

Profitability in recovery mode

Raute reports Q4 results on Feb 14. There's still haze around revenue and margins going forward, but long-term potential exists while downside should be limited even if FY '23 EBIT proves to be more on the soft side.

Q4 EBIT likely to be modest relative to Q3

Raute's Q3 report was a positive surprise as Europe in particular drove top line EUR 8m above our estimate. The very high EUR 19m services revenue helped EBIT beat our estimate. Raute's positive margin development is set to continue this year as the worst inflation shock has passed; Raute should have also learned to cope with inflation in project pricing. The Q3 report highlighted strong demand in North America and Europe (partly due to the Russian import gap), in addition to which there have been encouraging signs in Latin America and Asia. We expect stable Q4 EBIT development y/y while we estimate revenue down 14% y/y to EUR 38m. We estimate Q4 EBIT at EUR 0.7m, down from the EUR 1.4m Q3 figure as services revenue is unlikely to be that high this time due to a relative lack of modernization orders.

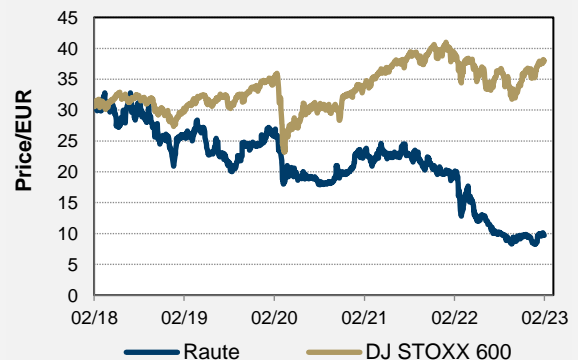
Profitability should heal over the course of the year

Russian order book was already down to EUR 6m at the end of Q3 and therefore the Q4 report should have no big news on that front, however we expect to hear an update on net working capital issues related to the cancelled Russian projects as well as recent component availability challenges. Raute's guidance is always loose; we expect the company to guide improving (positive) EBIT for the year. A larger order could lift outlook further if demand remains strong over the course of the year.

Short-term downside seems limited, lots of EBIT potential

Raute should reach at least some modest positive EBIT in FY '23 as inflation abates and the company achieves EUR 4-5m in annual savings. Favorable revenue (and mix) development could drive FY '23 EBIT to a very decent level, although still likely well short of EUR 10m even in an optimistic scenario. We consider FY '23 EBIT of ca. EUR 5m a realistic scenario. Raute may miss our base case estimate for FY '23 if Western demand begins to sour, but even in that case downside should be limited as there seem to have been no changes to Raute's competitive positioning. We thus consider the 7x EV/EBIT valuation, on our FY '23 estimates, undemanding. We retain our EUR 11 TP and BUY rating.

Rating BUY



Share price, EUR (Last trading day's closing price) 9.70
Target price, EUR 11.0

Latest change in recommendation 24-Oct-22
Latest report on company 24-Oct-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 41
Free float, % -
Exchange rate -
Reuters code RAUTE.HE
Bloomberg code RAUTE:FH
Average daily volume, EURm 0.1
Next interim report 14-Feb-23
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	150.6	-14.5	-9.6%	-15.6	-2.91	-3.3	0.3	-3.0	-37.8	0.00
2023E	139.2	5.3	3.8%	5.0	1.00	9.7	0.3	7.1	12.1	0.40
2024E	145.7	7.7	5.3%	9.2	1.46	6.7	0.2	3.9	22.3	0.80
Market cap, EURm	41			Gearing 2022E, %	8.1			CAGR EPS 2021-24, %	0.0	
Net debt 2022E, EURm	2			Price/book 2022E	1.9			CAGR sales 2021-24, %	0.8	
Enterprise value, EURm	43			Dividend yield 2022E, %	0.0			ROE 2022E, %	-44.4	
Total assets 2022E, EURm	118			Tax rate 2022E, %	14.7			ROCE 2022E, %	-30.9	
Goodwill 2022E, EURm	2			Equity ratio 2022E, %	18.4			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	Q3'22	Q4'22e	2022e
Order intake	155	166	148	119	30	65	58	50	203	36	40	35	36	147
Project deliveries	97	104	98	80	11	47	37	36	131	16	21	24	21	82
Technology services	58	62	50	39	19	18	21	14	72	20	19	11	15	65
Europe	60	76	21	23	10	41	5	14	69	13	26	17	19	76
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	16	12	49
Latin America	8	12	12	5	2	3	3	0	8	3	1	2	3	9
Asia-Pacific	2	23	9	6	3	5	2	1	10	3	7	0	2	12
Order book	110	95	88	94	98	129	150	158	158	152	104	94	92	92
Revenue	148	181	151	115	25	35	38	44	142	41	30	42	38	151
Project deliveries	99	126	86	75	16	19	23	29	88	26	13	23	23	85
Technology services	49	55	66	40	8	16	15	15	54	15	17	19	15	66
Europe	82	77	51	25	4	8	10	12	35	15	14	21	17	68
Russia	35	48	47	63	15	17	19	19	70	14	2	6	4	26
North America	21	32	27	12	3	5	5	7	20	9	9	9	10	37
Latin America	6	6	14	8	1	2	2	2	8	2	2	3	4	11
Asia-Pacific	3	18	13	6	1	3	3	4	10	2	2	3	3	10
EBIT	11	15	8	-3	-3	-2	2	1	-2	-1	-15	1	1	-14
<i>EBIT margin</i>	7.5 %	8.2 %	5.6 %	-2.4 %	-11 %	-5 %	5 %	1 %	-1.6 %	-4 %	-51 %	3 %	2 %	-9.6 %

