

Etteplan Q3 2023: Forward in an uncertain market situation

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Operating environment in Q3 2023

- Russian aggression against Ukraine continued.
- Conflict in the Middle East has further elevated geopolitical tensions and increased uncertainty globally.
- Uncertainty, continued high inflation and rising interest rates have reduced our customers' willingness to invest and weakened the demand situation in certain customer industries.
- Investments related to the defense industry, energy efficiency and green transition were growing.

Development in main markets:

Customers' declining delivery volumes weakened demand in Europe. Growing geopolitical tensions and increased uncertainty, and high inflation and interest rates in all of our operating countries in Europe have an impact on the demand situation.

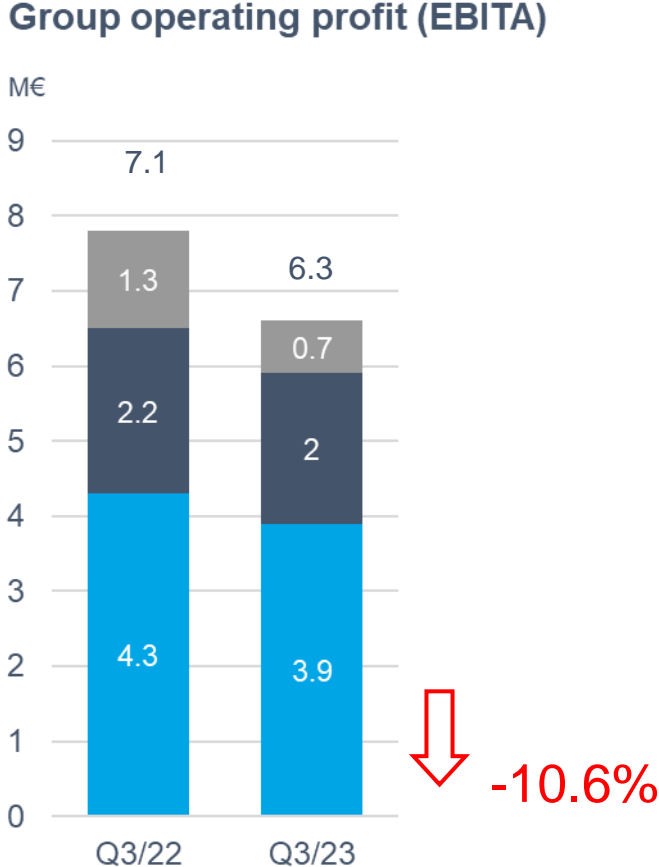
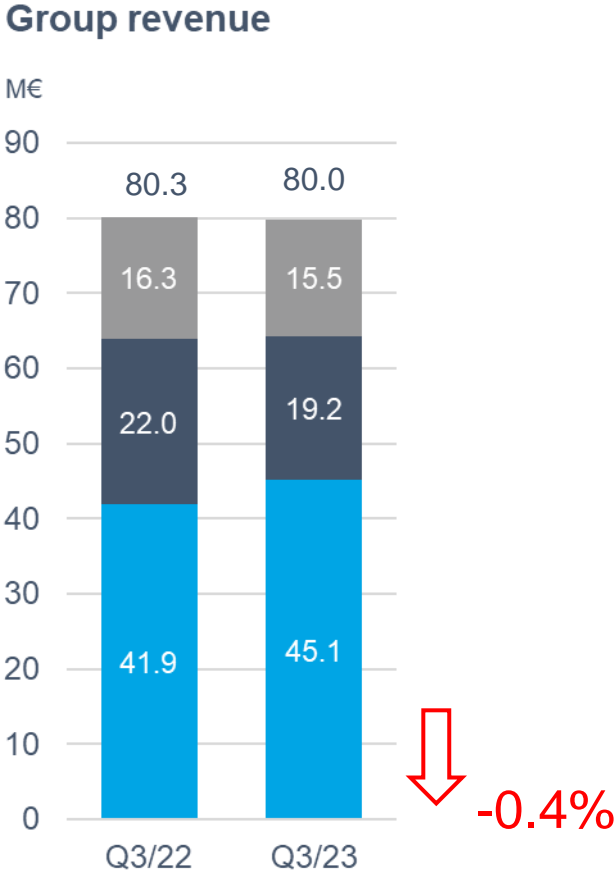
Geopolitical tensions have also increased uncertainty in China and affected Western investments and international trade.

Highlights Q3 2023

- + Operating cash flow improved and was at a good level despite weaker market conditions.
- + Software and Embedded Solutions service area's profitability improved to a good level.
- + Product development activity showed slight signs of recovery, and some investment projects were started.
- + We continued to invest in growth by acquiring German LAE Engineering GmbH and High Vision Engineering Sweden AB.
- Customers' declining delivery volumes weakened demand.
- Technical Communication Solutions service area did not develop as expected, and profitability was weak especially in Central Europe.
- Growing uncertainty in the markets makes it even more difficult to predict future development.



Revenue and operating profit (EBITA)



At comparable exchange rates +2.1%

■ Engineering Solutions
 ■ Software and Embedded Solutions
 ■ Technical Communication Solutions

Revenue and personnel



- Engineering Solutions 56% (52%)
- Software and Embedded Solutions 24% (28%)
- Technical Communication Solutions 20% (20%)

