

## Improving with Western orders

Raute has now largely cleaned its Russian exposure and Western orders are materializing at a good pace, however H2'22 profitability will still be far from satisfactory.

### New Western orders will henceforth help profitability

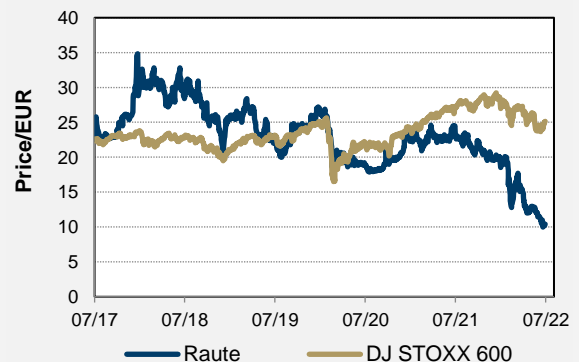
Q2 top line fell 16.5% y/y to EUR 29.6m vs our EUR 38.0m estimate. The shortfall was due to projects, in particular Russian orders, whereas services figured above our estimate. The war led Raute to temporarily pause operations and assess the Russian order book, while the Chinese lockdowns induced production transfers. One-off issues led to EUR 11m in items, but cost inflation also affected the results more than we had estimated and thus Q2 EBIT was EUR -15.1m vs our EUR -10.7m estimate. Bottom line will now improve but we expect at least Q3 EBIT to stay negative due to inflation. Meanwhile services profitability is not suffering that much, in addition to which Q2 order intake amounted to EUR 40m vs our EUR 30m estimate. Demand has held up and there were again no large orders.

### We would expect positive EBIT early next year at the latest

Order intake in Europe and Asia, excl. China where the situation is yet to normalize, drove the figure above our estimate. North American orders were soft relative to our estimate after high Q1, but demand there is strong. There's more uncertainty around European demand, but the Baltics and Eastern European countries are bright spots. The overall outlook and the EUR 104m order book is not bad considering it has now been mostly cleaned of Russia while Raute has been able to book EUR 40m in new quarterly orders even without any large ones. Smaller order demand related to modernization and automation remains high on customers' agenda. Raute's outlook for the coming years could improve with larger orders, however EBIT will stay at a modest level for several quarters to come. Investments in R&D remain high, while Raute has a program to improve profitability.

### High uncertainty but long-term multiples are undemanding

We make minor revisions and still expect positive EBIT for FY '23, although it looks set to be a modest one. Raute trades 9x EV/EBIT on our FY '23 estimates; next year's EBIT is likely to stay far below potential, and valuation isn't challenging in the long-term context. There's however still much uncertainty and hence we view valuation fair. We retain our EUR 11 TP and HOLD rating.

 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	18-Jul-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	21-Oct-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	0.00
2022E	140.9	-16.3	-11.6%	-11.3	-3.28	-3.2	0.3	-2.6	-25.6	0.00
2023E	137.9	4.3	3.1%	3.6	0.80	13.0	0.3	8.9	8.1	0.80
2024E	145.6	7.1	4.9%	3.5	1.34	7.8	0.3	5.3	7.8	0.90
Market cap, EURm	44			Gearing 2022E, %	-12.5			CAGR EPS 2021-24, %	0.0	
Net debt 2022E, EURm	-3			Price/book 2022E	2.2			CAGR sales 2021-24, %	0.8	
Enterprise value, EURm	42			Dividend yield 2022E, %	0.0			ROE 2022E, %	-51.4	
Total assets 2022E, EURm	107			Tax rate 2022E, %	14.4			ROCE 2022E, %	-37.7	
Goodwill 2022E, EURm	2			Equity ratio 2022E, %	18.7			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	Q2'22	Q3'22e	Q4'22e	2022e
<b>Order intake</b>	155	166	148	119	30	65	58	50	203	36	40	38	43	157
Project deliveries	97	104	98	80	11	47	37	36	131	16	21	20	26	83
Technology services	58	62	50	39	19	18	21	14	72	20	19	18	17	74
Europe	60	76	21	23	10	41	5	14	69	13	26	17	22	79
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	6	13	13	47
Latin America	8	12	12	5	2	3	3	0	8	3	1	3	2	9
Asia-Pacific	2	23	9	6	3	5	2	1	10	3	7	5	6	21
<b>Order book</b>	110	95	88	94	98	129	150	158	158	152	104	108	115	115
<b>Revenue</b>	148	181	151	115	25	35	38	44	142	41	30	34	36	141
Project deliveries	99	126	86	75	16	19	23	29	88	26	13	19	22	80
Technology services	49	55	66	40	8	16	15	15	54	15	17	15	14	61
Europe	82	77	51	25	4	8	10	12	35	15	14	16	15	60
Russia	35	48	47	63	15	17	19	19	70	14	2	4	4	24
North America	21	32	27	12	3	5	5	7	20	9	9	8	9	35
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	2	4	6	13
<b>EBIT</b>	11	15	8	-3	-3	-2	2	1	-2	-1	-15	0	1	-16
<i>EBIT margin</i>	7.5 %	8.2 %	5.6 %	-2.4 %	-11 %	-5 %	5 %	1 %	-1.6 %	-4 %	-51 %	-1 %	2 %	-11.5 %

