

Building on top of strengths

Raute's Q1 was mostly better than we estimated. Large orders have on the one hand improved outlook, while on the other there seems to be more uncertainty around Services and smaller orders going forward.

Q1 better than expected, but haze around smaller orders

Q1 revenue fell 11% y/y to EUR 37m but beat our EUR 32m estimate. The EUR 5.5m in Russian revenue, due to deliveries' commissioning tasks, was a bit larger than estimated. Raute has also gone through other initiatives, besides exiting Russia, such as the restructuring of Chinese operations and building an ERP system (the system will soon be adopted and may cause some issues in Q2). The two together cost EUR 0.9m in Q1, but Raute's EUR 0.9m EBIT still came in higher than our EUR 0.3m estimate. The report showed softness in terms of small Wood Processing orders; in our view the lack of single line orders reflects market uncertainty as well as cooling after previous year's high tally. In this sense the outlook for smaller and larger orders has now reversed; the picture is mixed as there's still good automation & modernization demand while Services outlook has slowed.

Big orders drive growth now; Analyzers key to strategy

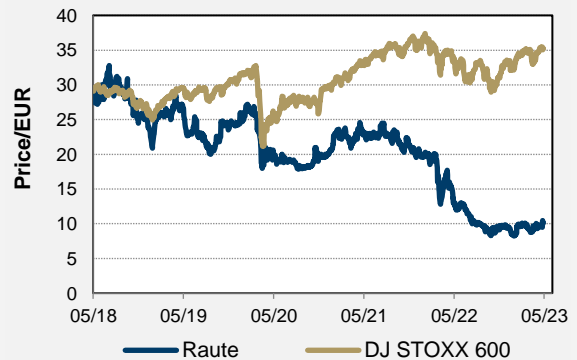
Raute's outlook for the coming years has solidified a lot in a short period of time as the company has signed two projects worth a combined EUR 80m and to be delivered over the same period starting next year. Raute may yet sign a third large order worth EUR 45m and should still be able to deliver it roughly at the same time. Raute's strategy aims to capitalize on its leading wood manufacturing technology position; only the high-end of the Chinese market continues to interest Raute whereas the Analyzers segment should act as a spearhead and drive also Wood Processing orders as well as Raute's technology leadership.

Valuation hasn't changed much as downside seems limited

We make only rather small positive upward revisions to our profitability estimates even though large projects have helped lift outlook for the coming years and Q1 margins proved better than we expected. Larger orders carry lower margins while there's a risk Services and small order outlook may continue to soften. The big picture in terms of valuation, however, hasn't changed much. Raute is valued some 19x and 6.5x EV/EBIT on our estimates for this year and next. Our TP is EUR 12.0 (11.0); retain BUY rating.

Rating

BUY



Share price, EUR (Last trading day's closing price) 10.10

Target price, EUR 12.0

Latest change in recommendation 24-Oct-22

Latest report on company 19-Apr-23

Research paid by issuer: YES

No. of shares outstanding, '000's 5,102

No. of shares fully diluted, '000's 5,102

Market cap, EURm 52

Free float, % -

Exchange rate -

Reuters code RAUTE.HE

Bloomberg code RAUTE:FH

Average daily volume, EURm 0.1

Next interim report 27-Jul-23

Web site www.raute.com/investors

Analyst Joonas Ilvonen

E-mail joonas.ilvonen@evli.com

Telephone +358 44 430 9071

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 |
|--------------------------|---------------|--------------|-----------|-------------------------|------------|------------|-----------------------|----------------|----------------|------------|
| 2021 | 142.2 | -2.2 | -1.5% | 12.9 | -0.41 | -48.7 | 0.5 | -32.0 | 15.4 | 0.00 |
| 2022 | 158.3 | -14.6 | -9.2% | -18.0 | -2.70 | -3.1 | 0.3 | -2.8 | -51.4 | 0.00 |
| 2023E | 151.3 | 3.0 | 2.0% | 0.4 | 0.40 | 25.2 | 0.4 | 19.1 | 0.8 | 0.20 |
| 2024E | 166.6 | 7.9 | 4.7% | 5.9 | 1.24 | 8.2 | 0.3 | 6.5 | 11.4 | 0.50 |
| 2025E | 176.7 | 10.3 | 5.8% | 5.5 | 1.62 | 6.3 | 0.3 | 4.7 | 10.7 | 0.75 |
| Market cap, EURm | 52 | | | Gearing 2023E, % | 19.7 | | CAGR EPS 2022-25, % | | 0.0 | |
| Net debt 2023E, EURm | 5 | | | Price/book 2023E | 2.1 | | CAGR sales 2022-25, % | | 3.7 | |
| Enterprise value, EURm | 56 | | | Dividend yield 2023E, % | 2.0 | | ROE 2023E, % | | 8.6 | |
| Total assets 2023E, EURm | 92 | | | Tax rate 2023E, % | 26.6 | | ROCE 2023E, % | | 8.1 | |
| Goodwill 2023E, EURm | 2 | | | Equity ratio 2023E, % | 27.2 | | PEG, P/E 23/CAGR | | 0.3 | |

