

Orders translate into earnings

Raute reports Q2 results on Aug 8, after upgrading its FY '24 guidance recently thanks to a very high order backlog.

Earnings gains due to Wood Processing and Services

Raute upgraded guidance so that the revenue and EBITDA ranges' midpoints rose by respective 8% and 25%. Our earlier estimates were near the upper end of the previous range and would've still fallen within the current range, however we raise our revenue estimate by EUR 5m and those for earnings by EUR 2m. We estimate FY '24 comparable EBITDA at just below EUR 16m; we see stable performance for Services while Wood Processing EBITDA could increase by EUR 6m y/y as we expect its revenue to grow by some 50% this year. We estimate Analyzers' FY '24 earnings to decrease EUR 1.5m due to a soft H1 but expect improvement again from H2. We don't make big estimate changes for the coming years as Raute hasn't announced larger orders in the past couple of months. Raute is set to grow more than 30% this year due to Wood Processing; Raute's order book may stay above EUR 200m by the end of the year and so FY '25 has potential for additional growth especially if the flow of smaller orders soon bottoms out.

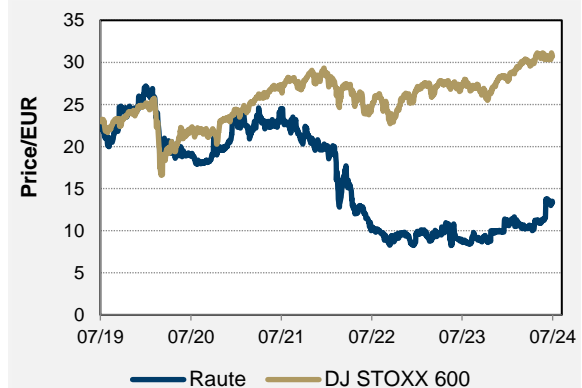
Earnings to improve over the course of the year

We expect Q2 order intake to have amounted to EUR 30m thanks to continued North American strength. Smaller European orders have been the biggest question for a while, and although their level may remain soft in the short-term at least further declines are unlikely. Raute's Q2 comparison figures are very soft and hence the only question is how much improvement will already be seen. We estimate revenue to have grown 58% y/y and comparable EBITDA to have gained by almost EUR 3m to EUR 3.5m, yet the absolute figures should still improve towards next year even if comparison figures are higher for H2.

Multiples undemanding as potential is realized

Our EUR 15.6m comparable EBITDA estimate is a bit above the guidance midpoint. We see scope for further earnings gain of some EUR 1-2m next year due to Analyzers while Wood Processing should also have additional potential. Raute is thus valued below 7x EV/EBIT on our FY '24 estimates, which remains a low level given the current earnings trajectory. Our new TP is EUR 15.0 (13.0) as we retain BUY rating.

Rating + BUY



Share price, EUR (Last trading day's closing price) 13.30
Target price, EUR 15.0

Latest change in 24-Oct-22
Latest report on company 06-May-24
Research paid by issuer: YES
No. of shares outstanding, '000's 6,120
No. of shares fully diluted, '000's 6,120
Market cap, EURm 81
Free float, % -
Exchange rate -
Reuters code RAUTE.HE
Bloomberg code RAUTE:FH
Average daily volume, EURm 0.1
Next interim report 08-Aug-24
Web site www.raute.com/investors

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+ BUY + HOLD - SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	158.3	-14.6	-9.2%	-18.0	-2.70	-3.1	0.3	-2.8	-51.4	0.00
2023	145.4	1.9	1.3%	32.3	0.22	44.7	0.1	10.1	53.5	0.10
2024E	194.0	10.1	5.2%	-28.3	1.39	9.6	0.4	6.8	-34.7	0.20
2025E	206.2	11.6	5.6%	4.6	1.46	9.1	0.3	5.6	5.6	0.40
2026E	209.6	13.4	6.4%	9.8	1.75	7.6	0.3	4.3	12.0	0.70
Market cap, EURm				81	Gearing 2024E, %		-27.1	CAGR EPS 2023-26, %		99.5
Net debt 2024E, EURm				-13	Price/book 2024E		1.8	CAGR sales 2023-26, %		13.0
Enterprise value, EURm				69	Dividend yield 2024E, %		1.5	ROE 2024E, %		20.1
Total assets 2024E, EURm				137	Tax rate 2024E, %		15.4	ROCE 2024E, %		20.1
Goodwill 2024E, EURm				2	Equity ratio 2024E, %		59.2	PEG, P/E 24/CAGR		0.7