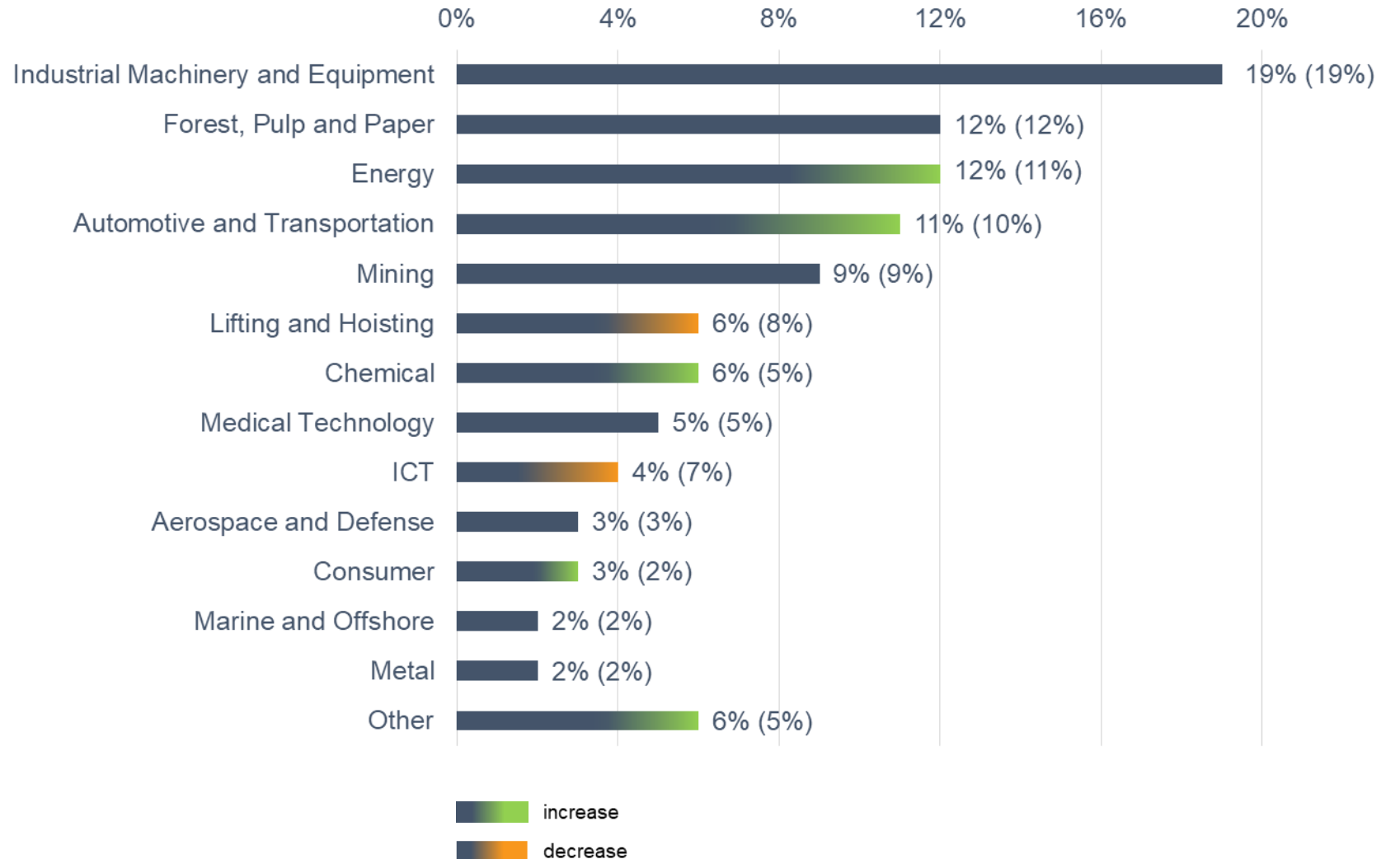


- Finland 51% (52%)
- Scandinavia 24% (25%)
- Central Europe 22% (19%)
- China 3% (4%)



- Finland 50% (51%)
- Scandinavia 19% (18%)
- Central Europe 22% (20%)
- China 10% (11%)

Revenue by customer segment 1-9/2023



Financial development Q3 2023



Key Figures

M€	7-9/2023	7-9/2022	Change %	1-9/2023	1-9/2022	Change %	1-12/2022
Revenue	80.0	80.3	-0.4	264.8	259.1	2.2	350.2
Revenue from outside Finland	40.2	39.7	1.2	129.1	124.9	3.4	169.1
Operating profit (EBITA)	6.3	7.1	-10.6	21.3	24.2	-11.8	33.9
EBITA, %	7.9	8.8		8.1	9.3		9.7
Operating profit (EBIT)	5.0	5.8	-13.9	17.3	20.2	-14.2	28.6
EBIT, %	6.2	7.2		6.5	7.8		8.2
Basic earnings per share, EUR	0.10	-0.03	486.9	0.43	0.43	0.0	0.73
Operating cash flow	7.1	4.1	73.5	23.0	17.1	34.6	28.1
Managed Services Index	70	67	4.0	68	66	3.7	66
Personnel at end of the period	4,010	3,979	0.8	4,010	3,979	0.8	3,951