Estimates and valuation

| Raute | 2021 | Q1'22 | Q2'22 | Q3'22 | Q4'22 | 2022 | Q1'23 | Q2'23e | Q3'23e | Q4'23e | 2023e |
|--------------------------|--------|-------|-------|-------|-------|--------|-------|--------|--------|--------|-------|
| Order intake | 203 | 36 | 40 | 35 | 28 | 139 | 67 | 53 | 41 | 35 | 196 |
| Europe | 69 | 13 | 26 | 17 | 9 | 65 | 11 | 39 | 21 | 17 | 88 |
| Russia | 79 | 3 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 |
| North America | 37 | 15 | 6 | 16 | 15 | 51 | 3 | 9 | 15 | 13 | 40 |
| Latin America | 8 | 3 | 1 | 2 | 3 | 8 | 52 | 3 | 3 | 3 | 61 |
| Asia-Pacific | 10 | 3 | 7 | 0 | 1 | 11 | 1 | 2 | 2 | 2 | 7 |
| Order book | 158 | 152 | 104 | 94 | 84 | 84 | 121 | 143 | 145 | 136 | 136 |
| Revenue | 142 | 41 | 30 | 42 | 46 | 158 | 37 | 31 | 39 | 44 | 151 |
| Wood Processing | 97 | 31 | 17 | 27 | 33 | 108 | 24 | 19 | 25 | 31 | 99 |
| Services | 30 | 8 | 9 | 10 | 9 | 36 | 8 | 9 | 10 | 9 | 35 |
| Analyzers | 15 | 3 | 3 | 5 | 4 | 15 | 4 | 4 | 5 | 4 | 17 |
| Europe | 35 | 15 | 14 | 21 | 18 | 69 | 18 | 16 | 18 | 21 | 73 |
| Russia | 70 | 14 | 2 | 6 | 11 | 33 | 6 | 1 | 1 | 1 | 9 |
| North America | 20 | 9 | 9 | 9 | 12 | 39 | 10 | 8 | 12 | 13 | 43 |
| Latin America | 8 | 2 | 2 | 3 | 3 | 10 | 1 | 3 | 5 | 6 | 15 |
| Asia-Pacific | 10 | 2 | 2 | 3 | 3 | 9 | 3 | 3 | 3 | 3 | 12 |
| Comparable EBITDA | 3 | 0 | -11 | 6 | 3 | -2 | 3 | 2 | 2 | 2 | 9 |
| Wood Processing | -5 | -1 | -12 | 2 | 1 | -10 | 1 | 0 | 1 | 1 | 3 |
| Services | 5 | 1 | 1 | 3 | 1 | 6 | 1 | 1 | 1 | 1 | 4 |
| Analyzers | 4 | 0 | 0 | 2 | 1 | 2 | 1 | 1 | 1 | 1 | 2 |
| EBIT | -2 | -1 | -15 | 1 | 1 | -15 | 1 | 0 | 1 | 1 | 3 |
| <i>EBIT margin</i> | -1.6 % | -4 % | -51 % | 3 % | 1 % | -9.3 % | 2 % | 1 % | 2 % | 2 % | 2.0 % |