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	11837	13.9x	11.9x	11.3x	18.0x	14.8x	13.8x	14.9 %	16.1 %	16.5 %
Cargotec	2102	6.6x	5.6x	5.6x	8.9x	7.2x	7.2x	7.8 %	8.6 %	8.8 %
Glaston	71	5.2x	4.3x	4.0x	10.2x	7.3x	6.7x	4.2 %	5.4 %	5.7 %
Kone	22753	16.3x	14.4x	13.2x	19.6x	17.1x	15.5x	10.6 %	11.6 %	12.2 %
Konecranes Oyj	2057	6.9x	6.0x	5.6x	9.3x	8.1x	7.4x	8.2 %	9.1 %	9.6 %
Ponsse	714	8.3x	7.5x	6.8x	12.4x	10.4x	9.3x	7.7 %	8.9 %	9.5 %
Sandvik	21153	9.6x	8.8x	8.3x	13.1x	11.5x	10.5x	17.6 %	18.9 %	19.7 %
Valmet	4699	6.3x	5.6x	5.3x	8.8x	7.3x	6.7x	9.1 %	10.3 %	10.9 %
Wartsila	5177	9.3x	8.7x	7.5x	13.6x	11.2x	9.4x	7.3 %	8.5 %	9.4 %
<b>Peer Group Average</b>	7840	<b>9.2x</b>	<b>8.1x</b>	<b>7.5x</b>	<b>12.7x</b>	<b>10.5x</b>	<b>9.6x</b>	<b>9.7 %</b>	<b>10.8 %</b>	<b>11.4 %</b>
<b>Peer Group Median</b>	4699	<b>8.3x</b>	<b>7.5x</b>	<b>6.8x</b>	<b>12.4x</b>	<b>10.4x</b>	<b>9.3x</b>	<b>8.2 %</b>	<b>9.1 %</b>	<b>9.6 %</b>
<b>Raute (Evli est.)</b>	<b>44</b>	<b>-3.5x</b>	<b>4.9x</b>	<b>3.5x</b>	<b>-2.6x</b>	<b>8.9x</b>	<b>5.3x</b>	<b>-11.6 %</b>	<b>3.1 %</b>	<b>4.9 %</b>

Raute prem./disc. to peer median

-142 %   -34 %   -48 %   -121 %   -14 %   -42 %   -240 %   -66 %   -49 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	10.40 PV of Free Cash Flow	29 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	20.68 PV of Horizon value	45 WACC, %	9.2 Market risk premium, %
Share price potential, %	98.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	22.2 Marketable securities	24 Minimum WACC, %	8.7 Equity beta coefficient
Minimum value	19.3 Debt - dividend	-11 Maximum WACC, %	9.7 Target debt ratio, %
Horizon value, %	61.3 Value of stock	88 Nr of shares, Mn	4.2 Effective tax rate, %

