

Order book will drive results

Raute reports Q4 results on Fri, Feb 11. Last year was another gap in terms of profitability, but Raute has managed to stack up a record-high order book in the past year or so. We make some estimate revisions but continue to expect steep earnings growth for this year and beyond.

Q4 results were still burdened by various factors

Raute gave preliminary info on FY '21 results, according to which EBIT remained negative. A large part of this negative revision was due to the agenda decision on cloud-based IT systems, which dictates Raute to expense EUR 2.9m of costs associated with a project capitalized earlier. EUR 2.0m will be booked for FY '21 and EUR 0.9m retroactively for FY '20. The booking decision is not a major issue from financial performance standpoint, but Q4 figures were also burdened by certain problems of varying acuteness, including infections which halted the main production plant's operations. Labor issues exacerbated the problem during a busy season, and component availability challenges reduced top line while price inflation weakened EBIT.

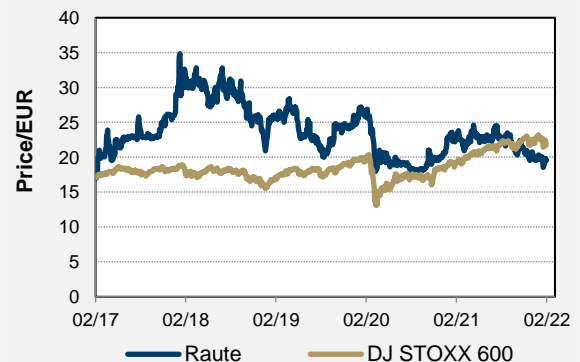
We expect improving EBIT over the year and beyond

Raute's order book reached a record EUR 150m in Q3 and hence the company is poised to turn a profit again this year. Just how much Raute's profitability will improve in FY '22 is by far the most important question because there's not that much to discuss with respect to the adequacy of current demand and workload. Raute's business model does not make very specific guidance practical and so we believe Raute will at this point guide only improving profitability. We would be surprised by any stronger wording this early in the year. We have made only relatively small revisions to our estimates. We now estimate FY '22 revenue at EUR 164.0m (prev. EUR 162.2m) and EBIT at EUR 9.0m (prev. EUR 10.0m). This represents a steep gain from last year yet still well short of the company's long-term potential.

Earnings multiples appear by no means demanding

Raute trades at multiples of some 6.0-7.5x EV/EBITDA and 8.5-10.5x EV/EBIT on our FY '22-23 estimates. Raute is the leader in a cyclical niche and so there aren't that relevant peers, but the multiples are low relative to Nordic capital goods names at a time when Raute's profitability is expected to remain subdued. Our TP is now EUR 22.0 (26.5); we retain our BUY rating.

Rating BUY



Share price, EUR (Last trading day's closing price) 19.50

Target price, EUR 22.0

Latest change in recommendation	14-Jul-21
Latest report on company	25-Oct-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	83
Free float, %	-
Exchange rate	-
Reuters code	RAUTE.HE
Bloomberg code	RAUTE:FH
Average daily volume, EURm	0.1
Next interim report	11-Feb-22
Web site	www.raute.com/investors

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BUY HOLD SELL

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	142.1	-2.2	-1.5%	-8.6	-0.43	-45.0	0.6	-40.7	-10.3	0.85
2022E	164.0	9.0	5.5%	-1.1	1.69	11.5	0.6	10.5	-1.3	0.90
2023E	170.2	11.0	6.5%	5.7	2.08	9.4	0.5	8.4	6.9	0.95
Market cap, EURm	83			Gearing 2021E, %	19.1			CAGR EPS 2020-23, %	0.0	
Net debt 2021E, EURm	7			Price/book 2021E	2.4			CAGR sales 2020-23, %	14.0	
Enterprise value, EURm	90			Dividend yield 2021E, %	4.4			ROE 2021E, %	-4.9	
Total assets 2021E, EURm	101			Tax rate 2021E, %	-2.7			ROCE 2021E, %	-4.3	
Goodwill 2021E, EURm	2			Equity ratio 2021E, %	34.8			PEG, P/E 21/CAGR	0.0	

