

Etteplan Q4 2023: Navigating a difficult operating environment

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Highlights 2023

- + Revenue increased slightly during the year, despite the difficult operating environment.
- + Adaptation measures to recover profitability in weaker performing businesses were successful.
- + Operating cash flow improved significantly.
- + Engineering Solutions service area's operational efficiency was at a good level and the result was good throughout the year.
- In difficult market conditions profitability fell short of our expectations:
 - In Q2 Software and Embedded Solutions' profitability was modest.
 - In Q3 Technical Communication Solutions' profitability was weak.
- In Q4 high sickness-related absences and the higher-than-expected amount of holidays affected profitability and we did not meet our financial guidance.

Operating environment in 2023

- Increased geopolitical tensions are maintaining uncertainty globally.
- Uncertainty and the rise in interest rates caused by inflation 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 continued growing.
- There are still fluctuations in demand, and the year 2024 begins in an uncertain and slightly weaker demand situation.

Development in main markets

- Growing geopolitical tensions, inflation and rising interest rates have increased uncertainty in all our operating countries in Europe, and several European countries are in a slight recession, which is reflected in demand.
- Based on order development in late 2023, it is estimated that the revenue growth of technology industry companies in Finland will stop or even turn to a decrease.
- Geopolitical tensions have also increased uncertainty in China, as a result of which Western investments are partly shifting elsewhere, which weakens the demand situation.

Key figures 2023

Revenue
360.0 M€
+2.8%

EBITA
30.9 M€
-8.9%

EBIT
25.5 M€
-10.8%

EPS
(basic earnings per share)
0.66€

Board of Directors proposal for dividend 0.30 €/share

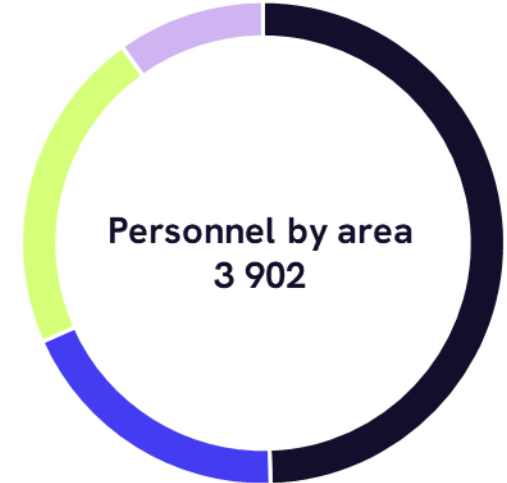
Revenue and personnel 2023



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

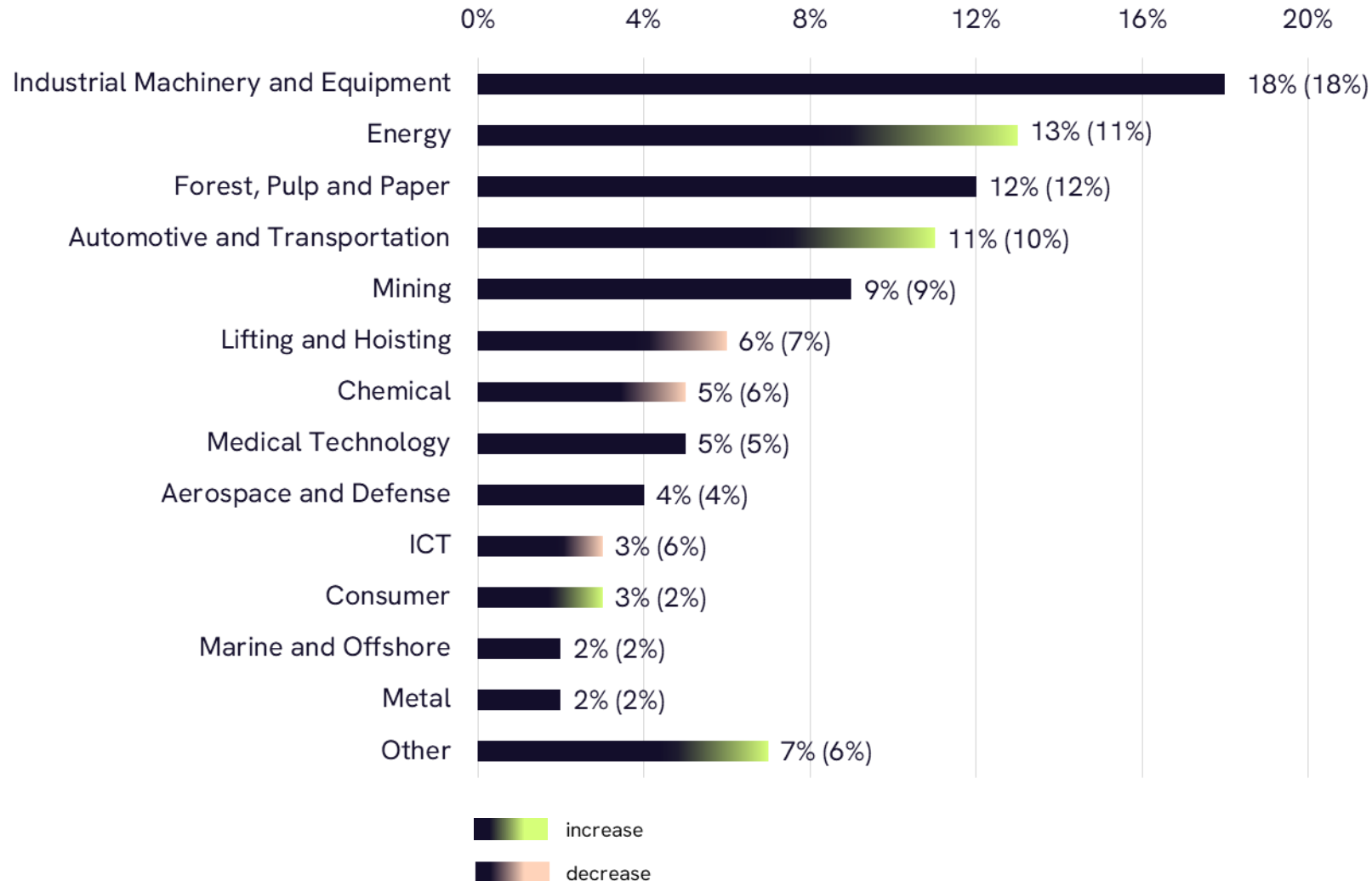


- Finland 51% (52%)
- Scandinavia 24% (25%)
- Central Europe 22% (19%)
- China 3% (4%)