Estimates and valuation

Raute	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e
Order intake	203	139	67	112	19	118	316	36	30	30	32	128
Europe	69	65	11	84	9	100	204	28	12	15	13	68
Russia	79	3	0	0	0	0	0	0	0	0	0	0
North America	37	51	3	25	6	14	48	4	13	10	15	42
Latin America	8	8	52	2	3	1	58	3	3	3	2	11
Asia-Pacific	10	11	1	1	1	2	5	2	2	2	2	8
Order book	158	84	121	202	192	266	266	259	243	223	202	202
Revenue	142	158	37	29	34	45	145	45	46	50	53	194
Wood Processing	97	108	24	17	22	29	92	32	33	36	39	139
Services	30	36	8	7	8	10	33	10	8	9	9	36
Analyzers	15	15	4	6	5	6	20	3	5	6	5	19
Europe	35	68	18	10	13	15	56	17	19	23	26	85
Russia	70	33	5	4	3	3	15	0	0	0	0	0
North America	20	38	10	8	11	15	44	11	13	12	15	51
Latin America	8	10	2	3	6	11	21	14	12	13	10	49
Asia-Pacific	10	9	3	4	1	2	9	1	2	2	2	7
Comparable EBITDA	3	-2	3	1	3	3	9	3	4	5	5	16
Wood Processing	-5	-10	1	-2	1	0	0	1	1	2	2	6
Services	5	6	1	1	2	2	5	2	1	2	2	6
Analyzers	4	2	1	2	1	1	5	0	1	1	1	3
EBIT	-2	-15	1	-1	1	1	2	1	2	3	3	10
<i>EBIT margin</i>	-1.6 %	-9.3 %	2 %	-3 %	4 %	1 %	1.3 %	3 %	5 %	6 %	6 %	5.2 %

Source: Evli Research

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Alfa Laval AB	16422	15.0x	15.1x	13.9x	18.6x	18.3x	16.6x	15.0 %	15.8 %	16.5 %
Cargotec	2783	5.8x	8.9x	7.9x	7.4x	9.9x	9.5x	10.6 %	10.6 %	11.4 %
Glaston	72	4.2x			6.4x			5.2 %	5.5 %	6.0 %
Kone	24132	14.8x	14.5x	13.4x	17.8x	17.4x	15.9x	11.4 %	12.1 %	12.7 %
Konecranes	4364	6.9x	8.2x	7.7x	8.6x	10.1x	9.5x	10.7 %	11.4 %	12.0 %
Ponsse	741	8.7x	10.4x	8.8x	14.4x	18.8x	13.8x	5.7 %	5.7 %	7.3 %
Sandvik	23491	10.4x	10.8x	9.8x	14.0x	15.8x	12.6x	17.7 %	16.0 %	19.2 %
Valmet	4912	8.1x	7.8x	7.5x	10.9x	10.3x	9.8x	9.7 %	10.5 %	11.5 %
Wartsila	10789	11.9x	12.9x	11.3x	15.7x	15.8x	13.7x	8.3 %	10.2 %	10.6 %
Duerr	1409	6.1x	5.3x	4.6x	7.3x	8.1x	6.6x	6.1 %	5.4 %	6.3 %
Biesse	286	3.3x	2.9x		7.8x	7.0x		4.1 %	3.4 %	
Peer Group Average	8127	8.7x	9.7x	9.4x	11.7x	13.2x	12.0x	9.5 %	9.7 %	11.3 %
Peer Group Median	4364	8.1x	9.6x	8.8x	10.9x	13.1x	12.6x	9.7 %	10.5 %	11.5 %
Raute (Evli est.)	81	2.8x	4.5x	3.9x	10.1x	6.8x	5.6x	1.3 %	5.2 %	5.6 %