Estimates and valuation

Raute	2017	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21	Q3'21	Q4'21e	2021e
Order intake	155	166	148	25	13	11	70	119	30	65	58	29	182
Project deliveries	97	104	98	14	6	2	58	80	11	47	37	13	108
Technology services	58	62	50	11	7	9	12	39	19	18	21	16	74
Europe	60	76	21	8	3	5	7	23	10	41	5	8	63
Russia	50	30	89	13	3	1	57	74	5	8	36	8	57
North America	36	25	18	3	2	2	5	12	11	8	13	8	40
Latin America	8	12	12	1	1	2	1	5	2	3	3	3	11
Asia-Pacific	2	23	9	1	4	0	1	6	3	5	2	2	11
Order book	110	95	88	92	80	62	94	94	98	129	150	135	135
Revenue	148	181	151	24	24	28	39	115	25	35	38	44	142
Project deliveries	99	126	86	14	14	18	29	75	16	19	23	27	86
Technology services	49	55	66	10	10	10	10	40	8	16	15	17	56
Europe	82	77	51	6	6	6	7	25	4	8	10	10	33
Russia	35	48	47	10	12	16	25	63	15	17	19	20	71
North America	21	32	27	4	3	3	3	12	3	5	5	8	21
Latin America	6	6	14	3	2	1	2	8	1	2	2	3	9
Asia-Pacific	3	18	13	1	2	1	2	6	1	3	3	3	9
EBITDA	14	17	12	-2	0	2	2	2	-2	0	3	0	2
<i>EBITDA margin</i>	9.3 %	9.6 %	8.1 %	-9 %	0 %	9 %	5 %	1.9 %	-6 %	0 %	8 %	1 %	1.4 %
EBIT	11	15	8	-3	-1	1	1	-2	-2	-1	2	-1	-2
<i>EBIT margin</i>	7.5 %	8.2 %	5.6 %	-13 %	-4 %	5 %	2 %	-1.6 %	-10 %	-3 %	5 %	-1 %	-1.5 %

Source: Evli Research

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		21	22	23	21	22	23	21	22	23
Alfa Laval AB	11779	19.5x	13.3x	12.0x	25.1x	16.7x	14.8x	15.6 %	16.3 %	17.0 %
Cargotec	2523	9.6x	6.5x	6.0x	14.4x	8.7x	7.8x	6.9 %	8.5 %	9.0 %
Glaston	91	8.6x	5.8x	5.0x	18.9x	9.4x	7.4x	3.4 %	5.5 %	6.4 %
Kone	28726	21.2x	16.8x	15.7x	25.1x	19.8x	18.3x	12.5 %	12.1 %	12.7 %
Konecranes Oyj	2600	8.9x	7.0x	6.4x	12.1x	9.4x	8.3x	8.8 %	9.6 %	10.2 %
Ponsse	1123	10.9x	9.5x	9.3x	14.2x	12.0x	11.6x	10.9 %	11.0 %	11.1 %
Sandvik	28039	13.9x	11.1x	10.3x	18.1x	14.1x	13.1x	18.8 %	19.2 %	19.6 %
Valmet	4840	10.9x	7.9x	7.5x	14.0x	10.1x	9.4x	10.2 %	10.6 %	11.2 %
Wartsila	6180	15.5x	10.0x	8.7x	21.3x	13.1x	11.0x	7.6 %	8.6 %	9.4 %
Peer Group Average	9544	13.2x	9.8x	9.0x	18.1x	12.6x	11.3x	10.5 %	11.3 %	11.8 %
Peer Group Median	4840	10.9x	9.5x	8.7x	18.1x	12.0x	11.0x	10.2 %	10.6 %	11.1 %
Raute (Evli est.)	83	45.3x	7.5x	6.1x	-40.7x	10.5x	8.4x	-1.5 %	5.5 %	6.5 %