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

Revenue by customer segment 2023



Financial development Q4 2023

Key Figures

M€	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Revenue	95.2	91.0	4.6	360.0	350.2	2.8
Revenue from outside Finland	48.4	44.2	9.6	177.6	169.1	5.1
Operating profit (EBITA)	9.6	9.7	-1.7	30.9	33.9	-8.9
EBITA, %	10.0	10.7		8.6	9.7	
Operating profit (EBIT)	8.2	8.4	-2.6	25.5	28.6	-10.8
EBIT, %	8.6	9.2		7.1	8.2	
Basic earnings per share, EUR	0.24	0.30	-20.3	0.66	0.73	-9.6
Operating cash flow	13	11.0	14.2	35.6	28.1	26.6
Managed Services Index	68	66	3.0	68	66	3.2
Personnel at end of the period	3,902	3,929	-0.7	3,902	3,929	-0.7

Revenue

Q4 2023

95.2 M€ (91.0) **+4.6%**

At comparable exchange rates **+6.5%**

Organic **+0.5%**

At comparable exchange rates **+2.5%**

1-12 2023

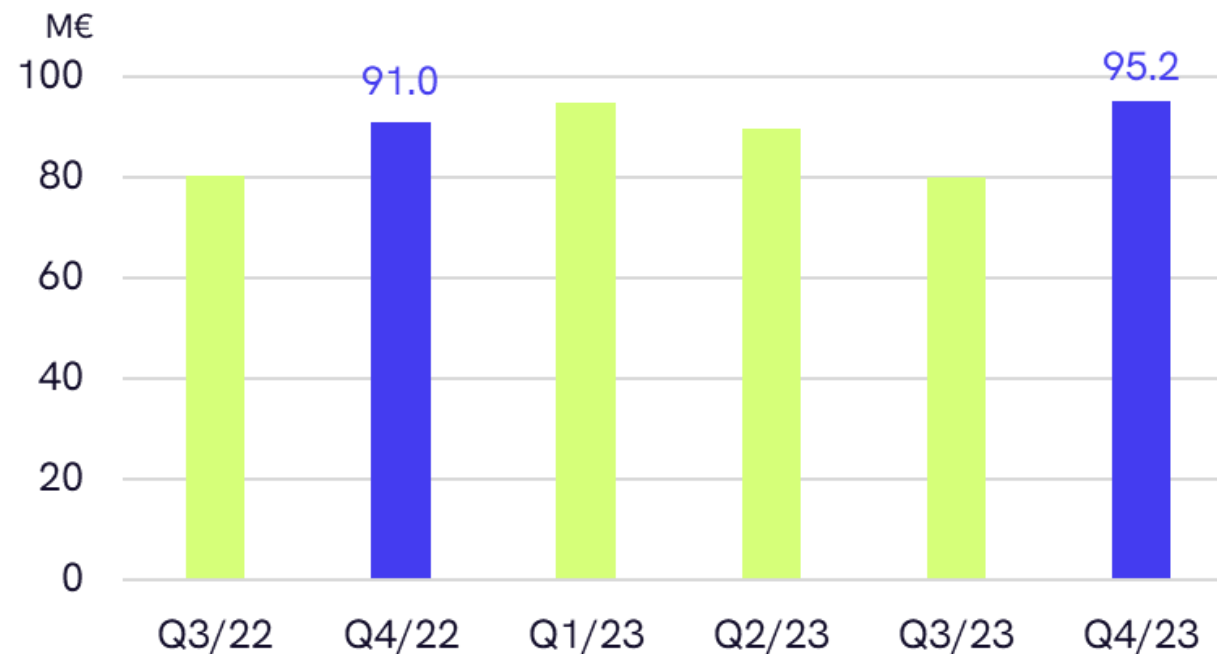
360.0 M€ (350.2) **+2.8%**

At comparable exchange rates **+4.7%**

Organic **+0.5%**

At comparable exchange rates **+2.4%**

- Demand situation weakened towards the end of the year.
- Revenue from key accounts decreased by 4.8% in Q4 and by 1.2% in 2023.
- In Q4 the revenue was affected by high sickness-related absences and the higher-than-expected amount of holidays.
- Outsourcing agreements and acquisitions supported revenue growth.



