

Only missing some smaller orders

Raute reports Q3 results on Oct 26. Raute's EBIT is bound to improve in the coming years, whereas short-term focus may lie more around smaller European equipment orders.

Pick-up in small orders would improve outlook even further
Raute's earnings have been recovering gradually for the last 12 months, however Q2 was a bit softer than the previous quarters due to a lack of Wood Processing and Services revenue. Very high North American orders were a positive surprise; although Europe may continue to miss some smaller equipment orders going forward the outlook for the next year or two isn't too bad given the three large projects to be delivered to Europe and Uruguay. We therefore believe Raute's EBIT is poised to trend towards an annual level of EUR 10m in the medium term. Raute didn't disclose any larger new orders during Q3, and smaller equipment orders are one of the key short-term focus issues. We expect Q3 order intake to have amounted to EUR 29m; the figure could end up lower than that if there's a temporary lack of North American orders after the Q2 burst and if Europe also proves very soft, but we believe EUR 30m to be a reasonable quarterly ballpark estimate for now. The small order level could also gain considerably if the outlook in Europe begins to improve.

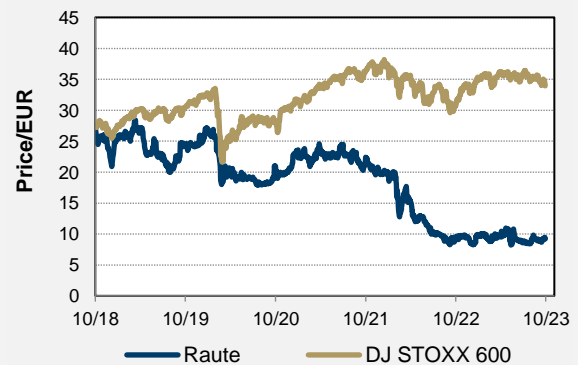
We upgrade our FY '23 earnings estimates by EUR 1m

We estimate Raute's Q3 top line to have improved considerably q/q but been soft y/y (we see no very large y/y changes in mix). We see Q3 EBIT at EUR 1.5m, in other words roughly flat y/y. The new ERP system may cause no larger issues, and in our view quarterly EBIT is set to improve closer to EUR 2m and above over the next year or so. Raute's guidance update wasn't a very big surprise; we now estimate 6.5% adj. EBITDA margin on a revenue of EUR 148m. We make only marginal estimate revisions for the coming years. Wood Processing revenue will gain significantly next year, whereas Analyzers should have more stable long-term potential in terms of revenue and earnings.

EBIT likely to reach EUR 8m and above in the coming years

FY '23 profitability will remain rather modest as H1 lacked volumes, however H2 should show solid improvement which is to be continued also next year. We estimate Raute to reach above EUR 8m FY '24 EBIT, on which the company remains valued at a multiple of 5.1x. We retain our EUR 12.0 TP and BUY rating.

Rating BUY



Share price, EUR (Last trading day's closing price) 9.22
Target price, EUR 12.0

Latest change in recommendation 24-Oct-22
Latest report on company 28-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 56
Free float, % -
Exchange rate -
Reuters code RAUTE.HE
Bloomberg code RAUTE:FH
Average daily volume, EURm 0.1
Next interim report 26-Oct-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	147.6	3.0	2.1%	4.0	0.33	27.6	0.3	13.6	7.2	0.20
2024E	180.0	8.5	4.7%	-1.2	1.06	8.7	0.2	5.1	-2.1	0.40
2025E	172.7	10.3	6.0%	9.9	1.29	7.1	0.2	3.5	17.5	0.50
Market cap, EURm	56			Gearing 2023E, %	-36.8			CAGR EPS 2022-25, %	0.0	
Net debt 2023E, EURm	-15			Price/book 2023E	1.4			CAGR sales 2022-25, %	2.9	
Enterprise value, EURm	41			Dividend yield 2023E, %	2.2			ROE 2023E, %	6.4	
Total assets 2023E, EURm	105			Tax rate 2023E, %	21.4			ROCE 2023E, %	7.0	
Goodwill 2023E, EURm	2			Equity ratio 2023E, %	39.4			PEG, P/E 23/CAGR	0.4	

