ETTEPLAN

Commercial Services & Supplies/Finland, November 29, 2018

Company report

More than just an engineering company

Etteplan has seen favourable development in the past few years following improving market conditions. Market uncertainty has increased recently and we expect organic growth figures to slow down going in to 2019. Acquisitions remain essential in achieving the 15 % average growth target. Margins are close to the 10 % EBIT from business operations target, under some pressure but with room for improvements. We retain our BUY-rating with a target price of EUR 9.0 (9.5).

Market uncertainty casting a shadow on sales growth

Etteplan's revenue in 2017 and during Q1-Q3/2018 increased by 16.8 % and 11.1 %, of which organic growth amounted to 10.4 % and 7.6 %, supported by improved market conditions from early 2017 onward. With some uncertainty relating to market development visible we expect organic growth to slow down going in to 2019 and achieving the target of an average growth of 15% would in our view require further acquisitions.

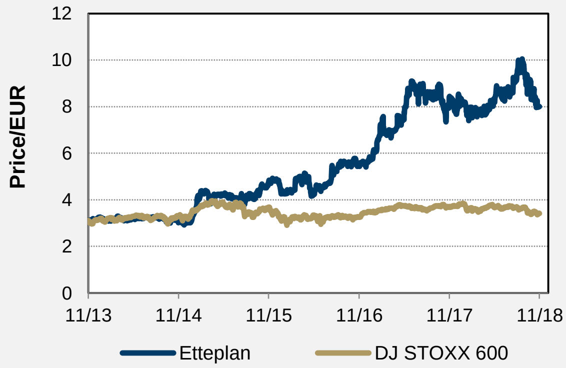
Margins near 10 % target

Etteplan has during 2018 been able to achieve group EBIT from business operations margins of close to the 10 % target (9.1 % during Q1-Q3/2018). A key driver for profitability has been Engineering Services due to the good demand situation and improved operational efficiency. We see some pressure on the already exceptionally good margins in the service area, while Embedded Systems and IoT as well as Technical Documentation in our view still have room for margin development. On group level we expect margins at around a 9.5 % EBIT BO margin.

BUY with a target price of EUR 9.0

Compared to peer 2019E and 2020E multiples Etteplan trades at a discount. Increased uncertainty in coming years market development warrants some caution but the '19- '20E discount of ~20 % to peer '19E and '20E EV/EBITDA does not appear justified. We value Etteplan at 8.8x 2019E EV/EBITDA, giving a target price of EUR 9.0 (9.5) and BUY recommendation.

Rating: BUY



Share price, EUR (Last trading day's closing price)	8.00
Target price, EUR	9.0
Latest change in recommendation	12-Oct-18
Latest report on company	29-Nov-18
Research paid by issuer:	YES
No. of shares outstanding, '000's	24,963
No. of shares fully diluted, '000's	24,963
Market cap, EURm	200
Free float, %	27.1
Exchange rate	0.000
Reuters code	ETTE.HE
Bloomberg code	ETTE FH
Average daily volume, EURm	0.04
Next interim report	07-Feb-19
Web site	www.etteplan.com

Analyst	Jerker Salokivi
E-mail	jerker.salokivi@evli.com
Telephone	+358 9 4766 9149

BUY HOLD SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	Ptx profit EURm	EPS EUR	P/E (x)	EV/Sales (x)	P/CF (x)	EV/EBIT (x)	DPS EUR
2016	184	10	5.5%	9	0.30	18.6	0.9	24.5	16.6	0.16
2017	215	15	7.2%	15	0.47	16.6	1.0	10.5	14.1	0.23
2018E	240	21	8.6%	20	0.62	12.9	0.9	9.4	11.0	0.30
2019E	255	22	8.6%	21	0.66	12.1	0.9	8.9	10.0	0.32
2020E	266	23	8.7%	23	0.71	11.3	0.8	8.4	9.1	0.35

Market cap, EURm	200	BV per share 2018E, EUR	2.7	CAGR EPS 2017-20, %	14.8
Net debt 2018E, EURm	27	Price/book 2018E	2.9	CAGR sales 2017-20, %	7.5
Enterprise value, EURm	227	Dividend yield 2018E, %	3.8	ROE 2018E, %	24.7
Total assets 2018E, EURm	160	Tax rate 2018E, %	22.3	ROCE 2018E, %	20.8
Goodwill 2018E, EURm	66	Equity ratio 2018E, %	42.4	PEG, P/E 18/CAGR	2.7

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

Investment Summary

Engineering; technical documentation; and embedded systems and IOT

Etteplan is an engineering company providing services in the field of industrial equipment engineering and technical product information. The company has three main business areas: Industrial equipment engineering, embedded systems and IoT, and technical documentation solutions and services. Etteplan employs around 3,050 people and has offices in seven countries. Etteplan is a subsidiary of Ingman Group, holding 66.1% of shares.

Financial targets: 15% growth, 10% EBIT BO and 65% MSI

Etteplan's growth target is 15% p.a. including organic growth and acquisitions. Revenue growth in 2015, 2016, and 2017 has been 7 %, 30%, and 17% respectively. Growth has to a larger extent been driven by acquisitions. Organic growth picked up to 10 % in 2017 (2016: 3%) driven by an improved market situation. Etteplan's profitability target is a 10% EBIT from business operations margin. The EBIT from business operations margin was 6.8%, 6.6% and 8.0% in 2015, 2016 and 2017 respectively. Etteplan's target for the share of managed services of revenue was revised is 65%, to be reached by 2019. The MSI (Managed Services Index) was 47%, 2017 respectively.

Importance of digitalization solutions and software development expected to grow

Etteplan has since the acquisitions of Espotel and Soikea in 2016 and the establishment of the Embedded Systems and IoT service area seen diversification of offering, with digitalization solutions and software development becoming of increasing importance. Acquisitions in the past years have further strengthened expertise in the area, most lately the acquisition of Eatech in mid-2018. The Embedded Systems and IoT service area accounts for some 25 % of revenue, but we expect Etteplan to continue to expand in the area due to demand for digitalization solutions.

Market uncertainty overshadowing past years strong organic growth

Etteplan's revenue in 2017 and during Q1-Q3/2018 increased by 16.8 % and 11.1 %, of which organic growth amounted to 10.4 % and 7.6 %, supported by improved market conditions from early 2017 onward. With some uncertainty relating to market development visible we expect organic growth to slow down going in to 2019 and achieving the target of an average growth of 15% would in our view require further acquisitions. We expect strongest growth in IoT and Embedded systems in 2019, supported by inorganic growth from the Eatech acquisition. Organic growth in the area has been marred by a lack of professionals but we expect the demand for digitalization solutions to remain good. In Engineering Services and Technical Documentation owe expect more modest growth, in line with the growth expectations for engineering customers.

EBIT BO-margin near 10 % target

Etteplan has during 2018 been able to achieve group EBIT from business operations margins of close to the 10 % target (9.1 % during Q1-Q3/2018). A key driver for profitability has been Engineering Services due to the good demand situation and improved operational efficiency. We see some pressure on the already exceptionally good margins in the service area, while Embedded Systems and IoT as well as Technical Documentation in our view still have room for margin development. We expect margins to improve in 2019 in Embedded Systems and IoT, as measures to improve profitability have been showing effect in 2018. On group level we expect margins to remain relatively stable at around a 9.5 % EBIT BO margin.

BUY with a target price of EUR 9.0 (9.5)

Compared to peer 2019E and 2020E multiples Etteplan trades at a discount, most notably on EV/EBITDA, reflecting the PPA amortization. Etteplan has historically traded on a slight discount to peers on forward 12-month EV/EBITDA. In our view, Etteplan's expansion in software and digitalization solutions would warrant higher valuation than historical averages would suggest, although the more traditional engineering services share still remains high. We note that the increased uncertainty in coming years market development does warrant caution but the '19- '20E discount of ~20 % to peer '19E and '20E EV/EBITDA does not appear justified. We value Etteplan at 8.8x 2019E EV/EBITDA, giving a target price of EUR 9.0 (9.5) and BUY recommendation.

Company and business overview

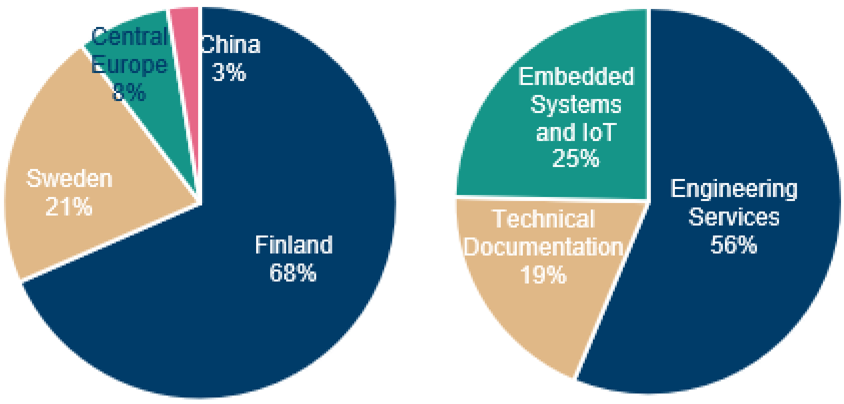
Engineering; technical documentation; and embedded systems and IOT

Etteplan is an engineering company providing services in the field of industrial equipment engineering and technical product information. The company has three main service areas: Engineering services, Embedded Systems and IoT, and Technical documentation. The group now has nearly 60 offices in seven countries. Etteplan is a subsidiary of Ingman Group, with a holding of 66.1% of shares.

Engineering services largest service area

The largest proportion of revenue is created by the Engineering services service area, with 56 % of group revenue during 2017. The Embedded systems and IoT service area was formed in 2016 after the Acquisitions of Espotel and Soikea and has been reinforced by several smaller acquisitions since then. The service area accounted for 25 % of group revenue in 2017. The Technical documentation service area has been of importance in obtaining new customers and Etteplan has held a formidable position in Europe within the area. Technical documentation accounted for 19 % of group revenue in 2017.

Figure 1: Sales by geography (2017) and segment (LTM)



Source: Etteplan

Off-shoring hub in China, aiming to grow local business

Etteplan's personnel at the end of Q3/18 amounted to 3,050 employees. Of the personnel some 65 % were based in Finland, 16 % in Sweden, 11 % in China and 8 % in Central Europe. China has through the lower wages functioned as an off-shoring hub for Etteplan, to relocate certain parts of engineering and technical documentation work. With the Chinese market opening up for outsourcing of functions Etteplan has been investing in also serving local customers and signed an agreement with a major Chinese state-owned company in 2018. Etteplan has similarly invested in expanding operations in Poland, where the operations have partly served as a near-shoring hub, to serve customers in Poland and Central Europe.

Digitalization solutions increasingly important

Through the on-going era of digitalization the engineering market and Etteplan has seen transformation, as the need for digital services and solutions for the Internet of Things (IoT) have been rapidly increasing. Etteplan has invested in the area mainly through acquisitions, such as those of Espotel, Soikea, and Eatech, and now has some 200 employees working with software-based digitalization solutions. Customer demand within the area has been solid and the need for digital services is seen to support continued growth in the area.