EBITA

Q4 2023

9.6 M€, 10.0 % (9.7 M€, 10.7%) -1.7%

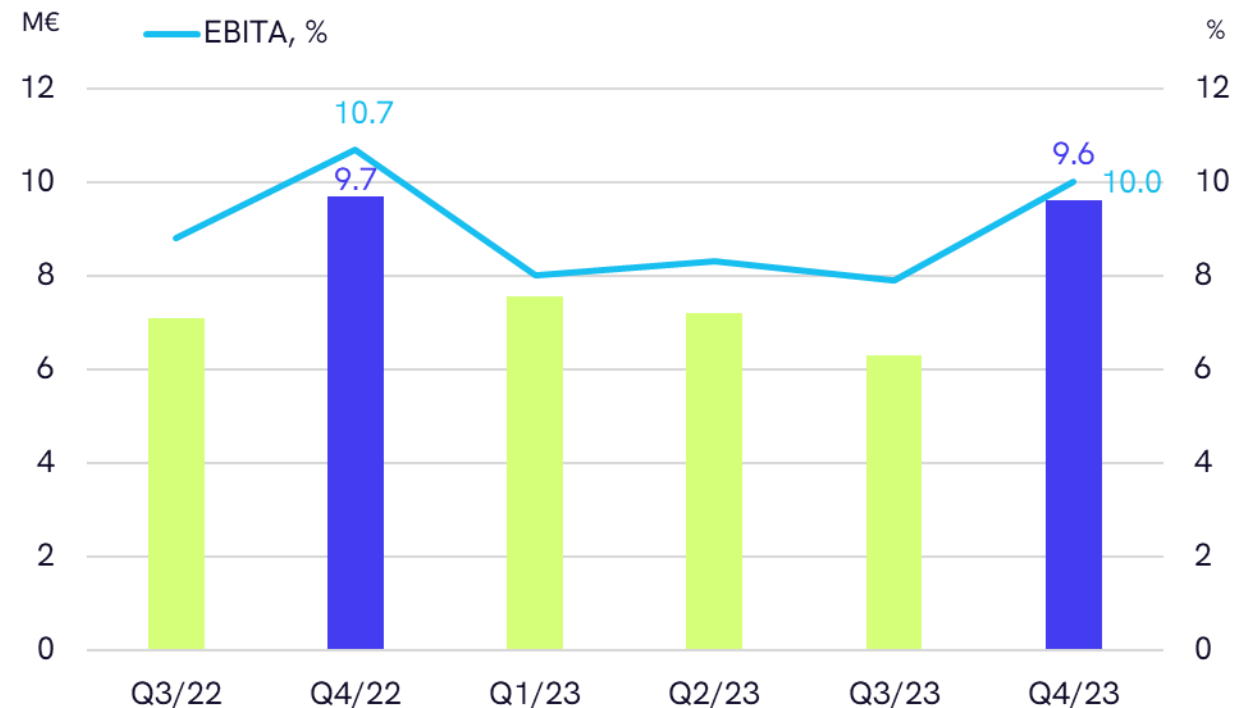
Non-recurring -0,2 M€ (0,3)

1-12 2023

30.9 M€, 8.6 % (33,9 M€, 9.7%) -8.9%

Non-recurring -1,7 M€ (-1,0)

- Adaptation measures in the declining demand environment improved operational efficiency and we achieved a good result.
- In Q4 the result was affected by the continued weakening of demand, high rates of sickness-related absences, higher-than-expected amount of holidays and corrections in cost bookings.



EBIT

Q4 2023

8.2 M€, 8.6% (8.4 M€, 9.2%) -2.6%

Non-recurring -0,2 M€ (0,3)

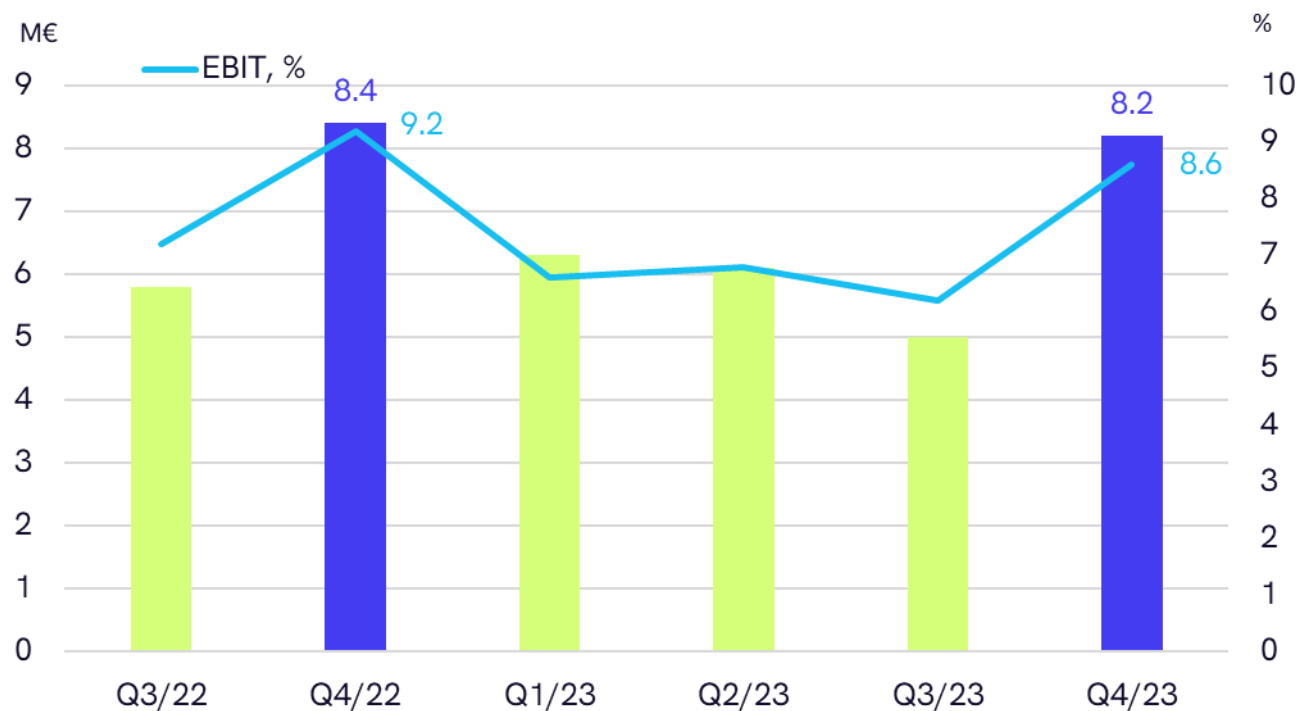
Amortization related to acquisitions 1,4 M€ (1,3)

1-12 2023

25.5 M€, 7.1% (28.6 M€, 8.2%) -10.8%

Non-recurring -1,7 M€ (-1,0)

Amortization related to acquisitions 5,3 M€ (5,3)