Raute prem./disc. to peer median

315 % -21 % -30 % -325 % -13 % -24 % -115 % -48 % -42 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	19.50 PV of Free Cash Flow	37 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	25.57 PV of Horizon value	71 WACC, %	9.2 Market risk premium, %
Share price potential, %	31.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	27.8 Marketable securities	14 Minimum WACC, %	8.7 Equity beta coefficient
Minimum value	23.6 Debt - dividend	-21 Maximum WACC, %	9.7 Target debt ratio, %
Horizon value, %	65.6 Value of stock	113 Nr of shares, Mn	4.2 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	115	142	164	170	177	181	185	189	193	198	202	206
<i>Sales growth, %</i>	-24.0	23.6	15.4	3.7	3.7	2.5	2.3	2.3	2.3	2.3	2.0	2.0
Operating income (EBIT)	-2	-2	9	11	13	13	13	13	14	15	15	15
<i>Operating income margin, %</i>	-1.7	-1.5	5.5	6.5	7.5	7.0	7.0	7.0	7.0	7.5	7.5	7.5
+ Depreciation+amort.	4	4	4	4	5	5	5	5	5	5	5	5
EBITDA	2	2	13	15	18	17	18	18	19	20	20	
- Paid taxes	-1	0	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3
- Change in NWC	1	-6	-5	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>NWC / Sales, %</i>	8.3	10.9	12.4	12.8	13.1	13.3	13.5	13.7	13.9	14.1	14.3	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-4	-3	-6	-6	-5	-5	-5	-5	-6	-6	-6	-6
<i>opCAPEX / Sales, %</i>	3.0	3.4	4.2	3.5	3.2	3.0	3.0	3.0	3.0	3.0	2.9	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	-2	-8	0	6	9	9	9	9	9	10	11	154
= Discounted FCFF		-8	0	5	7	6	6	6	5	5	5	71
= DFCF min WACC		-8	0	5	7	6	6	6	5	5	5	79
= DFCF max WACC		-8	0	5	7	6	6	5	5	5	5	63

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2	2021Q3	2021Q4E	2021E	2022E	2023E
Net sales	23.8	24.4	27.9	38.9	115.0	24.8	35.5	37.8	44.0	142.1	164.0	170.2
EBITDA	-2.0	-0.1	2.4	1.8	2.1	-1.5	0.1	3.0	0.4	2.0	12.5	15.1
<i>EBITDA margin (%)</i>	<i>-8.6</i>	<i>-0.3</i>	<i>8.7</i>	<i>4.6</i>	<i>1.9</i>	<i>-6.2</i>	<i>0.3</i>	<i>7.9</i>	<i>0.9</i>	<i>1.4</i>	<i>7.6</i>	<i>8.9</i>
EBIT	-3.0	-1.0	1.3	0.8	-1.9	-2.5	-1.0	1.9	-0.6	-2.2	9.0	11.0
<i>EBIT margin (%)</i>	<i>-12.6</i>	<i>-4.1</i>	<i>4.7</i>	<i>2.1</i>	<i>-1.7</i>	<i>-10.1</i>	<i>-2.8</i>	<i>5.0</i>	<i>-1.4</i>	<i>-1.5</i>	<i>5.5</i>	<i>6.5</i>
Net financial items	0.1	0.3	-0.1	-0.1	0.3	0.0	0.4	0.0	0.0	0.4	0.0	0.0
Pre-tax profit	-2.9	-0.7	1.2	0.7	-1.6	-2.5	-0.6	1.9	-0.6	-1.8	9.0	11.0
Tax	0.7	-0.2	-0.5	0.6	0.6	0.0	0.4	-0.5	0.1	0.0	-1.8	-2.2
<i>Tax rate (%)</i>	<i>22.5</i>	<i>-25.3</i>	<i>39.1</i>	<i>-86.2</i>	<i>40.1</i>	<i>-1.6</i>	<i>62.5</i>	<i>27.7</i>	<i>20.0</i>	<i>-2.7</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2.2	-0.8	0.8	1.4	-0.9	-2.5	-0.2	1.4	-0.5	-1.8	7.2	8.8
EPS	-0.53	-0.19	0.18	0.32	-0.22	-0.59	-0.06	0.32	-0.11	-0.43	1.69	2.08
EPS adjusted (diluted no. of shares)	-0.53	-0.19	0.18	0.32	-0.22	-0.59	-0.06	0.32	-0.11	-0.43	1.69	2.08
Dividend per share	0.00	0.00	0.00	0.00	0.80	0.00	0.00	0.00	0.00	0.85	0.90	0.95
SALES, EURm												
Project deliveries	14.0	14.4	18.1	28.6	75.1	16.4	19.2	23.1	27.0	85.7	103.7	106.8
Technology services	9.8	10.0	9.8	10.3	39.9	8.4	16.3	14.7	17.0	56.4	60.3	63.4
Total	23.8	24.4	27.9	38.9	115.0	24.8	35.5	37.8	44.0	142.1	164.0	170.2
SALES GROWTH, Y/Y %												
<i>Project deliveries</i>	<i>-47.8</i>	<i>-20.9</i>	<i>9.7</i>	<i>18.7</i>	<i>-12.3</i>	<i>17.1</i>	<i>33.3</i>	<i>27.6</i>	<i>-5.6</i>	<i>14.1</i>	<i>21.0</i>	<i>3.0</i>
<i>Technology services</i>	<i>-32.4</i>	<i>-46.8</i>	<i>-43.0</i>	<i>-32.2</i>	<i>-39.3</i>	<i>-14.3</i>	<i>63.0</i>	<i>50.0</i>	<i>65.0</i>	<i>41.4</i>	<i>7.0</i>	<i>5.0</i>
Total	-42.4	-34.1	-17.2	-1.0	-24.0	4.2	45.5	35.5	13.1	23.6	15.4	3.7
EBIT, EURm												
Project deliveries	-3.6	-1.4	0.5	0.3	-4.2	-3.1	-1.2	1.2	-1.1	-4.2	4.1	5.3
Technology services	0.6	0.4	0.8	0.5	2.3	0.6	0.2	0.7	0.5	2.0	4.8	5.7
Total	-3.0	-1.0	1.3	0.8	-1.9	-2.5	-1.0	1.9	-0.6	-2.2	9.0	11.0
EBIT margin, %												
<i>Project deliveries</i>	<i>-25.7</i>	<i>-9.7</i>	<i>2.8</i>	<i>1.0</i>	<i>-5.6</i>	<i>-18.9</i>	<i>-6.2</i>	<i>5.2</i>	<i>-4.1</i>	<i>-4.9</i>	<i>4.0</i>	<i>5.0</i>
<i>Technology services</i>	<i>6.1</i>	<i>4.0</i>	<i>8.2</i>	<i>4.9</i>	<i>5.8</i>	<i>7.1</i>	<i>1.2</i>	<i>4.8</i>	<i>2.9</i>	<i>3.5</i>	<i>8.0</i>	<i>9.0</i>
Total	-12.6	-4.1	4.7	2.1	-1.7	-10.1	-2.8	5.0	-1.4	-1.5	5.5	6.5

