

31 October 2022

**Commissioned research: Etteplan – Good Q3 but uncertainty has increased***Marketing material commissioned by Etteplan*

The company's net sales was EUR 80.3m and 3% above market (Refinitiv) consensus in Q3. Clean EBITA was EUR 7.8m in Q3 and also over consensus. However, market consensus of EUR 5.5m (EBITA) may have included one-offs from failed acquisition. Operating cash flow was EUR 4.1m in Q3. Etteplan do not see major changes in end demand and expects Q4 2022 to be fairly solid. But the demand situation in China somewhat weakened in Q3. Etteplan will also adopt a slightly more cautious policy with regards to recruitments. The company could prefer profitability over sales growth in 2023 we believe. Etteplan is a late cyclical company why demand weakness could come a bit later and not yet visible for the company. In any case, full year 2022 guidance midpoint was slightly downgraded due to uncertain market environment. We also agree that uncertainty related to industrial investments and order backlogs have increased.

**Organic revenue growth was 11% in Q3 y/y**

- Net sales was 3% above Refinitiv consensus in Q3.
- Adjusted EBITA was EUR 7.8m compared to consensus of EUR 5.5m in Q3.
- Reported EPS of EUR -0.03 was below consensus (EUR 0.03) in Q3.
- Reported EPS included EUR 6m one-off expenses from failed Semcon acquisition.
- Engineering solutions EBITA was EUR 4.3m, slightly above our estimate of EUR 3.9m. Segment's sales were EUR 41.9m compared to our expectations of EUR 40.2m.
- Software and Embedded solutions EBITA was EUR 2.2m, over our estimate of EUR 1.9m. Sales were EUR 22m which was in-line with our estimate.
- Technical Documentation solutions EBITA was EUR 1.3m compared to our estimate of EUR 1.6m. Sales were EUR 16.3m in the segment, close to our estimate of EUR 16.4m in Q3.

**Full year 2022 revenue and EBIT guidance midpoints were slightly downgraded**

- Full year 2022 revenue guidance is EUR 345-360m (downgraded, previously EUR 340-370m, consensus EUR 354m).
- Operating profit is guided to be EUR to be EUR 28-31m (downgraded, previously EUR 28-32m, consensus EUR 26.5m).

## SUMMARY TABLE - KEY FIGURES

EURm	2019	2020	2021	2022E	2023E	2024E
Total revenue	263	260	300	354	375	393
EBITDA (adj)	36	41	44	49	49	52
EBIT (adj)	22	23	26	29	29	32
EBIT (adj) margin	8.3%	9.0%	8.6%	8.3%	7.8%	8.1%
EPS (adj, EUR)	0.66	0.73	0.81	0.92	0.91	0.99
EPS (adj) growth	4.3%	10.4%	11.7%	13.1%	-0.4%	8.1%
DPS (ord, EUR)	0.35	0.34	0.40	0.42	0.44	0.46
EV/Sales	1.1	1.4	1.6	1.1	1.0	0.9
EV/EBIT (adj)	13.4	15.5	18.1	13.2	12.6	11.1
P/E (adj)	15.4	17.8	20.8	14.2	14.2	13.2
P/BV	3.3	3.7	4.2	3.1	2.8	2.5
Dividend yield (ord)	3.4%	2.6%	2.4%	3.2%	3.4%	3.5%
FCF Yield bef A&D, lease adj	9.2%	8.1%	3.7%	5.6%	8.3%	8.9%
Net debt	40	41	48	64	48	30
Net debt/EBITDA	1.1	1.0	1.1	1.6	1.0	0.6
ROIC after tax	16.8%	15.7%	15.3%	18.9%	18.0%	19.9%

Source: Company data and Nordea estimates

Completion date: 31 Oct 2022, 09:45 CET

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