Revenue

Q3 2023

80.0 M€ (80.3) -0.4%

At comparable exchange rates +2.1%

Organic -4.1%

At comparable exchange rates -1.6%

1-9 2023

264.8 M€ (259.1) +2.2%

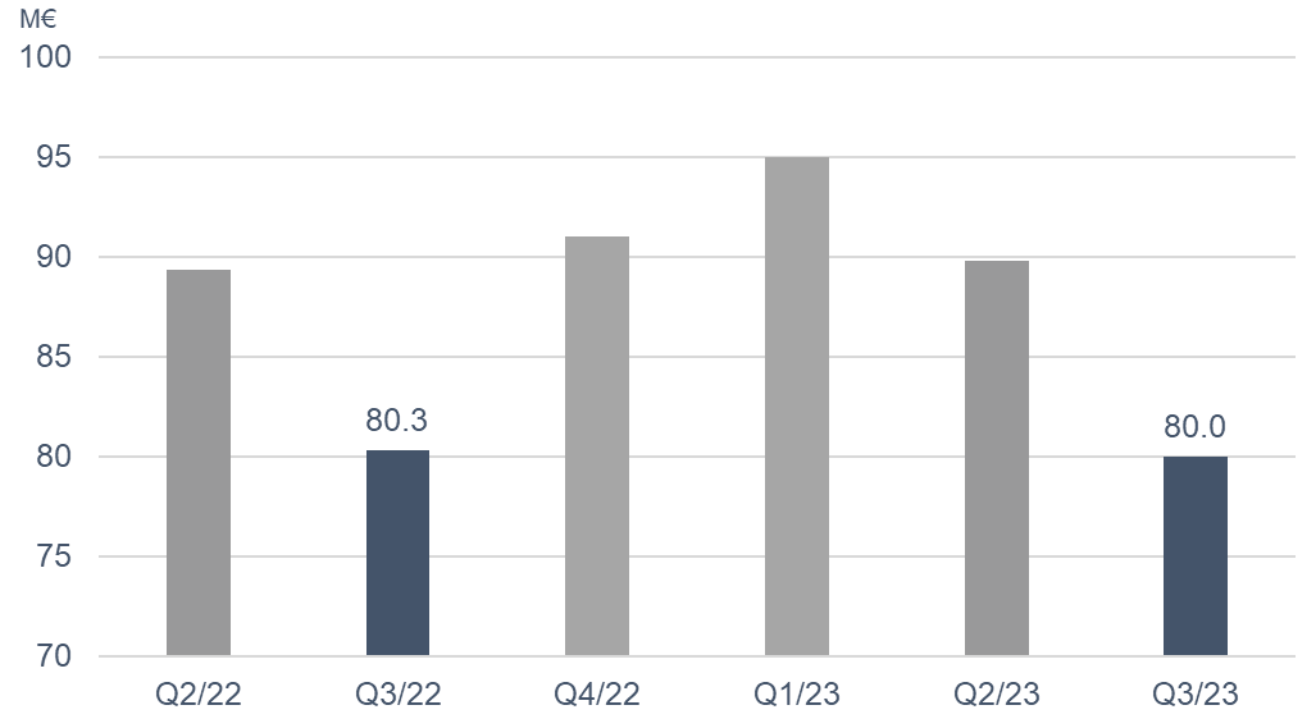
At comparable exchange rates +4.4%

Organic +0.5%

At comparable exchange rates +2.7%

Customers' declining delivery volumes weakened demand. Uncertainty and challenges in the operating environment slowed customers' decision-making affecting demand, and growth stopped.

Revenue from key accounts decreased by 5.8% in Q3.



EBITA

Q3 2023

6.3 M€, 7.9% (7.1 M€, 8.8%) -10.6%

Non-recurring -0.2 M€ (-0.7)

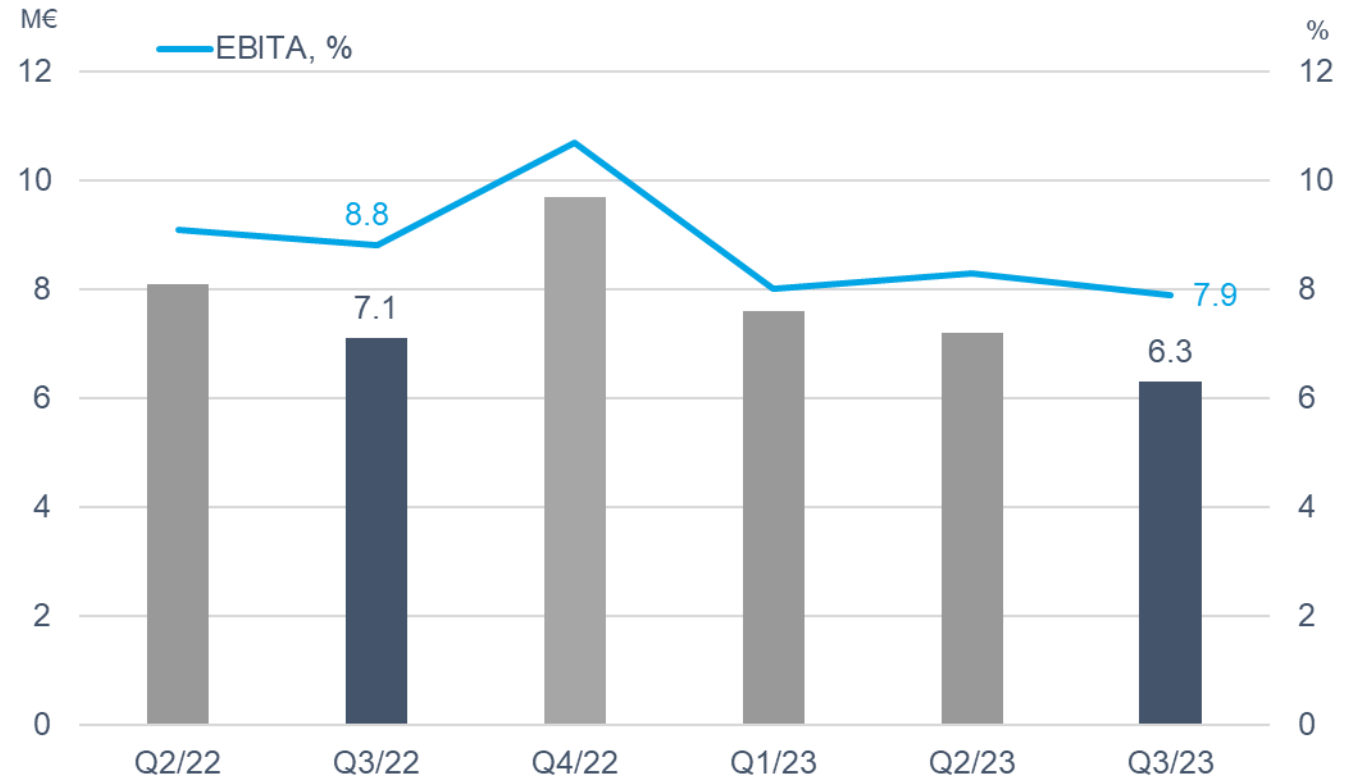
1-9 2023

21.3 M€, 8.1% (24.2 M€, 9.3%) -11.8%

Non-recurring -1.5 M€ (-1.3)

The combined effect of non-recurring items was EUR -0.2 (-0.7) million in July-September and EUR -1.5 (-1.3) million in January-September.

Operational efficiency was affected by weakening demand situation, especially in the Technical Communication Solutions service area, which had an impact on profitability.



