

Improving after the clean up

Raute reports Q2 results on Jul 22. We make downward revisions to our estimates due to the latest update as well as the deterioration in wider economic conditions.

Profitability is set to improve in H2

Raute's Q2 bottom line will be burdened by big one-offs, including EUR 8-9m in write-downs related to Russian projects and receivables as well as some EUR 1m in restructuring costs such as severance. We thus revise our Q2 EBIT estimate down to EUR -10.7m (prev. EUR -1.4m). H1 results would have been poor even without such items due to the inflation which affects already signed orders. Raute expects profitability to improve in H2, which we do not find a big surprise. Raute is also finding ways to improve margins and lower costs; results should already materialize this year and be even better visible in 2023 especially if Western demand continues to develop favorably.

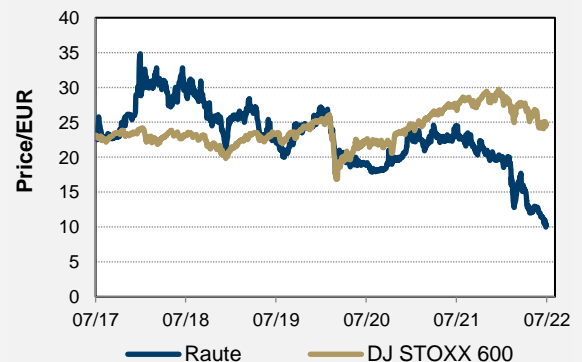
Western orders continue to pick up after slow years

Raute's focus tilts to West, especially after the Russian orders have been delivered. North American orders came in at a high level of EUR 15m in Q1, but the level may not extrapolate that well even in a more favorable economic backdrop let alone in a souring one. We still expect the American business continues to pick up as the market was cool even before the pandemic, however we trim our estimates for new orders. Similar logic applies to Europe as the local market softened considerably towards 2019 but showed marked increases in orders last year, including a large Baltic project. Additional large European orders could improve outlook, but it's difficult to estimate the materialization and timing of such projects especially now that uncertainty tends to undermine plans for larger investments. Our FY '22 revenue estimate is intact at EUR 146m, but we cut our FY '23 estimate to EUR 141m (prev. EUR 152m). We cut our FY '23 EBIT estimate to EUR 4.8m (prev. EUR 6.2m).

Valuation not very challenging, but outlook a bit unclear

In our view Raute retains its position as the global leader within the niche of plywood and LVL machinery, particularly at the upper end of the market. The current valuation of 8x EV/EBIT, on our FY '23 estimates, is not all too challenging, however there's still a lot of uncertainty around the next few years' profitability levels. We revise our TP to EUR 11 (14); our rating is HOLD.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 10.40
Target price, EUR 11.0

Latest change in recommendation 03-Mar-22
Latest report on company 02-May-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 44
Free float, % -
Exchange rate -
Reuters code RAUTE.HE
Bloomberg code RAUTE:FH
Average daily volume, EURm 0.1
Next interim report 22-Jul-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	146.3	-10.6	-7.2%	-7.4	-2.01	-5.2	0.3	-3.9	-16.9	0.75
2023E	141.2	4.8	3.4%	4.6	0.90	11.6	0.3	8.4	10.4	0.80
2024E	146.6	6.8	4.6%	3.8	1.27	8.2	0.3	5.8	8.7	0.90
Market cap, EURm	44			Gearing 2022E, %	-13.4			CAGR EPS 2021-24, %	0.0	
Net debt 2022E, EURm	-3			Price/book 2022E	2.0			CAGR sales 2021-24, %	1.0	
Enterprise value, EURm	41			Dividend yield 2022E, %	7.2			ROE 2022E, %	-30.3	
Total assets 2022E, EURm	111			Tax rate 2022E, %	17.1			ROCE 2022E, %	-23.9	
Goodwill 2022E, EURm	2			Equity ratio 2022E, %	19.9			PEG, P/E 22/CAGR	0.0	

