

## EBIT improves from a low base

Raute's Q4 report didn't provide that many news as recent profitability challenges are familiar. Demand stays high, but inflation means H1'22 EBIT is to remain well below potential. We continue to expect gradual improvement.

### Results will improve this year (and next)

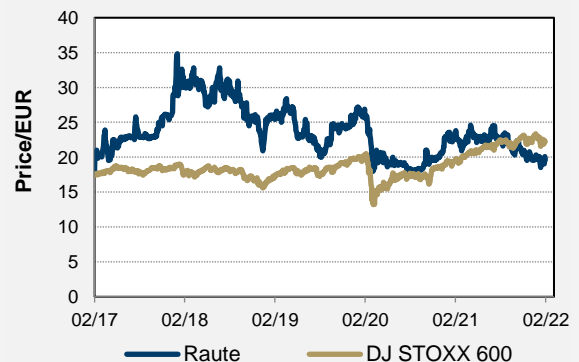
Raute's Q4 revenue grew 13% y/y to EUR 44m, while EBIT was EUR 0.5m vs our EUR -0.6m estimate; the gap was due to the allocation of cloud-based IT project costs, which were spread retroactively over many quarters. Raute's Q4 EBIT was still a far cry from potential, but order momentum continued stronger than we expected and even Raute was surprised by the EUR 50m in Q4 orders. Q1 orders have remained robust, however not quite as high as in Q4, and we expect the figure to top EUR 30m. Raute can meet the current level of demand, but delivery times have naturally been prolonged. Raute guides improving EBIT, but various factors, including inflation, will make the precise gradient hard to gauge. The IT project also continues to burden short-term results yet will contribute to EBIT going forward.

### Inflation will still burden near-term results

We make no significant changes to our estimates; we expect Raute to reach around 5% EBIT margin this year. H1'22 EBIT will still suffer from inflation as the orders signed earlier materialize, but the situation should improve somewhat throughout the year as the order book rolls forward and so catches up with higher component prices. We revise our FY '22 EBIT estimate to EUR 8.6m (prev. EUR 9.0m), while our new FY '23 estimate is EUR 11.3m (prev. EUR 11.0m). The inflationary environment's precise impact on the order book's unfolding remains to be seen, but in our view the current active order level means EBIT is set to improve for at least a few years.

### We retain our EUR 22 TP and BUY rating

Raute's valuation remains undemanding, around 5-6x EV/EBITDA and 6-8x EV/EBIT on our FY '22-23 estimates, and in our view some caution is in order considering the uncertainty inflation imposes on near-term results. Yet we believe Raute is poised to again reach EUR 10m EBIT in the coming years. That mark would imply only around 6% EBIT margin, a level Raute has managed to top with some EUR 150m annual revenue, while current demand in our view can support a top line EUR 20-30m higher than that.

**Rating** + BUY

 Share price, EUR (Last trading day's closing price) 19.55

 Target price, EUR 22.0

Latest change in recommendation	14-Jul-21
Latest report on company	07-Feb-22
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	29-Apr-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
2020	115.0	-2.8	-2.4%	-1.6	-0.44	-52.2	0.8	-32.6	-1.6	0.80
2021	142.2	-2.2	-1.5%	12.9	-0.41	-48.7	0.5	-32.0	15.4	0.80
2022E	168.0	8.6	5.1%	1.7	1.62	12.1	0.4	8.2	2.1	0.85
2023E	179.1	11.3	6.3%	4.9	2.12	9.2	0.4	6.2	5.9	0.90
2024E	185.7	13.2	7.1%	8.7	2.49	7.8	0.3	4.9	10.4	0.95
Market cap, EURm				83	Gearing 2022E, %			-32.4	CAGR EPS 2021-24, %	0.0
Net debt 2022E, EURm				-12	Price/book 2022E			2.2	CAGR sales 2021-24, %	9.3
Enterprise value, EURm				71	Dividend yield 2022E, %			4.3	ROE 2022E, %	19.2
Total assets 2022E, EURm				127	Tax rate 2022E, %			20.0	ROCE 2022E, %	17.4
Goodwill 2022E, EURm				2	Equity ratio 2022E, %			29.5	PEG, P/E 22/CAGR	0.7