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 | 13533 | 14.8x | 14.3x | 13.3x | 19.8x | 17.8x | 16.1x | 13.4 % | 15.2 % | 15.9 % |
| Cargotec | 3279 | 6.3x | 6.7x | 6.9x | 9.5x | 8.2x | 8.5x | 7.9 % | 9.9 % | 9.8 % |
| Glaston | 83 | 5.4x | | | 9.0x | | | 4.6 % | 5.5 % | 5.7 % |
| Kone | 26916 | 18.1x | 18.6x | 16.3x | 21.9x | 22.6x | 19.4x | 9.9 % | 10.9 % | 12.3 % |
| Konecranes Oyj | 2739 | 7.9x | 7.4x | 7.0x | 10.2x | 9.7x | 9.1x | 8.7 % | 9.4 % | 9.7 % |
| Ponsse | 798 | 9.9x | 9.5x | 8.6x | 15.6x | 14.1x | 12.3x | 6.2 % | 7.5 % | 8.3 % |
| Sandvik | 22771 | 10.4x | 10.3x | 9.8x | 14.9x | 13.3x | 12.5x | 16.6 % | 18.6 % | 19.4 % |
| Valmet | 5696 | 7.8x | 8.2x | 7.7x | 11.0x | 10.7x | 9.8x | 8.9 % | 10.2 % | 11.0 % |
| Wartsila | 6160 | 9.0x | 10.8x | 9.2x | 15.1x | 14.1x | 11.8x | 5.8 % | 7.6 % | 8.6 % |
| Duerr | 2169 | 6.8x | 5.4x | 4.9x | 9.9x | 7.7x | 6.8x | 5.4 % | 6.4 % | 7.1 % |
| Peer Group Average | 8414 | 9.6x | 10.1x | 9.3x | 13.7x | 13.1x | 11.8x | 8.7 % | 10.1 % | 10.8 % |
| Peer Group Median | 4487 | 8.4x | 9.5x | 8.6x | 12.9x | 13.3x | 11.8x | 8.3 % | 9.6 % | 9.7 % |
| Raute (Evli est.) | 52 | -4.2x | 7.1x | 4.1x | -2.8x | 19.1x | 6.5x | -9.2 % | 2.0 % | 4.7 % |

Raute prem./disc. to peer median

-150 % -25 % -52 % -121 % 44 % -45 % -212 % -80 % -51 %

Source FactSet, Evli Research

| VALUATION RESULTS | BASE CASE DETAILS | VALUATION ASSUMPTIONS | ASSUMPTIONS FOR WACC |
|--------------------------|-----------------------------|------------------------|--------------------------------|
| Current share price | 10.10 PV of Free Cash Flow | 59 Long-term growth, % | 2.0 Risk-free interest rate, % |
| DCF share value | 21.15 PV of Horizon value | 54 WACC, % | 9.2 Market risk premium, % |
| Share price potential, % | 109.4 Unconsolidated equity | 0 Spread, % | 0.5 Debt risk premium, % |
| Maximum value | 22.8 Marketable securities | 8 Minimum WACC, % | 8.7 Equity beta coefficient |
