | 4.4 | 4.3 | 3.3 | 6.0 | 5.3 | 4.9 | 3.4 | 5.8 |
| Adj. EPS, EUR | 0.18 | 0.18 | 0.16 | 0.14 | 0.18 | 0.17 | 0.13 | 0.24 | 0.21 | 0.20 | 0.14 | 0.23 |
| EPS reported, EUR | 0.17 | 0.18 | 0.19 | 0.16 | 0.17 | 0.16 | 0.13 | 0.23 | 0.21 | 0.20 | 0.14 | 0.23 |

Source: Company data and Nordea estimates

ANNUAL ESTIMATES BY SEGMENT (EURm)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|--------------------------------|-------|------|------|------|-------|-------|-------|-------|
| Engineering | | | | | | | | |
| Sales | 113 | 121 | 132 | 147 | 149 | 165 | 174 | 181 |
| - sales growth | 0% | 7% | 9% | 11% | 1% | 11% | 5% | 4% |
| - organic growth | | | | | -8% | 5% | 4% | 3% |
| Adj. EBITA | 6.5 | 9.8 | 13.0 | 14.5 | 14.7 | 15.9 | 17.0 | 18.0 |
| Adj. EBITA margin | 5.8% | 8.1% | 9.8% | 9.8% | 9.9% | 9.6% | 9.8% | 9.9% |
| Software and Embedded | | | | | | | | |
| Sales | 35 | 52 | 60 | 67 | 64 | 79 | 85 | 89 |
| - sales growth | | n.m. | 15% | 12% | -6% | 24% | 8% | 5% |
| - organic growth | | | | | -6% | 6% | 6% | 4% |
| Adj. EBITA | 4.0 | 4.4 | 5.8 | 6.3 | 7.1 | 8.6 | 9.3 | 9.8 |
| Adj. EBITA margin | 11.2% | 8.4% | 9.7% | 9.3% | 11.1% | 11.0% | 11.0% | 11.0% |
| Technical Documentation | | | | | | | | |
| Sales | 36 | 42 | 44 | 48 | 47 | 52 | 56 | 58 |
| - sales growth | 24% | 17% | 6% | 9% | -3% | 11% | 9% | 3% |
| - organic growth | | | | | -8% | 8% | 6% | 3% |
| Adj. EBITA | 2.8 | 3.8 | 3.7 | 4.0 | 4.6 | 5.8 | 6.4 | 6.6 |
| Adj. EBITA margin | 7.9% | 9.1% | 8.3% | 8.3% | 9.8% | 11.2% | 11.4% | 11.4% |
| Group | | | | | | | | |
| Sales | 184 | 215 | 236 | 263 | 260 | 296 | 314 | 329 |
| - sales growth | 30% | 17% | 10% | 11% | -1% | 14% | 6% | 5% |
| - organic growth | 3% | 10% | 6% | 3% | -8% | 6% | 4% | 3% |
| Adj. EBITA | 12.1 | 17.8 | 22.9 | 24.9 | 27.1 | 29.8 | 32.1 | 33.7 |
| Adj. EBITA margin | 6.6% | 8.3% | 9.7% | 9.4% | 10.4% | 10.1% | 10.2% | 10.3% |
| PTP clean | 11.1 | 15.2 | 19.7 | 20.8 | 22.0 | 24.5 | 26.9 | 28.5 |
| Net Profit clean | 9.1 | 12.0 | 15.6 | 16.3 | 18.0 | 19.5 | 21.2 | 22.5 |
| Adj. EPS, EUR | 0.37 | 0.49 | 0.63 | 0.66 | 0.73 | 0.79 | 0.86 | 0.91 |
| EPS reported, EUR | 0.30 | 0.47 | 0.62 | 0.70 | 0.69 | 0.79 | 0.86 | 0.91 |