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	12429	15.0x	13.8x	13.1x	20.4x	17.4x	16.1x	12.9 %	14.9 %	15.6 %
Cargotec	3026	10.2x	6.6x	6.6x	9.7x	8.5x	8.5x	8.0 %	9.4 %	9.4 %
Glaston	83	5.9x	4.8x	4.3x	10.5x	7.9x	6.9x	4.2 %	5.3 %	5.7 %
Kone	25937	19.1x	18.1x	15.8x	23.2x	22.2x	18.8x	9.9 %	10.6 %	12.1 %
Konecranes Oyj	2418	7.7x	7.2x	6.8x	10.8x	9.4x	8.7x	8.2 %	9.0 %	9.5 %
Ponsse	753	9.6x	9.1x	8.2x	14.6x	13.0x	11.4x	6.9 %	8.0 %	8.8 %
Sandvik	24415	10.5x	11.1x	10.6x	14.9x	14.7x	13.6x	16.8 %	18.5 %	19.4 %
Valmet	5850	7.8x	8.6x	8.3x	11.0x	11.1x	10.3x	8.9 %	10.2 %	10.8 %
Wartsila	5552	9.1x	10.2x	8.7x	15.2x	13.1x	11.1x	5.8 %	7.6 %	8.5 %
Peer Group Average	8940	10.5x	9.9x	9.2x	14.5x	13.0x	11.7x	9.1 %	10.4 %	11.1 %
Peer Group Median	5552	9.6x	9.1x	8.3x	14.6x	13.0x	11.1x	8.2 %	9.4 %	9.5 %
Raute (Evli est.)	41	-4.4x	3.6x	2.2x	-3.0x	7.1x	3.9x	-9.6 %	3.8 %	5.3 %

Raute prem./disc. to peer median

-145 % -60 % -73 % -120 % -45 % -64 % -217 % -59 % -44 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	9.70 PV of Free Cash Flow	32 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	21.40 PV of Horizon value	46 WACC, %	9.2 Market risk premium, %
Share price potential, %	120.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	22.9 Marketable securities	26 Minimum WACC, %	8.7 Equity beta coefficient
Minimum value	20.1 Debt - dividend	-28 Maximum WACC, %	9.7 Target debt ratio, %
Horizon value, %	58.7 Value of stock	91 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	151	139	146	151	154	157	161	165	168	172	175
<i>Sales growth, %</i>	<i>23.7</i>	<i>5.9</i>	<i>-7.6</i>	<i>4.7</i>	<i>3.4</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	-14	5	8	11	12	11	11	12	12	12	12
<i>Operating income margin, %</i>	<i>-1.5</i>	<i>-9.6</i>	<i>3.8</i>	<i>5.3</i>	<i>7.1</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	5	5	6	4	4	4	4	5	5	5	4
EBITDA	2	-10	11	14	15	16	15	16	16	16	16	16
- Paid taxes	-1	2	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2
- Change in NWC	21	-1	1	-1	-1	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-8.3</i>	<i>-7.3</i>	<i>-8.7</i>	<i>-7.9</i>	<i>-7.3</i>	<i>-6.9</i>	<i>-6.5</i>	<i>-6.1</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	-6	-6	-2	-5	-5	-5	-5	-5	-3	-6	
<i>opCAPEX / Sales, %</i>	<i>7.3</i>	<i>4.6</i>	<i>4.1</i>	<i>1.5</i>	<i>3.3</i>	<i>3.2</i>	<i>3.2</i>	<i>3.2</i>	<i>3.2</i>	<i>2.0</i>	<i>3.8</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	-15	4	10	8	8	8	8	8	11	7	99
= Discounted FCFF		-15	4	8	6	6	5	5	5	5	3	46
= DFCF min WACC		-15	4	8	6	6	5	5	5	5	3	51
= DFCF max WACC		-15	4	8	6	6	5	5	4	5	3	41