Earnings per share and dividend

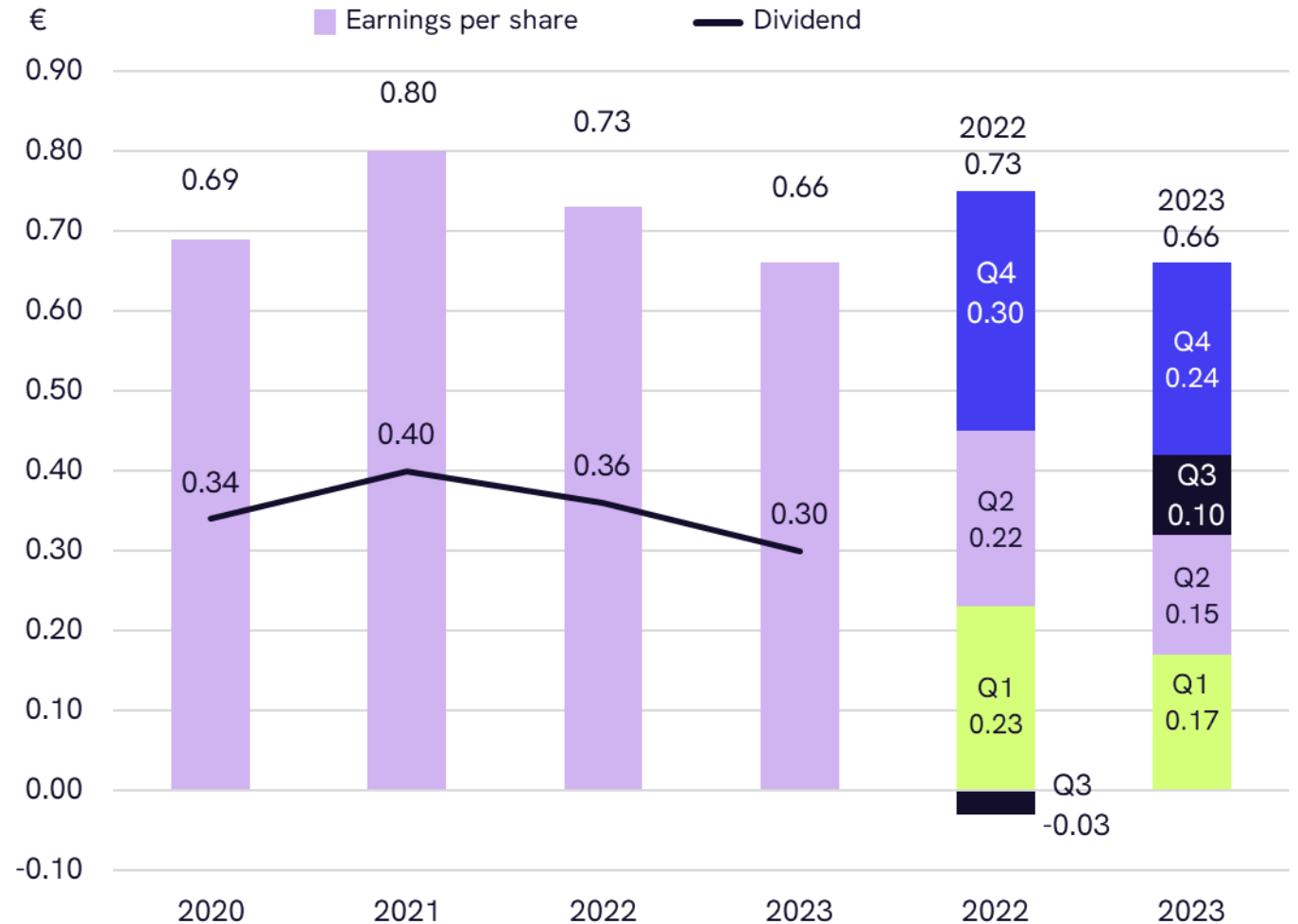
Earnings per share

Q4 2023: 0.24 € (0.30) -22.2%

2023: 0.66 € (0.73) -9.3%

Lower profitability and higher interests impacted EPS.

Board of Directors proposal for dividend 0.30 €/share.

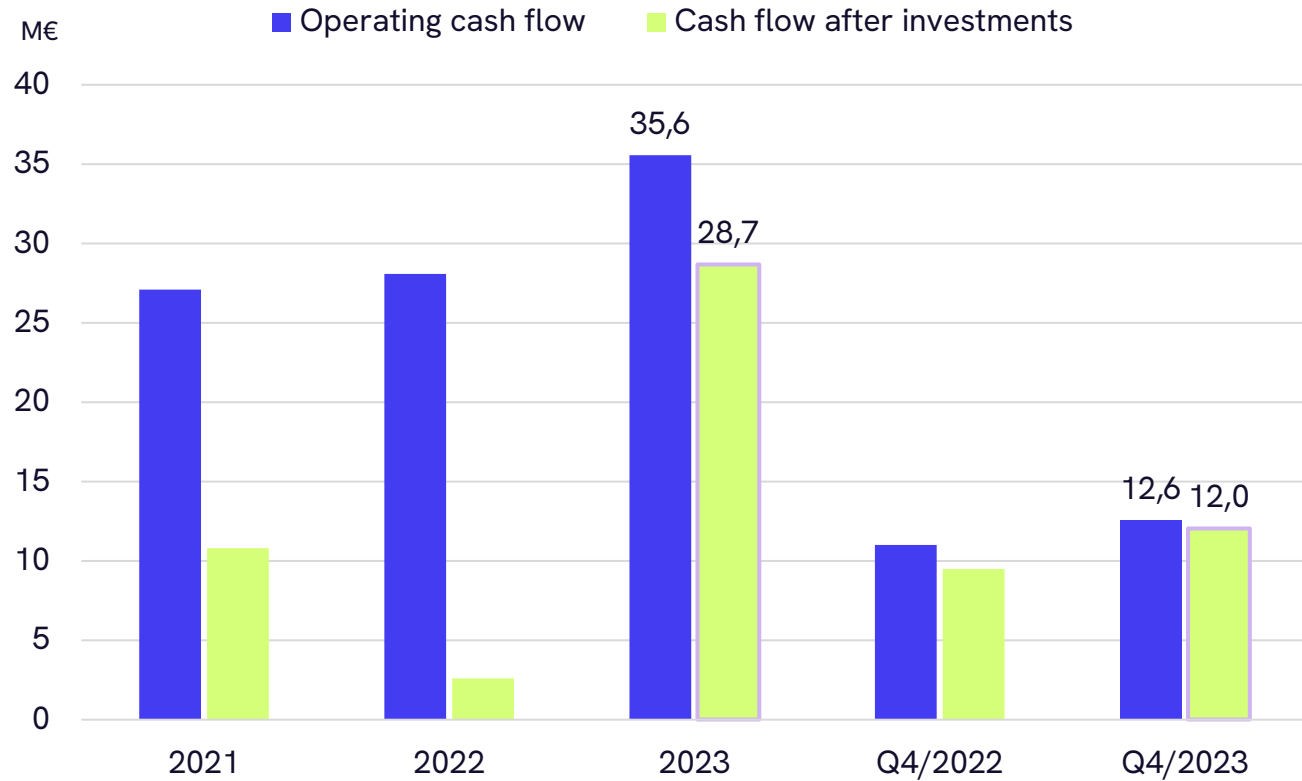


Cash flow

Operating cash flow

Q4 2023: 12,6 M€ (11,0)