**Estimates and valuation**

Raute	2017	2018	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e
<b>Order intake</b>	155	166	148	119	30	65	58	50	203	33	40	41	38	152
Project deliveries	97	104	98	80	11	47	37	36	131	16	24	23	22	85
Technology services	58	62	50	39	19	18	21	14	72	17	16	18	16	67
Europe	60	76	21	23	10	41	5	14	69	13	13	8	12	46
Russia	50	30	89	74	5	8	36	30	79	9	12	13	15	49
North America	36	25	18	12	11	8	13	4	37	7	8	12	7	34
Latin America	8	12	12	5	2	3	3	0	8	2	3	4	2	11
Asia-Pacific	2	23	9	6	3	5	2	1	10	3	4	4	2	13
<b>Order book</b>	110	95	88	94	98	129	150	158	158	153	154	152	142	142
<b>Revenue</b>	148	181	151	115	25	35	38	44	142	38	40	43	48	168
Project deliveries	99	126	86	75	16	19	23	29	88	25	23	27	32	107
Technology services	49	55	66	40	8	16	15	15	54	13	17	16	16	61
Europe	82	77	51	25	4	8	10	12	35	10	10	15	13	48
Russia	35	48	47	63	15	17	19	19	70	19	20	19	21	79
North America	21	32	27	12	3	5	5	7	20	5	5	5	8	23
Latin America	6	6	14	8	1	2	2	2	8	2	2	2	2	8
Asia-Pacific	3	18	13	6	1	3	3	4	10	2	3	3	4	11
<b>EBIT</b>	11	15	8	-3	-3	-2	2	1	-2	1	2	3	3	9
<i>EBIT margin</i>	7.5 %	8.2 %	5.6 %	-2.4 %	-11 %	-5 %	5 %	1 %	-1.6 %	3 %	5 %	6 %	6 %	5.1 %

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	11467	19.5x	13.0x	11.8x	25.1x	16.4x	14.5x	15.6 %	16.3 %	17.0 %
Cargotec	2561	9.6x	6.6x	6.2x	14.4x	8.9x	8.0x	6.9 %	8.5 %	8.9 %
Glaston	94	8.4x	6.0x	5.1x	17.2x	9.7x	7.6x	3.7 %	5.5 %	6.4 %
Kone	29182	21.2x	17.2x	16.0x	25.1x	20.3x	18.7x	12.5 %	12.0 %	12.6 %
Konecranes Oyj	2667	8.8x	7.1x	6.6x	12.1x	9.4x	8.5x	8.8 %	9.8 %	10.2 %
Ponsse	1152	10.9x	9.9x	9.5x	14.2x	12.5x	12.0x	10.9 %	10.8 %	11.0 %
Sandvik	28292	13.9x	11.2x	10.5x	18.1x	14.3x	13.3x	18.8 %	19.2 %	19.6 %
Valmet	4867	10.9x	8.0x	7.5x	14.1x	10.2x	9.5x	10.1 %	10.6 %	11.2 %
Wartsila	6136	15.5x	9.9x	8.6x	21.3x	13.0x	10.9x	7.6 %	8.6 %	9.4 %
<b>Peer Group Average</b>	9602	<b>13.2x</b>	<b>9.9x</b>	<b>9.1x</b>	<b>18.0x</b>	<b>12.7x</b>	<b>11.4x</b>	<b>10.5 %</b>	<b>11.3 %</b>	<b>11.8 %</b>
<b>Peer Group Median</b>	4867	<b>10.9x</b>	<b>9.9x</b>	<b>8.6x</b>	<b>17.2x</b>	<b>12.5x</b>	<b>10.9x</b>	<b>10.1 %</b>	<b>10.6 %</b>	<b>11.0 %</b>
<b>Raute (Evli est.)</b>	<b>83</b>	<b>33.3x</b>	<b>5.8x</b>	<b>4.7x</b>	<b>-32.0x</b>	<b>8.2x</b>	<b>6.2x</b>	<b>-1.5 %</b>	<b>5.1 %</b>	<b>6.3 %</b>