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2	2022Q3	2022Q4E	2022E	2023E	2024E
Net sales	24.8	35.5	37.8	44.1	142.2	41.3	29.6	41.7	38.0	150.6	139.2	145.7
EBITDA	-1.8	-0.6	2.8	1.7	2.1	-0.3	-13.8	2.6	1.6	-9.9	10.5	13.7
<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>6.3</i>	<i>4.2</i>	<i>-6.5</i>	<i>7.6</i>	<i>9.4</i>
EBIT	-2.8	-1.7	1.7	0.6	-2.2	-1.5	-15.1	1.4	0.7	-14.5	5.3	7.7
<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>3.4</i>	<i>1.8</i>	<i>-9.6</i>	<i>3.8</i>	<i>5.3</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	1.4	0.7	-14.5	5.3	7.7
Tax	0.0	0.4	-0.5	0.2	0.0	-0.1	2.5	-0.1	-0.1	2.1	-1.1	-1.5
<i>Tax rate (%)</i>	<i>-1.4</i>	<i>29.9</i>	<i>31.2</i>	<i>-25.9</i>	<i>0.0</i>	<i>-5.1</i>	<i>16.0</i>	<i>9.6</i>	<i>20.0</i>	<i>14.7</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	1.2	0.6	-12.4	4.3	6.2
EPS	-0.66	-0.22	0.28	0.20	-0.41	-0.29	-3.04	0.29	0.13	-2.91	1.00	1.46
EPS adjusted (diluted no. of shares)	-0.66	-0.22	0.28	0.20	-0.41	-0.29	-3.04	0.29	0.13	-2.91	1.00	1.46
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.80
SALES, EURm												
Project deliveries	16.4	19.2	23.1	29.1	87.8	26.4	12.7	22.8	23.0	84.9	78.1	82.8
Technology services	8.4	16.3	14.7	15.0	54.4	14.9	16.9	18.9	15.0	65.7	61.1	62.9
Total	24.8	35.5	37.8	44.1	142.2	41.3	29.6	41.7	38.0	150.6	139.2	145.7
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>-33.9</i>	<i>-1.3</i>	<i>-21.0</i>	<i>-3.3</i>	<i>-8.0</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>28.6</i>	<i>0.0</i>	<i>20.8</i>	<i>-7.0</i>	<i>3.0</i>
Total	4.2	45.5	35.5	13.4	23.7	66.5	-16.6	10.3	-13.8	5.9	-7.6	4.7
EBIT, EURm												
Project deliveries	-3.3	-1.9	1.4	0.3	-3.5	-1.9	-15.2	0.4	0.2	-16.5	1.2	2.1
Technology services	0.5	0.2	0.3	0.3	1.3	0.4	0.1	1.0	0.5	2.0	4.2	5.7
Total	-2.8	-1.7	1.7	0.6	-2.2	-1.5	-15.1	1.4	0.7	-14.5	5.3	7.7
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>-119.7</i>	<i>1.8</i>	<i>0.9</i>	<i>-19.4</i>	<i>1.5</i>	<i>2.5</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>5.3</i>	<i>3.3</i>	<i>3.0</i>	<i>6.8</i>	<i>9.0</i>
Total	-11.3	-4.8	4.5	1.4	-1.5	-3.6	-51.0	3.4	1.8	-9.6	3.8	5.3