Supportive market conditions since early 2017

Etteplan has seen favourable development since early 2017 as the market conditions and demand situation improved. Revenue in 2017 grew 16.8 %, of which 10.4 % was organic growth, while the EBIT from business operations margin improved to 8.0 % from 6.6 % in 2016. The good development has continued during 2018, with revenue growth of 11.1 % (7.6 % organic) and EBIT from business operations margin of 9.1 % during 1-9/2018.

Service area Engineering services

Supporting clients' product development and manufacturing

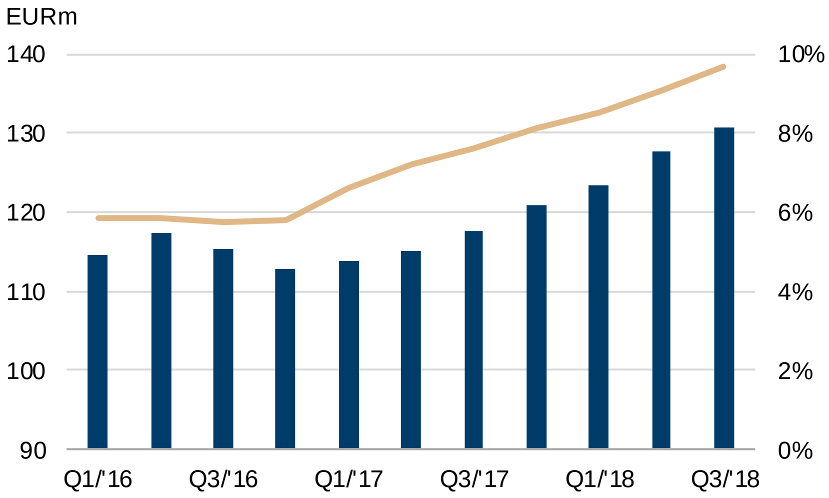
The service offering is focused on design, innovation, and technical calculations of customers' equipment and machinery. Typical assignments within the service area include development of new products and planning of new production facilities. An essential aspect is the customization of products to fit the end-customer's needs of compatibility with requirements and market area legislation.

Within the Engineering services service area, the services are typically implemented either through project deliveries or resourcing, where the customer hires the needed professionals for on-site work, or through managed services, where the responsibility for completion of the task is assigned to Etteplan. Both service types respectively have accounted for around 50 % of Engineering Services revenue in previous years. Etteplan has been looking to decrease the share of resourcing. The current good market situation, however, has impacted on the efforts due to high customer demand and need for more rapid project deliveries.

Engineering services contributes 56% of sales, seen favourable development

Engineering services is the largest service area within Etteplan, generating 56 % of total revenue in 2017. The Engineering services service area has seen formidable development since early 2017 following improving market conditions. While sales growth was flat in 2016, partly affected by the transfer of the Embedded systems unit to a separate business area, sales growth in 2017 amounted to 7.1 % and the EBIT from business operations (EBIT BO) margin improved from 5.8 % to 8.1 %.

Figure 2: Engineering services revenue and EBIT BO-margin (rolling 12m)



Source: Etteplan

Service area Embedded systems and IoT

Espotel and Soikea since 1.4.2016

The Embedded systems and IoT (Internet of Things) unit was created as a separate entity when Etteplan in 2016 acquired Espotel, a leading Nordic engineering services company specialized in embedded systems, production testing solutions and IoT, and Soikea Solutions, a specialist in digital data transfer and management. As a result of the acquisition, Etteplan's operations expanded to include a nearshoring hub in Poland. Prior to the acquisition Etteplan had sales of EUR 11m in these area in 2015. Pro forma historical figures for the business unit have not been given.

Utilizing the potential of digitalisation

The Embedded systems and IoT unit provides services focused on the development of products and technological solutions within equipment and machinery and how they are controlled and their IoT connectivity. One aim of the services is to utilize the possibilities provided by digitalization in the development of new business models. Solutions could also be to provide digitalization solutions for existing equipment.

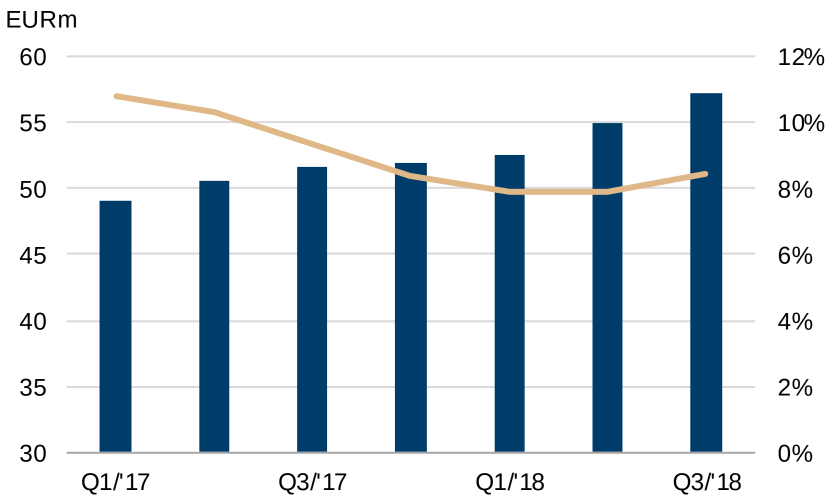
Combined offering of IoT and Engineering services a competitive strength

Embedded systems and IoT adds to Etteplan's offering in Engineering services and vice versa. Digitalization has attracted more and more IT-providers into the market of IoT but they typically lack the competences relating to industrial equipment and products that Etteplan has. A general market trend of digitalization and increasing connectivity, also in industrial applications, has resulted in a general strong growth in demand for services and applications in the area, which could also enable a strong future growth for such services. According to Etteplan the customers demand for services and solutions related to IoT and embedded systems has been good.

Growth mainly through acquisitions, profitability seeing recovery

The Embedded systems and IoT service area has seen profitability declines from the % EBIT from business operations margin levels of around 11 % witnessed in 2016. During 2017 profitability was dented by issues in a project delivery based on new technology along with some weakness in customer demand. Actions to improve profitability have started to show effect from around mid-2018. Growth has been mainly acquisition driven, as the lack of available professionals within the area has limited organic growth despite a good customer demand situation within the market in general.

Figure 3: Embedded Systems and IoT revenue and EBIT BO-margin (rolling 12m)



Source: Etteplan

Service area Technical documentation

Supporting service operations in engineering

The Technical documentation service area is focused on providing services for documenting the technical properties of customers' products in the form of manuals and guides as well as management and distribution of the documentation. The services within technical documentation are as such often outside a customer's core business but can have a significant impact on the end-customer's maintenance service operations. In a majority of assignments Etteplan takes responsibility of the entire documentation process.

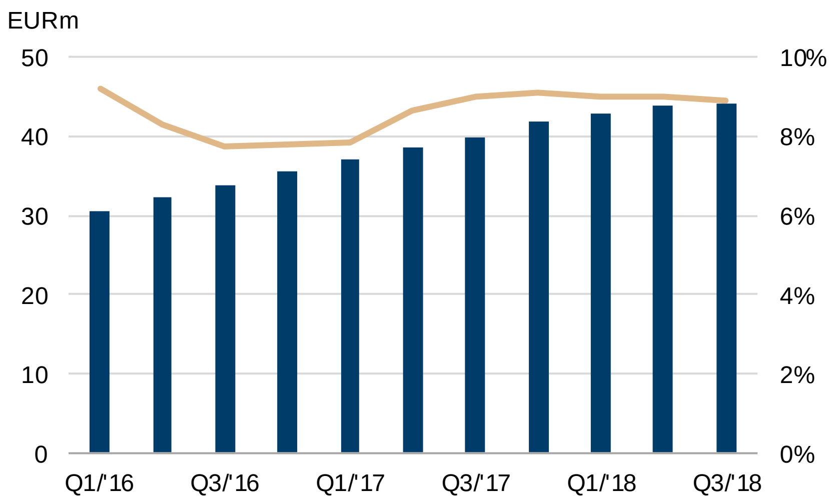
Well positioned in technical documentation solutions and services

Etteplan's strength within technical documentation is the ability to cater to the needs of customers to a larger extent, due to the offering of both documentation services and related software. A key component of its competitive advantage is its ability to provide an enhanced range of services and software, competitors within technical documentation do not usually provide both. Etteplan has also increased its presence in central Europe and benefits from near-shoring in Poland and off-shoring in China. The strong position in technical documentation also provides a competitive advantage when competing for contracts in other units, as customers may prefer a supplier who is able to offer services relating to the whole life-cycle of products and equipment.

Slower progress during 2018, burdened by project delays

Technical documentation accounted for 19% of revenue in 2017. The Technical documentation service area has seen several years of good acquisition-supported growth. During 2018 the growth has slowed down partly due to project delays in Germany and partly due to fewer implementations of new operating models. Profitability improved in 2017 due to a weaker comparison period but has since remained relatively stable.

Figure 4: Technical documentation revenue and EBIT BO-margin (rolling 12m)



Source: Etteplan

Geographic Presence

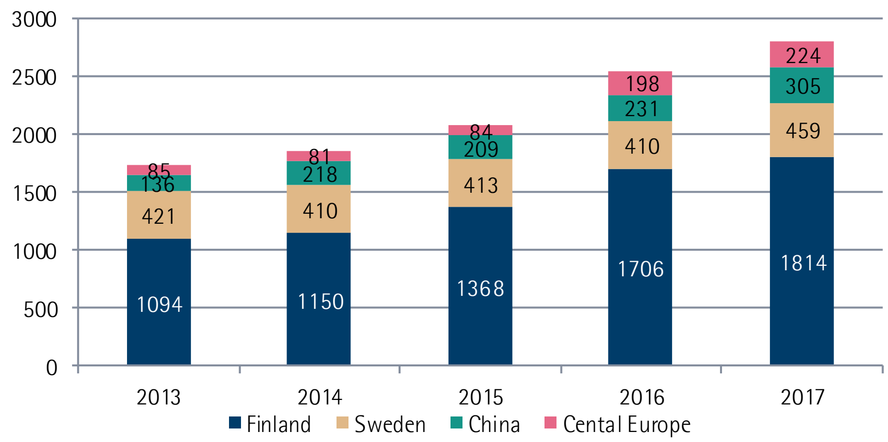
90% of sales to Finland and Sweden

Etteplan provides services globally, but does not have local presence in all service areas in all countries it operates in. Extending the service offering to the countries where Etteplan operates is a growth avenue that is being pursued. Finland and Sweden are the main operating countries with around 90% of sales. In Finland Etteplan offers services within all of its business areas to a diverse customer base. Personnel growth, especially in Finland, has mainly been driven by acquisitions. The number of employees has grown well from 2014 onwards to a larger extent due to the acquisitions of SAV (2015) and Espotel and Soikea (2016) along with other acquisitions. Excluding the acquisitions personnel growth has been somewhat limited but has increased with the recent years' favourable market conditions.

Narrower offering in Sweden

In Sweden Etteplan has offered mainly engineering and technical documentation services. The offering has also been moving more towards including services within Embedded Systems and IoT, but the offering in Sweden is still behind that in Finland. The operations in Sweden saw flattish development both in personnel and revenue during 2013-2016, picking up again in 2017. In 2018 Etteplan acquired Sorona Innovation in Sweden, specializing in technical documentation solutions, with personnel of around ten employees. Profitability in Sweden has been below group levels but has been picking up in recent years.