Estimates and valuation

Raute	2017	2018	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e
Order intake	155	166	148	119	30	65	58	50	203	36	30	32	36	134
Project deliveries	97	104	98	80	11	47	37	36	131	16	15	16	21	68
Technology services	58	62	50	39	19	18	21	14	72	20	15	16	15	66
Europe	60	76	21	23	10	41	5	14	69	13	12	15	19	59
Russia	50	30	89	74	5	8	36	30	79	3	0	0	0	3
North America	36	25	18	12	11	8	13	4	37	15	12	11	13	51
Latin America	8	12	12	5	2	3	3	0	8	3	3	3	2	11
Asia-Pacific	2	23	9	6	3	5	2	1	10	3	3	3	2	11
Order book	110	95	88	94	98	129	150	158	158	152	144	143	145	145
Revenue	148	181	151	115	25	35	38	44	142	41	38	33	34	146
Project deliveries	99	126	86	75	16	19	23	29	88	26	23	19	21	89
Technology services	49	55	66	40	8	16	15	15	54	15	15	14	13	57
Europe	82	77	51	25	4	8	10	12	35	15	14	12	13	54
Russia	35	48	47	63	15	17	19	19	70	14	9	8	7	38
North America	21	32	27	12	3	5	5	7	20	9	10	8	9	36
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	3	10
EBIT	11	15	8	-3	-3	-2	2	1	-2	-1	-11	1	1	-11
<i>EBIT margin</i>	7.5 %	8.2 %	5.6 %	-2.4 %	-11 %	-5 %	5 %	1 %	-1.6 %	-4 %	-28 %	2 %	3 %	-7.2 %

Source: Evli Research

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		22	23	24	22	23	24	22	23	24
Alfa Laval AB	10131	12.6x	10.9x	10.3x	16.3x	13.5x	12.5x	14.8 %	16.0 %	16.3 %
Cargotec	1727	5.8x	4.9x	4.9x	7.6x	6.4x	6.2x	7.8 %	8.7 %	8.9 %
Glaston	69	5.1x	4.2x	4.0x	10.1x	7.1x	6.6x	4.2 %	5.4 %	5.7 %
Kone	23686	16.6x	14.9x	13.7x	19.7x	17.7x	16.1x	10.8 %	11.6 %	12.2 %
Konecranes Oyj	1841	6.3x	5.4x	5.1x	8.4x	7.3x	6.8x	8.3 %	9.2 %	9.7 %
Ponsse	658	7.6x	6.8x	6.3x	11.4x	9.6x	8.5x	7.7 %	8.9 %	9.5 %
Sandvik	19841	9.1x	8.4x	7.9x	12.1x	10.8x	10.0x	18.4 %	19.3 %	20.0 %
Valmet	4476	6.0x	5.4x	5.1x	8.1x	6.8x	6.3x	9.4 %	10.5 %	11.1 %
Wartsila	4574	8.9x	7.6x	6.7x	12.0x	9.9x	8.4x	7.4 %	8.6 %	9.4 %
Peer Group Average	7445	8.7x	7.6x	7.1x	11.7x	9.9x	9.1x	9.9 %	10.9 %	11.4 %
Peer Group Median	4476	7.6x	6.8x	6.3x	11.4x	9.6x	8.4x	8.3 %	9.2 %	9.7 %
Raute (Evli est.)	44	-6.2x	5.0x	3.9x	-3.9x	8.4x	5.8x	-7.2 %	3.4 %	4.6 %