*Raute prem./disc. to peer median*

204 %    -41 %    -45 %    -285 %    -34 %    -43 %    -115 %    -52 %    -43 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	19.55 PV of Free Cash Flow	57 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	29.73 PV of Horizon value	56 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	52.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	31.7 Marketable securities	24 Minimum WACC, %	8.7 Equity beta coefficient	1.25
Minimum value	28.0 Debt - dividend	-11 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	49.8 Value of stock	126 Nr of shares, Mn	4.2 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	142	168	179	186	190	195	199	204	208	213	217	221
<i>Sales growth, %</i>	<i>23.7</i>	<i>18.1</i>	<i>6.6</i>	<i>3.7</i>	<i>2.5</i>	<i>2.3</i>	<i>2.3</i>	<i>2.3</i>	<i>2.3</i>	<i>2.3</i>	<i>2.0</i>	<i>2.0</i>
Operating income (EBIT)	-2	9	11	13	14	15	14	14	15	15	15	15
<i>Operating income margin, %</i>	<i>-1.5</i>	<i>5.1</i>	<i>6.3</i>	<i>7.1</i>	<i>7.4</i>	<i>7.5</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
+ Depreciation+amort.	4	4	3	4	4	4	4	4	4	4	5	4
EBITDA	2	12	15	17	18	19	18	19	19	19	19	19
- Paid taxes	-1	-2	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3
- Change in NWC	21	-3	-1	-1	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-8.3</i>	<i>-5.4</i>	<i>-4.4</i>	<i>-3.9</i>	<i>-3.6</i>	<i>-3.2</i>	<i>-2.9</i>	<i>-2.6</i>	<i>-2.4</i>	<i>-2.1</i>	<i>-1.8</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-6	-4	-6	-5	-5	-5	-5	-5	-5	-5	-3	-6
<i>opCAPEX / Sales, %</i>	<i>7.3</i>	<i>3.6</i>	<i>3.5</i>	<i>2.8</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>1.7</i>	<i>3.1</i>
- 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	17	4	6	9	10	11	10	10	11	13	9	133
= Discounted FCFF		3	5	7	7	7	6	6	5	6	4	56
= DFCF min WACC		3	5	7	7	7	6	6	6	6	4	63
= DFCF max WACC		3	5	7	7	7	6	6	5	6	4	50

