

Sales beat, operating margin lower

Raute managed a 17% y/y top line growth in Q1. Order intake remained at a healthy level considering there were no major mill-scale orders. However, EBIT fell in both absolute and relative terms due to some exceptional cost items (while the comparison period also included some positive items).

- Q1 net sales amounted to EUR 41.3m vs. our EUR 32.3m estimate.
- Order intake was EUR 32m compared to EUR 68m a year ago. The orders mainly consisted of smaller items. Technology services orders grew strongly. Order book totaled EUR 84m (vs. EUR 142m a year ago).
- Operating profit stood at EUR 2.6m vs. our expectation of EUR 3.5m. Exceptional cost items burdened operating profit.
- The company managed an operating profit margin of 6.3%, whereas we expected 10.9%.
- Raute maintains its 2019 outlook, expecting 2019 net sales and operating profit at a similar level compared to the previous year. Overall, activity has remained at a good level.

Rating 🟡 HOLD				
Q1'19	Actual	Evli	Year ago	Q4'18
Net sales	41.3	32.3	35.3	54.5
-Project deliveries	26.3	22.2	24.7	38.6
-Technology services	15.0	10.1	10.6	15.9
Operating profit	2.6	3.5	2.8	3.4
Operating profit margin	6.3 %	10.9 %	7.9 %	6.2 %
Share price, EUR (Last trading day's closing price)				26.60
Target price, EUR				27.0
Latest change in recommendation				21-Oct-18
Latest report on company				15-Feb-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				113
Free float, %				-
Exchange rate				-
Reuters code				RAUTE.HE
Bloomberg code				RAUTE:FH
Average daily volume, EURm				0.1
Next interim report				03-May-19
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🟢 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	1.40
2019E	149	12	7.7%	11	2.15	12.4	0.5	9.5	6.5	1.40
2020E	122	8	6.8%	8	1.56	17.1	0.6	12.3	8.9	1.40
2021E	126	9	7.0%	9	1.67	16.0	0.6	11.4	8.2	1.40
Market cap, EURm	113		BV per share 2019E, EUR		11.5		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	75		Dividend yield 2019E, %		5.3		ROE 2019E, %		19.3	
Total assets 2019E, EURm	95		Tax rate 2019E, %		20.0		ROCE 2019E, %		23.5	
Goodwill 2019E, EURm	1		Equity ratio 2019E, %		51.4		PEG, P/E 19/CAGR		-2.0	

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

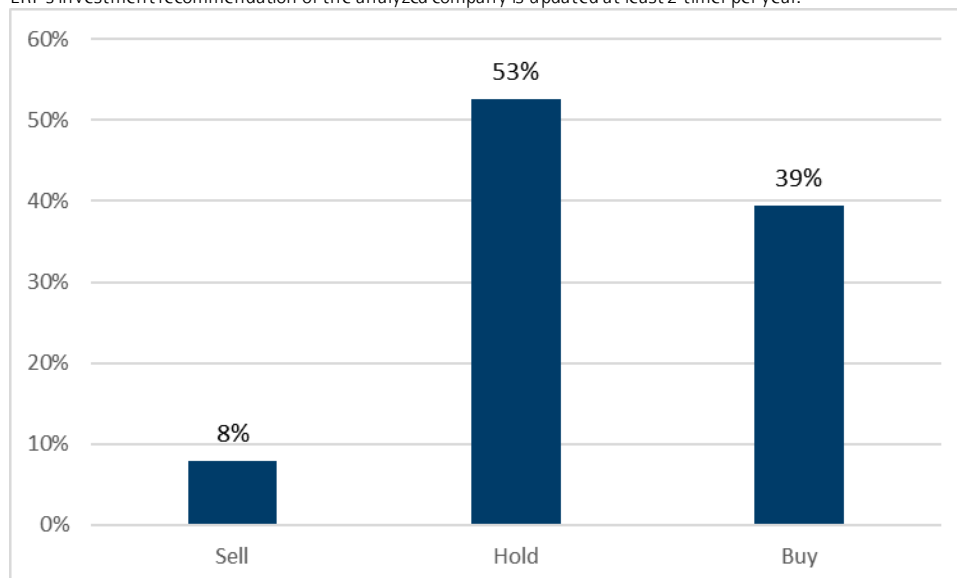
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Investment recommendations are defined as follows:

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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