Raute prem./disc. to peer median -182 % -28 % -38 % -134 % -13 % -31 % -187 % -63 % -52 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	10.40 PV of Free Cash Flow	34 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	22.45 PV of Horizon value	48 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	115.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	24.1 Marketable securities	24 Minimum WACC, %	8.7 Equity beta coefficient	1.25
Minimum value	21.0 Debt - dividend	-11 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	58.4 Value of stock	95 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	146	141	147	150	154	157	161	164	168	171	175
<i>Sales growth, %</i>	<i>23.7</i>	<i>2.9</i>	<i>-3.5</i>	<i>3.8</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	-11	5	7	12	12	11	11	11	12	12	12
<i>Operating income margin, %</i>	<i>-1.5</i>	<i>-7.2</i>	<i>3.4</i>	<i>4.6</i>	<i>7.7</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	3	4	4	4	4	4	4	4	4
EBITDA	2	-7	8	10	15	15	15	15	15	16	16	
- Paid taxes	-1	2	-1	-1	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	21	0	1	-1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-8.3</i>	<i>-7.8</i>	<i>-8.5</i>	<i>-7.8</i>	<i>-7.3</i>	<i>-6.9</i>	<i>-6.6</i>	<i>-6.2</i>	<i>-5.8</i>	<i>-5.4</i>	<i>-5.1</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-6	-2	-3	-4	-4	-4	-4	-4	-4	-3	-5	
<i>opCAPEX / Sales, %</i>	<i>7.3</i>	<i>1.7</i>	<i>2.2</i>	<i>3.0</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.0</i>	<i>3.2</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	17	-7	4	4	8	8	8	8	8	10	8	109
= Discounted FCFF		-7	4	3	6	6	5	5	4	5	3	48
= DFCF min WACC		-7	4	3	6	6	5	5	5	5	3	53
= DFCF max WACC		-7	4	3	6	6	5	5	4	4	3	43

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	24.8	35.5	37.8	44.1	142.2	41.3	38.0	33.0	34.0	146.3	141.2	146.6
EBITDA	-1.8	-0.6	2.8	1.7	2.1	-0.3	-9.8	1.6	1.8	-6.7	8.0	10.2
<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>-0.6</i>	<i>-25.8</i>	<i>4.8</i>	<i>5.3</i>	<i>-4.5</i>	<i>5.7</i>	<i>6.9</i>
EBIT	-2.8	-1.7	1.7	0.6	-2.2	-1.5	-10.7	0.7	0.9	-10.6	4.8	6.8
<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>-3.6</i>	<i>-28.2</i>	<i>2.1</i>	<i>2.6</i>	<i>-7.2</i>	<i>3.4</i>	<i>4.6</i>
Net financial items	0.0	0.4	0.0	0.1	0.5	0.3	0.0	0.0	0.0	0.3	0.0	0.0
Pre-tax profit	-2.8	-1.3	1.7	0.7	-1.7	-1.2	-10.7	0.7	0.9	-10.3	4.8	6.8
Tax	0.0	0.4	-0.5	0.2	0.0	-0.1	2.1	-0.1	-0.2	1.8	-1.0	-1.4
<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>-5.1</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>17.1</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2.8	-0.9	1.2	0.8	-1.7	-1.2	-8.6	0.6	0.7	-8.5	3.8	5.4
EPS	-0.66	-0.22	0.28	0.20	-0.41	-0.29	-2.01	0.13	0.17	-2.01	0.90	1.27
EPS adjusted (diluted no. of shares)	-0.66	-0.22	0.28	0.20	-0.41	-0.29	-2.01	0.13	0.17	-2.01	0.90	1.27
Dividend per share	0.00	0.00	0.00	0.00	0.80	0.00	0.00	0.00	0.00	0.75	0.80	0.90
SALES, EURm												
Project deliveries	16.4	19.2	23.1	29.1	87.8	26.4	23.0	19.0	21.0	89.4	83.1	85.6
Technology services	8.4	16.3	14.7	15.0	54.4	14.9	15.0	14.0	13.0	56.9	58.0	60.9
Total	24.8	35.5	37.8	44.1	142.2	41.3	38.0	33.0	34.0	146.3	141.2	146.6
SALES GROWTH, Y/Y %												
<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>61.0</i>	<i>19.8</i>	<i>-17.7</i>	<i>-27.8</i>	<i>1.8</i>	<i>-7.0</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>77.4</i>	<i>-8.0</i>	<i>-4.8</i>	<i>-13.3</i>	<i>4.6</i>	<i>2.0</i>	<i>5.0</i>
Total	4.2	45.5	35.5	13.4	23.7	66.5	7.0	-12.7	-22.9	2.9	-3.5	3.8
EBIT, EURm												
Project deliveries	-3.3	-1.9	1.4	0.3	-3.5	-1.9	-10.7	0.3	0.4	-11.9	0.4	1.3
Technology services	0.5	0.2	0.3	0.3	1.3	0.4	0.0	0.4	0.5	1.3	4.4	5.5
Total	-2.8	-1.7	1.7	0.6	-2.2	-1.5	-10.7	0.7	0.9	-10.6	4.8	6.8
EBIT margin, %												
<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>-7.2</i>	<i>-46.5</i>	<i>1.6</i>	<i>1.9</i>	<i>-13.3</i>	<i>0.5</i>	<i>1.5</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>2.7</i>	<i>0.0</i>	<i>2.9</i>	<i>3.8</i>	<i>2.3</i>	<i>7.5</i>	<i>9.0</i>
Total	-11.3	-4.8	4.5	1.4	-1.5	-3.6	-28.2	2.1	2.6	-7.2	3.4	4.6

