

High orders, low profitability

Raute's Q2 order intake grew even more than we expected, while profitability remained weak.

- Q2 revenue grew by 45.5% y/y and amounted to EUR 35.5m, compared to our EUR 36.0m estimate. Project deliveries top line was EUR 19.2m (vs our EUR 24.0m estimate) while technology services was EUR 16.3m (vs our EUR 12.0m estimate).
- EBIT was EUR -1.0m vs our EUR 1.6m estimate, meaning EBIT margin was -2.9% while we expected 4.4%. The comparison period had exceptionally low payroll costs, in addition to which marketing and digitalization efforts were continued, and thus the result remained in the red.
- Q2 order intake amounted to EUR 65m, while we expected EUR 55m. Project deliveries orders were EUR 47m, compared to our EUR 42m estimate, while technology services amounted to EUR 18m vs our EUR 13m estimate.
- Order book stood at EUR 129m at the end of Q2 (EUR 80m a year ago).
- Raute guides revenue to grow and operating profit to improve in 2021 (unchanged).

Rating				BUY
Q2'21	Actual	Evli	Year ago	Q1'21
Net sales	35.5	36.0	24.4	24.8
Operating profit	-1.0	1.6	-1.0	-2.5
Operating profit margin	-2.9 %	4.4 %	-4.1 %	-10.1 %
Share price, EUR (Last trading day's closing price)				24.50
Target price, EUR				26.5
Latest change in recommendation				14-Jul-21
Latest report on company				14-Jul-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				104
Free float, %				-
Exchange rate				-
Reuters code				RAUTE.HE
Bloomberg code				RAUTE:FH
Average daily volume, EURm				0.1
Next interim report				23-Jul-21
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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
2019	151.3	8.4	5.6%	18.0	1.80	15.0	0.7	11.8	15.7	1.45
2020	115.0	-1.9	-1.7%	-0.7	-0.22	-101.6	0.8	-48.0	-0.7	0.80
2021E	133.8	2.8	2.1%	-2.6	0.40	61.2	0.8	38.2	-2.5	0.85
2022E	158.6	11.1	7.0%	0.3	2.09	11.7	0.7	9.7	0.3	0.90
2023E	164.4	11.8	7.2%	6.5	2.23	11.0	0.6	8.9	6.2	0.95

Market cap, EURm	104	BV per share 2021E, EUR	2.1	CAGR EPS 2020-23, %	0.0
Net debt 2021E, EURm	1	Price/book 2021E	2.7	CAGR sales 2020-23, %	12.7
Enterprise value, EURm	105	Dividend yield 2021E, %	3.5	ROE 2021E, %	4.3
Total assets 2021E, EURm	96	Tax rate 2021E, %	39.1	ROCE 2021E, %	5.5
Goodwill 2021E, EURm	2	Equity ratio 2021E, %	40.2	PEG, P/E 21/CAGR	0.8

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

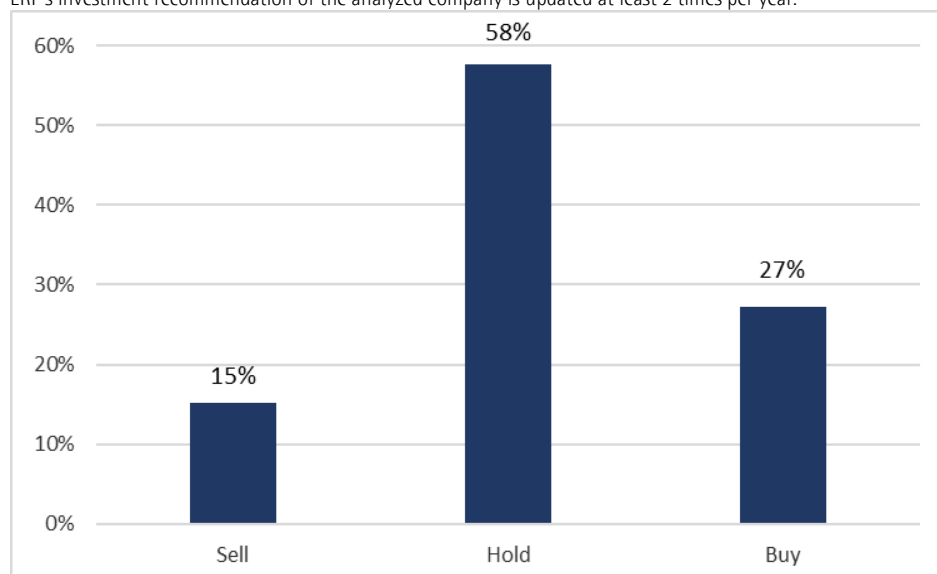
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Investment recommendations are defined as follows:

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.

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