1-12 2023: 35,6 M€ (28,1)



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

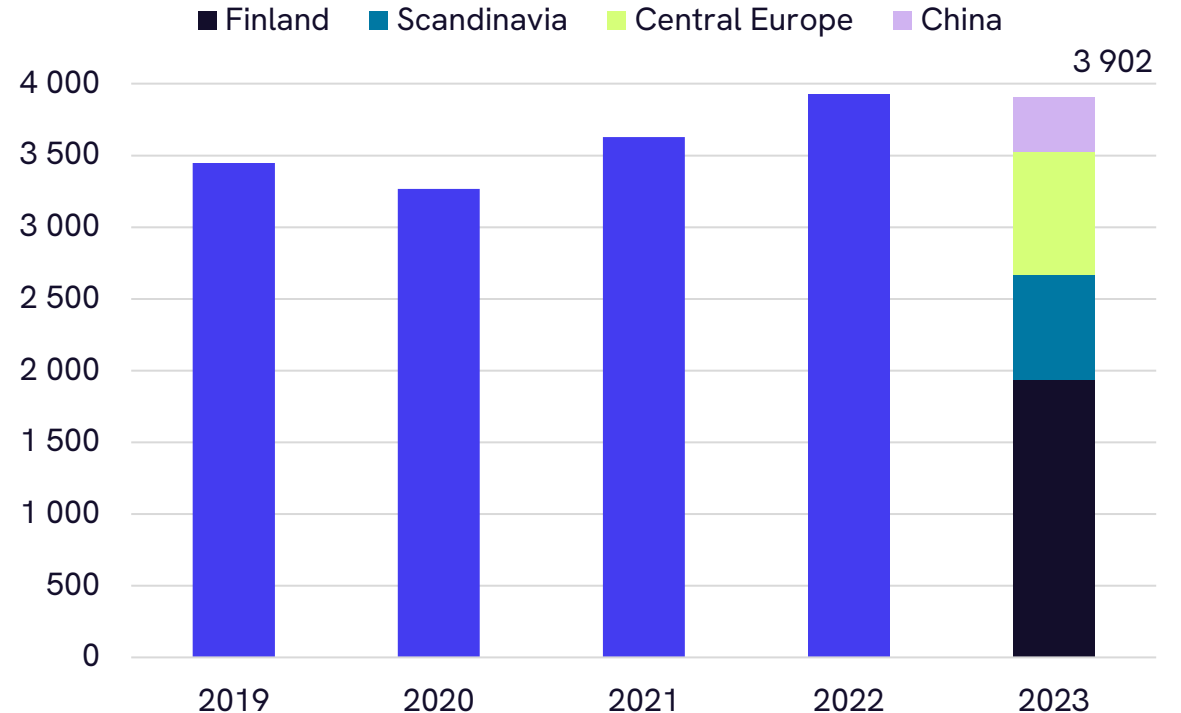
Personnel

At the end of the period 3,902 (3,929) **-0.7%**
Average 3,949 (3,936)

Compared to the end of December 2022,
the number of personnel decreased by
0.7%.

At the end of the review period, 1,965
(December 31, 2022: 1,941) people were
employed by the Group outside of Finland.

Recruitment has been slowed down due to
uncertain market situation.



Service areas Q4 2023



Engineering Solutions

Q4 2023

Revenue **54.6 M€** (48.9) **+11.7%**

Revenue from Managed Services **66%** (65%)

EBITA **5.9 M€**, **10.8 %** (5.3 M€, 10.8%)