Source: Company data and Nordea estimates

Peer group

PEER GROUP: P/E RATIOS (x)

| | P/E | | | | | | | | | |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
| Semcon | 11.9 | 17.9 | 12.1 | 11.9 | 9.1 | 11.8 | 14.3 | 16.2 | 14.2 | 13.0 |
| ÅF Poyry | 18.1 | 18.8 | 18.3 | 19.5 | 15.1 | 27.7 | 28.5 | 22.5 | 19.5 | 18.2 |
| Sweco | 18.0 | 29.0 | 23.6 | 18.1 | 19.0 | 31.4 | 42.2 | 34.2 | 30.0 | 28.4 |
| WSP Global | 35.5 | 20.8 | 22.7 | 28.8 | 24.7 | 32.7 | 48.2 | 35.4 | 30.8 | 27.9 |
| Rejlers | 32.7 | 27.8 | 79.4 | 79.6 | 82.8 | 40.0 | 127.4 | 23.0 | 20.5 | 17.3 |
| Stantec | 18.3 | 20.7 | 27.9 | 34.8 | 21.1 | 21.1 | 29.0 | 28.6 | 23.4 | 20.7 |
| Multiconsult | 0.0 | 18.8 | 12.8 | 24.6 | 25.7 | 55.3 | 13.9 | 19.2 | 16.5 | 15.2 |
| Arcadis | 21.2 | 16.2 | 17.6 | 28.5 | 40.5 | 150.5 | 111.6 | 24.7 | 22.1 | 20.3 |
| Accenture | 17.9 | 19.8 | 17.8 | 24.0 | 25.6 | 26.9 | 30.4 | 36.8 | 35.0 | 31.5 |
| Tieto | 44.8 | 20.1 | 17.8 | 17.8 | 14.2 | 27.2 | 33.7 | 11.6 | 10.9 | 10.3 |
| Peer group Median | 18.2 | 19.9 | 18.0 | 24.3 | 22.9 | 29.5 | 32.1 | 23.8 | 21.3 | 19.2 |
| Ette (Nordea) | 11.8 | 12.8 | 15.1 | 16.0 | 12.6 | 15.4 | 17.8 | 20.8 | 19.1 | 18.0 |
| Difference | -35% | -36% | -16% | -34% | -45% | -48% | -44% | -13% | -10% | -6% |

Source: Refinitiv and Nordea estimates

PEER GROUP: EV/EBIT RATIOS (x)

| | EV/EBIT | | | | | | | | | |
|-------------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
| Semcon | 8.0 | 12.6 | 9.6 | 7.8 | 6.6 | 9.2 | 9.6 | 11.7 | 10.2 | 9.3 |
| ÅF Poyry | 13.9 | 14.8 | 13.1 | 14.7 | 13.0 | 19.2 | 22.0 | 17.1 | 14.8 | 13.8 |
| Sweco | 14.2 | 17.7 | 15.6 | 15.7 | 17.2 | 26.4 | 34.1 | 29.1 | 25.1 | 23.5 |
| WSP Global | 22.9 | 17.0 | 16.0 | 19.2 | 16.0 | 20.8 | 26.5 | 30.1 | 25.4 | 24.2 |
| Rejlers | 22.8 | 18.5 | 47.3 | 27.6 | 15.4 | 28.3 | 35.3 | 19.2 | 16.0 | 13.9 |
| Stantec | 12.4 | 14.9 | 21.4 | 20.4 | 15.6 | 16.4 | 16.4 | 24.0 | 19.7 | 17.6 |
| Multiconsult | 0.0 | 15.4 | 9.4 | 18.1 | 17.3 | 28.0 | 10.5 | 14.7 | 12.7 | 11.9 |
| Arcadis | 14.6 | 10.5 | 12.8 | 13.9 | 8.5 | 12.7 | 14.2 | 19.3 | 17.4 | 16.0 |
| Accenture | 11.4 | 12.8 | 14.5 | 15.4 | 17.5 | 19.1 | 22.2 | 26.9 | 24.8 | 22.8 |
| Tieto | 10.6 | 15.7 | 14.8 | 13.3 | 12.1 | 25.7 | 11.9 | 10.4 | 11.0 | 10.4 |
| Peer group Median | 13.1 | 15.1 | 14.7 | 15.5 | 15.5 | 20.0 | 19.2 | 19.3 | 16.7 | 15.0 |
| Ette (Nordea) | 10.9 | 11.0 | 14.2 | 13.7 | 10.6 | 13.4 | 15.5 | 17.5 | 15.0 | 13.3 |
| Difference | -17% | -27% | -3% | -12% | -32% | -33% | -19% | -9% | -10% | -11% |