Figure 5: Employees by geography



Source: Etteplan

Central European operations include Germany, the Netherlands, and Poland

In central Europe Etteplan has operations in Germany, the Netherlands, and Poland. Germany and Poland are business units that came in as new units in 2016 as a result of the acquisitions of Arvato and Espotel. In Germany and the Netherlands Etteplan has offered services mainly within technical documentation. In Poland Etteplan is active within solutions relating to IoT and technical documentation, with Poland also acting as a near-shoring hub for Etteplan. Etteplan has been investing in growing the Polish operations within technical documentation and IoT and to better serve customers locally in Poland and central Europe.

Growing presence in China, presence in USA

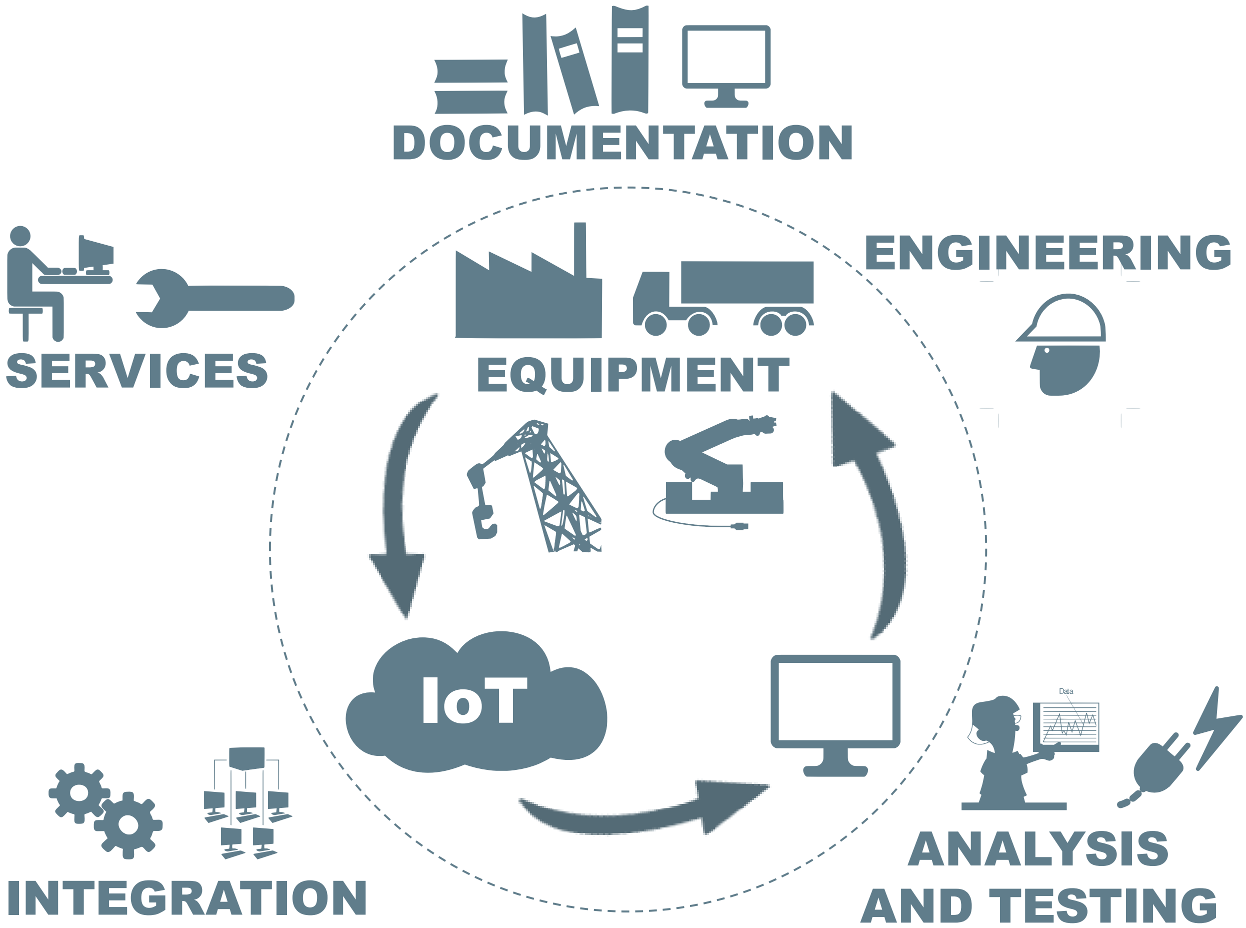
In China Etteplan entered the markets to be able to serve its Nordic customers in China. As such the services are focused on engineering services and technology transfer as well as technical documentation. China also acts as an off-shoring hub for Etteplan's services. The Chinese market has further been seeing a shift towards outsourcing services, which has benefitted Etteplan in also serving customers locally. Etteplan also has a small presence in USA within technical documentation services.

Service – product lifecycle offering

Present through the lifecycle of the product

Etteplan strives to consolidate its service offering to be able to provide services for all the phases of a customers' product. By being present in an increasing part of a products life cycle, Etteplan could benefit the customer by decreasing lead times and increasing efficiency. In a market were a trend for firms has been to concentrate services to fewer partners, the broader service offering could benefit the retention and acquisition of customers.

Figure 6. Overview of Etteplan's service offering



Source: Evli research

Embedded systems and IoT services and solutions becoming increasingly important

In our view the services within embedded systems and IoT have become an increasingly important part of Etteplan. Where Etteplan has formerly been more focused on the development of equipment and products, embedded systems and IoT services can provide additional services and functions that add to the value of products both directly and indirectly. Embedded systems provide means for companies to integrate processes and products through connectivity and IoT solutions can provide valuable analytical information for companies to improve operations. Etteplan's broad scope of services also supports customers seeking cost efficiency by limiting the number of suppliers involved in the life-cycle of equipment and products. By being present in a larger part of the development stages Etteplan is able to provide more efficient services through information sharing and project management. Through the build-up of knowledge of the customers services Etteplan will have a better position in retaining a customer and securing future contracts.

Business models – resourcing and managed services

Resourcing still part of the business

Etteplan has a large pool of engineers with different skills and competencies. A part of Etteplan's business consists of hiring out its personnel to companies in need of engineers for shorter term employments i.e. resourcing. Partly due to the need for specialized workforce and the loss of flexibility when hiring permanent workforce, this form of labor re-allocation has become a growing trend. Still, Etteplan aims to reduce the role of this model to focus on higher margin managed services.

Aiming for 65% share of managed services

Etteplan offers managed services within all of its business areas and reports the share of this type of services within the business areas. The concept of the managed services is for the customer to buy a complete service package and only pay for the results. Etteplan assumes full responsibility for the completion of the service to be provided to the customer. The company strives to increase the proportion of managed services, with the target for the share of managed services to revenue at 65 %. Managed services differ from hiring out personnel in that it benefits Etteplan in better allocating its own resources when and where needed.

Focus on smaller projects with typical size of 300-700 thousand euros

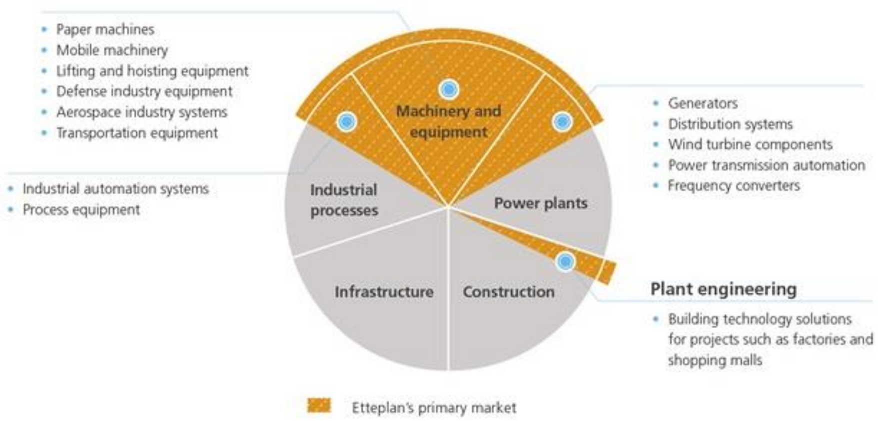
In project-based assignments Etteplan takes responsibility for parts of a projects phase or complete responsibility. Etteplan is strongly present in the planning and design phases of customers projects. Project lengths and sizes vary, with typical project sizes of 300-700 thousand euros. The size of substantially large projects for Etteplan lies at around 2-3 million euros.

Market and customers

Etteplan offers services to the machinery and equipment segment

The engineering market is generally divided into five different segments. Etteplan operates mainly in the machinery and equipment segment. Figure 7 illustrates Etteplan's positioning in the markets before the Espotel and Soikea acquisitions but remains reasonably representative of the positioning as the recent year development has seen shifts in service types but not as much in market segments focus.

Figure 7. The engineering markets



Source: Etteplan

Table 1:. Global trends

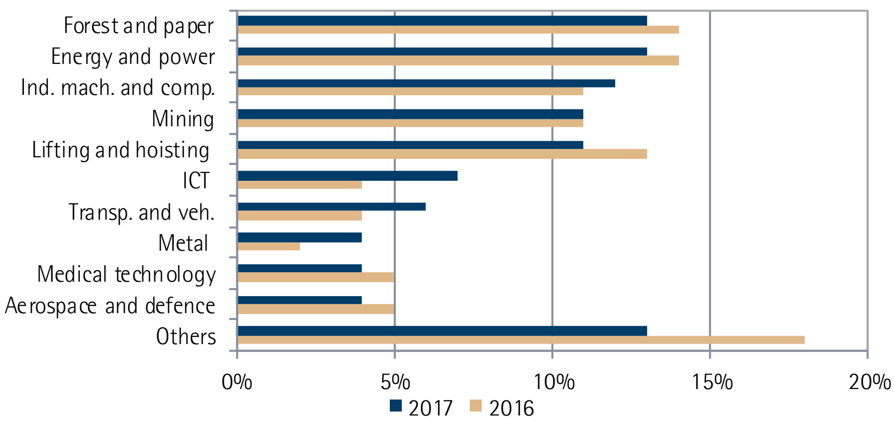
Accelerated technological development	• New technologies • 3D printing increases product variations • Shortened product life cycles • Improved manufacturability • Technology transfer, reverse innovation • Solutions that support sustainable development • Increased demand for engineering • Increased need to develop new competencies
Digitalization	• The Internet of Things (IoT) • Renewal of business models • Increased intelligence of machinery and equipment • Increased demand for engineering • Increased need to develop new competencies • Challenges the existing areas of technological competence
Structural changes in the economy	• Economic shift toward emerging markets • Population growth, urbanization and the aging of the population • Increased need to establish a stronger presence in new growth markets
Outsourcing	• Focus on core business • Tighter competition • Cost-efficiency • Quality requirement • Creates organic growth opportunities for companies in the engineering industry
Industry consolidation	• Many companies of different sizes in the industry • Large players outgrow the market organically and through acquisitions • Customer reduce the number of partners they use • Closer cooperation with key partners • Creates the opportunity for growth through acquisitions

Source: Etteplan

Additive manufacturing and interesting new innovation area

In our view two key areas of interest for Etteplan are solutions relating to IoT, where Etteplan has already become established and has continued to invest in, and additive manufacturing (essentially industrial scale 3D printing), which for Etteplan is still in an early phase. With additive manufacturing companies are able to alter production processes by creating components or production parts through adding material instead of removing material from a block or similar of the same material. This essentially allows for creation of more complex products and can enable improved efficiency. As a technology additive manufacturing is still developing and is not yet suitable for all kinds of materials but has already been used in producing components from metal.