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	113.1	148.6	181.1	151.3	115.0	142.1	164.0	170.2
<i>Sales growth (%)</i>	<i>-11.1</i>	<i>31.4</i>	<i>21.9</i>	<i>-16.5</i>	<i>-24.0</i>	<i>23.6</i>	<i>15.4</i>	<i>3.7</i>
EBITDA	10.9	14.2	17.4	12.3	2.1	2.0	12.5	15.1
<i>EBITDA margin (%)</i>	<i>9.6</i>	<i>9.6</i>	<i>9.6</i>	<i>8.1</i>	<i>1.9</i>	<i>1.4</i>	<i>7.6</i>	<i>8.9</i>
Depreciation	-2.3	-2.6	-2.5	-3.9	-4.0	-4.2	-3.5	-4.1
EBITA	8.6	11.6	14.9	8.4	-1.9	-2.2	9.0	11.0
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	8.6	11.6	14.9	8.4	-1.9	-2.2	9.0	11.0
<i>EBIT margin (%)</i>	<i>7.6</i>	<i>7.8</i>	<i>8.2</i>	<i>5.6</i>	<i>-1.7</i>	<i>-1.5</i>	<i>5.5</i>	<i>6.5</i>
Reported EBIT	8.6	11.6	14.9	8.4	-1.9	-2.2	9.0	11.0
<i>EBIT margin (reported) (%)</i>	<i>7.6</i>	<i>7.8</i>	<i>8.2</i>	<i>5.6</i>	<i>-1.7</i>	<i>-1.5</i>	<i>5.5</i>	<i>6.5</i>
Net financials	0.0	0.0	0.0	0.8	0.3	0.4	0.0	0.0
Pre-tax profit	8.6	11.6	14.9	9.2	-1.6	-1.8	9.0	11.0
Taxes	-1.5	-2.1	-3.2	-1.6	0.6	0.0	-1.8	-2.2
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	7.0	9.4	11.7	7.6	-0.9	-1.8	7.2	8.8
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	12	13	15	16	17	17	19	20
Goodwill	0	1	1	1	2	2	2	2
Right of use assets	0	0	7	7	6	7	8	9
Inventory	10	11	14	12	15	19	21	22
Receivables	24	30	52	32	34	42	48	50
Liquid funds	24	31	13	22	12	14	17	17
Total assets	70	87	103	91	86	101	116	121
Liabilities								
Shareholder's equity	34	39	47	50	40	35	39	44
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	7	5	4	7	8	9
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	3	1	1	2	2	14	20	18
Non-interest bearing current liabilities	29	43	46	31	23	29	33	34
Other interest-free debt	1	1	1	3	16	16	16	16
Total liabilities	70	87	103	91	86	101	116	121
CASH FLOW, EURm								
+ EBITDA	11	14	17	12	2	2	13	15
- Net financial items	17	7	0	1	0	0	0	0
- Taxes	0	-3	-3	-1	-1	0	-2	-2
- Increase in Net Working Capital	12	6	-23	10	1	-6	-5	-1
+/- Other	-19	-6	0	0	0	0	0	0
= Cash flow from operations	21	18	-8	21	3	-4	6	12
- Capex	-3	-7	-4	-3	-3	-5	-7	-6
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	18	11	-11	18	-1	-9	-1	6
+/- New issues/buybacks	1	0	1	1	-2	0	0	0
- Paid dividend	-3	-4	-5	-6	-6	-3	-4	-4
+/- Other	2	0	-2	-4	-2	15	7	-1
Change in cash	17	7	-17	9	-11	3	2	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	123	91	114	96	83	83	83