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	142	141	138	146	150	154	157	161	164	168	171	175
<i>Sales growth, %</i>	<i>23.7</i>	<i>-0.9</i>	<i>-2.1</i>	<i>5.5</i>	<i>3.3</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	-16	4	7	11	12	11	11	12	12	12	12
<i>Operating income margin, %</i>	<i>-1.5</i>	<i>-11.6</i>	<i>3.1</i>	<i>4.9</i>	<i>7.2</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	4	4
EBITDA	2	-12	8	11	15	15	15	15	16	16	16	16
- Paid taxes	-1	2	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2
- Change in NWC	21	0	0	-1	-1	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-8.3</i>	<i>-8.5</i>	<i>-8.9</i>	<i>-7.9</i>	<i>-7.3</i>	<i>-6.9</i>	<i>-6.5</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	0
- Operative CAPEX	-6	-2	-4	-5	-4	-4	-4	-5	-5	-3	-6	
<i>opCAPEX / Sales, %</i>	<i>7.3</i>	<i>1.3</i>	<i>2.6</i>	<i>3.5</i>	<i>3.1</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.0</i>	<i>3.5</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	-11	3	4	8	8	8	8	8	10	7	104
= Discounted FCFF		-11	3	3	6	6	5	5	4	5	3	45
= DFCF min WACC		-11	3	3	6	6	5	5	5	5	3	51
= DFCF max WACC		-11	3	3	6	6	5	5	4	5	3	41

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	24.8	35.5	37.8	44.1	142.2	41.3	29.6	34.0	36.0	140.9	137.9	145.6
EBITDA	-1.8	-0.6	2.8	1.7	2.1	-0.3	-13.8	0.6	1.5	-12.0	7.7	10.7
<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>-46.7</i>	<i>1.8</i>	<i>4.2</i>	<i>-8.5</i>	<i>5.6</i>	<i>7.4</i>
EBIT	-2.8	-1.7	1.7	0.6	-2.2	-1.5	-15.1	-0.3	0.6	-16.3	4.3	7.1
<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>-51.0</i>	<i>-0.9</i>	<i>1.7</i>	<i>-11.6</i>	<i>3.1</i>	<i>4.9</i>
Net financial items	0.0	0.4	0.0	0.1	0.5	0.3	-0.3	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	-15.4	-0.3	0.6	-16.3	4.3	7.1
Tax	0.0	0.4	-0.5	0.2	0.0	-0.1	2.5	0.1	-0.1	2.3	-0.9	-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>16.0</i>	<i>20.0</i>	<i>20.0</i>	<i>14.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2.8	-0.9	1.2	0.8	-1.7	-1.2	-12.9	-0.2	0.5	-13.9	3.4	5.7
EPS	-0.66	-0.22	0.28	0.20	-0.41	-0.29	-3.04	-0.06	0.11	-3.28	0.80	1.34
EPS adjusted (diluted no. of shares)	-0.66	-0.22	0.28	0.20	-0.41	-0.29	-3.04	-0.06	0.11	-3.28	0.80	1.34
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.80	0.90
<b>SALES, EURm</b>												
Project deliveries	16.4	19.2	23.1	29.1	87.8	26.4	12.7	19.0	22.0	80.1	75.3	79.8
Technology services	8.4	16.3	14.7	15.0	54.4	14.9	16.9	15.0	14.0	60.8	62.6	65.8
<b>Total</b>	<b>24.8</b>	<b>35.5</b>	<b>37.8</b>	<b>44.1</b>	<b>142.2</b>	<b>41.3</b>	<b>29.6</b>	<b>34.0</b>	<b>36.0</b>	<b>140.9</b>	<b>137.9</b>	<b>145.6</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>61.0</i>	<i>-33.9</i>	<i>-17.7</i>	<i>-24.4</i>	<i>-8.8</i>	<i>-6.0</i>	<i>6.0</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>3.7</i>	<i>2.0</i>	<i>-6.7</i>	<i>11.8</i>	<i>3.0</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>66.5</b>	<b>-16.6</b>	<b>-10.1</b>	<b>-18.4</b>	<b>-0.9</b>	<b>-2.1</b>	<b>5.5</b>
<b>EBIT, EURm</b>												
Project deliveries	-3.3	-1.9	1.4	0.3	-3.5	-1.9	-15.2	-0.6	0.2	-17.5	0.2	1.2
Technology services	0.5	0.2	0.3	0.3	1.3	0.4	0.1	0.3	0.4	1.2	4.1	5.9
<b>Total</b>	<b>-2.8</b>	<b>-1.7</b>	<b>1.7</b>	<b>0.6</b>	<b>-2.2</b>	<b>-1.5</b>	<b>-15.1</b>	<b>-0.3</b>	<b>0.6</b>	<b>-16.3</b>	<b>4.3</b>	<b>7.1</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>-7.2</i>	<i>-119.7</i>	<i>-3.2</i>	<i>0.9</i>	<i>-21.8</i>	<i>0.3</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>0.6</i>	<i>2.0</i>	<i>2.9</i>	<i>2.0</i>	<i>6.5</i>	<i>9.0</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>-3.6</b>	<b>-51.0</b>	<b>-0.9</b>	<b>1.7</b>	<b>-11.6</b>	<b>3.1</b>	<b>4.9</b>