Estimates and valuation

Raute	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e
Order intake	203	36	40	35	28	139	67	112	29	30	238
Europe	69	13	26	17	9	65	11	84	12	10	117
Russia	79	3	0	0	1	3	0	0	0	0	0
North America	37	15	6	16	15	51	3	25	13	15	56
Latin America	8	3	1	2	3	8	52	2	2	3	59
Asia-Pacific	10	3	7	0	1	11	1	1	2	2	6
Order book	158	152	104	94	84	84	121	202	192	180	180
Revenue	142	41	30	42	46	158	37	29	39	42	148
Wood Processing	97	31	17	27	33	108	24	17	25	29	96
Services	30	8	9	10	9	36	8	7	10	9	33
Analyzers	15	3	3	5	4	15	4	6	5	4	19
Europe	35	15	14	21	18	69	18	10	15	17	60
Russia	70	14	2	6	11	33	6	4	1	1	12
North America	20	9	9	9	12	39	10	8	16	16	50
Latin America	8	2	2	3	3	10	1	3	4	5	13
Asia-Pacific	10	2	2	3	3	9	3	4	3	3	12
Comparable EBITDA	3	0	-11	6	3	-2	3	1	3	3	10
Wood Processing	-5	-1	-12	2	1	-10	1	-2	1	1	1
Services	5	1	1	3	1	6	1	1	1	1	4
Analyzers	4	0	0	2	1	2	1	2	1	1	5
EBIT	-2	-1	-15	1	1	-15	1	-1	2	2	3
<i>EBIT margin</i>	-1.6 %	-4 %	-51 %	3 %	1 %	-9.2 %	2 %	-3 %	4 %	4 %	2.1 %

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	12872	14.8x	13.8x	12.1x	19.8x	17.1x	14.7x	13.4 %	15.0 %	16.0 %
Cargotec	2469	6.3x	4.8x	5.7x	9.6x	5.6x	7.1x	7.8 %	11.4 %	9.9 %
Glaston	63	5.5x	4.6x	4.3x	9.1x	7.6x	7.6x	4.6 %	5.1 %	5.0 %
Kone	20203	18.1x	13.0x	12.0x	21.9x	15.8x	14.2x	9.9 %	11.2 %	12.2 %
Konecranes Oyj	2435	7.9x	6.0x	5.7x	10.2x	7.5x	7.0x	8.7 %	10.4 %	10.4 %
Ponsse	694	9.9x	9.0x	8.4x	15.6x	14.2x	12.8x	6.2 %	6.7 %	7.6 %
Sandvik	20697	10.4x	9.5x	9.2x	14.9x	12.5x	11.7x	16.6 %	18.4 %	19.1 %
Valmet	3919	7.8x	6.3x	6.2x	11.0x	8.4x	8.2x	8.9 %	9.7 %	10.2 %
Wartsila	5871	9.0x	9.3x	7.9x	16.2x	12.8x	10.2x	5.4 %	7.9 %	9.2 %
Duerr	1629	6.8x	4.9x	4.3x	9.9x	7.0x	6.0x	5.4 %	6.0 %	6.8 %
Peer Group Average	7085	9.6x	8.1x	7.6x	13.8x	10.8x	9.9x	8.7 %	10.2 %	10.6 %
Peer Group Median	3194	8.4x	7.6x	7.0x	12.9x	10.4x	9.2x	8.2 %	10.1 %	10.0 %
Raute (Evli est.)	56	-4.2x	5.2x	3.3x	-2.8x	13.6x	5.1x	-9.2 %	2.1 %	4.7 %

Raute prem./disc. to peer median

-150 % -31 % -53 % -121 % 30 % -44 % -212 % -80 % -53 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	9.22 PV of Free Cash Flow	62 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	18.50 PV of Horizon value	56 WACC, %	9.2 Market risk premium, %
Share price potential, %	100.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	19.9 Marketable securities	8 Minimum WACC, %	8.7 Equity beta coefficient
Minimum value	17.3 Debt - dividend	-13 Maximum WACC, %	9.7 Target debt ratio, %
Horizon value, %	47.6 Value of stock	113 Nr of shares, Mn	6.1 Effective tax rate, %

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	158	148	180	173	180	184	188	192	197	201	205	209
<i>Sales growth, %</i>	<i>11.3</i>	<i>-6.8</i>	<i>21.9</i>	<i>-4.0</i>	<i>4.2</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	9	10	13	15	16	17	18	18	18	19
<i>Operating income margin, %</i>	<i>-9.2</i>	<i>2.1</i>	<i>4.7</i>	<i>6.0</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	5	6	6	6	5	4	
EBITDA	-10	8	13	16	19	20	22	23	24	23	22	
- Paid taxes	0	-1	-2	-2	-3	-3	-3	-3	-4	-4	-4	
- Change in NWC	-5	1	-3	1	-1	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-4.6</i>	<i>-5.6</i>	<i>-2.9</i>	<i>-3.4</i>	<i>-2.9</i>	<i>-2.7</i>	<i>-2.4</i>	<i>-2.1</i>	<i>-1.9</i>	<i>-1.6</i>	<i>-1.4</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-7	-4	-8	-5	-6	-6	-6	-6	-3	-3	-9	
<i>opCAPEX / Sales, %</i>	<i>2.5</i>	<i>2.6</i>	<i>5.3</i>	<i>2.4</i>	<i>3.6</i>	<i>3.3</i>	<i>3.3</i>	<i>3.3</i>	<i>1.8</i>	<i>1.7</i>	<i>4.7</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	4	1	10	9	11	12	13	16	15	9	126
= Discounted FCFF		4	1	8	7	8	8	8	9	8	4	56
= DFCF min WACC		4	1	8	7	8	8	8	9	8	4	63
= DFCF max WACC		4	1	8	7	7	7	7	8	7	4	51