Figure 8. Etteplan's sales by customer segment



Source: Etteplan

Services to machinery and equipment

Etteplan's revenue derives mainly from Nordic operators within the machinery and metal industry, who in turn are present globally. As such, the demand for Etteplan's services depends highly on the global development as weaker demand and less investments in its customer markets will reduce the need for services relating to new equipment and products. Etteplan's sales are in terms of customer segments well balanced with no single segment constituting more than 15% of sales in 2017.

Blue chip customer base

Etteplan's customer base consists primarily of large global manufacturers, but also includes SME's and start-ups. Customer concentration is quite high, with the 30 largest customers having historically contributed to around 80% of revenue.

Figure 9. Selected customer references

Source: Etteplan

Competition

Market leader in machinery and equipment engineering in Finland

In Finland Etteplan is a market leader within industrial equipment engineering services. The competitors are smaller Finnish industrial design and consulting firms and international firms with limited operations in Finland. The main Finnish competitors include Comatec and Elomatic, who provide similar services to customers within the machinery and metals industry and also to some extent in other customers segments such as aerospace and defense. Citec is also a domestic competitor although more focused on large plant projects, EPCM, and civil engineering, where Etteplan is less active. Swedish Rejlers and ÅF and French Alten have established operations in Finland and compete within this space. With Etteplan's expansion to plant engineering through the acquisition of SAV in 2015 Etteplan also competes in the Finnish market with Pöyry and Sweco. Etteplan's position within plant engineering is still limited compared to some of the larger competitors within the field.

Broader competitive landscape in Sweden

The competition in Sweden comes from larger, listed firms and the competitive landscape is as such notably broader in Sweden. Listed competitors in Sweden are ÅF, Semcon, Rejlers, Prevas, and Sweco, of which the most relevant competitors in industrial engineering services are ÅF and Rejlers. Sweco is more active in areas of plant and construction engineering while Prevas is considerably smaller than the others, but still larger than Etteplan in Sweden. Semcon is a competitor partly in engineering services but also within technical documentation. French Alten is also a large competitor in Sweden.

Etteplan has a good position in industrial IoT.

The high interest for IoT-related services has attracted many IT-providers to the market. Still, the comparable competitors are limited, as many of the companies working with industrial IoT solutions still only have a small presence and do not necessarily have the industrial competences but instead are stronger on the software side. Vincit and Bittium compete with Etteplan within the area to some extent. We believe that Etteplan has a strong position within its focus area in industrial IoT particularly in Finland but also in for instance Poland.

Few larger competitors within technical documentation

In technical documentation Etteplan has a strong position due to its broader geographic scope vs. competition. The largest competitors in the Nordic countries are Swedish Sigma, with operations in multiple countries, and Semcon, with operations mainly in Sweden. In Finland also Alten provides technical documentation services but are not seen as a significant competitor.

Strategy and targets

Etteplan's strategic and financial targets were updated in December 2016 and are summarized in tables 2 and 3. Etteplan has emphasized the importance of acquisitions in its growth strategy and has previously made several smaller and also a few larger acquisitions. Increasing the share of Managed Services is apart from the potential for improving profitability also important in creating a more sustainable business, as the Managed Services offer more predictability as opposed to resourcing.

Table 2. Etteplan's financial targets

	Growth	Profitability	Managed Services	Balance sheet
Target	15 %	10 %	65 %	>30 %
Measure	Average annual revenue growth, organic + inorganic	EBIT from business operations, % of revenue	Managed Services share of revenue, by 2019	Equity ratio
Actions	• Key account growth • Growth through service solutions • Acquisitions	• Shift business model towards managed services • Market leadership	• Service solutions • Technology solutions • Project business	• Financial arrangements • Improving cash flow
1-9/2018	11.1 %	9.1 %	54 %	42 %

Source: Etteplan

Key accounts important growth channel due to customer concentration

A strategic focus area for Etteplan is to seek organic growth through growing key accounts. Etteplan's customer base is dominated by large global industrial companies originating from the Nordics. Etteplan has not disclosed customer splits by revenue but the 30 largest customers have within recent years been known to account for around 80 % of revenue. These blue chip customers offer potential for Etteplan for capturing a larger share of their business and could also prove to be an easier way for achieving organic growth.

Etteplan's strategic focus further revolves around utilizing the offering to gain competitive advantages. Etteplan has a strong position in technical documentation service solutions, being one of the leading providers in Europe. The technical documentation solutions have further benefitted in new customer acquisitions. Profitability has been close to 10% EBIT from business operations. Own software and related services are a key driver for profitability due to scalability and increasing the share of software based service solutions could enhance margins further.

With the on-going era of digitalization the solutions within embedded systems and IoT have in this sense also grown in importance and Etteplan is looking into new services such as additive manufacturing to gain further ground in competitive advantage. The concept of and the possibilities promised by IoT and related embedded systems are currently driving strong demand for products and services in these areas. Investments in projects related to digitalization have generally not been as impacted by political and economic uncertainty. Through the combined offering of all service areas Etteplan can provide an overall solid base of service offering that is able to meet a large part of customer needs. This benefits in competing with companies with narrower offering, such as IT-companies that offer digitalization solutions but do not necessarily have the same know-how within engineering and industrial equipment.

China as off-shoring hub, local market growing in importance

Etteplan further seeks to use the operations in China, where wages are substantially lower compared to the Nordics, to relocate certain parts of engineering and technical documentation work. Etteplan primarily entered the Chinese market to serve the Nordic customers' operations in China. The importance of China as a market for offering services to companies in China has also increased, as traditionally in-house services have been more dominant while recent trends have seen the markets opening up for outsourcing of less core functions.

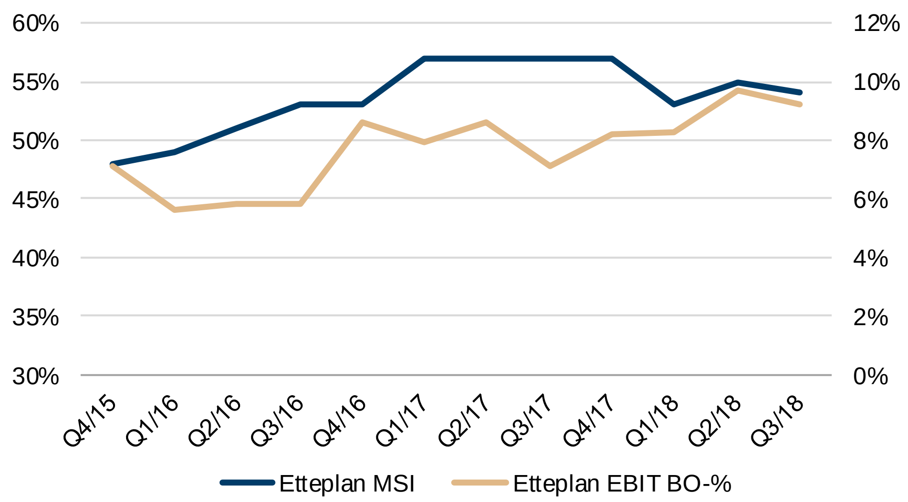
Table 3. Etteplan's strategic focus areas

Focus areas	
Growth in key accounts	Organic growth through growing current key accounts
Increasing share of Managed Services	Utilize competitive advantage from high value-added Managed Services. Enhances Etteplan's capacity management and increases profitability
Growth in sales of technical documentation solutions	Unique technical documentation service solutions within its field
Growth in business operations in China	Relocating engineering and technical documentation work and taking advantage of rapidly growing Chinese domestic markets
Embedded Systems and IoT	Competitive advantage from utilising combined offering of all service areas

Managed Services benefit customer and Etteplan

The Managed Services provide benefits for the customer by assigning the responsibility of completing processes or tasks to Etteplan, freeing up customer resources. The Managed Services are also beneficial for Etteplan, as by assuming complete responsibility for a project Etteplan is better able to control internal resources and enhance the allocation of its workforce. Etteplan's profit margins are typically higher in managed services than in resource hiring. The recent strong market demand has seen customers ordering more project services, which has translated into a slight decline in the Managed Services Index.

Figure 10. Share of Managed Services and profitability



Source: Etteplan

Guidance

Etteplan has given numerical guidance for the fiscal year 2018, updated on August 14th, 2018. Etteplan expects revenue to grow clearly and the operating profit for the year 2018 to grow significantly compared to 2017. Revenue and operating profit in 2017 amounted to EUR 214.8m and EUR 15.5m respectively.

Acquisitions key part of growth strategy

Acquisitions have played and will play a key part of Etteplan's growth strategy. Etteplan's financial target for growth is an average annual revenue growth of 15 %, including both organic growth and potential acquisitions.

Transformative acquisitions of Espotel and Soikea in 2016

Etteplan acquired two companies in April 2016, Espotel and Soikea. Espotel is a provider of product creation services for electronic devices and systems, software and industrial internet applications, specialized in embedded systems, production testing, and IoT solutions. Soikea specializes in digital data transfer and management as a provider of multi-channel e-commerce and information management solutions. Through the acquisitions Etteplan was able to expand its service offering to better cover industrial internet capabilities. The acquisitions added considerable IoT industrial solution and related data management capabilities to existing core equipment design and documentation offering. Expanding the offering significantly improved Etteplan's growth prospects. IoT is an area where Etteplan's existing key accounts and potential customers are willing to allocate resources, and through the acquisition Etteplan can capture a larger share of customer's business. The acquired firms have operations in Finland, Sweden and Poland.

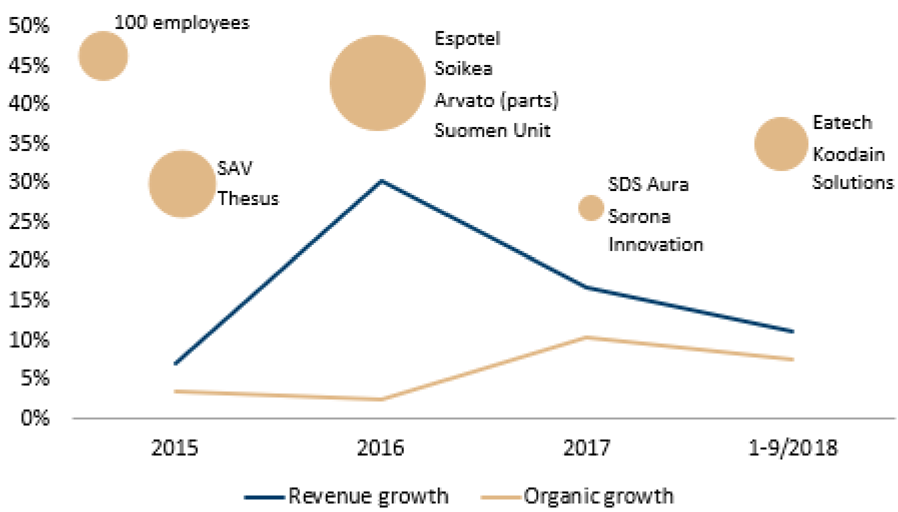
Acquisition of Eatech in 2018 further strengthened software capabilities

A more recent, larger acquisition, was that of Finnish software provider Eatech in May 2018. Eatech specializes in software and mobile solutions, service design and testing services along with continuous services for maintaining business critical systems. The acquisition further enhanced Etteplan's capabilities within digitalization solutions and software development. Eatech's revenue in 2017 amounted to EUR 7.5m and personnel amounted to over 100 employees.