Net debt (excl. convertibles)	-29	-5	-15	-5	7	11	10
Enterprise value	94	85	99	91	90	94	92
Sales	149	181	151	115	142	164	170
EBITDA	14	17	12	2	2	13	15
EBIT	12	15	8	-2	-2	9	11
Pre-tax	12	15	9	-2	-2	9	11
Earnings	9	12	8	-1	-2	7	9
Equity book value (excl. minorities)	39	47	50	40	35	39	44
Valuation multiples							
EV/sales	0.6	0.5	0.7	0.8	0.6	0.6	0.5
EV/EBITDA	6.6	4.9	8.1	42.6	45.3	7.5	6.1
EV/EBITA	8.1	5.7	11.8	-48.0	-40.7	10.5	8.4
EV/EBIT	8.1	5.7	11.8	-48.0	-40.7	10.5	8.4
EV/OCF	5.1	-11.2	4.7	32.7	-24.4	16.1	8.0
EV/FCFF	7.4	-7.2	6.3	-42.6	-11.8	1,236.7	15.4
P/FCFE	10.8	-8.1	6.4	-140.2	-9.7	-78.7	14.6
P/E	13.1	7.7	15.0	-101.6	-45.0	11.5	9.4
P/B	3.1	1.9	2.3	2.4	2.4	2.1	1.9
Target EV/EBITDA	0.0	0.0	0.0	0.0	50.6	8.4	6.8
Target EV/EBIT	0.0	0.0	0.0	0.0	-45.6	11.7	9.3
Target EV/FCF	0.0	0.0	0.0	0.0	-11.7	-99.6	18.1
Target P/B	0.0	0.0	0.0	0.0	2.7	2.4	2.1
Target P/E	0.0	0.0	0.0	0.0	-50.8	13.0	10.6
Per share measures							
Number of shares	4,249	4,249	4,249	4,249	4,249	4,249	4,249
Number of shares (diluted)	4,249	4,249	4,249	4,249	4,249	4,249	4,249
EPS	2.22	2.76	1.80	-0.22	-0.43	1.69	2.08
Operating cash flow per share	4.33	-1.79	4.96	0.66	-0.86	1.38	2.72
Free cash flow per share	2.68	-2.64	4.23	-0.16	-2.01	-0.25	1.34
Book value per share	9.27	10.95	11.65	9.52	8.29	9.13	10.31
Dividend per share	1.25	1.40	1.45	0.80	0.85	0.90	0.95
Dividend payout ratio, %	56.4	50.7	80.7	-358.2	-196.2	53.3	45.7
Dividend yield, %	4.3	6.6	5.4	4.1	4.4	4.6	4.9
FCF yield, %	9.3	-12.4	15.7	-0.7	-10.3	-1.3	6.9
Efficiency measures							
ROE	25.6	27.3	15.9	-2.1	-4.9	19.4	21.4
ROCE	29.7	31.3	15.1	-3.7	-4.3	14.6	16.1
Financial ratios							
Inventories as % of sales	7.4	7.9	8.2	13.1	13.1	13.1	13.1
Receivables as % of sales	20.5	28.9	20.9	29.2	29.2	29.2	29.2
Non-interest bearing liabilities as % of sales	29.1	25.2	20.5	20.2	20.2	20.2	20.2
NWC/sales, %	-1.8	11.1	7.0	8.3	10.9	12.4	12.8
Operative CAPEX/sales, %	4.7	2.0	2.1	3.0	3.4	4.2	3.5
CAPEX/sales (incl. acquisitions), %	4.7	2.0	2.1	3.0	3.4	4.2	3.5
FCFF/EBITDA	0.9	-0.7	1.3	-1.0	-3.8	0.0	0.4
Net debt/EBITDA, book-weighted	-2.1	-0.3	-1.3	-2.5	3.4	0.9	0.6
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.2	0.2	0.2
Equity ratio, book-weighted	45.3	45.1	54.6	46.9	34.8	33.4	36.2
Gearing, %	-74.4	-11.8	-31.0	-13.0	19.1	29.4	21.8