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	148.6	181.1	151.3	115.0	142.2	146.3	141.2	146.6
<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>2.9</i>	<i>-3.5</i>	<i>3.8</i>
EBITDA	14.2	17.4	12.3	1.2	2.1	-6.7	8.0	10.2
<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>-4.5</i>	<i>5.7</i>	<i>6.9</i>
Depreciation	-2.6	-2.5	-3.9	-4.0	-4.3	-3.9	-3.3	-3.4
EBITA	11.6	14.9	8.4	-2.8	-2.2	-10.6	4.8	6.8
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	-10.6	4.8	6.8
<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>-7.2</i>	<i>3.4</i>	<i>4.6</i>
Reported EBIT	11.6	14.9	8.4	-2.8	-2.2	-10.6	4.8	6.8
<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>-7.2</i>	<i>3.4</i>	<i>4.6</i>
Net financials	0.0	0.0	0.8	0.3	0.5	0.3	0.0	0.0
Pre-tax profit	11.6	14.9	9.2	-2.5	-1.7	-10.3	4.8	6.8
Taxes	-2.1	-3.2	-1.6	0.6	0.0	1.8	-1.0	-1.4
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	-8.5	3.8	5.4
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	13	15	16	17	19	17	17	18
Goodwill	1	1	1	2	2	2	2	2
Right of use assets	0	7	7	6	10	10	10	10
Inventory	11	14	12	15	22	23	22	23
Receivables	30	52	32	34	32	33	32	33
Liquid funds	31	13	22	12	24	25	24	25
Total assets	87	103	91	86	111	111	108	112
Liabilities								
Shareholder's equity	39	47	50	40	34	22	23	25
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	10	10	10
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	1	1	2	2	2	12	10	10
Non-interest bearing current liabilities	43	46	31	23	39	40	38	40
Other interest-free debt	1	1	3	16	27	27	27	27
Total liabilities	87	103	91	86	111	111	108	112
CASH FLOW, EURm								
+ EBITDA	14	17	12	1	2	-7	8	10
- Net financial items	7	0	1	0	0	0	0	0
- Taxes	-3	-3	-1	-1	-1	2	-1	-1
- Increase in Net Working Capital	6	-23	10	1	21	0	1	-1
+/- Other	-6	0	0	0	0	0	0	0
= Cash flow from operations	18	-8	21	2	23	-5	8	8
- Capex	-7	-4	-3	-3	-10	-2	-3	-4
- 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	-7	5	4
+/- New issues/buybacks	0	1	1	-1	-1	0	0	0
- Paid dividend	-4	-5	-6	-6	-3	-3	-3	-3
+/- Other	0	-2	-4	-2	5	12	-2	0
Change in cash	7	-17	9	-11	13	1	-1	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	91	114	96	84	44	44	44
Net debt (excl. convertibles)	-5	-15	-5	-14	-3	-4	-5
Enterprise value	85	99	91	70	41	40	39
Sales	181	151	115	142	146	141	147
EBITDA	17	12	1	2	-7	8	10
EBIT	15	8	-3	-2	-11	5	7
Pre-tax	15	9	-2	-2	-10	5	7
Earnings	12	8	-2	-2	-9	4	5
Equity book value (excl. minorities)	47	50	40	34	22	23	25
Valuation multiples							
EV/sales	0.5	0.7	0.8	0.5	0.3	0.3	0.3
EV/EBITDA	4.9	8.1	73.6	33.3	-6.2	5.0	3.9
EV/EBITA	5.7	11.8	-32.6	-32.0	-3.9	8.4	5.8