1-12 2023

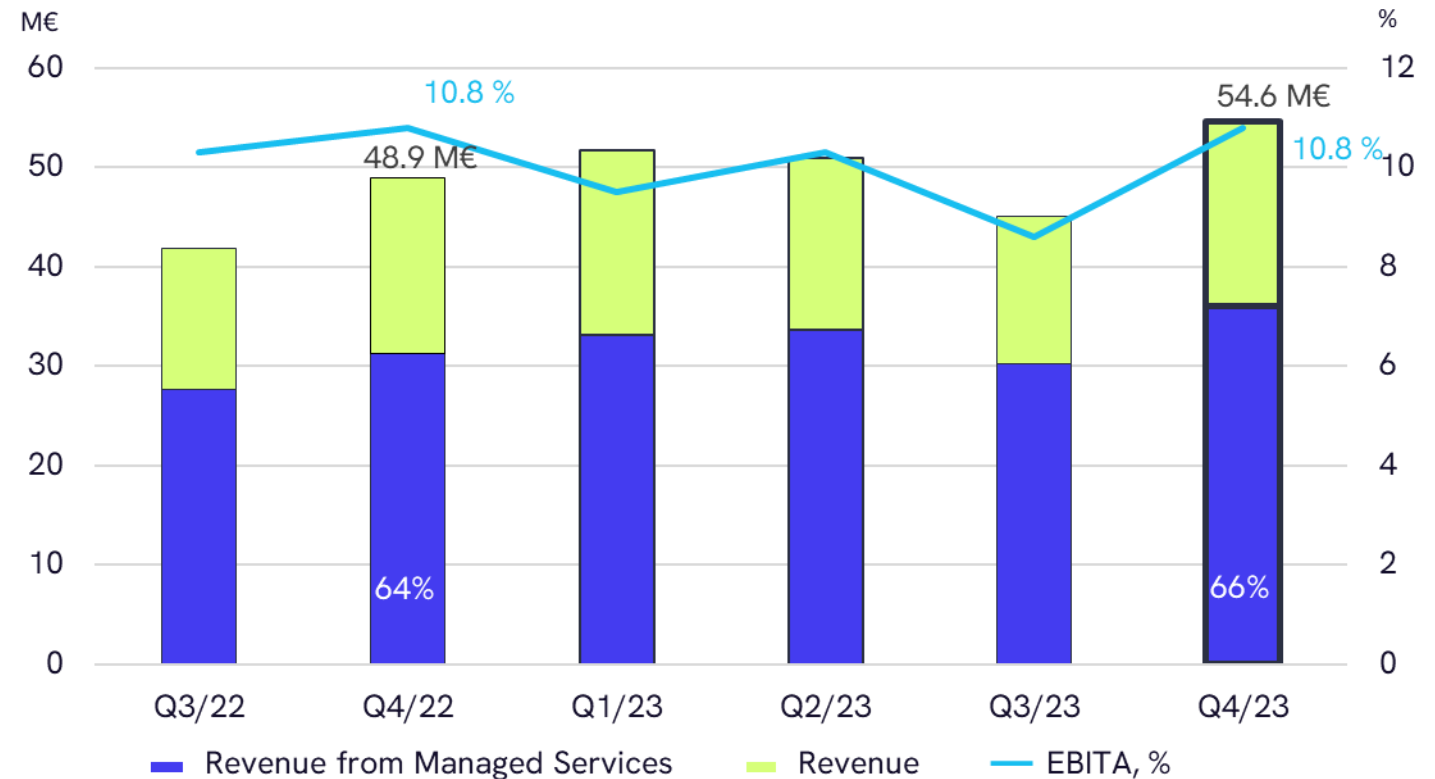
Revenue **202.4 M€** (183.7) **+10.2%**

Revenue from Managed Services **66%** (64%)

EBITA **19.9 M€**, **9.8 %** (19.4 M€, 10.6%)

Personnel **2,190** (2,092) at the end of the period

- The demand for customers' delivery related project engineering decreased, and we had to implement adaptation measures.
- Operational efficiency was high and profitability was at an excellent level.
- Our diverse service offering has proven its strength also in an uncertain market situation and we have won several outsourcing agreements.



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 from the beginning of 2023.

Software and Embedded Solutions

Q4 2023

Revenue **22.6 M€** (24.2) **-6.9%**

Revenue from Managed Services **54%** (52%)

EBITA **2.2 M€**, **9.6 %** (2,8 M€, 11.6%)

1-12 2023

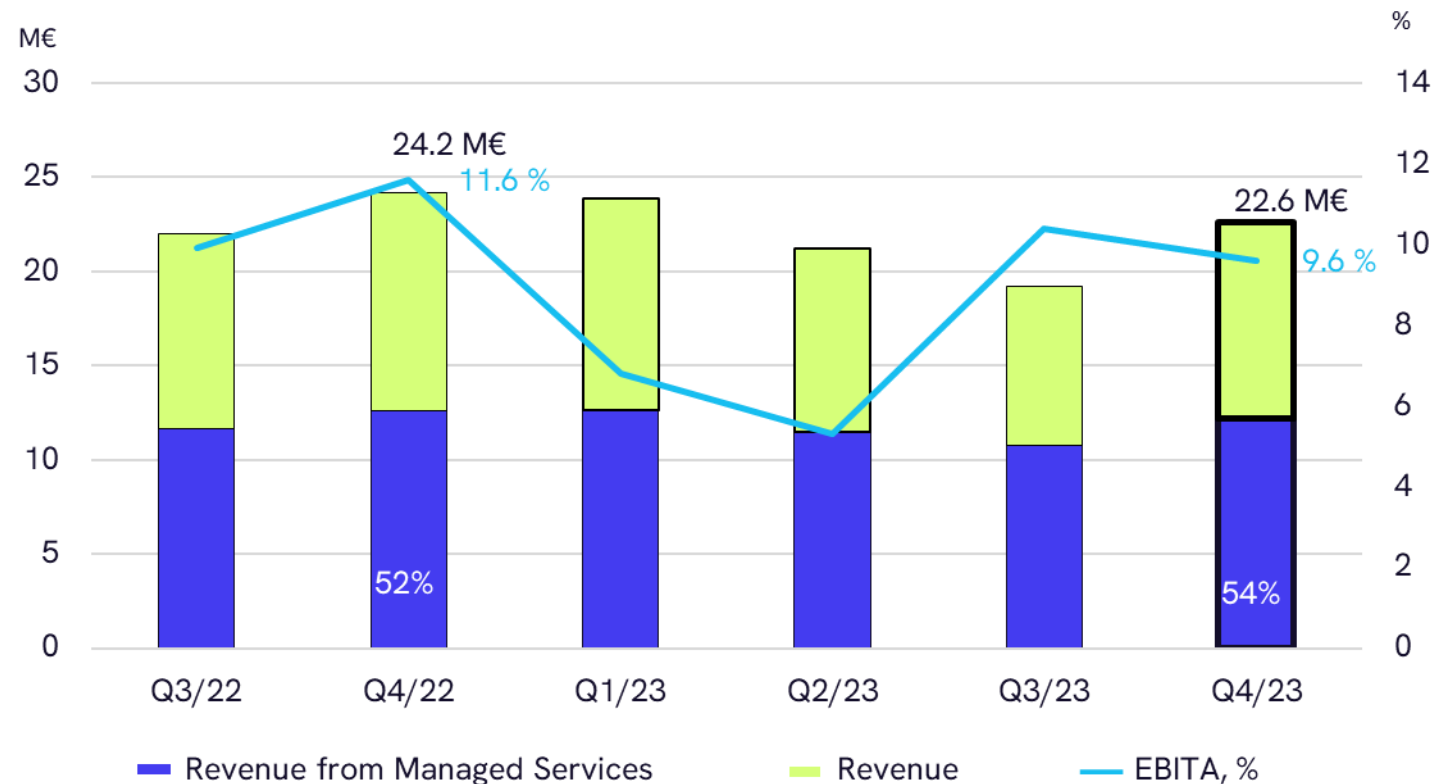
Revenue **86.9 M€** (95,9) **-9.4%**

Revenue from Managed Services **54%** (52%)

EBITA **6.9 M€**, **8.0 %** (9.2 M€, 9.6%)

Personnel **704** (793) at the end of the period

- The market situation in the service area remained challenging, and software development projects were slow to get started.
- We have implemented adaptation measures, which improved operational efficiency and 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 from the beginning of 2023.