Etteplan has actively been making smaller, targeted acquisitions

Etteplan has further been actively making smaller, targeted acquisitions, with the number of employees in the acquired businesses typically below 20, that have been made both to grow in existing services areas and to expand the offering into newer areas.

Figure 11: Revenue growth decomposition and acquisition summary



Source: Etteplan, Asiakastieto, Allabolag, Evli research

Financial performance

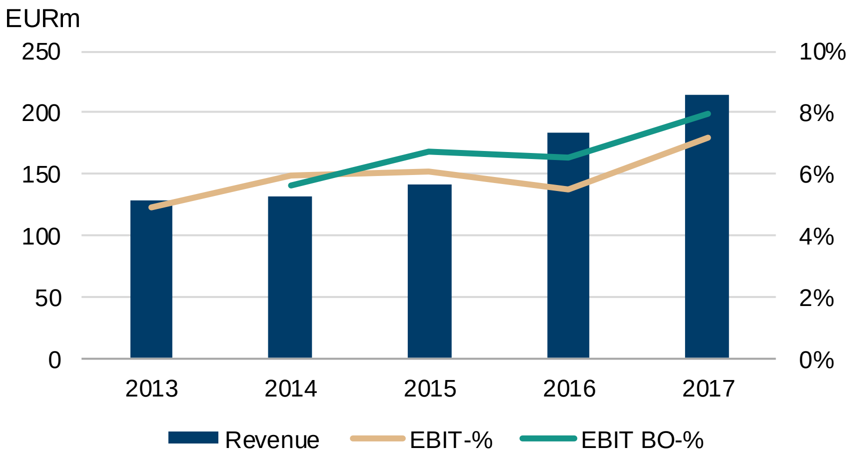
Revenue CAGR during 2015-2017 23 %, growth mainly from acquisitions

Etteplan's growth target is 15 % p.a. on average both organically and through potential acquisitions. Revenue grew 7 %, 30 %, and 17 % during 2015, 2016 and 2017 respectively, with a revenue growth CAGR of 23 %. The acquisitions of Espotel and Soikea contributed to a large share of growth. Organic growth remained at around 3 % during 2015 and 2016 but picked up to 10 % in 2017, driven by improved market conditions. Growth has continued to be favorable during 2018, with growth of around 11 % and organic growth of around 8 % during 1-9/2018.

1-9/2018 EBIT BO margin at 9.1 %, nearing 10 % target

Etteplan's profitability target is an EBIT from business operations margin of 10 %. The EBIT from business operations is an alternative profitability measure that excludes amortization of fair value adjustments at acquisitions or premeasurements of contingent considerations. The EBIT from business operations margin was 6.8 %, 6.6 % and 8.0 % in 2015, 2016 and 2017 respectively. Margins in Technical documentation and Embedded Systems and IoT have formerly been higher than that of Engineering services, but the pick-up in demand in 2017 also saw margins in the service area picking up. During 1-9/2018 the EBIT from business operations margin increased to 9.1 %.

Figure 12: Revenue and profitability



Source: Etteplan

Personnel main cost item

Staff costs have accounted for roughly 70 % of the company's cost base. The staff costs and revenues per employee ratio has been rather stable but decreased around three percentage points in 2017, which in part translated into a higher profitability. Changes in personnel costs due to increasing/decreasing wages can have a significant impact on margins. The personnel costs are susceptible to shifts in services, as wages may differ between for instance employees within engineering and software services, which is however reflected in pricing of the services. The good demand situation and market growth in recent years has seen some pressure on wages due to a lacking supply of professionals, especially within software related services, but has so far had a limited effect. Management has indicated that higher services prices due to increasing costs are generally well received by customers and decreasing costs are in return reflected in lower prices.

Market conditions started to improve in early-2017

Prior to 2017 the market in general was affected by uncertainty, both political and economic, which had an impact on demand for Etteplan's services, and organic growth as such remained low. Investments into larger projects and companies' investments into updating plants and equipment were slow to take off. The demand for Etteplan's services and the market in general picked up notably early-2017. The Finnish market picked up with some delay but has seen good demand since mid-2017. The demand situation in general has since remained good in the countries Etteplan operates within, with some variations in customer industries mainly due to customer-specific changes. The general market trend of digitalization has been a driver for growth in customer orders, but also customer willingness to make larger investments, such as plant investments, has increased.

1-9/2018 group revenue growth 11.1 % and EBIT BO margin 91 %

Etteplan has during the first nine months of 2018 continued to report good results on the group level, as the demand situation has remained favorable. Revenue amounted to EUR 173.6m, with growth of 11.1 % and organic growth of 6.8 %. Growth has been slightly impacted by exchange rate differences, mainly from the Swedish Krona, and the growth figures at comparable currencies were 13.7 % and 8.9 % respectively. The EBIT from business operations margin improved to 9.1 % from 7.9 % during 1-9/2017. The number of employees also surpassed the 2018 goal of 3,000 during Q2/18, at 3,050 by the end of Q3/18.

Engineering services reached long-term profitability goal

Of Etteplan's service areas Engineering services saw the strongest development during 1-9/2018. The revenue amounted to EUR 97.5m, with growth of 11.1 % y/y. The EBIT from business operations improved 41.4 % to EUR 9.7m, at a margin of 10 %, reaching the long-term financial goal. The profitability increases have been driven by higher utilization rates as well as improved operational efficiency.

Embedded systems and IoT profitability seeing recovery

The Embedded systems and IoT service area saw some profitability and growth challenges in the latter half of 2017, following issues in a project delivery based on new technology as well as some customer-specific demand weakness. The first half of 2018 saw some continued challenges, but profitability picked up again in Q3/18, with an EBIT from business operations margin of 9.8 %. Embedded systems and IoT revenue and EBIT from business operation margin during 1-9/2018 amounted to EUR 43.5m (EUR 38.3m) and 8.8 % (8.7 %) respectively.

Slower progress in Technical documentation

In Technical documentation profitability has remained close to previous year levels while issues with a project delivery and fewer investments by customers into new operating models saw growth slowing down. 1-9/2018 revenue amounted to EUR 32.6m, with growth of 8.1 % y/y, while the EBIT from business operations margin amounted to 8.4 % (8.6 %).

Growth remains good in China, signed first major contract

The hours sold in China have grown by around 40 % during 1-9/2018. Etteplan has invested in growth in China and is working on increasing the local presence. Four new offices have been opened during 2017-2018. Etteplan also signed a contract of undisclosed value with a major Chinese state-owned company. The growth figures have slowed down due to the growing revenue base but absolute growth has remained at good levels.

Financial outlook and estimates

Favourable development during 2017-2018

Etteplan has enjoyed favourable development measured both in profitability and organic growth during 2017 and 2018 YTD driven by a good demand situation, after a period of weaker development. Etteplan achieved the 15 % sales growth target in 2017 and has gradually been able to increase profitability, especially in Engineering Services, where the EBIT BO-margin surpassed the group target of 10 % during 2018. At 2018 YTD pace Etteplan's financials point to the financial targets not quite being reached in 2018.

Expect slower growth going into 2019

Going into 2019 we expect growth to slow down compared to the few years of formidable growth. Organic growth has slowed down somewhat already during 2018 compared to 2017 and there have been some yet inconclusive signs of possible slow-down in demand during the latter half of 2018 along with increased market uncertainty. The good market situation in recent years also led to increased customer confidence in undertaking larger investments, which could lower the need for similar investments in the coming years.

Table 4. Expected sales growth in Engineering

	2016	2017	2018E	2019E	2020E
Cargotec	-6%	-7%	2%	9%	4%
Kone	2%	2%	1%	5%	4%
Metso	-13%	5%	14%	11%	7%
Outotec	-12%	8%	13%	9%	8%
Valmet	0%	8%	5%	7%	2%
Andritz	-5%	-2%	2%	10%	3%
ABB	-3%	-11%	16%	5%	3%
Atlas Copco	-4%	11%	-23%	3%	3%
Boeing	0%	-15%	17%	7%	7%
Bombardier	-8%	-15%	12%	9%	13%
Rolls-Royce	-5%	-4%	-1%	3%	6%
Siemens	5%	4%	0%	4%	4%

Source: FactSet

Segments – IoT and Embedded Systems should grow fastest

We expect strongest growth in IoT aided by the acquisition of Eatech in 2018 along with a generally good demand in solutions relating to digitalization. The availability of professionals in the area has remained a limiting factor in organic growth but we see that Etteplan will seek to continue to invest in the area and M&A activity in the area in our view is not unlikely.

Expect more modest growth in Engineering Services and Technical Documentation

In Engineering Services and Technical Documentation we expect more modest growth, in line with the expected sales growth for engineering companies. In our view the Engineering Services service area is the most prone to being affected by fluctuations in the demand situation in the engineering market. In technical documentation solutions and services Etteplan holds a good position but fewer new operating model implementations and lesser software sales have in part affected growth. Geographically we expect China to remain a key source for sales growth in relative terms, although still representing only a small share of Etteplan's total sales, with the market for outsourcing operations expected to open up further.

EBIT BO-margin near 10 % target

Etteplan has during 2018 been able to achieve group EBIT from business operations margins of closer to 10 %. A key driver for profitability has been Engineering Services due to the good demand situation and improved operational efficiency. We see some pressure on the already exceptionally good margins in the service area, while Embedded Systems and IoT as well as Technical Documentation in our view still have room for margin development. We expect margins to improve in 2019 in Embedded Systems and IoT, as measures to improve profitability have been showing effect in 2018. On group level we expect margins to remain relatively stable at around a 9.5 % EBIT BO margin.

Dividend usually around 50 % of net earnings

Etteplan has not specified a dividend policy but has previously paid around 50 % of net earnings as dividend. Our 2018E and 2019E DPS estimates are at EUR 0.30 and EUR 0.32 per share on EPS of 0.62 and 0.66 respectively.