| Minimum value | 19.7 Debt - dividend | -13 Maximum WACC, % | 9.7 Target debt ratio, % |
| Horizon value, % | 47.6 Value of stock | 108 Nr of shares, Mn | 5.1 Effective tax rate, % |

| DCF valuation, EURm | 2022 | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | Horizon |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| Net sales | 158 | 151 | 167 | 177 | 184 | 188 | 193 | 197 | 201 | 206 | 210 | 214 |
| <i>Sales growth, %</i> | <i>11.3</i> | <i>-4.4</i> | <i>10.1</i> | <i>6.1</i> | <i>4.3</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) | -15 | 3 | 8 | 10 | 14 | 15 | 16 | 18 | 18 | 19 | 19 | 19 |
| <i>Operating income margin, %</i> | <i>-9.2</i> | <i>2.0</i> | <i>4.7</i> | <i>5.8</i> | <i>7.5</i> | <i>8.0</i> | <i>8.5</i> | <i>9.0</i> | <i>9.0</i> | <i>9.0</i> | <i>9.0</i> | <i>9.0</i> |
| + Depreciation+amort. | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 5 | 4 | |
| EBITDA | -10 | 8 | 13 | 15 | 19 | 21 | 22 | 24 | 24 | 23 | 23 | |
| - Paid taxes | 0 | -1 | -2 | -2 | -3 | -3 | -3 | -4 | -4 | -4 | -4 | |
| - Change in NWC | -5 | 1 | -1 | -1 | -1 | 0 | 0 | 0 | 0 | 0 | 0 | |
| <i>NWC / Sales, %</i> | <i>-4.6</i> | <i>-5.2</i> | <i>-3.9</i> | <i>-3.1</i> | <i>-2.6</i> | <i>-2.4</i> | <i>-2.1</i> | <i>-1.9</i> | <i>-1.6</i> | <i>-1.4</i> | <i>-1.2</i> | |
| + Change in other liabs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| - Operative CAPEX | -7 | -8 | -3 | -6 | -6 | -6 | -6 | -6 | -3 | -3 | -10 | |
| <i>opCAPEX / Sales, %</i> | <i>2.5</i> | <i>4.8</i> | <i>2.3</i> | <i>3.9</i> | <i>3.7</i> | <i>3.4</i> | <i>3.4</i> | <i>3.4</i> | <i>1.7</i> | <i>1.7</i> | <i>4.8</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 | -22 | 0 | 7 | 6 | 9 | 11 | 12 | 13 | 17 | 16 | 9 | 126 |
| = Discounted FCFF | | 0 | 6 | 5 | 7 | 7 | 7 | 7 | 9 | 7 | 4 | 54 |
| = DFCF min WACC | | 0 | 6 | 5 | 7 | 8 | 8 | 8 | 9 | 8 | 4 | 61 |
| = DFCF max WACC | | 0 | 6 | 5 | 7 | 7 | 7 | 7 | 8 | 7 | 4 | 48 |