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	148.6	181.1	151.3	115.0	142.2	150.6	139.2	145.7
<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>5.9</i>	<i>-7.6</i>	<i>4.7</i>
EBITDA	14.2	17.4	12.3	1.2	2.1	-9.9	10.5	13.7
<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>-6.5</i>	<i>7.6</i>	<i>9.4</i>
Depreciation	-2.6	-2.5	-3.9	-4.0	-4.3	-4.6	-5.2	-5.9
EBITA	11.6	14.9	8.4	-2.8	-2.2	-14.5	5.3	7.7
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	-14.5	5.3	7.7
<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>-9.6</i>	<i>3.8</i>	<i>5.3</i>
Reported EBIT	11.6	14.9	8.4	-2.8	-2.2	-14.5	5.3	7.7
<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>-9.6</i>	<i>3.8</i>	<i>5.3</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	-14.5	5.3	7.7
Taxes	-2.1	-3.2	-1.6	0.6	0.0	2.1	-1.1	-1.5
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	-12.4	4.3	6.2
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	21	22	18
Goodwill	1	1	1	2	2	2	2	2
Right of use assets	0	7	7	6	10	11	10	10
Inventory	11	14	12	15	22	23	22	23
Receivables	30	52	32	34	32	34	31	33
Liquid funds	31	13	22	12	24	26	24	25
Total assets	87	103	91	86	111	118	112	112
Liabilities								
Shareholder's equity	39	47	50	40	34	22	26	30
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	11	10	10
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	1	1	2	2	2	17	11	4
Non-interest bearing current liabilities	43	46	31	23	39	41	38	40
Other interest-free debt	1	1	3	16	27	27	27	27
Total liabilities	87	103	91	86	111	118	112	112
CASH FLOW, EURm								
+ EBITDA	14	17	12	1	2	-10	11	14
- Net financial items	7	0	1	0	0	0	0	0
- Taxes	-3	-3	-1	-1	-1	2	-1	-2
- Increase in Net Working Capital	6	-23	10	1	21	-1	1	-1
+/- Other	-6	0	0	0	0	0	0	0
= Cash flow from operations	18	-8	21	2	23	-9	11	11
- Capex	-7	-4	-3	-3	-10	-7	-6	-2
- 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	-16	5	9
+/- New issues/buybacks	0	1	1	-1	-1	0	0	0
- Paid dividend	-4	-5	-6	-6	-3	0	0	-2
+/- Other	0	-2	-4	-2	5	17	-7	-6
Change in cash	7	-17	9	-11	13	1	-2	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	91	114	96	84	41	41	41
Net debt (excl. convertibles)	-5	-15	-5	-14	2	-3	-11
Enterprise value	85	99	91	70	43	38	31
Sales	181	151	115	142	151	139	146
EBITDA	17	12	1	2	-10	11	14
EBIT	15	8	-3	-2	-14	5	8
Pre-tax	15	9	-2	-2	-14	5	8
Earnings	12	8	-2	-2	-12	4	6
Equity book value (excl. minorities)	47	50	40	34	22	26	30
Valuation multiples							
EV/sales	0.5	0.7	0.8	0.5	0.3	0.3	0.2
EV/EBITDA	4.9	8.1	73.6	33.3	-4.4	3.6	2.2
EV/EBITA	5.7	11.8	-32.6	-32.0	-3.0	7.1	3.9
EV/EBIT	5.7	11.8	-32.6	-32.0	-3.0	7.1	3.9
EV/OCF	-11.2	4.7	48.2	3.0	-5.0	3.6	2.7
EV/FCFF	-7.2	6.3	-30.2	4.2	-2.9	9.1	3.2
P/FCFE	-8.1	6.4	-60.7	6.5	-2.6	8.3	4.5
P/E	7.7	15.0	-52.2	-48.7	-3.3	9.7	6.7
P/B	1.9	2.3	2.4	2.5	1.9	1.6	1.4
Target EV/EBITDA	0.0	0.0	0.0	0.0	-4.9	4.1	2.6
Target EV/EBIT	0.0	0.0	0.0	0.0	-3.3	8.2	4.7
Target EV/FCF	0.0	0.0	0.0	0.0	-3.1	8.8	3.9
Target P/B	0.0	0.0	0.0	0.0	2.2	1.8	1.5
Target P/E	0.0	0.0	0.0	0.0	-3.8	11.0	7.6
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	-2.91	1.00	1.46
Operating cash flow per share	-1.79	4.96	0.45	5.50	-2.03	2.51	2.69
Free cash flow per share	-2.64	4.23	-0.37	3.04	-3.67	1.17	2.17
Book value per share	10.95	11.65	9.52	8.02	5.11	6.11	7.16
Dividend per share	1.40	1.45	0.80	0.00	0.00	0.40	0.80
Dividend payout ratio, %	50.7	80.7	-183.9	0.0	0.0	39.9	54.9
Dividend yield, %	6.6	5.4	3.5	0.0	0.0	4.1	8.2
FCF yield, %	-12.4	15.7	-1.6	15.4	-37.8	12.1	22.3
Efficiency measures							
ROE	27.3	15.9	-4.1	-4.6	-44.4	17.9	21.9
ROCE	31.3	15.1	-5.4	-4.8	-30.9	11.1	16.9
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	-7.3	-8.7	-7.9
Operative CAPEX/sales, %	2.0	2.1	3.0	7.3	4.6	4.1	1.5
CAPEX/sales (incl. acquisitions), %	2.0	2.1	3.0	7.3	4.6	4.1	1.5
FCFF/EBITDA	-0.7	1.3	-2.4	7.9	1.5	0.4	0.7
Net debt/EBITDA, book-weighted	-0.3	-1.3	-4.2	-6.5	-0.2	-0.3	-0.8
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.4	0.3	0.1
Equity ratio, book-weighted	45.1	54.6	46.9	30.8	18.4	23.2	27.2
Gearing, %	-11.8	-31.0	-13.0	-40.5	8.1	-12.4	-35.2