EBIT

Q3 2023

5.0 M€, 6.2% (5.8 M€, 7.2%) -13.9%

Non-recurring -0.2 M€ (-0.7)

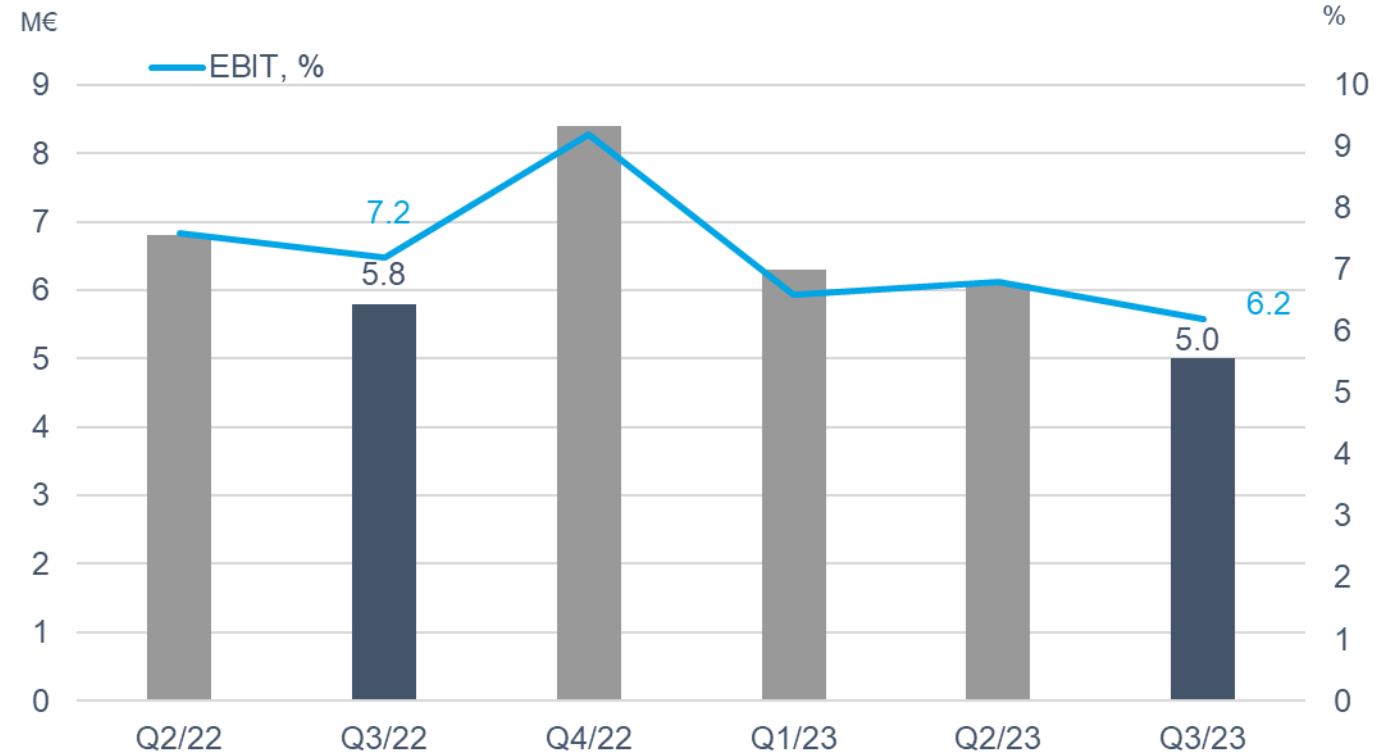
Amortization related to acquisitions 1.4 M€ (1.3)

1-9 2023

17.3 M€, 6.5% (20.2 M€, 7.8%) -14.2%

Non-recurring -1.5 M€ (-1.3)

Amortization related to acquisitions 4.0 M€ (4.0)