Table 5. Etteplan earnings and estimates

	2014 FY	2015 FY	2016 FY	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 FY	2018 Q1	2018 Q2	2018 Q3	2018E Q4	2018E FY	2019E FY	2020E FY
Engineering services															
Sales	107	112	112.8	31.1	30.8	25.9	33.2	120.9	33.6	35.0	28.8	37.0	134.5	141.2	145.4
Sales growth		5%	0%	4%	4%	11%	11%	7.1 %	8%	14%	11%	12%	11%	5%	3%
MSI-%	36%	44%	49%	53%	53%	53%	53%	53%	51%	52%	52%	52%	52%	54%	56%
EBIT BO	5.5	6.8	6.5	2.3	2.7	1.8	2.9	9.8	3.1	3.7	2.9	3.8	13.5	13.4	13.7
EBIT BO-%	5.2 %	6.1 %	5.8 %	7.5 %	8.7 %	7.1 %	8.8 %	8.1 %	9.1 %	10.7 %	10.0 %	10.3 %	10.0 %	9.5 %	9.4 %
Embedded systems and IoT															
Sales			35.4	13.6	13.2	11.5	13.7	52.0	14.1	15.8	13.6	16.2	59.7	65.6	70.9
Sales growth					14%	10%	2%	47%	4%	19%	19%	18%	15%	10%	8%
MSI-%			54%	56%	55%	53%	53%	53%	42%	46%	46%	47%	45%	50%	55%
EBIT BO			4.0	1.3	1.2	0.8	1.0	4.4	1.1	1.4	1.3	1.7	5.5	6.3	7.1
EBIT BO %			11.2 %	9.8 %	8.8 %	7.4 %	7.3 %	8.4 %	7.9 %	8.6 %	9.8 %	10.5 %	9.2 %	9.6 %	10.0 %
Technical documentation															
Sales	25.2	28.8	35.7	10.1	10.3	9.8	11.6	41.8	11.2	11.3	10.1	12.8	45.4	47.7	50.1
Sales growth			24%	17%	16%	17%	18%	17%	11%	10%	3%	10%	9%	5%	5%
MSI-%	53%	64%	70%	75%	78%	78%	77%	77%	76%	73%	74%	79%	76%	78%	80%
EBIT BO	2.031	2.714	2.8	0.8	1.0	0.8	1.2	3.8	0.8	1.1	0.8	1.2	3.9	4.3	4.5
EBIT BO-%	8.1 %	9.4 %	7.9 %	7.9 %	9.5 %	8.4 %	10.4 %	9.1 %	7.6 %	9.7 %	8.0 %	9.4 %	8.7 %	9.0 %	9.0 %
Other															
EBIT BO	-0.1	0.0	-1.2	-0.1	-0.2	-0.1	0.2	-0.8	-0.2	-0.1	-0.2	0.0	-0.5	0.0	0.0
Etteplan															
Revenue	**132**	**141**	**184**	**54.7**	**54.3**	**47.1**	**58.5**	**215**	**59.0**	**62.0**	**52.6**	**66.0**	**240**	**255**	**266**
Sales growth, %	3%	7%	30%	42%	8%	12%	11%	17%	9%	16%	14%	13%	12%	6%	5%
MSI-%	40%	47%	53%	58%	58%	58%	58%	58%	54%	54%	55%	56%	55%	57%	60%
Finland	78	90	125	38	37	32	39	147	40	42	36	45	168	178	186
Sweden	43	41	42	11	11	10	13	46	13	13	11	14	49	51	52
Central Europe	7	7	13	4	4	3	5	16	4	5	4	5	17	18	19
China	4	4	4	1	1	2	2	6	2	2	2	2	6	8	9
Employees	1813	1948	2407	2596	2638	2781	2802	2711	2855	3051	3050	3070	3070	3170	3250
Sales/Employee, kEUR	73	72	76	86	83	69	85	79	84	82	70	87	78	80	81
Salary/Employee, kEUR	-52	-52	-54	-59	-55	-46	-55	-53	-57	-53	-45	-56	-52	-52	-53
Material and services	-10	-8	-14	-5	-5	-4	-6	-20	-5	-6	-5	-6	-22	-22	-23
Staff costs	-94	-101	-129	-38	-36	-32	-39	-145	-40	-41	-34	-43	-158	-165	-172
Other	-18	-20	-26	-7	-7	-7	-8	-29	-8	-9	-8	-10	-34	-39	-43
EBITDA	**10.5**	**11.7**	**15.0**	**5.2**	**5.5**	**4.2**	**5.9**	**20.8**	**5.7**	**7.1**	**5.8**	**7.6**	**26.2**	**27.7**	**29.1**
EBITDA-%	7.9 %	8.3 %	8.1 %	9.4 %	10.2 %	8.9 %	10.1 %	9.7 %	9.7 %	11.4 %	11.1 %	11.5 %	10.9 %	10.9 %	10.9 %
Depreciation	-3	-3	-4.8	-1.3	-1.3	-1.3	-1.3	-5.3	-1.3	-1.4	-1.5	-1.4	-5.6	-5.7	-5.8
EBIT	**7.9**	**8.6**	**10.1**	**3.8**	**4.2**	**2.9**	**4.6**	**15.5**	**4.4**	**5.7**	**4.4**	**6.2**	**20.6**	**22.0**	**23.3**
EBIT-%	6.0 %	6.1 %	5.5 %	7.0 %	7.8 %	6.1 %	7.8 %	7.2 %	7.5 %	9.1 %	8.3 %	9.4 %	8.6 %	8.6 %	8.7 %
PPA	-0.5	0.9	1.9	0.5	0.5	0.5	0.5	1.9	0.5	0.4	0.4	0.5	1.8	2.0	2.0
EBIT BO	**7.4**	**9.5**	**12.1**	**4.3**	**4.7**	**3.4**	**4.8**	**17.2**	**4.9**	**6.0**	**4.8**	**6.7**	**22.9**	**24.0**	**25.3**
EBIT BO-%	5.6 %	6.8 %	6.6 %	7.9 %	8.6 %	7.1 %	8.2 %	8.0 %	8.3 %	9.7 %	9.2 %	10.2 %	9.6 %	9.4 %	9.5 %

Source: Etteplan, Evli Estimates

Valuation

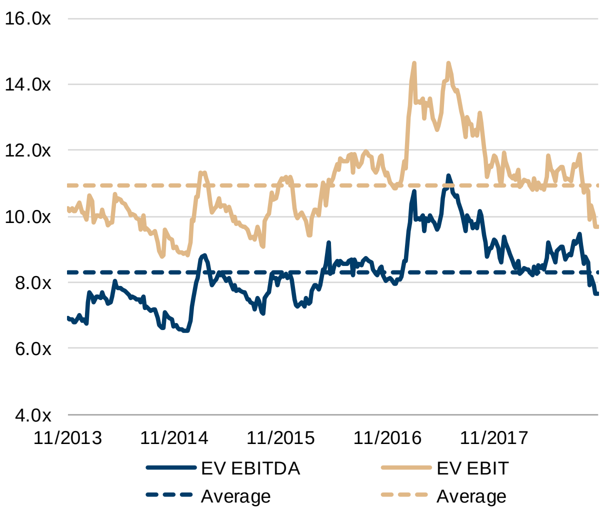
BUY with a target price of EUR 9.0 (9.5)

Etteplan saw valuation levels increase during 2017 and 2018 following the positive change in market outlook. Valuation has since fallen below the historical average due to increased market uncertainty. Compared to peer 2019E and 2020E multiples Etteplan trades at a discount, most notably on EV/EBITDA, reflecting the PPA amortization. Etteplan has historically traded on a slight discount to peers on forward 12-month EV/EBITDA. In our view, Etteplan's expansion in software and digitalization solutions would warrant higher valuation than historical averages would suggest, although the more traditional engineering services share still remains high. We note that the increased uncertainty in coming years market development does warrant caution but the '19- '20E discount of ~20 % on to peer '19E and '20E EV/EBITDA does not appear justified. We value Etteplan at 8.8x 2019E EV/EBITDA, giving a target price of EUR 9.0 (9.5) and BUY recommendation.

VALUATION	
	Implied value
DCF	9.6
Peer EV/EBITDA '19-'20	10.0-10.1
Peer EV/EBIT '19-'20	8.5
Peer P/E '19-'20	8.6-8.7
Target price (EUR)	**9.0**

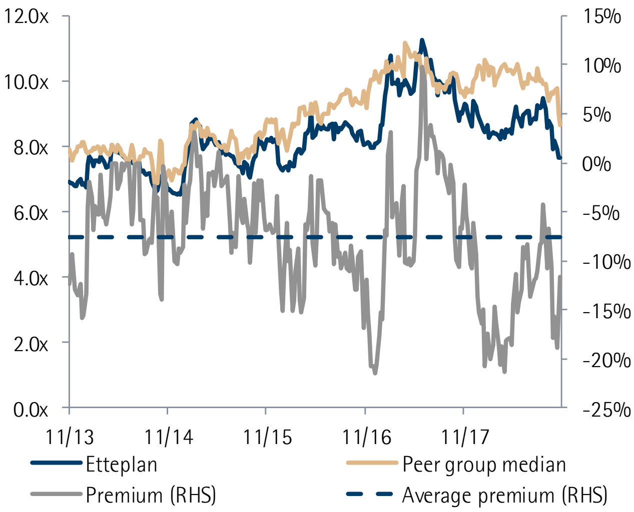
Source: Evli Research

Figure 13. Historical 12m forward EV/EBIT and EV/EBITDA



Source: FactSet

Figure 14. Historical 12m fwd EV/EBITDA, Etteplan and peers



Source: FactSet

Table 6. Peer group

ETTEPLAN PEER GROUP	MCAP MEUR	EV/EBIT 18E	EV/EBIT 19E	EV/EBIT 20E	EV/EBITDA 18E	EV/EBITDA 19E	EV/EBITDA 20E	P/E 18E	P/E 19E	P/E 20E
Poyry	444	9.9x	9.6x	8.9x	8.2x	8.8x	8.2x	13.7x	12.7x	11.4x
SWECO	2273	16.7x	15.2x	14.1x	13.6x	12.7x	12.0x	19.0x	17.3x	16.1x
AF	1394	13.4x	12.4x	11.6x	11.9x	11.1x	10.4x	15.9x	14.3x	13.4x
Semcon	87	7.3x	6.5x	6.0x	6.6x	5.9x	5.5x	9.7x	8.8x	8.0x
Alten	2745	12.7x	11.6x	10.9x	11.9x	10.8x	10.2x	17.1x	15.4x	14.5x
Altran Technologies	2217	13.3x	10.6x	9.5x	10.3x	8.6x	7.8x	12.8x	9.4x	8.4x
Bertrandt	771	11.4x	9.7x	8.9x	7.7x	6.7x	6.1x	14.7x	12.4x	11.3x
AKKA Technologies	1108	13.1x	10.5x	9.2x	10.6x	8.3x	7.4x	18.1x	13.0x	11.2x
HiQ	274	13.4x	11.7x	10.9x	12.5x	11.1x	10.3x	17.8x	15.6x	14.5x
Acando	306	11.6x	10.3x	9.6x	10.9x	9.7x	9.0x	14.5x	13.0x	12.1x
Tieto	1893	13.0x	12.6x	12.0x	9.9x	9.7x	9.4x	14.5x	14.0x	13.5x
Peer Group Average	1143	**12.3x**	**11.0x**	**10.1x**	**10.4x**	**9.4x**	**8.8x**	**15.3x**	**13.3x**	**12.2x**
Peer Group Median	939	**13.0x**	**10.6x**	**9.6x**	**10.6x**	**9.7x**	**9.0x**	**14.7x**	**13.0x**	**12.1x**
Etteplan (Evli est.)	**200**	**11.0x**	**10.0x**	**9.1x**	**8.6x**	**7.9x**	**7.2x**	**12.9x**	**12.1x**	**11.3x**
Etteplan prem./disc. to peer median		*-16%*	*-6%*	*-5%*	*-18%*	*-18%*	*-20%*	*-12%*	*-8%*	*-7%*

