Strong earnings but weak orders

Raute's EUR 43.8m Q2 top line came in clearly below our estimate, yet the EUR 6.5m comparable EBITDA was basically in line with our estimate as Wood Processing continued to deliver very high margins. The very low EUR 12m in new orders was a clear negative as equipment orders were almost completely lacking, yet Wood Processing and Analyzers should see demand recovery towards next year especially in Europe.

- Raute Q2 revenue declined by 23.3% y/y to EUR 43.8m vs our EUR 53.9m estimate, while Wood Processing was EUR 30.4m vs our EUR 38.8m estimate. Services amounted to EUR 9.9m, compared to our EUR 10.6m estimate, whereas Analyzers landed at EUR 3.5m vs our EUR 4.5m estimate.
- Raute comparable EBITDA was EUR 6.5m, compared to our EUR 6.7m estimate, while EBIT came in at EUR 1.9m vs our EUR 5.2m estimate due to the impairments associated with the factory closure in China. Wood Processing EBITDA was EUR 4.2m vs our EUR 4.2m estimate, whereas Services was EUR 1.9m vs our EUR 1.8m estimate. Analyzers amounted to EUR 0.4m, compared to our EUR 0.7m estimate. Raute reached 14.7% comparable EBITDA margin and exceeded its 12% target for the first time on a rolling 12-month basis.
- Q2 order intake amounted to EUR 12m vs our EUR 36m estimate. The very low order intake was mostly concentrated in the Services business (after-sales services and spare parts orders). Discussions about equipment orders within Wood Processing and Analyzers were reactivated towards the end of Q2, but this didn't yet lead to new orders. Demand should however improve in H2'25 and FY'26 especially in Europe.
- Order book totaled EUR 115m at the end of Q2 (EUR 223m a year ago).
- Raute guides FY'25 revenue to be in the range of EUR 190-220m and comparable EBITDA of EUR 20-27m (unchanged).

Rating — Buy

Q2'25	Actual	Evli	Year ago	Q1'25
Revenue	43.8	53.9	57.1	51.9
Wood Processing	30.4	38.8	41.8	37.9
Services	9.9	10.6	10.8	10.3
Analyzers	3.5	4.5	4.5	3.7
Comparable EBITDA	6.5	6.7	5.4	7.4
EBIT	1.9	5.2	3.9	5.9

Share price, EUR (Last trading day's closing price)	**15.60**
Target price, EUR	19.0
Latest change in recommendation	04-Feb-25
Latest report on company	06-Aug-25
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	95
Free float, %	-
Exchange rate	-
Reuters code	RAUTE.HE
Bloomberg code	RAUTE:FH
Average daily volume, EURm	0.1
Next interim report	12-Aug-25
Web site	www.raute.com/investors

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BUY ACCUMULATE REDUCE 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
2023	145.4	1.9	1.3%	32.3	0.22	44.7	0.1	10.1	53.6%	0.10
2024	204.6	13.7	6.7%	11.4	1.98	6.6	0.1	2.1	14.2%	0.55
2025E	201.8	19.9	9.9%	-24.9	2.64	5.9	0.4	3.6	-26.1%	0.60
2026E	181.7	15.5	8.5%	7.4	2.14	7.3	0.4	4.4	7.8%	0.70
2027E	185.6	16.1	8.7%	11.7	2.16	7.2	0.3	3.8	12.2%	0.75

Market cap, EURm	95	Gearing 2025E, %	-37.8 %	CAGR EPS 2024-27, %	2.9 %
Net debt 2025E, EURm	-24	Price/book 2025E	1.5	CAGR Sales 2024-27, %	-3.2 %
Enterprise value, EURm	72	Dividend yield 2025E, %	3.9 %	ROE 2025E, %	28.8 %
Total assets 2025E, EURm	141	Tax rate 2025E, %	20.8 %	ROCE 2025E, %	31.5 %
Goodwill 2025E, EURm	2	Equity ratio 2025E, %	31.2 %	PEG, P/E 25/CAGR	-0.9

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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – 0 %	RECUDE
0 – (+10) %	ACCUMULATE
> 10 %	BUY

ERP may temporarily suspend the rating and, if applicable, the target price to comply with regulations and/or firm policies, in which case a NOT RATED classification is used.

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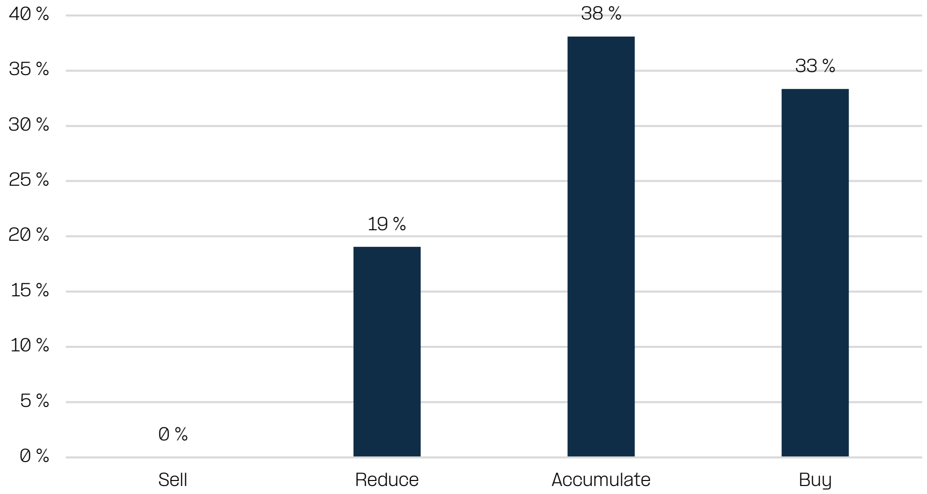

The graph above shows the distribution of ERP's recommendations of companies under coverage on the 16th of May, 2025. If recommendation is not given, it is not mentioned here.

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

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