

No major pickup in smaller orders

Raute's Q4 EBIT didn't meet our estimate and order intake was also a bit soft, excluding the big new Russian project. In our view significant improvement in business conditions still waits.

- Raute Q4 revenue was EUR 38.9m vs our EUR 39.0m estimate. Project deliveries amounted to EUR 28.6m, compared to our EUR 26.0m estimate. Meanwhile technology services' top line was EUR 10.3m vs our EUR 13.0m estimate.
- Q4 EBIT came in at EUR 0.8m, compared to our EUR 2.0m estimate.
- Order intake in Q4 stood at EUR 70m vs our EUR 74m estimate. Project deliveries' new orders were EUR 59m, while we expected EUR 62m. Technology services booked EUR 11m vs our EUR 12m estimate. This means there was no significant improvement in order intake from the previous quarters, excluding the EUR 55m Russian project.
- Order book stood at EUR 94m, compared to EUR 88m a year ago.
- Raute expects net sales to increase in 2021 compared to the level of the previous year. Raute expects the operating result to improve from the previous year due to growth in net sales.
- The Board of Directors proposes EUR 0.80 per share dividend distribution vs our EUR 1.47 expectation.

Rating				SELL
Q4'20	Actual	Evli	Year ago	Q3'20
Net sales	38.9	39.0	39.3	27.9
-Project deliveries	28.6	26.0	24.1	18.1
-Technology services	10.3	13.0	15.2	9.8
Operating profit	0.8	2.0	1.8	1.3
Operating profit margin	2.2 %	5.1 %	4.6 %	4.8 %
Share price, EUR (Last trading day's closing price)				23.50
Target price, EUR				20.0
Latest change in recommendation				22-Jan-21
Latest report on company				22-Jan-21
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				100
Free float, %				-
Exchange rate				-
Reuters code				RAUTE.HE
Bloomberg code				RAUTE:FH
Average daily volume, EURm				0.1
Next interim report				12-Feb-21
Web site				www.raute.com/investors
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 %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	181.1	14.9	8.2%	-11.2	2.76	7.7	0.5	5.7	-12.4	1.40
2019	151.3	8.4	5.6%	18.0	1.80	15.0	0.7	11.8	15.7	1.45
2020E	115.1	-0.7	-0.6%	6.2	-0.14	-163.2	0.7	-120.7	6.2	1.47
2021E	132.0	6.4	4.9%	4.2	1.21	19.5	0.7	13.5	4.2	1.50
2022E	137.0	8.4	6.1%	4.9	1.58	14.8	0.6	10.5	4.9	1.52
Market cap, EURm	100		BV per share 2020E, EUR	-36.0		CAGR EPS 2019-22, %		-4.1		
Net debt 2020E, EURm	-15		Price/book 2020E	2.3		CAGR sales 2019-22, %		-3.3		
Enterprise value, EURm	84		Dividend yield 2020E, %	6.3		ROE 2020E, %		-1.3		
Total assets 2020E, EURm	75		Tax rate 2020E, %	-93.1		ROCE 2020E, %		-1.3		
Goodwill 2020E, EURm	1		Equity ratio 2020E, %	57.2		PEG, P/E 20/CAGR		0.0		

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 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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Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

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

Structured Investments

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

Equity Research

Jonas Forslund +358 9 4766 9314
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149
Anna-Liisa Rissanen +358 40 157 9919
Teemu Reiman +358 40 352 6175

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**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001