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1E	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	24.8	35.5	37.8	44.1	142.2	38.0	39.5	42.5	48.0	168.0	179.1	185.7
EBITDA	-1.8	-0.6	2.8	1.7	2.1	2.1	2.7	3.5	3.9	12.2	14.7	17.2
<i>EBITDA margin (%)</i>	<i>-7.4</i>	<i>-1.7</i>	<i>7.4</i>	<i>3.9</i>	<i>1.5</i>	<i>5.5</i>	<i>6.8</i>	<i>8.2</i>	<i>8.1</i>	<i>7.3</i>	<i>8.2</i>	<i>9.2</i>
EBIT	-2.8	-1.7	1.7	0.6	-2.2	1.2	1.8	2.6	3.0	8.6	11.3	13.2
<i>EBIT margin (%)</i>	<i>-11.3</i>	<i>-4.8</i>	<i>4.5</i>	<i>1.4</i>	<i>-1.5</i>	<i>3.2</i>	<i>4.6</i>	<i>6.1</i>	<i>6.3</i>	<i>5.1</i>	<i>6.3</i>	<i>7.1</i>
Net financial items	0.0	0.4	0.0	0.1	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	-2.8	-1.3	1.7	0.7	-1.7	1.2	1.8	2.6	3.0	8.6	11.3	13.2
Tax	0.0	0.4	-0.5	0.2	0.0	-0.2	-0.4	-0.5	-0.6	-1.7	-2.3	-2.6
<i>Tax rate (%)</i>	<i>-1.4</i>	<i>29.9</i>	<i>30.9</i>	<i>-25.3</i>	<i>0.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2.8	-0.9	1.2	0.8	-1.7	1.0	1.4	2.1	2.4	6.9	9.0	10.6
EPS	-0.66	-0.22	0.28	0.20	-0.41	0.23	0.34	0.49	0.56	1.62	2.12	2.49
EPS adjusted (diluted no. of shares)	-0.66	-0.22	0.28	0.20	-0.41	0.23	0.34	0.49	0.56	1.62	2.12	2.49
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
<b>SALES, EURm</b>												
Project deliveries	16.4	19.2	23.1	29.1	87.8	25.0	23.0	27.0	32.0	107.0	115.0	118.5
Technology services	8.4	16.3	14.7	15.0	54.4	13.0	16.5	15.5	16.0	61.0	64.1	67.3
<b>Total</b>	<b>24.8</b>	<b>35.5</b>	<b>37.8</b>	<b>44.1</b>	<b>142.2</b>	<b>38.0</b>	<b>39.5</b>	<b>42.5</b>	<b>48.0</b>	<b>168.0</b>	<b>179.1</b>	<b>185.7</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Project deliveries</i>	<i>17.1</i>	<i>33.3</i>	<i>27.6</i>	<i>1.7</i>	<i>16.9</i>	<i>52.4</i>	<i>19.8</i>	<i>16.9</i>	<i>10.0</i>	<i>21.9</i>	<i>7.5</i>	<i>3.0</i>
<i>Technology services</i>	<i>-14.3</i>	<i>63.0</i>	<i>50.0</i>	<i>45.6</i>	<i>36.3</i>	<i>54.8</i>	<i>1.2</i>	<i>5.4</i>	<i>6.7</i>	<i>12.1</i>	<i>5.0</i>	<i>5.0</i>
<b>Total</b>	<b>4.2</b>	<b>45.5</b>	<b>35.5</b>	<b>13.4</b>	<b>23.7</b>	<b>53.2</b>	<b>11.3</b>	<b>12.4</b>	<b>8.8</b>	<b>18.1</b>	<b>6.6</b>	<b>3.7</b>
<b>EBIT, EURm</b>												
Project deliveries	-3.3	-1.9	1.4	0.3	-3.5	0.3	0.8	1.5	1.7	4.3	5.2	6.5
Technology services	0.5	0.2	0.3	0.3	1.3	0.9	1.0	1.1	1.3	4.3	6.1	6.7
<b>Total</b>	<b>-2.8</b>	<b>-1.7</b>	<b>1.7</b>	<b>0.6</b>	<b>-2.2</b>	<b>1.2</b>	<b>1.8</b>	<b>2.6</b>	<b>3.0</b>	<b>8.6</b>	<b>11.3</b>	<b>13.2</b>
<b>EBIT margin, %</b>												
<i>Project deliveries</i>	<i>-20.1</i>	<i>-9.9</i>	<i>6.1</i>	<i>1.0</i>	<i>-4.0</i>	<i>1.2</i>	<i>3.5</i>	<i>5.6</i>	<i>5.3</i>	<i>4.0</i>	<i>4.5</i>	<i>5.5</i>
<i>Technology services</i>	<i>6.0</i>	<i>1.2</i>	<i>2.0</i>	<i>2.0</i>	<i>2.4</i>	<i>6.9</i>	<i>6.1</i>	<i>7.1</i>	<i>8.1</i>	<i>7.0</i>	<i>9.5</i>	<i>10.0</i>
<b>Total</b>	<b>-11.3</b>	<b>-4.8</b>	<b>4.5</b>	<b>1.4</b>	<b>-1.5</b>	<b>3.2</b>	<b>4.6</b>	<b>6.1</b>	<b>6.3</b>	<b>5.1</b>	<b>6.3</b>	<b>7.1</b>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	148.6	181.1	151.3	115.0	142.2	168.0	179.1	185.7
<i>Sales growth (%)</i>	<i>31.4</i>	<i>21.9</i>	<i>-16.5</i>	<i>-24.0</i>	<i>23.7</i>	<i>18.1</i>	<i>6.6</i>	<i>3.7</i>
EBITDA	14.2	17.4	12.3	1.2	2.1	12.2	14.7	17.2
<i>EBITDA margin (%)</i>	<i>9.6</i>	<i>9.6</i>	<i>8.1</i>	<i>1.1</i>	<i>1.5</i>	<i>7.3</i>	<i>8.2</i>	<i>9.2</i>
Depreciation	-2.6	-2.5	-3.9	-4.0	-4.3	-3.6	-3.4	-3.9
EBITA	11.6	14.9	8.4	-2.8	-2.2	8.6	11.3	13.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	11.6	14.9	8.4	-2.8	-2.2	8.6	11.3	13.2
<i>EBIT margin (%)</i>	<i>7.8</i>	<i>8.2</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>5.1</i>	<i>6.3</i>	<i>7.1</i>
Reported EBIT	11.6	14.9	8.4	-2.8	-2.2	8.6	11.3	13.2
<i>EBIT margin (reported) (%)</i>	<i>7.8</i>	<i>8.2</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>5.1</i>	<i>6.3</i>	<i>7.1</i>