Source: Refinitiv and Nordea estimates

PEER GROUP: EV/S RATIOS (x)

| | EV/S | | | | | | | | | |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
| Semcon | 0.3 | 0.5 | 0.5 | 0.4 | 0.4 | 0.7 | 0.8 | 1.1 | 1.0 | 1.0 |
| ÅF Poyry | 1.2 | 1.3 | 1.1 | 1.3 | 1.1 | 1.6 | 1.8 | 1.5 | 1.4 | 1.3 |
| Sweco | 1.2 | 1.5 | 1.4 | 1.4 | 1.5 | 2.3 | 2.8 | 2.7 | 2.5 | 2.4 |
| WSP Global | 1.3 | 0.8 | 0.8 | 1.0 | 0.9 | 1.3 | 1.7 | 2.8 | 2.6 | 2.5 |
| Rejlers | 0.7 | 0.7 | 0.6 | 0.5 | 0.6 | 1.3 | 1.5 | 1.1 | 1.1 | 1.0 |
| Stantec | 1.4 | 1.4 | 1.5 | 1.4 | 1.2 | 1.5 | 1.5 | 2.3 | 2.0 | 1.9 |
| Multiconsult | -0.2 | 1.2 | 1.0 | 0.7 | 0.5 | 0.9 | 1.1 | 1.5 | 1.3 | 1.3 |
| Arcadis | 1.3 | 0.8 | 0.7 | 0.9 | 0.5 | 1.0 | 1.1 | 1.5 | 1.4 | 1.4 |
| Accenture | 1.5 | 1.7 | 2.0 | 2.2 | 2.5 | 2.8 | 3.3 | 4.1 | 3.8 | 3.5 |
| Tieto | 1.0 | 1.3 | 1.4 | 1.3 | 1.2 | 2.5 | 1.5 | 1.4 | 1.3 | 1.3 |
| Peer group Median | 1.2 | 1.2 | 1.1 | 1.2 | 1.0 | 1.4 | 1.5 | 1.5 | 1.4 | 1.3 |
| Ette (Nordea) | 0.6 | 0.8 | 0.9 | 1.0 | 0.9 | 1.1 | 1.4 | 1.5 | 1.3 | 1.2 |
| Difference | -50% | -33% | -17% | -13% | -11% | -19% | -8% | 0% | -5% | -11% |

Source: Refinitiv and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

| EURm | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total revenue | 129 | 132 | 141 | 184 | 215 | 236 | 263 | 260 | 296 | 314 | 329 |
| Revenue growth | -4.3% | 2.5% | 7.0% | 30.4% | 16.8% | 10.1% | 11.3% | -1.4% | 14.0% | 6.1% | 4.6% |
| of which organic | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| of which FX | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| EBITDA | 9 | 10 | 12 | 15 | 21 | 26 | 38 | 40 | 43 | 46 | 47 |
| Depreciation and impairments PPE | -3 | -3 | -3 | -3 | -3 | -3 | -12 | -14 | -13 | -13 | -13 |
| of which leased assets | 0 | 0 | 0 | 0 | 0 | 0 | -8 | -10 | -10 | -10 | -10 |
| EBITA | 6 | 8 | 9 | 12 | 17 | 23 | 26 | 26 | 30 | 32 | 34 |
| Amortisation and impairments | 0 | 0 | 0 | -2 | -2 | -2 | -3 | -4 | -4 | -4 | -4 |
| EBIT | 6 | 8 | 9 | 10 | 15 | 20 | 23 | 22 | 25 | 28 | 29 |
| of which associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Associates excluded from EBIT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net financials | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| of which lease interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in value, net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pre-tax profit | 6 | 7 | 8 | 9 | 15 | 19 | 22 | 21 | 25 | 27 | 28 |
| Reported taxes | -1 | -1 | -2 | -2 | -3 | -4 | -5 | -4 | -5 | -6 | -6 |
| Net profit from continued operations | 4 | 6 | 6 | 8 | 12 | 15 | 17 | 17 | 19 | 21 | 22 |
| Discontinued operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Minority interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net profit to equity | 4 | 6 | 6 | 7 | 12 | 15 | 17 | 17 | 19 | 21 | 22 |
| EPS, EUR | 0.22 | 0.29 | 0.29 | 0.30 | 0.47 | 0.62 | 0.70 | 0.69 | 0.79 | 0.86 | 0.91 |
| DPS, EUR | 0.11 | 0.15 | 0.15 | 0.16 | 0.23 | 0.30 | 0.35 | 0.34 | 0.38 | 0.42 | 0.45 |
| of which ordinary | 0.11 | 0.15 | 0.15 | 0.16 | 0.23 | 0.30 | 0.35 | 0.34 | 0.38 | 0.42 | 0.45 |
| of which extraordinary | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Profit margin in percent