EV/EBIT	5.7	11.8	-32.6	-32.0	-3.9	8.4	5.8
EV/OCF	-11.2	4.7	48.2	3.0	-8.2	5.2	4.8
EV/FCFF	-7.2	6.3	-30.2	4.2	-5.6	9.5	9.3
P/FCFE	-8.1	6.4	-60.7	6.5	-5.9	9.7	11.5
P/E	7.7	15.0	-52.2	-48.7	-5.2	11.6	8.2
P/B	1.9	2.3	2.4	2.5	2.0	1.9	1.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	-6.6	5.3	4.1
Target EV/EBIT	0.0	0.0	0.0	0.0	-4.1	8.9	6.2
Target EV/FCF	0.0	0.0	0.0	0.0	-5.9	9.3	10.9
Target P/B	0.0	0.0	0.0	0.0	2.1	2.1	1.9
Target P/E	0.0	0.0	0.0	0.0	-5.5	12.3	8.6
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	2.76	1.80	-0.44	-0.41	-2.01	0.90	1.27
Operating cash flow per share	-1.79	4.96	0.45	5.50	-1.18	1.79	1.94
Free cash flow per share	-2.64	4.23	-0.37	3.04	-1.75	1.08	0.90
Book value per share	10.95	11.65	9.52	8.02	5.21	5.36	5.83
Dividend per share	1.40	1.45	0.80	0.80	0.75	0.80	0.90
Dividend payout ratio, %	50.7	80.7	-183.9	-196.7	-37.4	89.1	70.6
Dividend yield, %	6.6	5.4	3.5	7.7	7.2	7.7	8.7
FCF yield, %	-12.4	15.7	-1.6	15.4	-16.9	10.4	8.7
Efficiency measures							
ROE	27.3	15.9	-4.1	-4.6	-30.3	17.0	22.8
ROCE	31.3	15.1	-5.4	-4.8	-23.9	11.0	15.4
Financial ratios							
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	-7.8	-8.5	-7.8
Operative CAPEX/sales, %	2.0	2.1	3.0	7.3	1.7	2.2	3.0
CAPEX/sales (incl. acquisitions), %	2.0	2.1	3.0	7.3	1.7	2.2	3.0
FCFF/EBITDA	-0.7	1.3	-2.4	7.9	1.1	0.5	0.4
Net debt/EBITDA, book-weighted	-0.3	-1.3	-4.2	-6.5	0.4	-0.5	-0.5
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.3	0.2	0.2
Equity ratio, book-weighted	45.1	54.6	46.9	30.8	19.9	21.0	22.1
Gearing, %	-11.8	-31.0	-13.0	-40.5	-13.4	-19.2	-19.4

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	5.200	11.8%
Mandatum Life Unit-Linked	138,302	1.438	3.3%
Laakkonen Mikko Kalervo	119,919	1.247	2.8%
Suominen Pekka	110,429	1.148	2.6%
Siivonen Osku Pekka	104,179	1.083	2.5%
Kirmo Kaisa Marketta	104,021	1.082	2.4%
Suominen Tiina Sini-Maria	100,856	1.049	2.4%
Keskiahho Kaija Leena	84,716	0.881	2.0%
Mustakallio Mika Tapani	83,270	0.866	2.0%
Särkijärvi Anna Riitta	82,489	0.858	1.9%
Ten largest	1,428,181	14.853	34%
Residual	2,821,067	29.339	66%
Total	4,249,248	44.192	100%

EARNINGS CALENDAR	
July 22, 2022	Q2 report
October 21, 2022	Q3 report
OTHER EVENTS	

COMPANY MISCELLANEOUS	
CEO: Petri Strengell	Rautetie 2, FI-15550 Nastola
CFO: Minna Yrjönmäki	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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.

Recommendation	Percentage
Sell	15%
Hold	58%
Buy	27%

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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