Net financials	0.0	0.0	0.8	0.3	0.5	0.0	0.0	0.0
Pre-tax profit	11.6	14.9	9.2	-2.5	-1.7	8.6	11.3	13.2
Taxes	-2.1	-3.2	-1.6	0.6	0.0	-1.7	-2.3	-2.6
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	9.4	11.7	7.6	-1.8	-1.7	6.9	9.0	10.6
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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	13	15	16	17	19	20	22	22
Goodwill	1	1	1	2	2	2	2	2
Right of use assets	0	7	7	6	10	12	13	13
Inventory	11	14	12	15	22	26	28	29
Receivables	30	52	32	34	32	38	40	41
Liquid funds	31	13	22	12	24	29	31	32
Total assets	87	103	91	86	111	127	136	141
<b>Liabilities</b>								
Shareholder's equity	39	47	50	40	34	38	43	50
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	7	5	4	8	12	13	13
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	1	1	2	2	2	5	5	0
Non-interest bearing current liabilities	43	46	31	23	39	46	49	50
Other interest-free debt	1	1	3	16	27	27	27	27
Total liabilities	87	103	91	86	111	127	136	141
<b>CASH FLOW, EURm</b>								
+ EBITDA	14	17	12	1	2	12	15	17
- Net financial items	7	0	1	0	0	0	0	0
- Taxes	-3	-3	-1	-1	-1	-2	-2	-3
- Increase in Net Working Capital	6	-23	10	1	21	-3	-1	-1
+/- Other	-6	0	0	0	0	0	0	0
= Cash flow from operations	18	-8	21	2	23	8	11	14
- Capex	-7	-4	-3	-3	-10	-6	-6	-5
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	11	-11	18	-2	13	2	5	9
+/- New issues/buybacks	0	1	1	-1	-1	0	0	0
- Paid dividend	-4	-5	-6	-6	-3	-3	-4	-4
+/- Other	0	-2	-4	-2	5	6	1	-4
Change in cash	7	-17	9	-11	13	4	2	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	91	114	96	84	83	83	83
Net debt (excl. convertibles)	-5	-15	-5	-14	-12	-13	-18
Enterprise value	85	99	91	70	71	70	65
Sales	181	151	115	142	168	179	186
EBITDA	17	12	1	2	12	15	17
EBIT	15	8	-3	-2	9	11	13
Pre-tax	15	9	-2	-2	9	11	13
Earnings	12	8	-2	-2	7	9	11
Equity book value (excl. minorities)	47	50	40	34	38	43	50
<b>Valuation multiples</b>							
EV/sales	0.5	0.7	0.8	0.5	0.4	0.4	0.3
EV/EBITDA	4.9	8.1	73.6	33.3	5.8	4.7	3.8
EV/EBITA	5.7	11.8	-32.6	-32.0	8.2	6.2	4.9
EV/EBIT	5.7	11.8	-32.6	-32.0	8.2	6.2	4.9
EV/OCF	-11.2	4.7	48.2	3.0	9.2	6.2	4.7
EV/FCFF	-7.2	6.3	-30.2	4.2	19.9	12.2	7.1
P/FCFE	-8.1	6.4	-60.7	6.5	47.9	16.8	9.6
P/E	7.7	15.0	-52.2	-48.7	12.1	9.2	7.8
P/B	1.9	2.3	2.4	2.5	2.2	1.9	1.7
Target EV/EBITDA	0.0	0.0	0.0	0.0	6.7	5.4	4.4
Target EV/EBIT	0.0	0.0	0.0	0.0	9.5	7.1	5.7
Target EV/FCF	0.0	0.0	0.0	0.0	46.9	16.2	8.7
Target P/B	0.0	0.0	0.0	0.0	2.5	2.2	1.9
Target P/E	0.0	0.0	0.0	0.0	13.6	10.4	8.8
<b>Per share measures</b>							
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	2.76	1.80	-0.44	-0.41	1.62	2.12	2.49
Operating cash flow per share	-1.79	4.96	0.45	5.50	1.82	2.65	3.25
Free cash flow per share	-2.64	4.23	-0.37	3.04	0.41	1.16	2.04
Book value per share	10.95	11.65	9.52	8.02	8.83	10.10	11.70
Dividend per share	1.40	1.45	0.80	0.80	0.85	0.90	0.95
Dividend payout ratio, %	50.7	80.7	-183.9	-196.7	52.5	42.5	38.1
Dividend yield, %	6.6	5.4	3.5	4.1	4.3	4.6	4.9
FCF yield, %	-12.4	15.7	-1.6	15.4	2.1	5.9	10.4
<b>Efficiency measures</b>							
ROE	27.3	15.9	-4.1	-4.6	19.2	22.4	22.9
ROCE	31.3	15.1	-5.4	-4.8	17.4	19.7	21.5
<b>Financial ratios</b>							
Inventories as % of sales	7.9	8.2	13.1	15.5	15.5	15.5	15.5
Receivables as % of sales	28.9	20.9	29.2	22.3	22.3	22.3	22.3
Non-interest bearing liabilities as % of sales	25.2	20.5	20.2	27.1	27.1	27.1	27.1
NWC/sales, %	11.1	7.0	8.3	-8.3	-5.4	-4.4	-3.9
Operative CAPEX/sales, %	2.0	2.1	3.0	7.3	3.6	3.5	2.8
CAPEX/sales (incl. acquisitions), %	2.0	2.1	3.0	7.3	3.6	3.5	2.8
FCFF/EBITDA	-0.7	1.3	-2.4	7.9	0.3	0.4	0.5
Net debt/EBITDA, book-weighted	-0.3	-1.3	-4.2	-6.5	-1.0	-0.9	-1.1
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.1	0.1	0.0
Equity ratio, book-weighted	45.1	54.6	46.9	30.8	29.5	31.5	35.2
Gearing, %	-11.8	-31.0	-13.0	-40.5	-32.4	-31.4	-36.8