Technical Communication Solutions

Q4 2023

Revenue **17.8 M€** (17.7) **+0.9%**

Revenue from Managed Services **89%** (89%)

EBITA **1.7 M€**, **9.4%** (1.4 M€, 7.7%)

1-12 2023

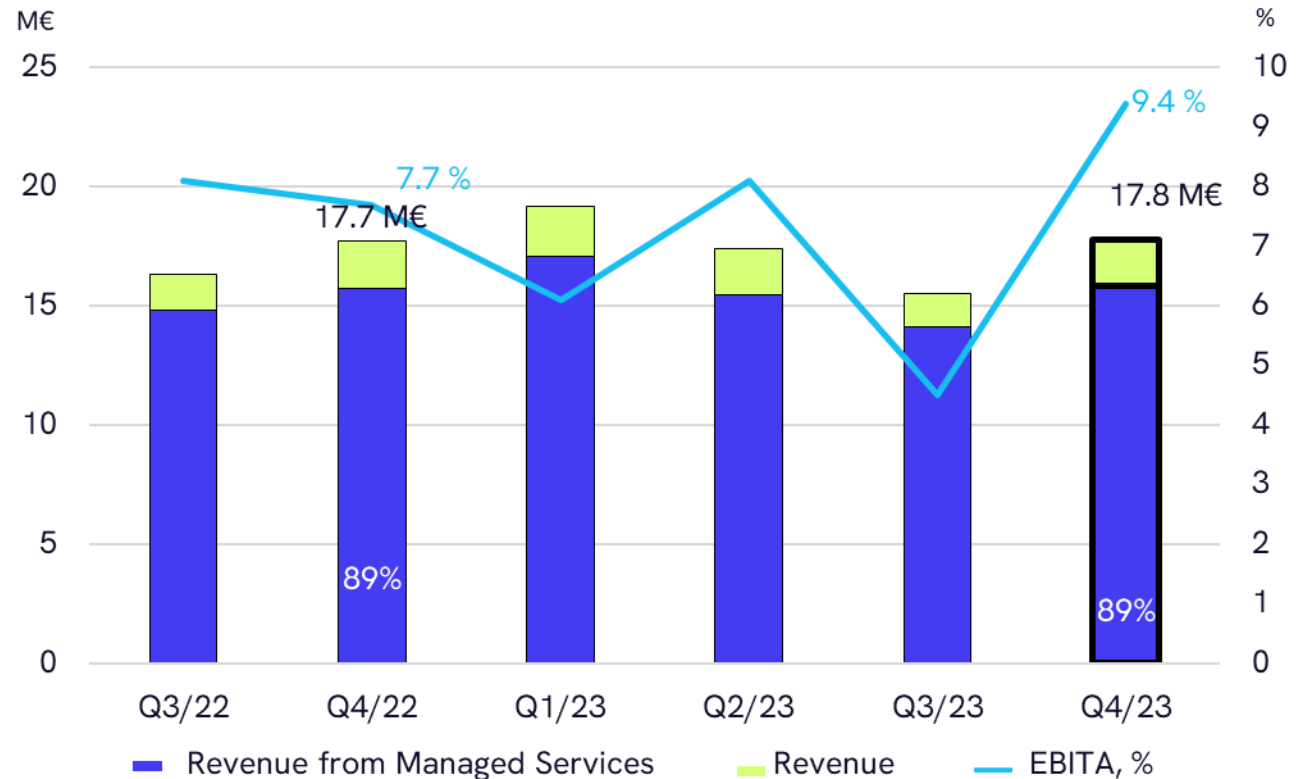
Revenue **70.0 M€** (69.8) **+0.2%**

Revenue from Managed Services **89%** (89%)

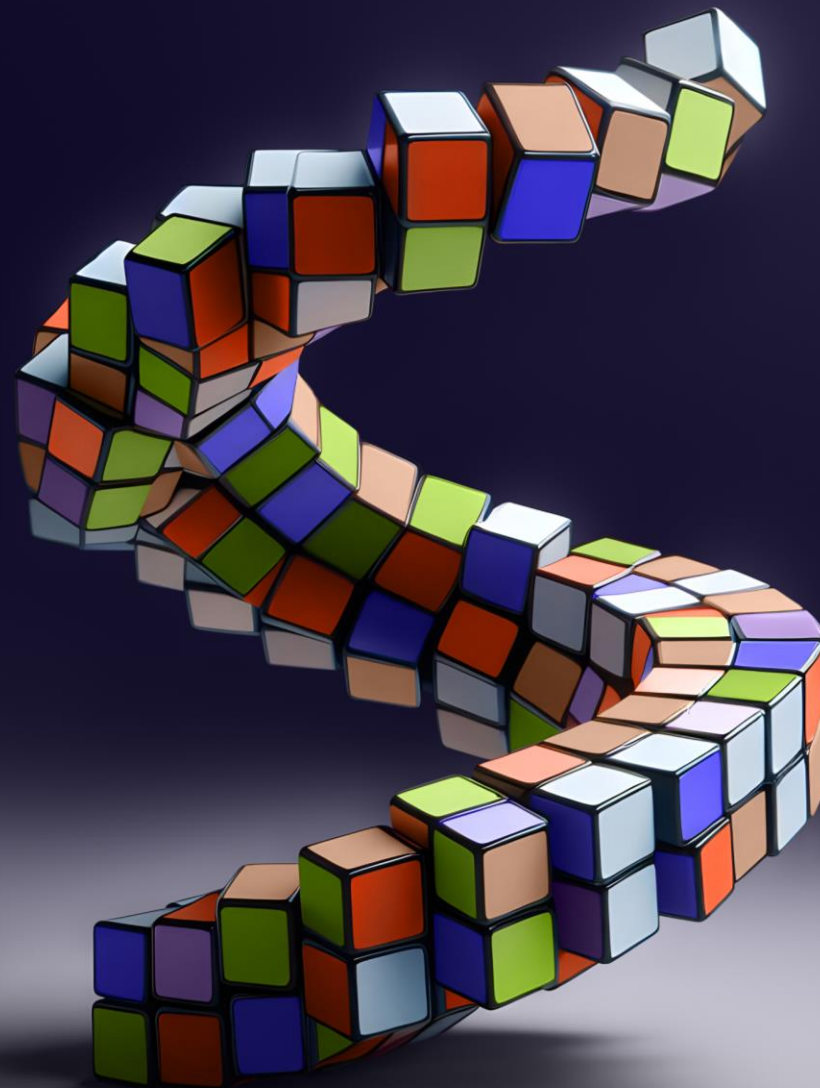
EBITA **4.9 M€**, **7.1 %** (6.1 M€, 8.7%)