| | | | | | | | | | | | |
|--------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|
| EBITDA | 7.0% | 7.9% | 8.3% | 8.1% | 9.7% | 11.0% | 14.3% | 15.6% | 14.6% | 14.5% | 14.4% |
| EBITA | 4.9% | 6.0% | 6.1% | 6.6% | 8.1% | 9.5% | 9.9% | 10.1% | 10.1% | 10.2% | 10.3% |
| EBIT | 4.9% | 6.0% | 6.1% | 5.5% | 7.2% | 8.5% | 8.7% | 8.6% | 8.6% | 8.8% | 8.9% |

Adjusted earnings

| | | | | | | | | | | | |
|----------------|------|------|------|------|------|------|------|------|------|------|------|
| EBITDA (adj) | 9 | 10 | 13 | 17 | 21 | 26 | 36 | 41 | 43 | 46 | 47 |
| EBITA (adj) | 6 | 7 | 11 | 14 | 18 | 23 | 25 | 27 | 30 | 32 | 34 |
| EBIT (adj) | 6 | 7 | 11 | 12 | 16 | 21 | 22 | 23 | 25 | 28 | 29 |
| EPS (adj, EUR) | 0.21 | 0.26 | 0.38 | 0.37 | 0.49 | 0.63 | 0.66 | 0.73 | 0.79 | 0.86 | 0.91 |

Adjusted profit margins in percent

| | | | | | | | | | | | |
|--------------|------|------|------|------|------|-------|-------|-------|-------|-------|-------|
| EBITDA (adj) | 6.9% | 7.3% | 9.0% | 9.0% | 9.9% | 11.1% | 13.8% | 15.9% | 14.6% | 14.5% | 14.4% |
| EBITA (adj) | 4.8% | 5.4% | 7.5% | 7.5% | 8.3% | 9.7% | 9.4% | 10.4% | 10.1% | 10.2% | 10.3% |
| EBIT (adj) | 4.8% | 5.4% | 7.5% | 6.4% | 7.4% | 8.7% | 8.3% | 9.0% | 8.6% | 8.8% | 8.9% |

Performance metrics

| | | | | | | | | | | | |
|-----------------------|--------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| CAGR last 5 years | | | | | | | | | | | |
| Net revenue | -4.5% | 6.0% | 6.1% | 9.0% | 9.8% | 12.9% | 14.8% | 13.0% | 10.0% | 7.9% | 6.8% |
| EBITDA | -8.6% | 27.4% | 9.2% | 12.0% | 13.3% | 23.4% | 29.2% | 28.1% | 23.7% | 17.0% | 12.7% |
| EBIT | -12.4% | n.m. | 7.2% | 8.0% | 12.2% | 26.0% | 23.8% | 21.1% | 20.3% | 12.4% | 7.8% |
| EPS | -11.2% | n.m. | 6.2% | 5.7% | 11.8% | 22.6% | 19.0% | 19.0% | 21.3% | 12.9% | 8.0% |
| DPS | 6.6% | 30.3% | 8.4% | 9.9% | 8.9% | 22.2% | 18.5% | 17.8% | 18.9% | 12.8% | 8.4% |
| Average last 5 years | | | | | | | | | | | |
| Average EBIT margin | 4.2% | 5.8% | 5.9% | 5.8% | 6.1% | 6.9% | 7.4% | 7.9% | 8.4% | 8.7% | 8.7% |
| Average EBITDA margin | 6.7% | 7.5% | 7.8% | 8.0% | 8.4% | 9.2% | 10.7% | 12.1% | 13.2% | 14.1% | 14.6% |