Source Bloomberg, Evli Research

ETTEPLAN PEER GROUP	Sales 17A	Sales gr. 18E	Sales gr. 19E	EBIT-% 18E	EBIT-% 19E	EBIT-% 20E	Div. yield 18E	Div. yield 19E	Div. yield 20E
Poyry	522	9%	7%	8.0 %	7.6 %	7.8 %	2.1 %	2.8 %	2.8 %
SWECO	1753	4%	5%	8.4 %	8.8 %	9.1 %	2.8 %	3.1 %	3.4 %
AF	1314	2%	6%	9.1 %	9.3 %	9.5 %	3.1 %	3.4 %	3.7 %
Semcon	183	-3%	3%	6.5 %	7.0 %	7.4 %	6.6 %	7.1 %	7.5 %
Alten	1975	13%	8%	9.8 %	9.9 %	10.0 %	1.3 %	1.3 %	1.3 %
Altran Technologies	2282	27%	10%	10.0 %	11.4 %	12.1 %	2.4 %	2.5 %	2.9 %
Bertrandt	992	5%	5%	7.5 %	8.4 %	8.7 %	3.2 %	3.3 %	3.6 %
AKKA Technologies	1334	9%	21%	7.3 %	7.6 %	8.3 %	1.5 %	1.8 %	2.0 %
HiQ	186	-3%	6%	10.9 %	11.7 %	12.0 %	6.5 %	6.9 %	7.3 %
Acando	254	7%	9%	10.0 %	10.3 %	10.5 %	5.5 %	6.0 %	6.5 %
Tieto	1543	4%	3%	10.0 %	10.1 %	10.2 %	5.6 %	5.8 %	5.9 %
Peer Group Average	**1122**	**7%**	**8%**	**8.9 %**	**9.3 %**	**9.6 %**	**3.7 %**	**4.0 %**	**4.3 %**
Peer Group Median	**1314**	**5%**	**6%**	**9.1 %**	**9.3 %**	**9.5 %**	**3.1 %**	**3.3 %**	**3.6 %**
Etteplan (Evli est.)	**215**	**12%**	**6%**	**8.6 %**	**8.6 %**	**8.7 %**	**3.8 %**	**4.0 %**	**4.4 %**
Etteplan prem./disc. to peer median									

Source Bloomberg, Evli Research

VALUATION RESULTS		BASE CASE DETAILS		VALUATION ASSUMPTIONS		ASSUMPTIONS FOR WACC	
Current share price	8.00	PV of Free Cash Flow	110	Long-term growth, %	2.5	Risk-free interest rate, %	2.25
DCF share value	9.61	PV of Horizon value	160	WACC, %	8.3	Market risk premium, %	5.8
Share price potential, %	20.1	Unconsolidated equity	0	Spread, %	0.5	Debt risk premium, %	3.3
Maximum value	10.6	Marketable securities	10	Minimum WACC, %	7.8	Equity beta coefficient	0.70
Minimum value	8.8	Debt - dividend	-41	Maximum WACC, %	8.8	Target debt ratio, %	20
Horizon value, %	59.1	Value of stock	240	Nr of shares, Mn	25.0	Effective tax rate, %	20

DCF valuation, EURm	2017	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Horizon
Net sales	215	240	255	266	274	281	288	295	303	310	318	326
Sales growth, %	*16.7*	*11.6*	*6.2*	*4.7*	*2.9*	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*
Operating income (EBIT)	15	21	22	23	23	24	24	25	24	25	25	26
EBIT margin, %	*7.2*	*8.6*	*8.6*	*8.7*	*8.5*	*8.5*	*8.5*	*8.5*	*8.0*	*8.0*	*8.0*	*8.0*
+ Depreciation+amort.	5	6	6	6	6	7	7	7	7	7	7	
- Income taxes	-3	-5	-5	-5	-5	-5	-5	-6	-5	-6	-6	
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	
NWC / Sales, %	*2.5*	*2.4*	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*	*2.5*	*2.6*	*2.6*	*2.6*	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Capital Expenditure	-5	-17	-7	-7	-7	-7	-7	-8	-8	-8	-8	-8
Investments / Sales, %	*2.4*	*7.2*	*2.6*	*2.8*	*2.6*	*2.6*	*2.6*	*2.6*	*2.6*	*2.6*	*2.6*	*2.6*
- Other items	-2	0	0	0	0	0	0	0	0	0	0	
= Unlevered Free CF (FCF)	11	4	16	16	17	18	18	18	18	18	19	330
= Discounted FCF (DFCF)		4	14	14	13	13	12	11	10	10	9	160

= DFCF min WACC		4	14	14	14	13	12	12	10	10	9	182
= DFCF max WACC		4	14	14	13	12	12	11	10	9	9	141

INTERIM FIGURES

EVLI ESTIMATES, EURm	2017Q1	2017Q2	2017Q3	2017Q4	2017	2018Q1	2018Q2	2018Q3	2018Q4E	2018E	2019E	2020E
Net sales	55	54	47	58	215	59	62	53	66	240	255	266
EBITDA	5	5	4	6	21	6	7	6	8	26	28	29
EBITDA margin (%)	*9.4*	*10.0*	*9.1*	*10.1*	*9.7*	*9.7*	*11.4*	*11.1*	*11.5*	*11.0*	*10.9*	*11.0*
EBIT	4	4	3	5	15	4	6	4	6	21	22	23
EBIT margin (%)	*7.0*	*7.8*	*6.1*	*7.8*	*7.2*	*7.5*	*9.1*	*8.4*	*9.4*	*8.6*	*8.6*	*8.7*
Net financial items	0	0	0	0	-1	0	0	0	0	-1	-1	-1
Pre-tax profit	4	4	3	4	15	4	6	4	6	20	21	23
Tax	-1	-1	-1	-1	-3	-1	-1	-1	-1	-4	-5	-5
Tax rate (%)	*20.6*	*22.9*	*24.0*	*19.1*	*21.4*	*23.0*	*21.3*	*21.9*	*23.2*	*22.3*	*22.3*	*22.3*
Net profit	3	3	2	3	12	3	4	3	5	16	17	18
EPS	0.12	0.13	0.08	0.14	0.47	0.13	0.17	0.13	0.19	0.62	0.66	0.71
EPS adjusted (diluted no. of shares)	0.12	0.13	0.08	0.14	0.47	0.13	0.17	0.13	0.19	0.62	0.66	0.71
Dividend per share	0.00	0.00	0.00	0.00	0.23	0.00	0.00	0.00	0.00	0.30	0.32	0.35
SALES, EURm												
Engineering Services	31	31	26	33	121	34	35	29	37	134	141	145
Embedded Systems and IoT	14	13	11	14	52	14	16	14	16	60	66	71
Technical Documentation	10	10	10	12	42	11	11	10	13	45	48	50
Total	55	54	47	58	215	59	62	53	66	240	255	266
SALES GROWTH, Y/Y %												
Engineering Services	*3.6*	*3.7*	*11.3*	*10.8*	*7.1*	*8.3*	*13.7*	*11.4*	*11.6*	*11.2*	*5.0*	*3.0*
Embedded Systems and IoT	*0.0*	*13.5*	*10.3*	*2.7*	*46.8*	*4.0*	*19.2*	*18.7*	*18.2*	*14.9*	*10.0*	*8.0*
Technical Documentation	*17.4*	*15.8*	*16.6*	*18.2*	*17.0*	*10.8*	*9.8*	*3.5*	*10.1*	*8.6*	*5.0*	*5.0*
Total	*41.8*	*8.1*	*12.1*	*10.1*	*16.7*	*7.7*	*14.3*	*11.5*	*12.8*	*11.6*	*6.2*	*4.7*
EBIT, EURm												
Engineering Services	2	3	2	3	10	3	4	3	4	14	13	14
Embedded Systems and IoT	1	1	1	1	4	1	1	1	2	6	6	7
Technical Documentation	1	1	1	1	4	1	1	1	1	4	4	5
Other & PPA	-1	-1	-1	-1	-2	-1	-1	-1	0	-2	-2	-2
Total	4	4	3	5	15	4	6	4	6	21	22	23
EBIT margin, %												
Engineering Services	*7.5*	*8.7*	*7.1*	*8.8*	*8.1*	*9.1*	*10.7*	*10.0*	*10.3*	*10.0*	*9.5*	*9.4*
Embedded Systems and IoT	*9.8*	*8.8*	*7.4*	*7.3*	*8.4*	*7.9*	*8.6*	*9.8*	*10.5*	*9.2*	*9.6*	*10.0*
Technical Documentation	*7.9*	*9.5*	*8.4*	*10.4*	*9.1*	*7.6*	*9.5*	*8.0*	*9.4*	*8.7*	*9.0*	*9.0*
Total	*7.0*	*7.8*	*6.1*	*7.8*	*7.2*	*7.5*	*9.1*	*8.4*	*9.4*	*8.6*	*8.6*	*8.7*

INCOME STATEMENT, EURm	2013	2014	2015	2016	2017	2018E	2019E	2020E
Sales	129	132	141	184	215	240	255	266
Sales growth (%)	*-4.4*	*2.6*	*7.0*	*30.3*	*16.7*	*11.6*	*6.2*	*4.7*
Costs	-120	-121	-131	-171	-194	-213	-227	-237
Reported EBITDA	9	10	12	15	21	26	28	29
Extraordinary items in EBITDA	0	0	1	2	0	0	0	0
EBITDA margin (%)	*7.0*	*8.0*	*8.3*	*8.1*	*9.7*	*11.0*	*10.9*	*11.0*
Depreciation	-3	-3	-3	-5	-5	-6	-6	-6
EBITA	6	8	9	10	15	21	22	23
Goodwill amortization / writedown	0	0	0	0	0	0	0	0
Reported EBIT	6	7	9	10	15	21	22	23
EBIT margin (%)	*5.0*	*5.6*	*6.1*	*5.5*	*7.2*	*8.6*	*8.6*	*8.7*
Net financials	-1	-1	-1	-1	-1	-1	-1	-1
Pre-tax profit	6	7	8	9	15	20	21	23
Extraordinary items	0	1	0	0	0	0	0	0
Taxes	-1	-1	-2	-2	-3	-4	-5	-5
Minority shares	0	0	0	0	0	0	0	0
Net profit	4	6	6	7	12	16	17	18

BALANCE SHEET, EURm								
Assets								
Fixed assets	9	8	12	22	22	26	27	29
% of sales	*7*	*6*	*9*	*12*	*10*	*11*	*11*	*11*
Goodwill	39	39	43	58	59	66	66	66
% of sales	*30*	*29*	*30*	*32*	*27*	*28*	*26*	*25*
Inventory	0	0	0	0	0	0	0	0
% of sales	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Receivables	26	26	28	49	53	55	59	61
% of sales	*20*	*20*	*20*	*27*	*24*	*23*	*23*	*23*
Liquid funds	1	3	9	5	10	11	12	13
% of sales	*1*	*2*	*6*	*3*	*5*	*5*	*5*	*5*
Total assets	74	75	93	134	144	160	165	169
Liabilities								
Equity	25	29	35	53	58	68	77	86
% of sales	*20*	*22*	*25*	*29*	*27*	*28*	*30*	*32*
Deferred taxes	1	1	2	3	3	3	3	3
% of sales	*1*	*1*	*1*	*2*	*2*	*1*	*1*	*1*
Interest bearing debt	20	19	23	34	35	38	31	24
% of sales	*15*	*14*	*16*	*19*	*16*	*16*	*12*	*9*
Non-interest bearing current liabilities	25	27	32	43	46	48	51	53
% of sales	*20*	*20*	*23*	*23*	*21*	*20*	*20*	*20*
Other interest free debt	3	0	1	2	2	2	2	2
% of sales	*2*	*0*	*1*	*1*	*1*	*1*	*1*	*1*
Total liabilities	75	75	93	134	144	160	165	169