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	148.6	181.1	151.3	115.0	142.2	140.9	137.9	145.6
<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>-0.9</i>	<i>-2.1</i>	<i>5.5</i>
EBITDA	14.2	17.4	12.3	1.2	2.1	-12.0	7.7	10.7
<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>-8.5</i>	<i>5.6</i>	<i>7.4</i>
Depreciation	-2.6	-2.5	-3.9	-4.0	-4.3	-4.3	-3.4	-3.6
EBITA	11.6	14.9	8.4	-2.8	-2.2	-16.3	4.3	7.1
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	-16.3	4.3	7.1
<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>-11.6</i>	<i>3.1</i>	<i>4.9</i>
Reported EBIT	11.6	14.9	8.4	-2.8	-2.2	-16.3	4.3	7.1
<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>-11.6</i>	<i>3.1</i>	<i>4.9</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	-16.3	4.3	7.1
Taxes	-2.1	-3.2	-1.6	0.6	0.0	2.3	-0.9	-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	-13.9	3.4	5.7
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	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	22	21	23
Receivables	30	52	32	34	32	31	31	33
Liquid funds	31	13	22	12	24	24	24	25
Total assets	87	103	91	86	111	107	106	112
<b>Liabilities</b>								
Shareholder's equity	39	47	50	40	34	20	24	26
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	8	8
Non-interest bearing current liabilities	43	46	31	23	39	38	37	40
Other interest-free debt	1	1	3	16	27	27	27	27
Total liabilities	87	103	91	86	111	107	106	112
<b>CASH FLOW, EURm</b>								
+ EBITDA	14	17	12	1	2	-12	8	11
- 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	0	-1
+/- Other	-6	0	0	0	0	0	0	0
= Cash flow from operations	18	-8	21	2	23	-9	7	9
- Capex	-7	-4	-3	-3	-10	-2	-4	-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	-11	4	3
+/- New issues/buybacks	0	1	1	-1	-1	0	0	0
- Paid dividend	-4	-5	-6	-6	-3	0	0	-3
+/- Other	0	-2	-4	-2	5	11	-4	1
Change in cash	7	-17	9	-11	13	0	-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	-6	-6
Enterprise value	85	99	91	70	42	38	38
Sales	181	151	115	142	141	138	146
EBITDA	17	12	1	2	-12	8	11
EBIT	15	8	-3	-2	-16	4	7
Pre-tax	15	9	-2	-2	-16	4	7
Earnings	12	8	-2	-2	-14	3	6
Equity book value (excl. minorities)	47	50	40	34	20	24	26
<b>Valuation multiples</b>							
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	-3.5	4.9	3.5
EV/EBITA	5.7	11.8	-32.6	-32.0	-2.6	8.9	5.3
EV/EBIT	5.7	11.8	-32.6	-32.0	-2.6	8.9	5.3
EV/OCF	-11.2	4.7	48.2	3.0	-4.4	5.3	4.5
EV/FCFF	-7.2	6.3	-30.2	4.2	-3.6	11.3	9.5
P/FCFE	-8.1	6.4	-60.7	6.5	-3.9	12.4	12.8
P/E	7.7	15.0	-52.2	-48.7	-3.2	13.0	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	-3.7	5.3	3.8
Target EV/EBIT	0.0	0.0	0.0	0.0	-2.7	9.5	5.7
Target EV/FCF	0.0	0.0	0.0	0.0	-3.9	11.4	11.7
Target P/B	0.0	0.0	0.0	0.0	2.3	2.0	1.8
Target P/E	0.0	0.0	0.0	0.0	-3.4	13.7	8.2
<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	-3.28	0.80	1.34
Operating cash flow per share	-1.79	4.96	0.45	5.50	-2.23	1.69	2.00
Free cash flow per share	-2.64	4.23	-0.37	3.04	-2.66	0.84	0.81
Book value per share	10.95	11.65	9.52	8.02	4.74	5.54	6.08
Dividend per share	1.40	1.45	0.80	0.00	0.00	0.80	0.90
Dividend payout ratio, %	50.7	80.7	-183.9	0.0	0.0	99.8	67.2
Dividend yield, %	6.6	5.4	3.5	0.0	0.0	7.7	8.7
FCF yield, %	-12.4	15.7	-1.6	15.4	-25.6	8.1	7.8
<b>Efficiency measures</b>							
ROE	27.3	15.9	-4.1	-4.6	-51.4	15.6	23.1
ROCE	31.3	15.1	-5.4	-4.8	-37.7	10.3	16.6
<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	-8.5	-8.9	-7.9
Operative CAPEX/sales, %	2.0	2.1	3.0	7.3	1.3	2.6	3.5
CAPEX/sales (incl. acquisitions), %	2.0	2.1	3.0	7.3	1.3	2.6	3.5
FCFF/EBITDA	-0.7	1.3	-2.4	7.9	1.0	0.4	0.4
Net debt/EBITDA, book-weighted	-0.3	-1.3	-4.2	-6.5	0.2	-0.8	-0.6
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	18.7	22.2	23.2
Gearing, %	-11.8	-31.0	-13.0	-40.5	-12.5	-25.9	-23.8