Earnings per share and dividend

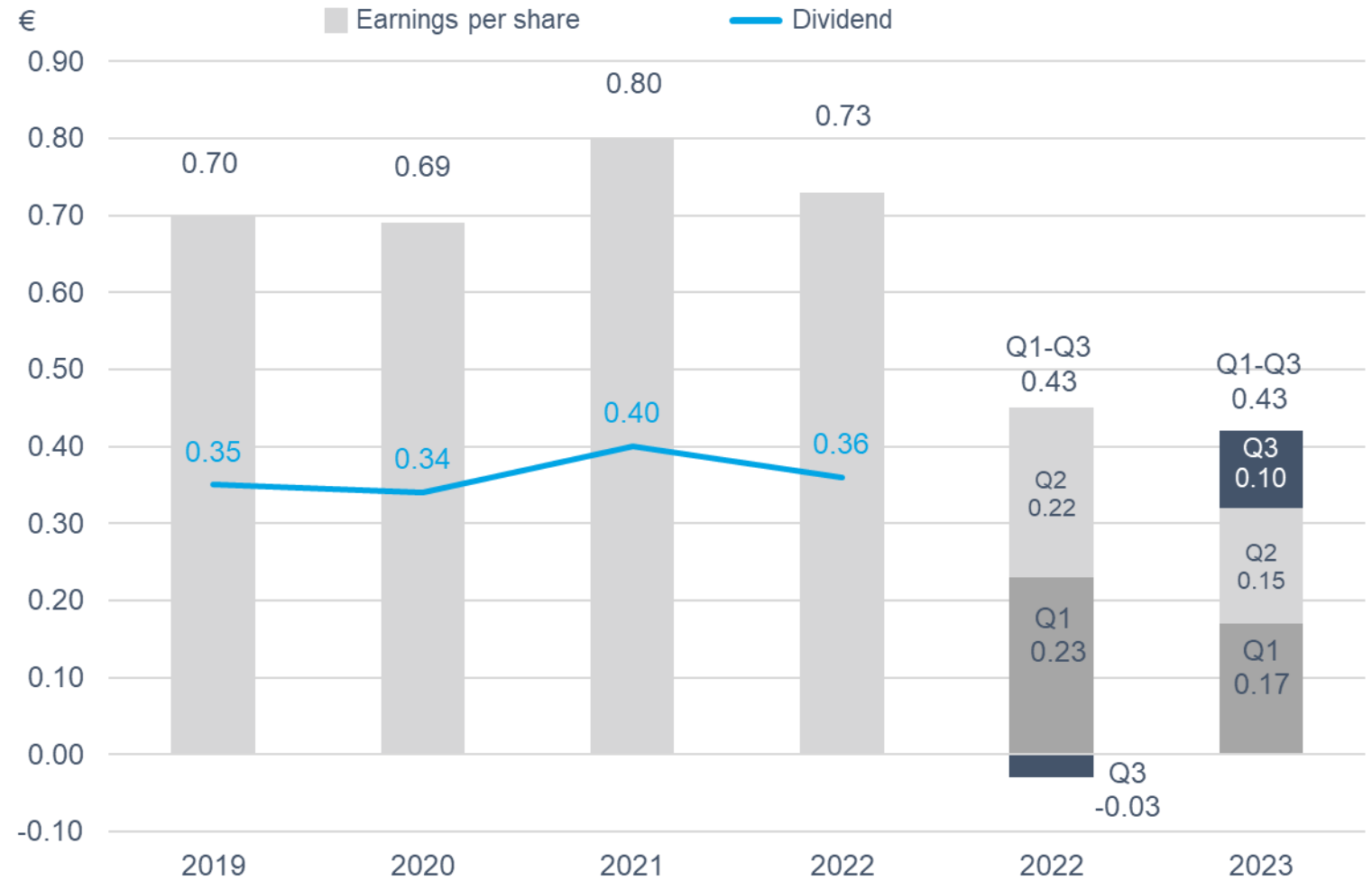
Earnings per share

Q3 2023: 0.10€ (-0.03) +487.0%

1-9 2023: 0.43€ (0.43) +0.0%

The rise in interest rates had an impact on financing costs and earnings per share.

In 2022, Semcon bid had a significant negative impact on financing items and, consequently, earnings per share in the third quarter.



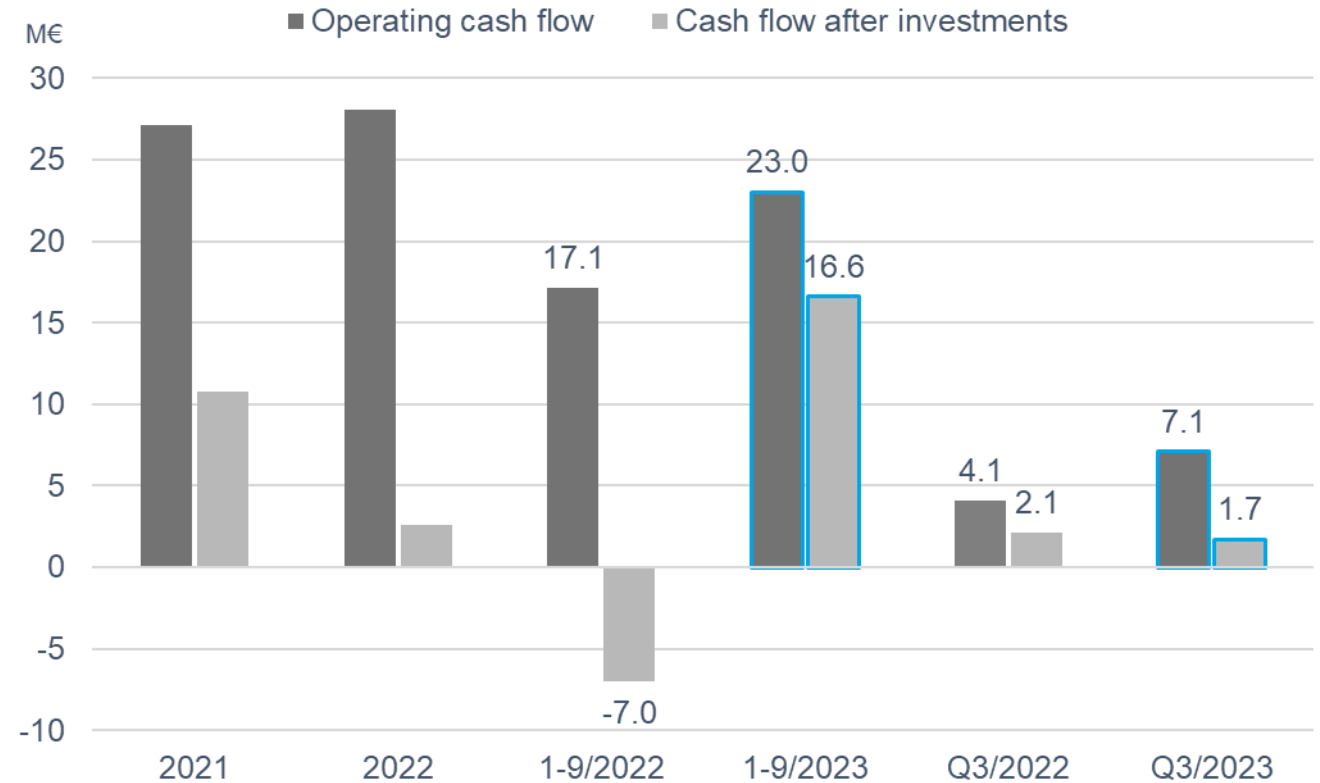
Cash flow

Operating cash flow

Q3 2023: 7.1 M€ (4.1)

1-9 2023: 23.0 M€ (17.1)

Operating cash flow improved and was at a good level.



