

No changes to an uncertain market

Raute's Q3 EBIT, at EUR 1.7m, fell short of our EUR 2.5m estimate due to delayed new order development. Raute continues to comment the market situation in a cautious manner.

- Raute's Q3 revenue stood at EUR 33.7m vs our EUR 35.0m estimate. Services revenue was in line with our estimate while project deliveries fell a little short of our expectation.
- Q3 EBIT was EUR 1.7m whereas we expected EUR 2.5m.
- Order intake amounted to EUR 73m in Q3 vs EUR 42m a year ago. The figure was greatly helped by the EUR 58m record order the company had disclosed previously.
- Order book stood at EUR 109m at the end of Q3 vs EUR 121m a year ago.
- Raute continues to comment the market environment in a cautious manner, citing prolonged negotiations and decision making. Services and spare parts demand remains stable, indicating good mill capacity utilization rates.
- Raute reiterates existing guidance, expecting both revenue and operating profit to decline compared to previous year.

Rating					🟡 HOLD
Q3'19	Actual	Evli	Year ago	Q2'19	
Net sales	33.7	35.0	47.9	37.0	
-Project deliveries	16.7	18.0	33.4	19.0	
-Technology services	17.0	17.0	14.4	18.0	
Operating profit	1.7	2.5	5.5	2.3	
Operating profit margin	5.1 %	7.0 %	11.5 %	6.2 %	
Share price, EUR (Last trading day's closing price)					24.60
Target price, EUR					25.0
Latest change in recommendation					01-Aug-19
Latest report on company					02-Oct-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					105
Free float, %					-
Exchange rate					-
Reuters code					RAUTE.HE
Bloomberg code					RAUTE:FH
Average daily volume, EURm					-
Next interim report					30-Oct-19
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🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2017	148.6	11.6	7.8%	11.4	2.22	13.1	0.6	8.1	9.3	1.25
2018	181.3	14.9	8.2%	-12.5	2.76	7.7	0.4	5.2	-13.9	1.40
2019E	148.3	10.0	6.8%	13.2	1.87	13.2	0.6	8.5	12.6	1.40
2020E	148.6	11.1	7.5%	9.5	2.09	11.8	0.5	7.3	9.1	1.40
2021E	145.7	11.2	7.7%	9.8	2.10	11.7	0.5	7.0	9.3	1.40
Market cap, EURm	105		BV per share 2019E, EUR		-40.2		CAGR EPS 2018-21, %		-8.7	
Net debt 2019E, EURm	-20		Price/book 2019E		2.2		CAGR sales 2018-21, %		-7.0	
Enterprise value, EURm	85		Dividend yield 2019E, %		5.7		ROE 2019E, %		16.7	
Total assets 2019E, EURm	89		Tax rate 2019E, %		20.0		ROCE 2019E, %		20.9	
Goodwill 2019E, EURm	1		Equity ratio 2019E, %		54.5		PEG, P/E 19/CAGR		4.3	

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

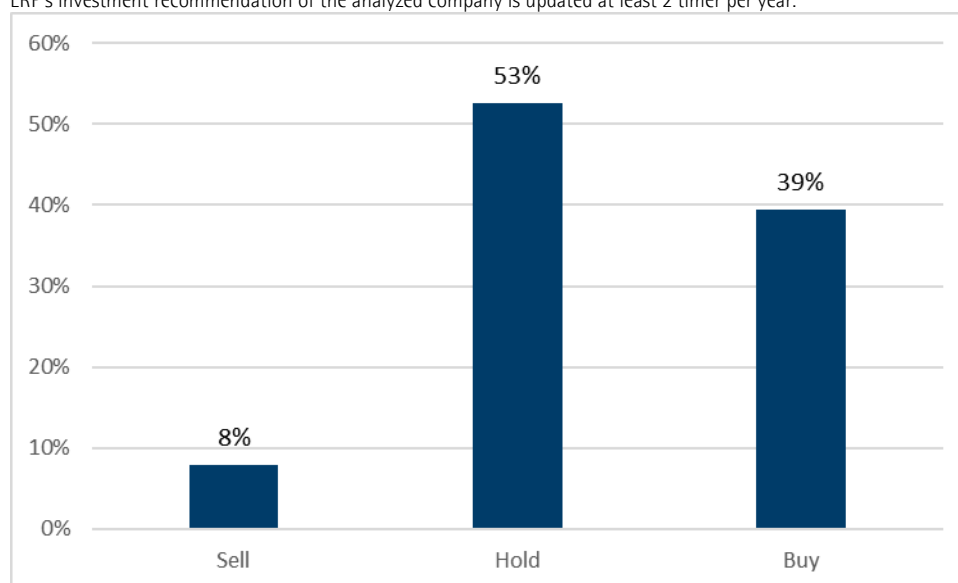
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Investment recommendations are defined as follows:

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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