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	4.850	11.8%
Mandatum Life Unit-Linked	138,302	1.342	3.3%
Laakkonen Mikko Kalervo	119,919	1.163	2.8%
Suominen Pekka	110,429	1.071	2.6%
Siivonen Osku Pekka	104,179	1.011	2.5%
Kirmo Kaisa Marketta	104,021	1.009	2.4%
Suominen Tiina Sini-Maria	100,856	0.978	2.4%
Keskiaho Kaija Leena	84,716	0.822	2.0%
Mustakallio Mika Tapani	83,270	0.808	2.0%
Särkijärvi Anna Riitta	82,489	0.800	1.9%
Ten largest	1,428,181	13.853	34%
Residual	2,821,067	27.364	66%
Total	4,249,248	41.218	100%

EARNINGS CALENDAR	
February 14, 2023	FY 2022 Results
April 25, 2023	Q1 report
July 27, 2023	Q2 report
October 26, 2023	Q3 report
OTHER EVENTS	

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

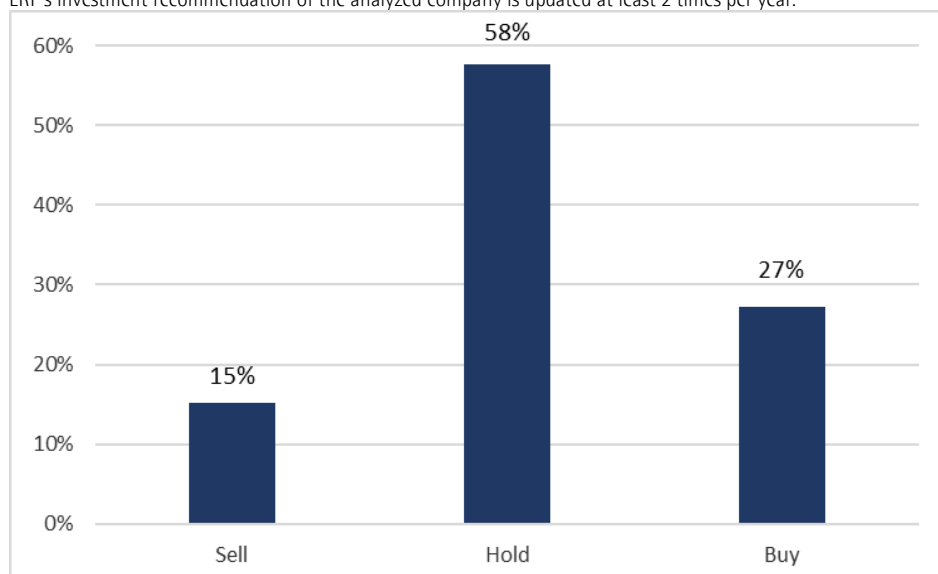
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Investment recommendations are defined as follows:

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

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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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