

Optimistic guidance and dividend

Raute already disclosed in January that 2018 sales and EBIT would be higher than previously expected. Raute confirmed the previously announced strong numbers. The proposed dividend came in slightly above our estimate, while the company expects flat figures for 2019. Our stance for 2019 and beyond has been more cautious as the market has been going through a very favorable cycle.

- Q4 sales amounted to EUR 54.2m vs EUR 39.4m a year ago.
- Q4 operating profit stood at EUR 3.4m vs EUR 3.1m a year ago.
- Q4 order intake was EUR 28m vs EUR 60m a year ago.
- Order book amounted to EUR 95m vs EUR 110m a year ago.
- Raute proposes that a dividend of EUR 1.40 (EUR 1.25) per share be paid for financial year 2018. The amount was slightly above our EUR 1.35 per share estimate.
- Guidance: Raute expects 2019 net sales and operating profit to stay at similar levels compared to 2018. The company cites high order book and sustained brisk demand.

Rating	🟡 HOLD
Share price, EUR (Last trading day's closing price)	26.10
Target price, EUR	27.0
Latest change in recommendation	21-Oct-18
Latest report on company	17-Jan-19
Research paid by issuer:	YES
No. of shares outstanding, '000's	4,249
No. of shares fully diluted, '000's	4,249
Market cap, EURm	111
Free float, %	-
Exchange rate	-
Reuters code	RAUTE.HE
Bloomberg code	RAUTE:FH
Average daily volume, EURm	0.06
Next interim report	03-May-19
Web site	www.raute.com
Analyst	Joonas Ilvonen
E-mail	joonas.ilvonen@evli.com
Telephone	+358 44 430 9071

🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT 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
2017	149	12	7.8%	12	2.22	13.1	0.6	6.7	8.1	1.25
2018	181	15	8.2%	15	2.76	7.7	0.3	6.2	3.8	1.35
2019E	149	12	7.7%	11	2.15	12.1	0.5	9.3	6.3	1.35
2020E	122	8	6.8%	8	1.56	16.8	0.6	12.0	8.6	1.30
2021E	126	9	7.0%	9	1.67	15.7	0.6	11.2	7.8	1.30
Market cap, EURm		111	BV per share 2019E, EUR		11.6	CAGR EPS 2018-21, %		-15.5		
Net debt 2019E, EURm		-38	Price/book 2019E		2.3	CAGR sales 2018-21, %		-11.4		
Enterprise value, EURm		73	Dividend yield 2019E, %		5.2	ROE 2019E, %		19.3		
Total assets 2019E, EURm		96	Tax rate 2019E, %		20.0	ROCE 2019E, %		23.4		
Goodwill 2019E, EURm		1	Equity ratio 2019E, %		51.5	PEG, P/E 19/CAGR		-1.9		

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

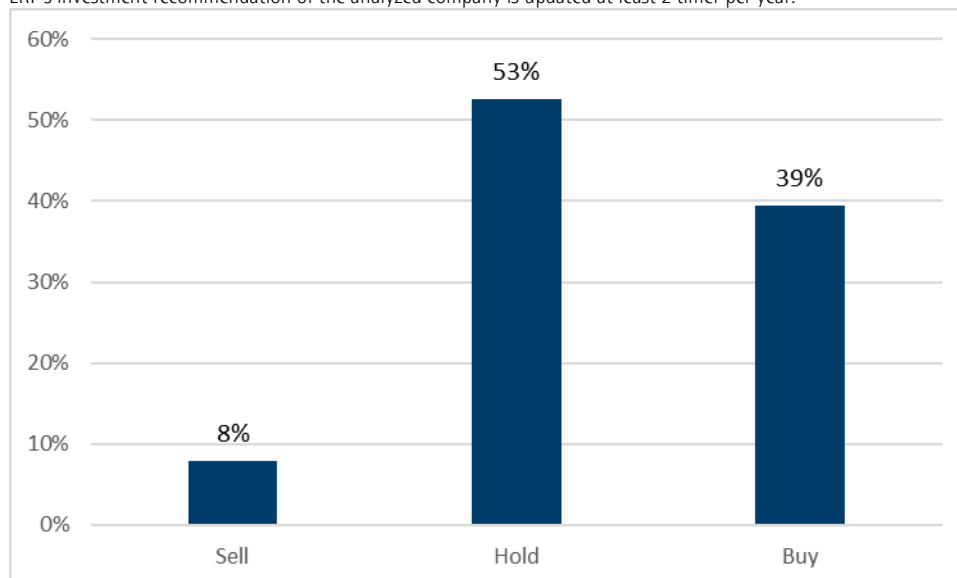
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Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 1st of February 2019. If recommendation is not given, it is not mentioned here.

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

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Contact information

SALES, TRADING AND RESEARCH

Equity Sales

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

Trading

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

ETFs and Derivatives

Tobias Björk (Head) +358 9 4766 9130
Joachim Dannberg +358 9 4766 9123
Kimmo Lijja +358 9 4766 9130
Sami Järvinen +358 9 4766 9110

Structured Investments

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

Equity Research

Joonas Häyhä +358 9 4766 9662
Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

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



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