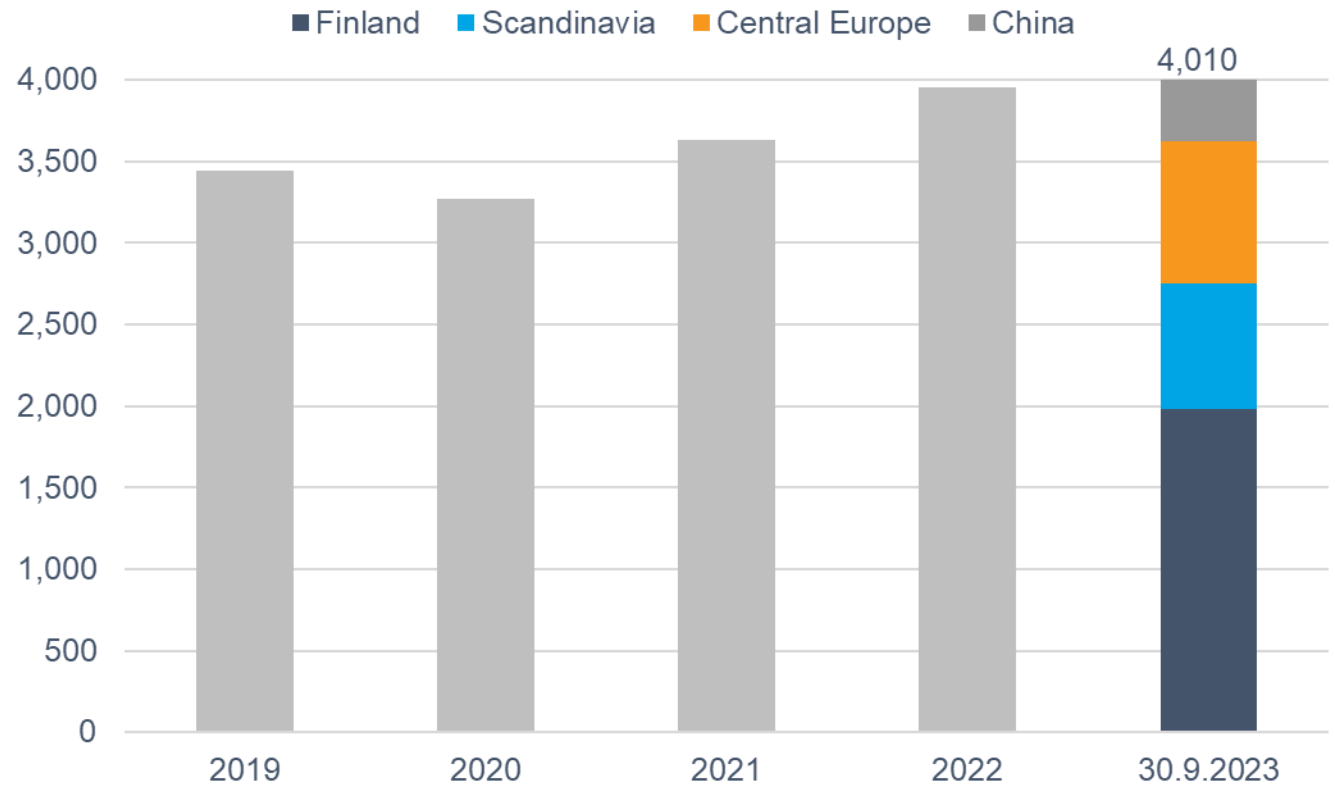
Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

Personnel

At the end of the period **4,010** (3,979) **+0,8%**
Average **3,954** (3,932)

Compared to the end of September 2022, the number of personnel increased as a result of acquisitions by 0,8%.

At the end of the review period, 2,025 (September 30, 2022: 1,966) people were employed by the Group outside of Finland.



Service areas Q3 2023

Engineering Solutions

Q3 2023

Revenue **45.1 M€** (41.9) **+7.6%**

Revenue from Managed Services **67%** (66%)

EBITA **3.9 M€**, **8.6%** (4.3 M€, 10.3%)

1-9 2023

Revenue **147.8 M€** (134.8) **+9.7%**

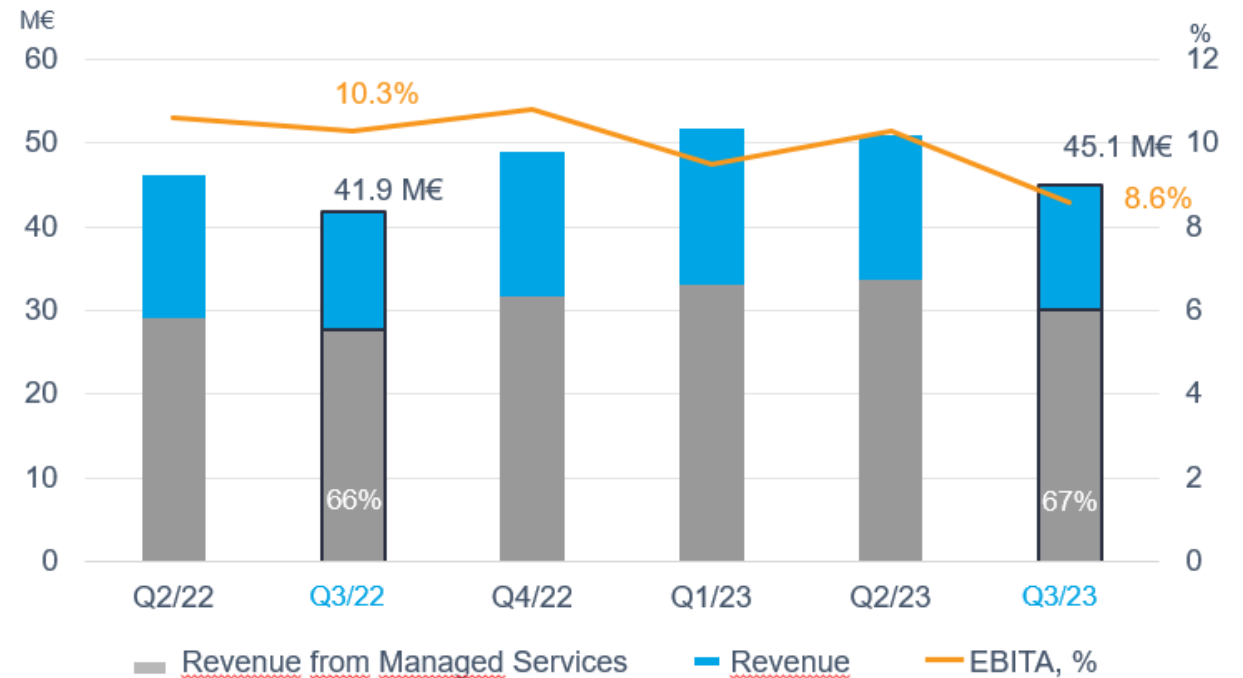
EBITA **14.1 M€**, **9.5%** (14.1 M€, 10.5%)

Personnel **2,244** (2,124) at the end of the period

The demand for customers' delivery related project engineering decreased slightly. We had to implement adaptation measures and operational efficiency remained at a fairly good level.

Our diverse service offering has proven its strength even in an uncertain market situation, and we won several outsourcing contracts during the review period.

Challenges in certain projects in Central Europe and weak market situation in China had an impact on profitability.