**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	9.775	11.8%
Mandatum Life Unit-Linked	138,302	2.704	3.3%
Laakkonen Mikko Kalervo	119,919	2.344	2.8%
Suominen Pekka	110,429	2.159	2.6%
Siivonen Osku Pekka	104,179	2.037	2.5%
Kirmo Kaisa Marketta	104,021	2.034	2.4%
Suominen Tiina Sini-Maria	100,856	1.972	2.4%
Keskiahho Kaija Leena	84,716	1.656	2.0%
Mustakallio Mika Tapani	83,270	1.628	2.0%
Särkijärvi Anna Riitta	82,489	1.613	1.9%
Ten largest	1,428,181	27.921	34%
Residual	2,821,067	55.152	66%
Total	4,249,248	83.073	100%

EARNINGS CALENDAR	
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



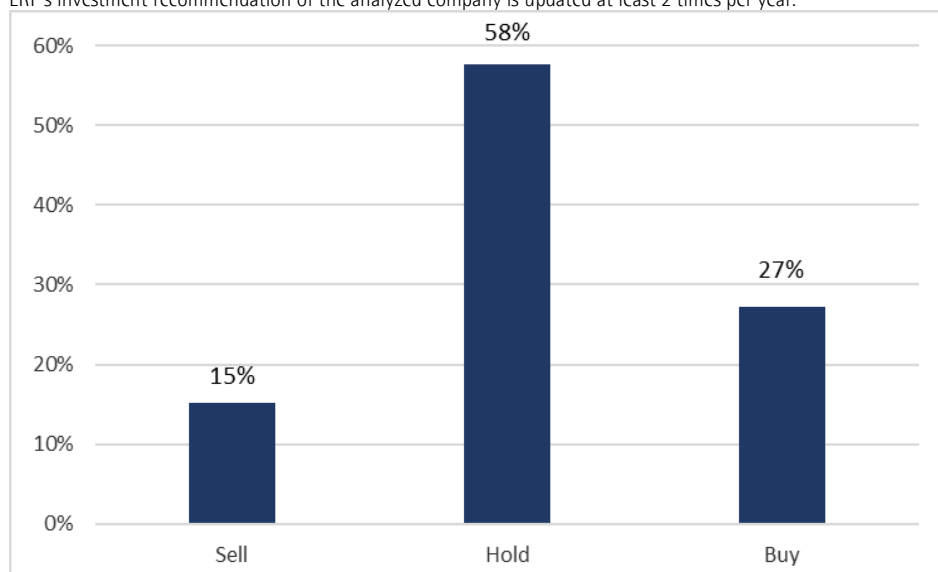
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Investment recommendations are defined as follows:

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

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## Name(s) of the analyst(s): Ilvonen

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