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



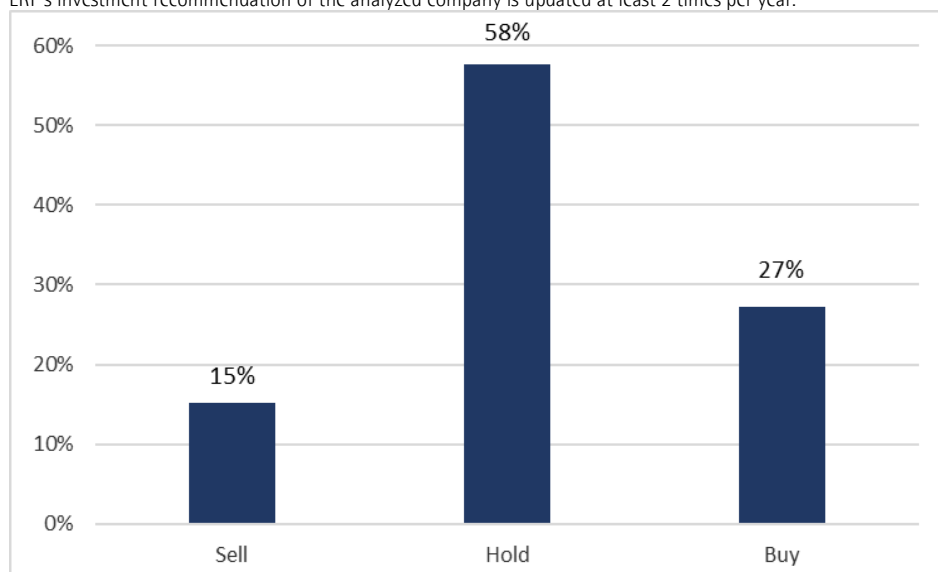
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Investment recommendations are defined as follows:

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

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

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