Raute prem./disc. to peer median

-66 % -53 % -56 % -7 % -48 % -55 % -87 % -51 % -51 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	13.30 PV of Free Cash Flow	47 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	23.60 PV of Horizon value	56 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	77.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	25.0 Marketable securities	48 Minimum WACC, %	8.7 Equity beta coefficient	1.25
Minimum value	22.4 Debt - dividend	-7 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	54.3 Value of stock	144 Nr of shares, Mn	6.1 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	145	194	206	210	214	219	224	229	234	240	244	249
<i>Sales growth, %</i>	-8.2	33.4	6.3	1.7	2.3	2.3	2.3	2.3	2.3	2.3	2.0	2.0
Operating income (EBIT)	2	10	12	13	16	19	20	21	21	22	22	22
<i>Operating income margin, %</i>	1.3	5.2	5.6	6.4	7.2	8.5	9.0	9.0	9.0	9.0	9.0	9.0
+ Depreciation+amort.	5	5	5	6	6	6	6	6	5	4	4	
EBITDA	7	15	17	19	21	25	26	27	26	26	26	
- Paid taxes	-1	-2	-2	-3	-3	-4	-4	-4	-4	-4	-4	
- Change in NWC	30	-27	-2	0	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	-25.9	-5.5	-4.2	-4.0	-3.7	-3.4	-3.1	-2.8	-2.6	-2.3	-2.1	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-4	-13	-7	-6	-7	-7	-7	-3	-3	-3	-12	
<i>opCAPEX / Sales, %</i>	2.4	7.8	3.6	3.1	3.2	3.2	3.2	1.6	1.5	1.5	5.0	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	32	-26	5	10	11	14	15	19	18	18	9	128
= Discounted FCFF		-25	5	8	8	9	9	11	9	8	4	56
= DFCF min WACC		-25	5	8	8	10	10	11	10	9	4	63
= DFCF max WACC		-25	5	8	8	9	9	10	9	8	4	50

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	36.8	29.4	34.0	45.2	145.4	44.7	46.4	49.8	53.1	194.0	206.2	209.6
EBITDA	2.0	0.1	2.7	2.0	6.8	2.9	3.4	4.5	4.6	15.4	16.8	19.2
<i>EBITDA margin (%)</i>	<i>5.4</i>	<i>0.3</i>	<i>7.9</i>	<i>4.4</i>	<i>4.7</i>	<i>6.4</i>	<i>7.3</i>	<i>9.0</i>	<i>8.7</i>	<i>7.9</i>	<i>8.1</i>	<i>9.1</i>
EBIT	0.9	-1.0	1.4	0.7	1.9	1.5	2.1	3.2	3.3	10.1	11.6	13.4
<i>EBIT margin (%)</i>	<i>2.3</i>	<i>-3.5</i>	<i>4.0</i>	<i>1.5</i>	<i>1.3</i>	<i>3.3</i>	<i>4.5</i>	<i>6.4</i>	<i>6.2</i>	<i>5.2</i>	<i>5.6</i>	<i>6.4</i>
Net financial items	-0.1	-0.2	0.3	-0.1	-0.1	0.2	0.0	0.0	0.0	0.0	-0.4	0.0
Pre-tax profit	0.8	-1.2	1.7	0.5	1.8	1.6	2.1	3.2	3.3	10.1	11.2	13.4
Tax	-0.3	0.4	-0.6	0.2	-0.4	-0.4	-0.4	-0.4	-0.4	-1.6	-2.2	-2.7
<i>Tax rate (%)</i>	<i>43.5</i>	<i>32.7</i>	<i>38.6</i>	<i>-27.9</i>	<i>24.8</i>	<i>21.7</i>	<i>19.5</i>	<i>12.7</i>	<i>12.3</i>	<i>15.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.4	-0.8	1.0	0.7	1.4	1.3	1.7	2.8	2.9	8.5	9.0	10.7
EPS	0.07	-0.13	0.17	0.11	0.22	0.21	0.27	0.45	0.47	1.39	1.46	1.75
EPS adjusted (diluted no. of shares)	0.07	-0.13	0.17	0.11	0.22	0.21	0.27	0.45	0.47	1.39	1.46	1.75
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.20	0.40	0.70
SALES, EURm												
Wood Processing	24.4	17.4	21.5	29.1	92.4	32.0	32.9	35.6	38.8	139.3	149.1	150.5
Services	8.3	6.5	7.9	10.3	33.0	9.8	8.3	8.7	8.9	35.7	36.8	37.7
Analyzers	4.1	5.5	4.6	5.8	20.0	2.9	5.2	5.5	5.4	19.0	20.3	21.3
Total	36.8	29.4	34.0	45.2	145.4	44.7	46.4	49.8	53.1	194.0	206.2	209.6
SALES GROWTH, Y/Y %												
<i>Wood Processing</i>	<i>-20.1</i>	<i>1.6</i>	<i>-20.6</i>	<i>-12.6</i>	<i>-14.5</i>	<i>31.1</i>	<i>89.1</i>	<i>65.6</i>	<i>33.3</i>	<i>50.8</i>	<i>7.0</i>	<i>1.0</i>
<i>Services</i>	<i>4.9</i>	<i>-29.6</i>	<i>-20.6</i>	<i>18.7</i>	<i>-7.7</i>	<i>18.1</i>	<i>27.7</i>	<i>10.1</i>	<i>-13.6</i>	<i>8.2</i>	<i>3.0</i>	<i>2.5</i>
<i>Analyzers</i>	<i>44.2</i>	<i>70.1</i>	<i>-3.2</i>	<i>56.6</i>	<i>37.6</i>	<i>-29.3</i>	<i>-5.5</i>	<i>19.6</i>	<i>-6.9</i>	<i>-5.0</i>	<i>7.0</i>	<i>5.0</i>
<i>Total</i>	<i>-10.8</i>	<i>-0.6</i>	<i>-18.6</i>	<i>-1.1</i>	<i>-8.2</i>	<i>21.5</i>	<i>57.8</i>	<i>46.5</i>	<i>17.5</i>	<i>33.4</i>	<i>6.3</i>	<i>1.7</i>
EBIT, EURm												
Total	0.9	-1.0	1.4	0.7	1.9	1.5	2.1	3.2	3.3	10.1	11.6	13.4
Total	0.9	-1.0	1.4	0.7	1.9	1.5	2.1	3.2	3.3	10.1	11.6	13.4
EBIT margin, %												
<i>Total</i>	<i>2.3</i>	<i>-3.5</i>	<i>4.0</i>	<i>1.5</i>	<i>1.3</i>	<i>3.3</i>	<i>4.5</i>	<i>6.4</i>	<i>6.2</i>	<i>5.2</i>	<i>5.6</i>	<i>6.4</i>