VALUATION RATIOS - ADJUSTED EARNINGS

| EURm | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|-----------------|------|------|------|------|------|------|------|------|-------|-------|-------|
| P/E (adj) | 13.9 | 11.2 | 12.2 | 15.2 | 16.0 | 12.6 | 15.4 | 17.8 | 21.4 | 19.6 | 18.5 |
| EV/EBITDA (adj) | 8.9 | 7.9 | 9.0 | 10.1 | 10.2 | 8.2 | 8.0 | 8.7 | 10.8 | 9.8 | 9.2 |
| EV/EBITA (adj) | 12.7 | 10.8 | 10.8 | 12.2 | 12.2 | 9.5 | 11.7 | 13.3 | 15.6 | 13.9 | 12.9 |
| EV/EBIT (adj) | 12.7 | 10.8 | 10.8 | 14.2 | 13.7 | 10.6 | 13.4 | 15.5 | 18.3 | 16.1 | 14.8 |

VALUATION RATIOS - REPORTED EARNINGS

| EURm | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|------------------------------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|
| P/E | 13.4 | 9.8 | 16.1 | 18.6 | 16.6 | 12.9 | 14.5 | 18.8 | 21.4 | 19.6 | 18.5 |
| EV/Sales | 0.61 | 0.58 | 0.81 | 0.91 | 1.01 | 0.92 | 1.11 | 1.39 | 1.57 | 1.42 | 1.32 |
| EV/EBITDA | 8.7 | 7.3 | 9.7 | 11.2 | 10.5 | 8.3 | 7.8 | 8.9 | 10.8 | 9.8 | 9.2 |
| EV/EBITA | 12.4 | 9.8 | 13.3 | 13.9 | 12.5 | 9.6 | 11.2 | 13.8 | 15.6 | 13.9 | 12.9 |
| EV/EBIT | 12.4 | 9.8 | 13.3 | 16.6 | 14.1 | 10.7 | 12.8 | 16.1 | 18.3 | 16.1 | 14.8 |
| Dividend yield (ord.) | 3.7% | 5.2% | 3.2% | 2.9% | 3.0% | 3.8% | 3.4% | 2.6% | 2.3% | 2.5% | 2.7% |
| FCF yield | -0.7% | 9.0% | 6.4% | -13.4% | 6.8% | 6.6% | 3.9% | 9.5% | 2.0% | 9.1% | 8.2% |
| FCF Yield bef A&D, lease adj | -0.7% | 9.0% | 6.4% | 2.7% | 8.4% | 10.8% | 9.2% | 8.1% | 2.9% | 6.8% | 5.9% |
| Payout ratio | 49.5% | 51.0% | 51.8% | 53.3% | 49.2% | 48.6% | 49.9% | 49.3% | 48.3% | 49.0% | 49.5% |