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2022Q1 | 2022Q2 | 2022Q3 | 2022Q4 | 2022 | 2023Q1 | 2023Q2E | 2023Q3E | 2023Q4E | 2023E | 2024E | 2025E |
|--------------------------------------|-------------|--------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales | 41.3 | 29.6 | 41.8 | 45.7 | 158.3 | 36.8 | 31.4 | 39.1 | 44.0 | 151.3 | 166.6 | 176.7 |
| EBITDA | -0.2 | -13.8 | 2.6 | 1.8 | -9.6 | 2.0 | 1.6 | 2.1 | 2.2 | 7.9 | 12.7 | 15.4 |
| <i>EBITDA margin (%)</i> | <i>-0.6</i> | <i>-46.8</i> | <i>6.3</i> | <i>4.0</i> | <i>-6.1</i> | <i>5.4</i> | <i>5.1</i> | <i>5.4</i> | <i>5.0</i> | <i>5.2</i> | <i>7.6</i> | <i>8.7</i> |
| EBIT | -1.5 | -15.1 | 1.4 | 0.6 | -14.6 | 0.9 | 0.4 | 0.8 | 0.9 | 3.0 | 7.9 | 10.3 |
| <i>EBIT margin (%)</i> | <i>-3.6</i> | <i>-51.1</i> | <i>3.4</i> | <i>1.3</i> | <i>-9.2</i> | <i>2.3</i> | <i>1.3</i> | <i>2.0</i> | <i>2.0</i> | <i>2.0</i> | <i>4.7</i> | <i>5.8</i> |
| Net financial items | 0.3 | -0.3 | 0.0 | 0.8 | 0.8 | -0.1 | -0.2 | 0.0 | 0.0 | -0.2 | 0.0 | 0.0 |
| Pre-tax profit | -1.2 | -15.4 | 1.4 | 1.4 | -13.8 | 0.8 | 0.2 | 0.8 | 0.9 | 2.8 | 7.9 | 10.3 |
| Tax | -0.1 | 2.5 | -0.1 | 0.0 | 2.3 | -0.3 | 0.0 | -0.2 | -0.2 | -0.7 | -1.6 | -2.1 |
| <i>Tax rate (%)</i> | <i>-5.2</i> | <i>16.0</i> | <i>9.6</i> | <i>-2.4</i> | <i>16.7</i> | <i>43.5</i> | <i>20.0</i> | <i>20.0</i> | <i>20.0</i> | <i>26.6</i> | <i>20.0</i> | <i>20.0</i> |
| Net profit | -1.2 | -12.9 | 1.2 | 1.5 | -11.5 | 0.4 | 0.2 | 0.6 | 0.7 | 2.0 | 6.3 | 8.2 |
| EPS | -0.29 | -3.05 | 0.29 | 0.34 | -2.70 | 0.09 | 0.03 | 0.13 | 0.14 | 0.40 | 1.24 | 1.62 |
| EPS adjusted (diluted no. of shares) | -0.29 | -3.05 | 0.29 | 0.34 | -2.70 | 0.09 | 0.03 | 0.13 | 0.14 | 0.40 | 1.24 | 1.62 |
| Dividend per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.20 | 0.50 | 0.75 |
| SALES, EURm | | | | | | | | | | | | |
| Wood Processing | 30.5 | 17.1 | 27.1 | 33.3 | 108.0 | 24.4 | 18.9 | 24.7 | 31.2 | 99.2 | 112.1 | 120.5 |
| Services | 7.9 | 9.2 | 9.9 | 8.7 | 35.8 | 8.3 | 8.7 | 9.7 | 8.6 | 35.3 | 36.5 | 37.6 |
| Analyzers | 2.8 | 3.2 | 4.8 | 3.7 | 14.5 | 4.1 | 3.8 | 4.7 | 4.2 | 16.8 | 18.0 | 18.6 |
| Total | 41.3 | 29.6 | 41.8 | 45.7 | 158.3 | 36.8 | 31.4 | 39.1 | 44.0 | 151.3 | 166.6 | 176.7 |
| SALES GROWTH, Y/Y % | | | | | | | | | | | | |
| Wood Processing | 84.4 | -26.3 | 2.2 | 7.2 | 11.0 | -20.1 | 10.4 | -8.8 | -6.3 | -8.2 | 13.0 | 7.5 |
| Services | 27.0 | 9.7 | 33.7 | 8.2 | 18.8 | 4.9 | -5.8 | -2.5 | -0.9 | -1.3 | 3.5 | 3.0 |
| Analyzers | 43.9 | -14.6 | 19.6 | -26.7 | -1.5 | 44.2 | 17.5 | -1.1 | 13.4 | 15.6 | 7.0 | 3.5 |
| Total | 66.7 | -16.5 | 10.2 | 3.6 | 11.3 | -10.8 | 6.1 | -6.4 | -3.7 | -4.4 | 10.1 | 6.1 |
| EBIT, EURm | | | | | | | | | | | | |
| Total | -1.5 | -15.1 | 1.4 | 0.6 | -14.6 | 0.9 | 0.4 | 0.8 | 0.9 | 3.0 | 7.9 | 10.3 |
| Total | -1.5 | -15.1 | 1.4 | 0.6 | -14.6 | 0.9 | 0.4 | 0.8 | 0.9 | 3.0 | 7.9 | 10.3 |
| EBIT margin, % | | | | | | | | | | | | |
| Total | -3.6 | -51.1 | 3.4 | 1.3 | -9.2 | 2.3 | 1.3 | 2.0 | 2.0 | 2.0 | 4.7 | 5.8 |