Annual revenue of approx. EUR 5 million and 33 employees were transferred to the Engineering Solutions service area from the Software and Embedded Solutions service area.

Software and Embedded Solutions

Q3 2023

Revenue **19.2 M€** (22.0) **-12,5%**
 Revenue from Managed Services **56%** (53%)
 EBITA **2.0 M€**, **10.4%** (2.2 M€, 9.9%)

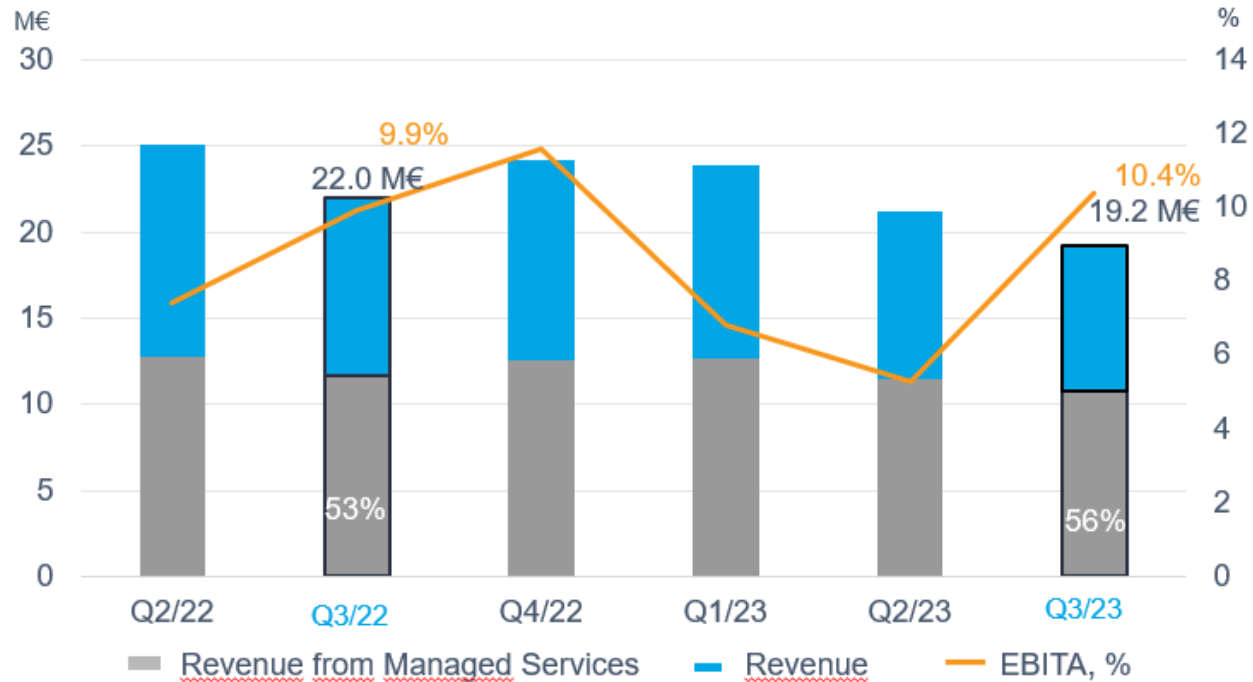
1-9 2023

Revenue **64.3 M€** (71.7) **-10.3%**
 EBITA **4.8 M€**, **7.4%** (6.4 M€, 8.9%)
 Personnel **741** (815) at the end of the period

The market situation remained challenging, and we had to implement adaptation measures to the organization.

Due to the measures taken and significant orders received during the review period, the service area’s operational efficiency improved, and profitability returned to a good level.

We saw slight signs of recovery in product development activity towards the end of the review period.



Annual revenue of approx. EUR 5 million and 33 employees were transferred to the Engineering Solutions service area from the Software and Embedded Solutions service area.

Technical Communication Solutions

Q3 2023

Revenue **15.5 M€** (16.3) **-5.0%**
 Revenue from Managed Services **91%** (91%)
 EBITA **0.7 M€**, **4.5%** (1.3 M€, 8.1%)

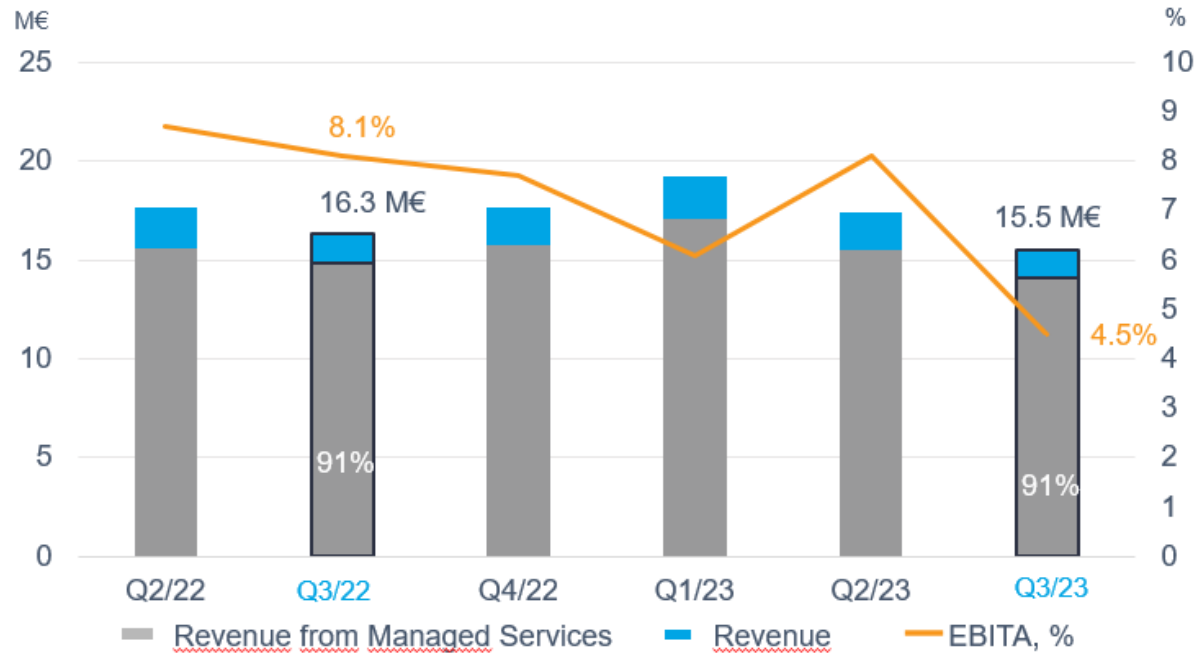
1-9 2023

Revenue **52.1 M€** (52.1) **+0.0%**
 EBITA **3.3 M€**, **6.3%** (4.7 M€, 9.0%)
 Personnel **862** (894) at the end of the period

Demand situation weakened, as our customers' delivery volumes decreased particularly in Central Europe.