Source: Company data and Nordea estimates

BALANCE SHEET

| EURm | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|---------------------------------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|
| Intangible assets | 45 | 45 | 52 | 76 | 77 | 86 | 107 | 110 | 119 | 114 | 110 |
| of which R&D | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| of which other intangibles | 6 | 6 | 9 | 18 | 18 | 21 | 27 | 26 | 27 | 23 | 18 |
| of which goodwill | 39 | 39 | 43 | 58 | 59 | 65 | 79 | 84 | 92 | 92 | 92 |
| Tangible assets | 2 | 2 | 2 | 3 | 4 | 4 | 7 | 16 | 19 | 21 | 25 |
| of which leased assets | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 2 | 2 | 2 |
| Shares associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest bearing assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferred tax assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other non-IB non-current assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other non-current assets | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Total non-current assets | 48 | 47 | 55 | 80 | 81 | 91 | 114 | 127 | 138 | 136 | 135 |
| Inventory | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts receivable | 26 | 26 | 28 | 49 | 53 | 53 | 62 | 57 | 68 | 69 | 72 |
| Short-term leased assets | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 10 | 10 | 10 | 10 |
| Other current assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash and bank | 1 | 3 | 9 | 5 | 10 | 16 | 16 | 24 | 15 | 27 | 34 |
| Total current assets | 27 | 28 | 37 | 54 | 63 | 70 | 89 | 91 | 93 | 106 | 116 |
| Assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total assets | 74 | 75 | 93 | 134 | 144 | 161 | 203 | 218 | 231 | 242 | 251 |
| Shareholders equity | 25 | 29 | 35 | 53 | 58 | 68 | 77 | 87 | 98 | 110 | 121 |
| Of which preferred stocks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Of which equity part of hybrid debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Equity | 25 | 29 | 35 | 53 | 58 | 68 | 77 | 87 | 98 | 110 | 121 |
| Deferred tax | 1 | 1 | 2 | 3 | 3 | 5 | 6 | 7 | 7 | 7 | 7 |
| Long term interest bearing debt | 11 | 9 | 8 | 24 | 20 | 24 | 25 | 13 | 16 | 12 | 8 |
| Pension provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other long-term provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other long-term liabilities | 2 | 0 | 0 | 1 | 1 | 2 | 0 | 0 | 0 | 0 | 0 |
| Non-current lease debt | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 9 | 11 | 11 | 11 |
| Convertible debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shareholder debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hybrid debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total non-current liabilities | 14 | 10 | 10 | 28 | 24 | 31 | 40 | 28 | 33 | 29 | 25 |
| Short-term provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts payable | 25 | 27 | 32 | 43 | 46 | 48 | 61 | 57 | 59 | 66 | 70 |
| Current lease debt | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 16 | 14 | 14 | 14 |
| Other current liabilities | 0 | 0 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Short term interest bearing debt | 9 | 10 | 15 | 10 | 15 | 12 | 16 | 28 | 25 | 22 | 19 |
| Total current liabilities | 35 | 36 | 48 | 54 | 63 | 62 | 87 | 103 | 100 | 104 | 105 |
| Liabilities for assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total liabilities and equity | 74 | 76 | 93 | 135 | 144 | 161 | 203 | 218 | 231 | 242 | 251 |
| Balance sheet and debt metrics | | | | | | | | | | | |
| Net debt | 19 | 16 | 14 | 30 | 25 | 20 | 40 | 41 | 50 | 31 | 17 |
| of which lease debt | 0 | 0 | 0 | 0 | 0 | 0 | 16 | 24 | 24 | 24 | 24 |
| Working capital | 0 | -1 | -4 | 6 | 6 | 3 | -1 | -2 | 7 | 1 | 1 |
| Invested capital | 48 | 46 | 51 | 86 | 87 | 94 | 113 | 125 | 145 | 138 | 136 |
| Capital employed | 45 | 48 | 58 | 87 | 93 | 104 | 133 | 152 | 163 | 168 | 172 |
| ROE | 18.1% | 22.8% | 19.3% | 17.0% | 20.9% | 24.4% | 24.1% | 20.8% | 21.1% | 20.5% | 19.5% |
| ROIC | 10.6% | 12.1% | 17.4% | 13.8% | 14.7% | 18.1% | 16.8% | 15.7% | 15.1% | 19.6% | 21.5% |
| ROCE | 14.2% | 16.1% | 21.1% | 17.0% | 18.3% | 21.4% | 18.8% | 16.7% | 16.5% | 17.1% | 17.6% |
| Net debt/EBITDA | 2.1 | 1.6 | 1.2 | 2.0 | 1.2 | 0.8 | 1.1 | 1.0 | 1.2 | 0.7 | 0.4 |
| Interest coverage | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| Equity ratio | 33.8% | 38.1% | 37.4% | 39.2% | 40.1% | 42.1% | 37.8% | 40.0% | 42.4% | 45.2% | 48.3% |
| Net gearing | 73.4% | 56.4% | 41.6% | 55.8% | 43.0% | 29.8% | 52.6% | 46.6% | 51.4% | 28.6% | 14.3% |

