

Somewhat mixed developments

Raute's Q2 figures were a bit of a mixed bag relative to our estimates as top line and profitability were lower than we expected while order intake came in even higher than we estimated.

- Raute Q2 revenue declined by 1% y/y to EUR 29.3m vs our EUR 31.4m estimate. Wood Processing amounted to EUR 17.3m, compared to our EUR 18.9m estimate, whereas Services came in at EUR 6.5m vs our EUR 8.7m estimate. Analyzers was EUR 5.5m, compared to our EUR 3.8m estimate. Increased market uncertainty has impacted customer demand for single production lines as well as for spare parts. The construction market's slowdown has reduced demand for softwood plywood especially in the European and North American markets.
- Comparable EBITDA landed at EUR 0.7m vs our EUR 1.8m estimate, while EBIT amounted to EUR -1.0m vs our EUR 0.4m estimate. Lower activity level in Wood Processing and Services burdened profitability (in addition to the inefficiencies caused by the ERP implementation), while Analyzers profitability increased significantly thanks to strong sales growth. Raute is also on track to reach its targeted EUR 4-5m in cost savings.
- Q2 order intake was EUR 112m, compared to our EUR 95m estimate. Customers continue to plan capacity long-term despite the current market situation.
- Order book stood at EUR 202m at the end of Q2, including EUR 2m in Russian orders.
- Raute guides FY '23 revenue to be above EUR 150m and comparable EBITDA margin to be above 4% (unchanged).

Rating				BUY
Q2'23	Actual	Evli	Year ago	Q1'23
Revenue	29.3	31.4	29.6	36.8
Wood Processing	17.3	18.9	17.1	24.4
Services	6.5	8.7	9.2	8.3
Analyzers	5.5	3.8	3.2	4.1
Comparable EBITDA	0.7	1.8	-10.9	2.8
EBIT	-1.0	0.4	-15.1	0.9
Share price, EUR (Last trading day's closing price)				8.66
Target price, EUR				12.0
Latest change in recommendation				24-Oct-22
Latest report on company				16-Aug-23
Research paid by issuer:				YES
No. of shares outstanding, '000's				6,120
No. of shares fully diluted, '000's				6,120
Market cap, EURm				53
Free float, %				-
Exchange rate				-
Reuters code				RAUTE.HE
Bloomberg code				RAUTE:FH
Average daily volume, EURm				0.1
Next interim report				25-Aug-23
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BUY HOLD SELL

PRE-REPORT 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%	3.1	0.30	29.3	0.3	13.1	5.9	0.20
2024E	185.9	8.3	4.5%	-2.3	1.03	8.4	0.2	5.1	-4.4	0.40
2025E	178.8	10.3	5.8%	9.8	1.29	6.7	0.2	3.4	18.6	0.50
Market cap, EURm	53		BV per share 2023E, EUR		-34.8		CAGR EPS 2022-25, %		0.0	
Net debt 2023E, EURm	-14		Price/book 2023E		1.3		CAGR sales 2022-25, %		4.1	
Enterprise value, EURm	39		Dividend yield 2023E, %		2.3		ROE 2023E, %		5.6	
Total assets 2023E, EURm	107		Tax rate 2023E, %		27.4		ROCE 2023E, %		6.7	
Goodwill 2023E, EURm	2		Equity ratio 2023E, %		38.4		PEG, P/E 23/CAGR		0.4	

All the important disclosures can be found on the last pages of this report.

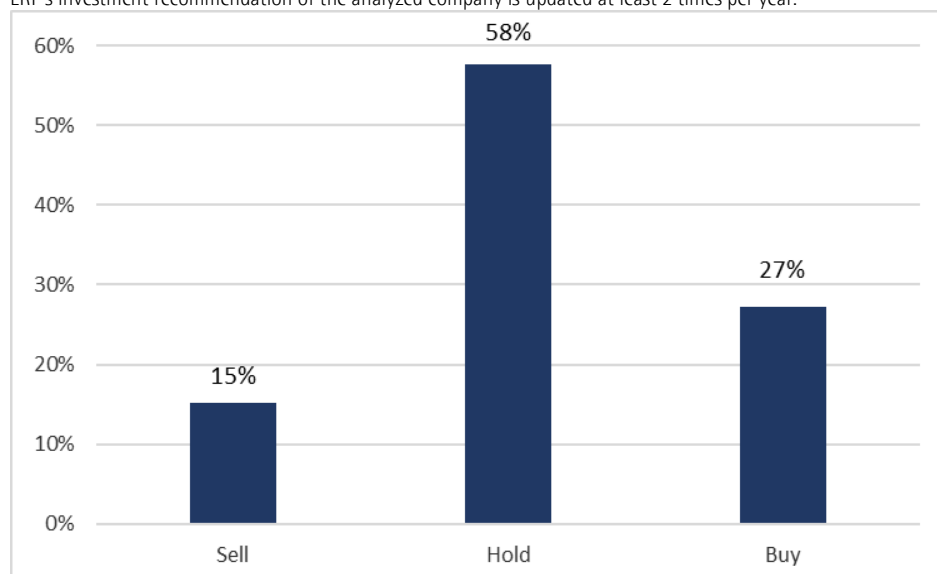
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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