| INCOME STATEMENT, EURm | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|-------------|--------------|--------------|-------------|-------------|-------------|-------------|------------|
| Sales | 181.1 | 151.3 | 115.0 | 142.2 | 158.3 | 151.3 | 166.6 | 176.7 |
| <i>Sales growth (%)</i> | <i>21.9</i> | <i>-16.5</i> | <i>-24.0</i> | <i>23.7</i> | <i>11.3</i> | <i>-4.4</i> | <i>10.1</i> | <i>6.1</i> |
| EBITDA | 17.4 | 12.3 | 1.2 | 2.1 | -9.6 | 7.9 | 12.7 | 15.4 |
| <i>EBITDA margin (%)</i> | <i>9.6</i> | <i>8.1</i> | <i>1.1</i> | <i>1.5</i> | <i>-6.1</i> | <i>5.2</i> | <i>7.6</i> | <i>8.7</i> |
| Depreciation | -2.5 | -3.9 | -4.0 | -4.3 | -5.0 | -4.9 | -4.8 | -5.1 |
| EBITA | 14.9 | 8.4 | -2.8 | -2.2 | -14.6 | 3.0 | 7.9 | 10.3 |
| Goodwill amortization / writedown | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 14.9 | 8.4 | -2.8 | -2.2 | -14.6 | 3.0 | 7.9 | 10.3 |
| <i>EBIT margin (%)</i> | <i>8.2</i> | <i>5.6</i> | <i>-2.4</i> | <i>-1.5</i> | <i>-9.2</i> | <i>2.0</i> | <i>4.7</i> | <i>5.8</i> |
| Reported EBIT | 14.9 | 8.4 | -2.8 | -2.2 | -14.6 | 3.0 | 7.9 | 10.3 |
| <i>EBIT margin (reported) (%)</i> | <i>8.2</i> | <i>5.6</i> | <i>-2.4</i> | <i>-1.5</i> | <i>-9.2</i> | <i>2.0</i> | <i>4.7</i> | <i>5.8</i> |
| Net financials | 0.0 | 0.8 | 0.3 | 0.5 | 0.8 | -0.2 | 0.0 | 0.0 |
| Pre-tax profit | 14.9 | 9.2 | -2.5 | -1.7 | -13.8 | 2.8 | 7.9 | 10.3 |
| Taxes | -3.2 | -1.6 | 0.6 | 0.0 | 2.3 | -0.7 | -1.6 | -2.1 |
| Minority shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit | 11.7 | 7.6 | -1.8 | -1.7 | -11.5 | 2.0 | 6.3 | 8.2 |
| 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 | 15 | 16 | 17 | 19 | 22 | 24 | 23 | 24 |
| Goodwill | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Right of use assets | 7 | 7 | 6 | 10 | 7 | 7 | 8 | 8 |
| Inventory | 14 | 12 | 15 | 22 | 17 | 16 | 18 | 19 |
| Receivables | 52 | 32 | 34 | 32 | 32 | 31 | 34 | 36 |
| Liquid funds | 13 | 22 | 12 | 24 | 8 | 7 | 8 | 11 |
| Total assets | 103 | 91 | 86 | 111 | 92 | 92 | 96 | 104 |
| Liabilities | | | | | | | | |
| Shareholder's equity | 47 | 50 | 40 | 34 | 23 | 25 | 30 | 36 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Convertibles | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lease liabilities | 7 | 5 | 4 | 8 | 6 | 7 | 8 | 8 |
| Deferred taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest bearing debt | 1 | 2 | 2 | 2 | 7 | 5 | 0 | 0 |
| Non-interest bearing current liabilities | 46 | 31 | 23 | 39 | 34 | 32 | 36 | 38 |
| Other interest-free debt | 1 | 3 | 16 | 27 | 22 | 22 | 22 | 22 |
| Total liabilities | 103 | 91 | 86 | 111 | 92 | 92 | 96 | 104 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 17 | 12 | 1 | 2 | -10 | 8 | 13 | 15 |
| - Net financial items | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| - Taxes | -3 | -1 | -1 | -1 | -1 | -1 | -2 | -2 |
| - Increase in Net Working Capital | -23 | 10 | 1 | 21 | -5 | 1 | -1 | -1 |
| +/- Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| = Cash flow from operations | -8 | 21 | 2 | 23 | -14 | 8 | 10 | 12 |
| - Capex | -4 | -3 | -3 | -10 | -4 | -7 | -4 | -7 |
| - Acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + Divestments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| = Free cash flow | -11 | 18 | -2 | 13 | -18 | 0 | 6 | 6 |
| +/- New issues/buybacks | 1 | 1 | -1 | -1 | 0 | 0 | 0 | 0 |
| - Paid dividend | -5 | -6 | -6 | -3 | 0 | 0 | -1 | -3 |
| +/- Other | -2 | -4 | -2 | 5 | 1 | -1 | -4 | 0 |
| Change in cash | -17 | 9 | -11 | 13 | -17 | 0 | 1 | 3 |