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

| EURm | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021E | 2022E | 2023E |
|--|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| EBITDA (adj) for associates | 9 | 10 | 12 | 15 | 21 | 26 | 38 | 40 | 43 | 46 | 47 |
| Paid taxes | -1 | -1 | -1 | -3 | -2 | -4 | -4 | -5 | -5 | -6 | -6 |
| Net financials | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 | -1 |
| Change in provisions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in other LT non-IB | -1 | -2 | 0 | 0 | 0 | 1 | -2 | 0 | 0 | 0 | 0 |
| Cash flow to/from associates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividends paid to minorities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other adj to reconcile to cash flow | 1 | 3 | -3 | -6 | 0 | 1 | 2 | 4 | 0 | 0 | 0 |
| Funds from operations (FFO) | 7 | 9 | 7 | 7 | 18 | 23 | 33 | 38 | 38 | 39 | 40 |
| Change in NWC | -5 | -2 | 3 | -1 | 0 | 0 | 0 | 0 | -9 | 6 | 1 |
| Cash flow from operations (CFO) | 2 | 8 | 10 | 6 | 18 | 23 | 33 | 38 | 28 | 45 | 41 |
| Capital expenditure | -2 | -2 | -4 | -2 | -2 | -2 | -2 | -2 | -6 | -7 | -7 |
| Free cash flow before A&D | 0 | 5 | 6 | 4 | 16 | 21 | 31 | 36 | 22 | 38 | 34 |
| Proceeds from sale of assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisitions | 0 | 0 | 0 | -22 | -3 | -8 | -21 | -6 | -13 | 0 | 0 |
| Free cash flow | 0 | 5 | 6 | -18 | 13 | 13 | 10 | 31 | 8 | 38 | 34 |
| Free cash flow bef A&D, lease adj | 0 | 5 | 6 | 4 | 16 | 21 | 23 | 26 | 12 | 28 | 24 |
| Dividends paid | -3 | -2 | -3 | -3 | -4 | -6 | -7 | -9 | -8 | -9 | -10 |
| Equity issues / buybacks | 0 | 0 | 0 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net change in debt | -2 | -2 | 3 | 27 | 0 | 1 | 7 | -1 | 0 | -7 | -7 |
| Other financing adjustments | 1 | 1 | 0 | 0 | 0 | -2 | -10 | -12 | -10 | -10 | -10 |
| Other non-cash adjustments | 0 | 0 | 0 | -23 | -4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in cash | -4 | 2 | 6 | -4 | 5 | 6 | 0 | 9 | -10 | 12 | 7 |
| Cash flow metrics | | | | | | | | | | | |
| Capex/D&A | 85.3% | 88.5% | n.m. | 39.0% | 39.6% | 30.2% | 14.0% | 9.1% | 35.6% | n.m. | n.m. |
| Capex/Sales | 1.8% | 1.7% | 2.5% | 1.0% | 1.0% | 0.7% | 0.8% | 0.6% | 2.1% | 2.1% | 2.1% |
| Key information | | | | | | | | | | | |
| Share price year end (/current) | 3 | 3 | 5 | 6 | 8 | 8 | 10 | 13 | 17 | 17 | 17 |
| Market cap. | 60 | 60 | 100 | 138 | 193 | 197 | 251 | 321 | 416 | 416 | 416 |
| Enterprise value | 79 | 77 | 114 | 168 | 218 | 217 | 292 | 361 | 466 | 448 | 434 |
| Diluted no. of shares, year-end (m) | 20.2 | 20.9 | 21.4 | 24.8 | 24.8 | 24.8 | 24.8 | 24.8 | 24.8 | 24.8 | 24.8 |

Source: Company data and Nordea estimates

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