Personnel **842** (886) at the end of the period

- Technical Communication Solutions service area's demand situation remained challenging.
- We took measures to improve the service area's operational efficiency, which improved profitability in Q4.



Etteplan's targets and financial guidance for 2024



Financial targets 2023-2024



Financial guidance

2024

Etteplan issues guidance for revenue and operating profit (EBIT) as a numerical range and issues the following estimate:

Revenue in 2024 is estimated to be EUR 375-415 (2023: 360.0) million.

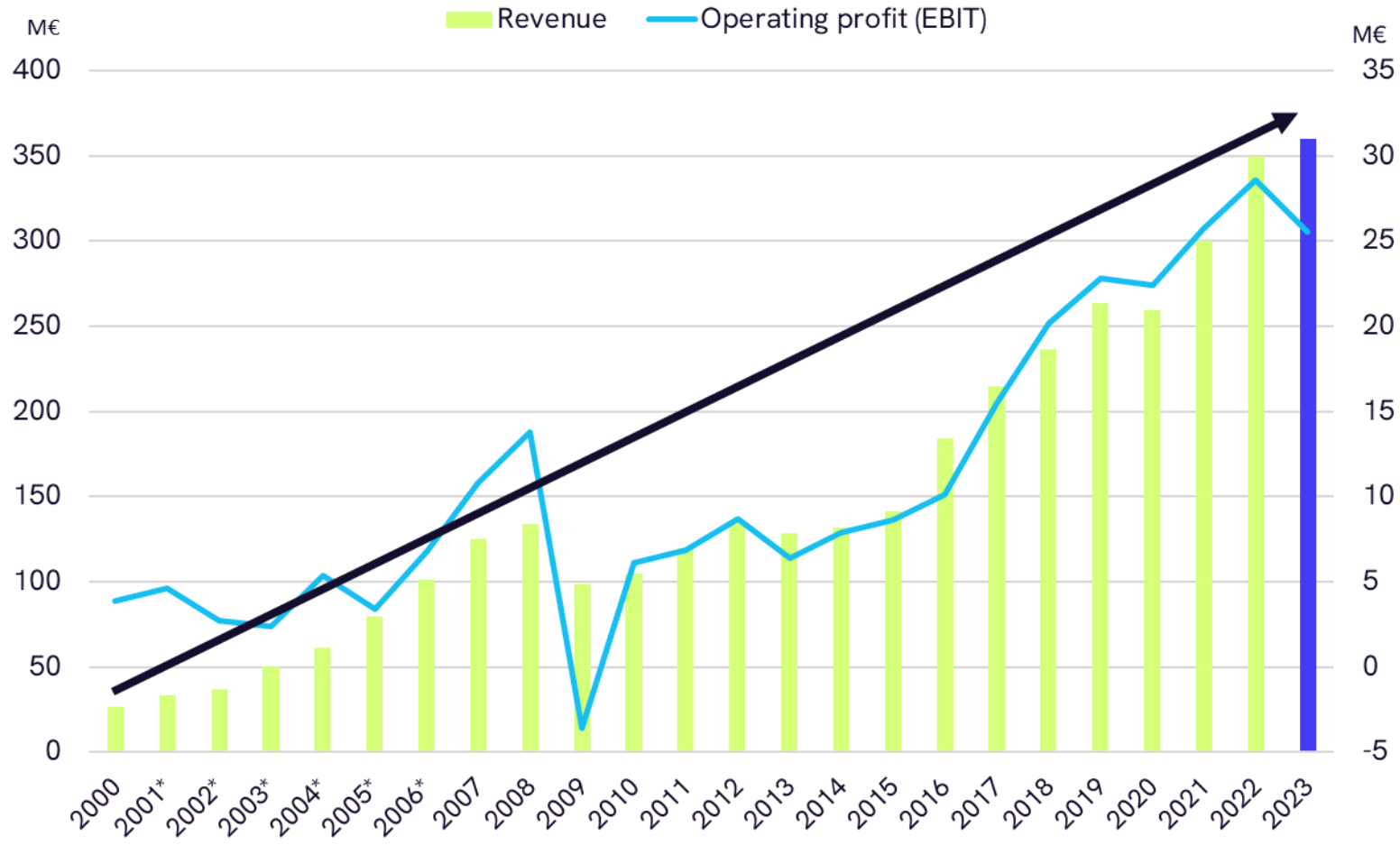
Operating profit (EBIT) in 2024 is estimated to be EUR 28-34 (2023: EUR 25.5 million).

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 and the rise in interest rates caused by inflation have reduced our customers' willingness to invest and weakened the demand situation in certain customer industries. Nevertheless, investments related to the defense industry, energy efficiency and accelerating the green transition are continuing to grow. There are fluctuations in demand, and the year 2024 begins in an uncertain and slightly weaker demand situation. The markets expect interest rates to fall in 2024, and we believe this will boost investments and improve the demand situation to a good level.

Questions?

Revenue and EBIT 2000-2023



*Includes continued and discontinued operations

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For the better