| KEY FIGURES | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|-------|--------|-------|-------|-------|-------|-------|
| M-cap | 114 | 96 | 84 | 35 | 52 | 52 | 52 |
| Net debt (excl. convertibles) | -15 | -5 | -14 | 5 | 5 | 0 | -3 |
| Enterprise value | 99 | 91 | 70 | 40 | 56 | 52 | 49 |
| Sales | 151 | 115 | 142 | 158 | 151 | 167 | 177 |
| EBITDA | 12 | 1 | 2 | -10 | 8 | 13 | 15 |
| EBIT | 8 | -3 | -2 | -15 | 3 | 8 | 10 |
| Pre-tax | 9 | -2 | -2 | -14 | 3 | 8 | 10 |
| Earnings | 8 | -2 | -2 | -11 | 2 | 6 | 8 |
| Equity book value (excl. minorities) | 50 | 40 | 34 | 23 | 25 | 30 | 36 |
| Valuation multiples | | | | | | | |
| EV/sales | 0.7 | 0.8 | 0.5 | 0.3 | 0.4 | 0.3 | 0.3 |
| EV/EBITDA | 8.1 | 73.6 | 33.3 | -4.2 | 7.1 | 4.1 | 3.2 |
| EV/EBITA | 11.8 | -32.6 | -32.0 | -2.8 | 19.1 | 6.5 | 4.7 |
| EV/EBIT | 11.8 | -32.6 | -32.0 | -2.8 | 19.1 | 6.5 | 4.7 |
| EV/OCF | 4.7 | 48.2 | 3.0 | -2.9 | 7.4 | 5.3 | 3.9 |
| EV/FCFF | 6.3 | -30.2 | 4.2 | -1.9 | 311.2 | 7.8 | 8.1 |
| P/FCFE | 6.4 | -60.7 | 6.5 | -1.9 | 132.3 | 8.7 | 9.4 |
| P/E | 15.0 | -52.2 | -48.7 | -3.1 | 25.2 | 8.2 | 6.3 |
| P/B | 2.3 | 2.4 | 2.5 | 1.5 | 2.1 | 1.7 | 1.4 |
| Target EV/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 8.4 | 4.8 | 3.8 |
| Target EV/EBIT | 0.0 | 0.0 | 0.0 | 0.0 | 22.4 | 7.8 | 5.7 |
| Target EV/FCF | 0.0 | 0.0 | 0.0 | 0.0 | 169.8 | 10.4 | 10.6 |
| Target P/B | 0.0 | 0.0 | 0.0 | 0.0 | 2.5 | 2.0 | 1.7 |
| Target P/E | 0.0 | 0.0 | 0.0 | 0.0 | 29.9 | 9.7 | 7.4 |
| Per share measures | | | | | | | |
| Number of shares | 4,249 | 4,249 | 4,249 | 4,249 | 5,102 | 5,102 | 5,102 |
| Number of shares (diluted) | 4,249 | 4,249 | 4,249 | 4,249 | 5,102 | 5,102 | 5,102 |
| EPS | 1.80 | -0.44 | -0.41 | -2.70 | 0.40 | 1.24 | 1.62 |
| Operating cash flow per share | 4.96 | 0.45 | 5.50 | -3.30 | 1.50 | 1.90 | 2.43 |
| Free cash flow per share | 4.23 | -0.37 | 3.04 | -4.24 | 0.08 | 1.16 | 1.08 |
| Book value per share | 11.65 | 9.52 | 8.02 | 5.39 | 4.89 | 5.93 | 7.04 |
| Dividend per share | 1.45 | 0.80 | 0.00 | 0.00 | 0.20 | 0.50 | 0.75 |
| Dividend payout ratio, % | 80.7 | -183.9 | 0.0 | 0.0 | 49.9 | 40.4 | 46.4 |
| Dividend yield, % | 5.4 | 3.5 | 0.0 | 0.0 | 2.0 | 5.0 | 7.4 |
| FCF yield, % | 15.7 | -1.6 | 15.4 | -51.4 | 0.8 | 11.4 | 10.7 |
| Efficiency measures | | | | | | | |
| ROE | 15.9 | -4.1 | -4.6 | -40.3 | 8.6 | 22.9 | 24.9 |
| ROCE | 15.1 | -5.4 | -4.8 | -36.3 | 8.1 | 20.9 | 25.0 |
| Financial ratios | | | | | | | |
| Inventories as % of sales | 8.2 | 13.1 | 15.5 | 10.6 | 10.6 | 10.6 | 10.6 |
| Receivables as % of sales | 20.9 | 29.2 | 22.3 | 20.2 | 20.2 | 20.2 | 20.2 |
| Non-interest bearing liabilities as % of sales | 20.5 | 20.2 | 27.1 | 21.4 | 21.4 | 21.4 | 21.4 |
| NWC/sales, % | 7.0 | 8.3 | -8.3 | -4.6 | -5.2 | -3.9 | -3.1 |
| Operative CAPEX/sales, % | 2.1 | 3.0 | 7.3 | 2.5 | 4.8 | 2.3 | 3.9 |
| CAPEX/sales (incl. acquisitions), % | 2.1 | 3.0 | 7.3 | 2.5 | 4.8 | 2.3 | 3.9 |
| FCFF/EBITDA | 1.3 | -2.4 | 7.9 | 2.2 | 0.0 | 0.5 | 0.4 |
| Net debt/EBITDA, book-weighted | -1.3 | -4.2 | -6.5 | -0.6 | 0.6 | 0.0 | -0.2 |
| Debt/equity, market-weighted | 0.0 | 0.0 | 0.0 | 0.2 | 0.1 | 0.0 | 0.0 |
| Equity ratio, book-weighted | 54.6 | 46.9 | 30.8 | 24.9 | 27.2 | 31.4 | 34.4 |
| Gearing, % | -31.0 | -13.0 | -40.5 | 23.6 | 19.7 | 0.1 | -8.1 |