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	151.3	115.0	142.2	158.3	145.4	194.0	206.2	209.6
<i>Sales growth (%)</i>	<i>-16.5</i>	<i>-24.0</i>	<i>23.7</i>	<i>11.3</i>	<i>-8.2</i>	<i>33.4</i>	<i>6.3</i>	<i>1.7</i>
EBITDA	12.3	1.2	2.1	-9.6	6.8	15.4	16.8	19.2
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>1.1</i>	<i>1.5</i>	<i>-6.1</i>	<i>4.7</i>	<i>7.9</i>	<i>8.1</i>	<i>9.1</i>
Depreciation	-3.9	-4.0	-4.3	-5.0	-4.9	-5.3	-5.2	-5.8
EBITA	8.4	-2.8	-2.2	-14.6	1.9	10.1	11.6	13.4
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	8.4	-2.8	-2.2	-14.6	1.9	10.1	11.6	13.4
<i>EBIT margin (%)</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>-9.2</i>	<i>1.3</i>	<i>5.2</i>	<i>5.6</i>	<i>6.4</i>
Reported EBIT	8.4	-2.8	-2.2	-14.6	1.9	10.1	11.6	13.4
<i>EBIT margin (reported) (%)</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>-9.2</i>	<i>1.3</i>	<i>5.2</i>	<i>5.6</i>	<i>6.4</i>
Net financials	0.8	0.3	0.5	0.8	-0.1	0.0	-0.4	0.0
Pre-tax profit	9.2	-2.5	-1.7	-13.8	1.8	10.1	11.2	13.4
Taxes	-1.6	0.6	0.0	2.3	-0.4	-1.6	-2.2	-2.7
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	7.6	-1.8	-1.7	-11.5	1.4	8.5	9.0	10.7
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	16	17	19	22	21	29	31	31
Goodwill	1	2	2	2	2	2	2	2
Right of use assets	7	6	10	7	6	9	9	9
Inventory	12	15	22	17	26	36	38	39
Receivables	32	34	32	32	26	35	38	39
Liquid funds	22	12	24	8	48	21	25	33
Total assets	91	86	111	92	135	137	149	158
Liabilities								
Shareholder's equity	50	40	34	23	38	46	54	62
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	5	4	8	6	7	9	9	9
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	2	2	2	7	0	0	0	0
Non-interest bearing current liabilities	31	23	39	34	63	54	58	59
Other interest-free debt	3	16	27	22	27	27	27	27
Total liabilities	91	86	111	92	135	137	149	158
CASH FLOW, EURm								
+ EBITDA	12	1	2	-10	7	15	17	19
- Net financial items	1	0	0	1	0	0	0	0
- Taxes	-1	-1	-1	-1	-1	-2	-2	-3
- Increase in Net Working Capital	10	1	21	-5	30	-27	-2	0
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	21	2	23	-14	36	-13	12	16
- Capex	-3	-3	-10	-4	-4	-15	-8	-6
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	18	-2	13	-18	32	-28	5	10
+/- New issues/buybacks	1	-1	-1	0	14	0	0	0
- Paid dividend	-6	-6	-3	0	0	-1	-1	-2
+/- Other	-4	-2	5	1	-6	2	1	0
Change in cash	9	-11	13	-17	40	-27	4	7