Operational efficiency was not at our target level and profitability was weak, especially in Central Europe, where sickness-related absences and weak operational efficiency also affected the result.

We have taken corrective measures, and we expect profitability to improve.



Financial guidance for 2023 and Etteplan's targets



Financial guidance 2023

Etteplan updated and specified its financial guidance for revenue and operating profit (EBIT) and estimates:

- **Revenue in 2023 is estimated to be EUR 355–370 million** (previously MEUR 360-380, 2022: 350.2)
- **Operating profit (EBIT) in 2023 is estimated to be EUR 26–28.5 million** (previously MEUR 28-31, 2022: 28.6)

Market outlook

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. Continued Russian aggression against Ukraine and the further elevation of geopolitical tensions due to the conflict in the Middle East have increased uncertainty globally. Uncertainty, continued high inflation and rising interest rates have reduced our customers' willingness to invest and weakened the demand situation in certain customer industries.

However, investments related to the defense industry, energy efficiency and accelerating the green transition are continuing to grow. There is variation in demand, but we expect the general demand situation to remain moderate through the remainder of 2023.

Financial targets 2023-2024

Revenue
>EUR 500
million

Rolling 12 months:
EUR 356 million

55%
Revenue
outside
Finland

1-9/2023: 49%

75%
Managed
Services share
of Revenue

1-9/2023: 68%

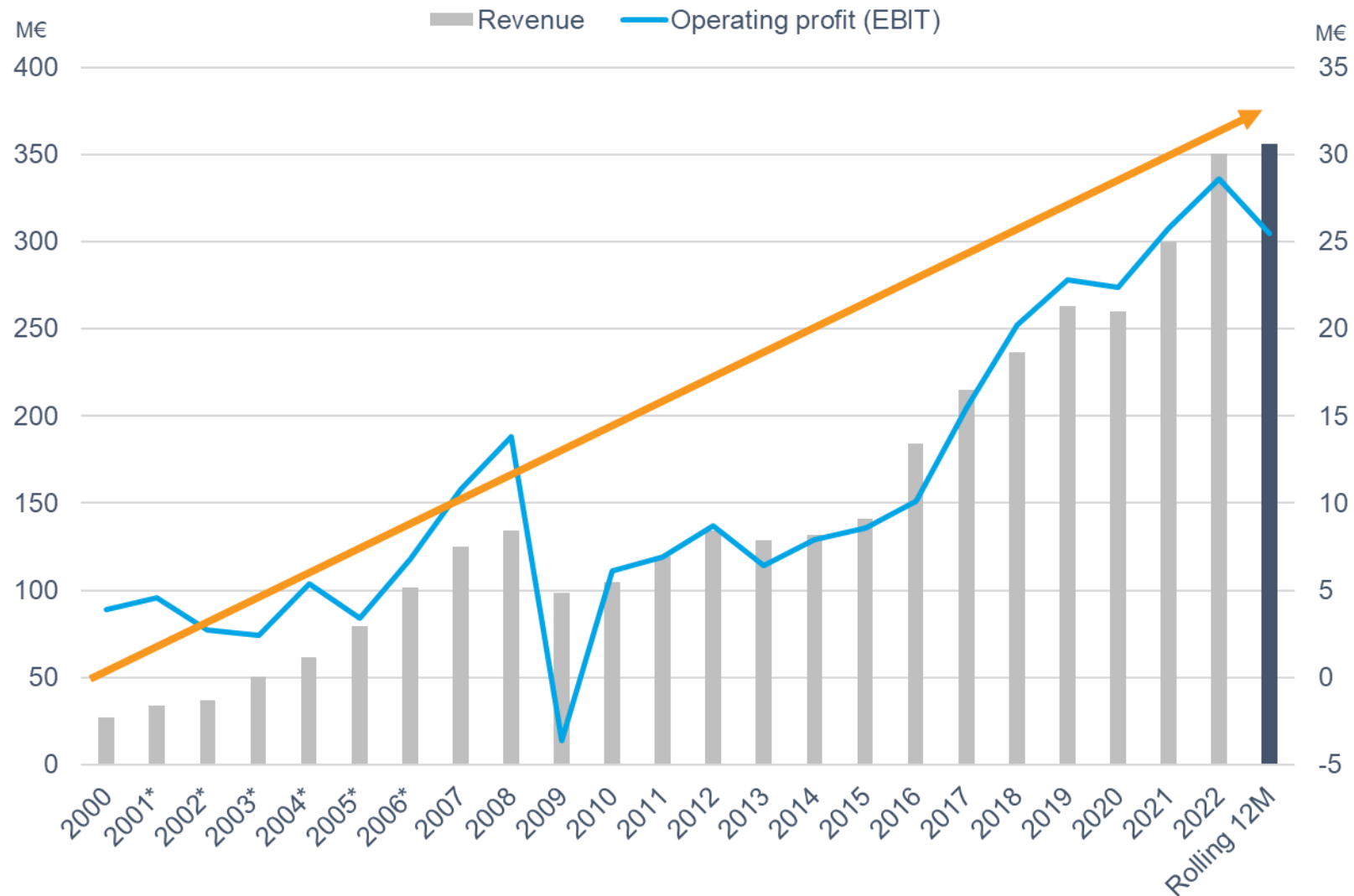
>10%
Operating
profit
(EBITA)

1-9/2023: 8.1%

Questions?



Revenue and EBIT 2000-Q3/2023



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Etteplan