COMPANY DESCRIPTION: Raute offers production lines, machinery and services for the entire production process of veneer and veneer-based products, which include plywood and laminated veneer lumber (LVL). The company's strategy is premised on a complementary offering of veneer production technology and services. Raute has differentiated itself through technological leadership and the ability to supply complete plywood and LVL production processes. Raute delivers most of its equipment in a tailored project-driven fashion to a global customer base consisting of hundreds of plywood and LVL mills. Raute has its main production plant in Lahti, Finland, however the company also operates a global sales and services network. Raute is a global leader in its niche market.

INVESTMENT CASE: Raute is the most technologically sophisticated vendor and a market leader within its niche. In our view this set-up will not change as current competition lags quite far behind and larger capital goods companies are unlikely to enter the relatively small market. Predicting Raute's project delivery flow is not easy and a single large project can make up a significant portion of a given calendar year's activity. Services growth might help to smooth financial performance, however project deliveries will always remain crucially important for Raute's success.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Sundholm Göran Wilhelm	500,000	9.750	11.8%
Mandatum Life Unit-Linked	138,302	2.697	3.3%
Laakkonen Mikko Kalervo	119,919	2.338	2.8%
Suominen Pekka	110,429	2.153	2.6%
Siivonen Osku Pekka	104,179	2.031	2.5%
Kirmo Kaisa Marketta	104,021	2.028	2.4%
Suominen Tiina Sini-Maria	100,856	1.967	2.4%
Keskiahho Kaija Leena	84,716	1.652	2.0%
Mustakallio Mika Tapani	83,270	1.624	2.0%
Särkijärvi Anna Riitta	82,489	1.609	1.9%
Ten largest	1,428,181	27.850	34%
Residual	2,821,067	55.011	66%
Total	4,249,248	82.860	100%

EARNINGS CALENDAR	
February 11, 2022	FY 2021 Results
April 29, 2022	Q1 report
July 22, 2022	Q2 report
October 21, 2022	Q3 report
OTHER EVENTS	

COMPANY MISCELLANEOUS	
CEO: Tapani Kiiski	Rautetie 2, FI-15550 Nastola
CFO: Tarja Järvinen	Tel: +358 3, 82,911
IR:	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

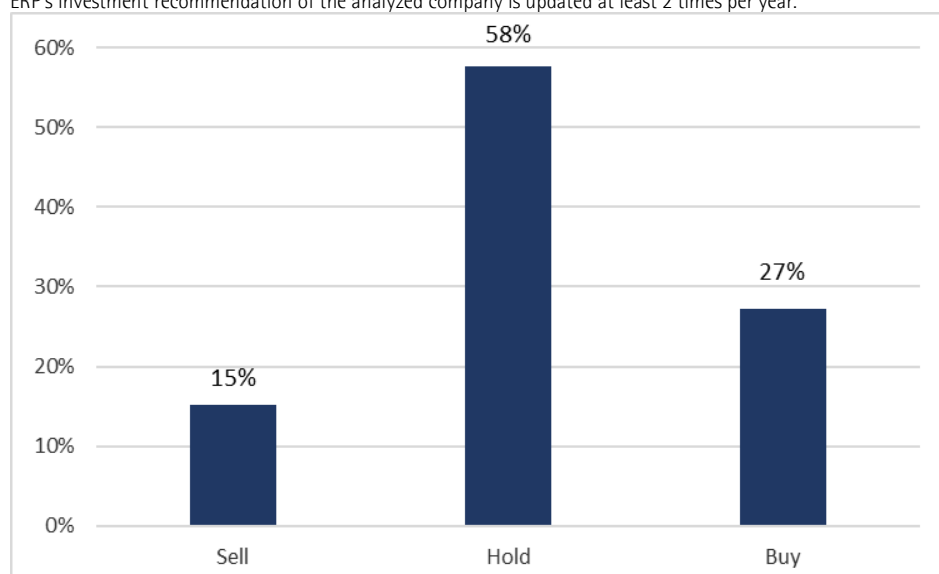
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Investment recommendations are defined as follows:

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

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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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