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	96	84	35	60	81	81	81
Net debt (excl. convertibles)	-5	-14	5	-41	-13	-16	-23
Enterprise value	91	70	40	19	69	65	58
Sales	115	142	158	145	194	206	210
EBITDA	1	2	-10	7	15	17	19
EBIT	-3	-2	-15	2	10	12	13
Pre-tax	-2	-2	-14	2	10	11	13
Earnings	-2	-2	-11	1	9	9	11
Equity book value (excl. minorities)	40	34	23	38	46	54	62
Valuation multiples							
EV/sales	0.8	0.5	0.3	0.1	0.4	0.3	0.3
EV/EBITDA	73.6	33.3	-4.2	2.8	4.5	3.9	3.0
EV/EBITA	-32.6	-32.0	-2.8	10.1	6.8	5.6	4.3
EV/EBIT	-32.6	-32.0	-2.8	10.1	6.8	5.6	4.3
EV/OCF	48.2	3.0	-2.9	0.5	-5.2	5.4	3.6
EV/FCFF	-30.2	4.2	-1.9	0.6	-2.6	12.0	5.9
P/FCFE	-60.7	6.5	-1.9	1.9	-2.9	17.8	8.3
P/E	-52.2	-48.7	-3.1	44.7	9.6	9.1	7.6
P/B	2.4	2.5	1.5	1.6	1.8	1.5	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	5.2	4.5	3.6
Target EV/EBIT	0.0	0.0	0.0	0.0	7.9	6.5	5.1
Target EV/FCF	0.0	0.0	0.0	0.0	-2.8	16.6	7.0
Target P/B	0.0	0.0	0.0	0.0	2.0	1.7	1.5
Target P/E	0.0	0.0	0.0	0.0	10.8	10.2	8.6
Per share measures							
Number of shares	4,249	4,249	4,249	6,120	6,120	6,120	6,120
Number of shares (diluted)	4,249	4,249	4,249	6,120	6,120	6,120	6,120
EPS	-0.44	-0.41	-2.70	0.22	1.39	1.46	1.75
Operating cash flow per share	0.45	5.50	-3.30	5.86	-2.14	1.98	2.64
Free cash flow per share	-0.37	3.04	-4.24	5.28	-4.62	0.75	1.59
Book value per share	9.52	8.02	5.39	6.27	7.56	8.83	10.18
Dividend per share	0.80	0.00	0.00	0.10	0.20	0.40	0.70
Dividend payout ratio, %	-183.9	0.0	0.0	45.3	14.4	27.3	40.0
Dividend yield, %	3.5	0.0	0.0	0.8	1.5	3.0	5.3
FCF yield, %	-1.6	15.4	-51.4	53.5	-34.7	5.6	12.0
Efficiency measures							
ROE	-4.1	-4.6	-40.3	4.4	20.1	17.9	18.4
ROCE	-5.4	-4.8	-36.3	4.6	20.1	19.0	19.9
Financial ratios							
Inventories as % of sales	13.1	15.5	10.6	18.1	18.5	18.5	18.5
Receivables as % of sales	29.2	22.3	20.2	17.7	18.0	18.5	18.5
Non-interest bearing liabilities as % of sales	20.2	27.1	21.4	43.1	28.0	28.0	28.0
NWC/sales, %	8.3	-8.3	-4.6	-25.9	-5.5	-4.2	-4.0
Operative CAPEX/sales, %	3.0	7.3	2.5	2.4	7.8	3.6	3.1
CAPEX/sales (incl. acquisitions), %	3.0	7.3	2.5	2.4	7.8	3.6	3.1
FCFF/EBITDA	-2.4	7.9	2.2	4.7	-1.7	0.3	0.5
Net debt/EBITDA, book-weighted	-4.2	-6.5	-0.6	-6.1	-0.8	-0.9	-1.2
Debt/equity, market-weighted	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	46.9	30.8	36.6	50.2	59.2	60.1	62.8
Gearing, %	-13.0	-40.5	23.6	-108.1	-27.1	-29.5	-37.3