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 | 630,209 | 6.365 | 12.4% |
| Laakkonen Mikko Kalervo | 143,521 | 1.450 | 2.8% |
| eQ Pohjoismaat Pienyhtiö | 115,000 | 1.161 | 2.3% |
| Suominen Pekka Matias | 110,429 | 1.115 | 2.2% |
| Mandatum Life Unit-Linked | 108,120 | 1.092 | 2.1% |
| Stephen Industries Inc Oy | 108,073 | 1.092 | 2.1% |
| Siivonen Osku Pekka | 104,179 | 1.052 | 2.0% |
| Kirmo Kaisa Marketta | 104,021 | 1.051 | 2.0% |
| Relander Pär-Gustaf | 103,084 | 1.041 | 2.0% |
| Suominen Tiina Sini-Maria | 98,491 | 0.995 | 1.9% |
| Ten largest | 1,625,127 | 16.414 | 32% |
| Residual | 3,476,873 | 35.116 | 68% |
| Total | 5,102,000 | 51.530 | 100% |

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

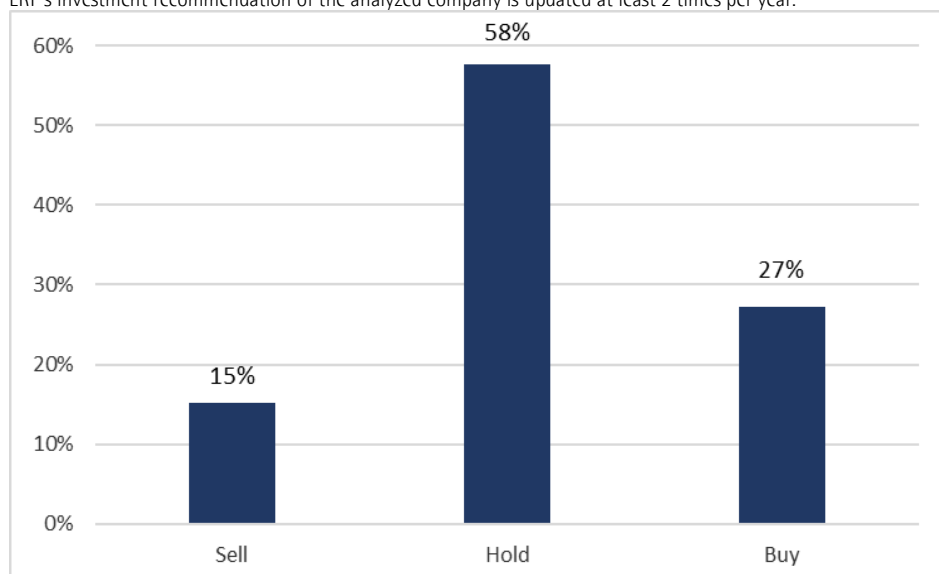
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Investment recommendations are defined as follows:

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

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

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Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

| | |
|------------------|------------------|
| Joachim Dannberg | +358 9 4766 9123 |
| Ari Laine | +358 9 4766 9115 |
| Kimmo Lilja | +358 9 4766 9130 |

Trading

| | |
|-------------------------|------------------|
| Lauri Vehkaluoto (Head) | +358 9 4766 9120 |
| Pasi Väisänen | +358 9 4766 9120 |
| Antti Kässi | +358 9 4766 9120 |
| Miika Ronkanen | +358 9 4766 9120 |

Structured Investments

| | |
|-----------------|------------------|
| Heikki Savijoki | +358 9 4766 9726 |
| Aki Lakkisto | +358 9 4766 9123 |

Equity Research

| | |
|-----------------|------------------|
| Jonas Forslund | +358 9 4766 9314 |
| Joonas Ilvonen | +358 44 430 9071 |
| Jerker Salokivi | +358 9 4766 9149 |
| Teemu Reiman | +358 40 352 6175 |

Evli Investment Solutions

| | |
|----------------|------------------|
| Johannes Asuja | +358 9 4766 9205 |
|----------------|------------------|



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001