CASH FLOW, EURm								
+ EBITDA	9	10	12	15	21	26	28	29
- Net financial items	-1	-1	-1	-1	-1	-1	-1	-1
- Taxes	-2	-2	-1	-3	-2	-4	-5	-5
- Increase in Net Working Capital	0	0	-1	-1	1	0	0	0
+/- Other	-4	0	1	-5	0	0	0	0
= Cash flow from operations	2	8	10	6	18	21	22	23
- Capex	-2	-1	-2	-2	-2	-17	-7	-7
- Acquisitions	0	-1	-2	-22	-3	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Net cash flow	5	7	7	1	11	3	15	16
+/- Change in interest-bearing debt	-1	-1	4	11	1	3	-7	-7
+/- New issues/buybacks	0	-1	3	14	-2	0	0	0
- Paid dividend	-3	-2	-3	-3	-4	-6	-7	-8
+/- Change in loan receivables	-1	-2	0	1	0	0	0	0
Change in cash	0	1	11	24	5	1	1	1

KEY FIGURES	2014	2015	2016	2017	2018E	2019E	2020E
M-cap	61	89	138	193	200	200	200
Net debt	16	14	29	25	27	19	11
Enterprise value	77	104	168	218	227	219	211
Sales	132	141	184	215	240	255	266
EBITDA	10	12	15	21	26	28	29
EBIT	7	9	10	15	21	22	23
Pre-tax	7	8	9	15	20	21	23
Earnings	6	6	7	12	16	17	18
Book value	29	35	53	58	68	77	86
Valuation multiples							
EV/sales	0.6	0.7	0.9	1.0	0.9	0.9	0.8
EV/EBITDA	7.3	8.9	11.2	10.5	8.6	7.9	7.2
EV/EBITA	9.7	12.0	16.6	14.1	11.0	10.0	9.1
EV/EBIT	10.4	12.0	16.6	14.1	11.0	10.0	9.1
EV/operating cash flow	9.9	10.4	29.8	11.9	10.7	9.8	8.9
EV/cash earnings	8.7	10.4	12.2	12.8	10.8	9.8	8.9
P/E	10.6	14.6	18.6	16.6	12.9	12.1	11.3
P/E excl. goodwill	9.8	14.6	18.6	16.6	12.9	12.1	11.3
P/B	2.1	2.6	2.6	3.3	2.9	2.6	2.3
P/sales	0.5	0.6	0.8	0.9	0.8	0.8	0.7
P/CF	7.8	9.0	24.5	10.5	9.4	8.9	8.4
Target EV/EBIT	*0.0*	*0.0*	*0.0*	*0.0*	*12.2*	*11.1*	*10.1*
Target P/E	*0.0*	*0.0*	*0.0*	*0.0*	*14.5*	*13.6*	*12.7*
Target P/B	*0.0*	*0.0*	*0.0*	*0.0*	*3.3*	*2.9*	*2.6*
Per share measures							
Number of shares	20,179	20,666	24,771	24,771	24,963	24,963	24,963
Number of shares (diluted)	20,179	20,666	24,771	24,771	24,963	24,963	24,963
EPS	0.28	0.30	0.30	0.47	0.62	0.66	0.71
EPS excl. goodwill	0.31	0.30	0.30	0.47	0.62	0.66	0.71
Cash EPS	0.44	0.48	0.56	0.69	0.84	0.89	0.95
Operating cash flow per share	0.38	0.48	0.23	0.74	0.85	0.89	0.95
Capital employed per share	2.23	2.36	3.32	3.34	3.80	3.85	3.92
Book value per share	1.42	1.68	2.12	2.34	2.71	3.08	3.46
Book value excl. goodwill	-0.49	-0.39	-0.22	-0.04	0.05	0.41	0.80
Dividend per share	0.15	0.15	0.16	0.23	0.30	0.32	0.35
Dividend payout ratio, %	53.2	50.6	53.3	49.2	48.3	48.2	50.0
Dividend yield, %	5.0	3.5	2.9	3.0	3.8	4.0	4.4
Efficiency measures							
ROE	21.0	19.3	17.1	21.0	24.7	22.9	21.6
ROCE	15.9	16.3	14.0	17.2	20.8	20.5	21.3
Financial ratios							
Capex/sales, %	1.7	2.5	13.1	2.4	7.2	2.6	2.8
Capex/depreciation excl. goodwill,%	87.3	-18.2	181.7	81.2	174.5	115.8	120.8
Net debt/EBITDA, book-weighted	1.5	1.2	2.0	1.2	1.0	0.7	0.4
Debt/equity, market-weighted	0.3	0.3	0.2	0.2	0.2	0.2	0.1
Equity ratio, book-weighted	38.1	37.4	39.2	40.1	42.4	46.6	51.0
Gearing	0.57	0.41	0.56	0.43	0.40	0.25	0.13
Number of employees, average	1,900	2,078	2,545	2,802	3,100	3,220	3,348
Sales per employee, EUR	69,430	67,947	72,274	76,597	77,273	79,039	79,565
EBIT per employee, EUR	3,892	4,136	3,984	5,526	6,667	6,834	6,949

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:

OWNERSHIP STRUCTURE	SHARES	EURm	%
Ingman Group Oy Ab	16,500,000	132.000	66.1%
Oy Fincorp Ab	2,501,000	20.008	10.0%
Varma Mutual Pension Insurance Company	985,593	7.885	3.9%
VAS Invest Oy	562,573	4.501	2.3%
Tuori Klaus	421,200	3.370	1.7%
Taaleri Mikro Markka fund	351,808	2.814	1.4%
Tuori Aino Mirjami	308,275	2.466	1.2%
Kempe Anna	110,073	0.881	0.4%
Näkki Juha	104,947	0.840	0.4%
Etteplan Oyj	82,213	0.658	0.3%
Ten largest	21,927,682	175.421	88%
Residual	3,035,626	24.285	12%
Total	24,963,308	199.706	100%

EARNINGS CALENDAR	
February 07, 2019	FY 2018 Results
May 08, 2019	Q1 report
August 13, 2019	Q2 report
OTHER EVENTS	
April 04, 2019	AGM

COMPANY MISCELLANEOUS	
CEO: Juha Näkki	Ensimmäinen savu 01510 Vantaa
CFO: Per-Anders Gådin	Tel: +358 1,0 3,070
IR: Outi Torniainen	

DEFINITIONS

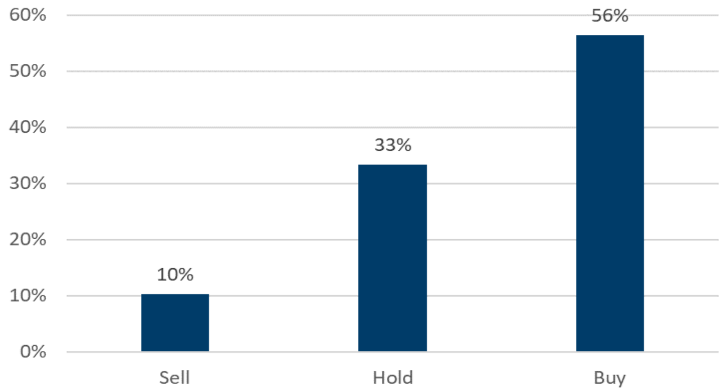
P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales $\frac{\text{Market cap}}{\text{Sales}}$	DPS Dividend for the financial period per share
P/BV $\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS $\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF $\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share $\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value) Market cap + net debt + minority interest at market value – share of associated companies at market value	Sales/Share $\frac{\text{Sales}}{\text{Number of shares}}$
Net debt Interest bearing debt – financial assets	EBITDA/Share $\frac{\text{Earnings before interest, tax, depreciation and amortisation}}{\text{Number of shares}}$
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share $\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortisation}}$	EAFI/Share $\frac{\text{Pretax profit}}{\text{Number of shares}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share $\frac{\text{Total assets} - \text{non interest bearing debt}}{\text{Number of shares}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets Balance sheet total
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x) $\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share $\frac{\text{Financial assets} - \text{interest bearing debt}}{\text{Number of shares}}$	Asset turnover (x) $\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, % $\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest free short term debt} - \text{long term advances received and accounts payable (average)}}$	Debt/Equity, % $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, % $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non interest bearing debt (average)}}$	Equity ratio, % $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest free loans}}$
ROE, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, % Cumulative annual growth rate = Average growth per year

Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at
https://research.evli.com/JasperAllModels.action?authParam=key;461&authParam=x;G3rNagWrtf7K&authType=3
Detailed information about the valuation or methodology and the underlying assumptions is accessible via ERP:
http://research.evli.com
Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is in general updated 2 – 4 per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 16th of April 2018. If recommendation is not given, it is not mentioned here.

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on 29.11.2018, 8:30. This report has been published on 29.11.2018, 9:00.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP may pursue an assignment from the issuer(s) of the financial instruments mentioned in the recommendation or this report. These assignments may have a limited economic or financial impact on ERP and/or Evli. Under such assignments ERP may perform services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making services.

Evli Group's Member of the Board Robert Ingman is a Member of the Board of the company.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions performed by Evli Bank Plc or any company within Evli Group.

This report has been disclosed to the company prior to its dissemination. The company has not made any amendments to its contents. Selected portions of the report were provided to the company for fact checking purposes only.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

Contact information

SALES AND TRADING HELSINKI

Equity Sales

Ari Laine	+358 9 4766 9115
Lauri Ahokanto	+358 9 4766 9117
Niclas Henelius	+358 9 4766 9116

Structured Investments

Heikki Savijoki	+358 9 4766 9726
Aki Lakkisto	+358 9 4766 9123

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
Markku Reinikainen	+358 9 4766 9669

Trading

Lauri Vehkaluoto (Head)	+358 9 4766 9130
Pasi Väisänen	+358 9 4766 9120
Antti Kässi	+358 9 4766 9120

Corporate Bonds sales and trading

Jukka Hyvönen	+46 8 407 8138
Thomas Kaukonen	+358 9 4766 9542

ETFs and Derivatives

Tobias Björk (Head)	+358 9 4766 9130
Joachim Dannberg	+358 9 4766 9123
Kimmo Lilja	+358 9 4766 9130

Derivatives Trading

Sami Järvinen	+358 9 4766 9110

SALES AND TRADING STOCKHOLM

Urban Lawesson (Head)	+46 8 407 8021
Thomas Kåhrström	+46 8 407 8018

EQUITY RESEARCH

Joonas Häyhä	+358 9 4766 9662
Jonas Forslund	+358 9 4766 9314
Olli Pöyhönen	+358 9 4766 9643
Jerker Salokivi	+358 9 4766 9149

EVLI

EVLI BANK PLC

Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail
firstname.lastname@evli.com

EVLI BANK PLC,
STOCKHOLMSFILIAL
Kungsgatan 27, P.O. Box 16354
SE-111 56 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001