COMPANY DESCRIPTION: Raute offers production lines, machinery and services for the entire production process of veneer and veneer-based products, which include plywood and laminated veneer lumber (LVL). The company's strategy is premised on a complementary offering of veneer production technology and services. Raute has differentiated itself through technological leadership and the ability to supply complete plywood and LVL production processes. Raute delivers most of its equipment in a tailored project-driven fashion to a global customer base consisting of hundreds of plywood and LVL mills. Raute has its main production plant in Lahti, Finland, however the company also operates a global sales and services network. Raute is a global leader in its niche market.

INVESTMENT CASE: Raute is the most technologically sophisticated vendor and a market leader within its niche. In our view this set-up will not change as current competition lags quite far behind and larger capital goods companies are unlikely to enter the relatively small market. Predicting Raute's project delivery flow is not easy and a single large project can make up a significant portion of a given calendar year's activity. Services growth might help to smooth financial performance, however project deliveries will always remain crucially important for Raute's success.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Sundholm Göran Wilhelm	756,250	10.058	12.4%
Laakkonen Mikko Kalervo	172,225	2.291	2.8%
eQ Finland Investment Fund	134,368	1.787	2.2%
Mandatum Life Insurance Company Ltd.	132,574	1.763	2.2%
Stephen Industries Inc Oy	129,687	1.725	2.1%
Suominen Pekka Matias	117,329	1.560	1.9%
Siivonen Osku Pekka	106,901	1.422	1.7%
eQ Nordic Small Cap Mutual Fund	106,000	1.410	1.7%
Kirimo Kaisa Marketta	105,421	1.402	1.7%
Mustakallio Mika Tapani	103,678	1.379	1.7%
Ten largest	1,864,433	24.797	30%
Residual	4,255,567	56.599	70%
Total	6,120,000	81.396	100%

EARNINGS CALENDAR

August 08, 2024	Q2 report
October 31, 2024	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Mika Saariaho	Rautetie 2, FI-15550 Nastola
CFO: Ville Halttunen	Tel: +358 3, 82,911
IR:	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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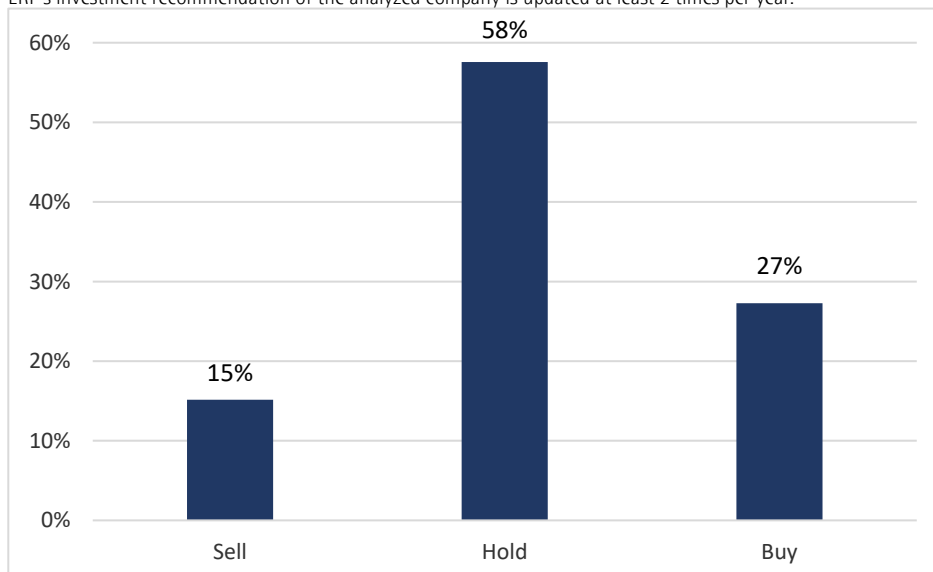
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Investment recommendations are defined as follows:

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

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The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

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

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