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	41.3	29.6	41.8	45.7	158.3	36.8	29.4	39.2	42.2	147.6	180.0	172.7
EBITDA	-0.2	-13.8	2.6	1.8	-9.6	2.0	0.1	2.8	3.0	7.9	13.3	15.7
<i>EBITDA margin (%)</i>	<i>-0.6</i>	<i>-46.7</i>	<i>6.2</i>	<i>4.0</i>	<i>-6.1</i>	<i>5.4</i>	<i>0.3</i>	<i>7.1</i>	<i>7.1</i>	<i>5.3</i>	<i>7.4</i>	<i>9.1</i>
EBIT	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.5	1.7	3.0	8.5	10.3
<i>EBIT margin (%)</i>	<i>-3.6</i>	<i>-51.0</i>	<i>3.3</i>	<i>1.3</i>	<i>-9.2</i>	<i>2.3</i>	<i>-3.5</i>	<i>3.8</i>	<i>4.0</i>	<i>2.1</i>	<i>4.7</i>	<i>6.0</i>
Net financial items	0.3	-0.3	0.0	0.8	0.8	-0.1	-0.2	-0.1	-0.1	-0.4	-0.4	-0.4
Pre-tax profit	-1.2	-15.4	1.3	1.4	-13.8	0.8	-1.2	1.4	1.6	2.6	8.1	9.9
Tax	-0.1	2.5	-0.1	0.0	2.3	-0.3	0.4	-0.3	-0.3	-0.6	-1.6	-2.0
<i>Tax rate (%)</i>	<i>-5.2</i>	<i>16.0</i>	<i>9.8</i>	<i>-2.4</i>	<i>16.7</i>	<i>43.5</i>	<i>32.7</i>	<i>20.0</i>	<i>20.0</i>	<i>21.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-1.2	-12.9	1.2	1.5	-11.5	0.4	-0.8	1.1	1.3	2.0	6.5	7.9
EPS	-0.29	-3.04	0.28	0.34	-2.70	0.07	-0.13	0.18	0.21	0.33	1.06	1.29
EPS adjusted (diluted no. of shares)	-0.29	-3.04	0.28	0.34	-2.70	0.07	-0.13	0.18	0.21	0.33	1.06	1.29
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.40	0.50
SALES, EURm												
Wood Processing	30.5	17.1	27.1	33.3	108.0	24.4	17.4	24.7	29.2	95.7	126.3	116.8
Services	7.9	9.2	9.9	8.7	35.8	8.3	6.5	9.8	8.8	33.4	34.2	35.1
Analyzers	2.8	3.2	4.8	3.7	14.5	4.1	5.5	4.7	4.2	18.5	19.4	20.8
Total	41.3	29.6	41.8	45.7	158.3	36.8	29.4	39.2	42.2	147.6	180.0	172.7
SALES GROWTH, Y/Y %												
Wood Processing	84.4	-26.3	2.2	7.2	11.0	-20.1	1.6	-8.8	-12.3	-11.4	32.0	-7.5
Services	27.0	9.7	33.7	8.2	18.8	4.9	-29.6	-1.5	1.4	-6.6	2.5	2.5
Analyzers	43.9	-14.6	19.6	-26.7	-1.5	44.2	70.1	-1.1	13.4	27.3	5.0	7.0
Total	66.7	-16.5	10.2	3.6	11.3	-10.8	-0.6	-6.2	-7.6	-6.8	21.9	-4.0
EBIT, EURm												
Total	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.5	1.7	3.0	8.5	10.3
Total	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.5	1.7	3.0	8.5	10.3
EBIT margin, %												
Total	-3.6	-51.0	3.3	1.3	-9.2	2.3	-3.5	3.8	4.0	2.1	4.7	6.0

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	181.1	151.3	115.0	142.2	158.3	147.6	180.0	172.7
<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>-6.8</i>	<i>21.9</i>	<i>-4.0</i>
EBITDA	17.4	12.3	1.2	2.1	-9.6	7.9	13.3	15.7
<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>5.3</i>	<i>7.4</i>	<i>9.1</i>
Depreciation	-2.5	-3.9	-4.0	-4.3	-5.0	-4.9	-4.8	-5.4
EBITA	14.9	8.4	-2.8	-2.2	-14.6	3.0	8.5	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	8.5	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>2.1</i>	<i>4.7</i>	<i>6.0</i>
Reported EBIT	14.9	8.4	-2.8	-2.2	-14.6	3.0	8.5	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>2.1</i>	<i>4.7</i>	<i>6.0</i>
Net financials	0.0	0.8	0.3	0.5	0.8	-0.4	-0.4	-0.4
Pre-tax profit	14.9	9.2	-2.5	-1.7	-13.8	2.6	8.1	9.9
Taxes	-3.2	-1.6	0.6	0.0	2.3	-0.6	-1.6	-2.0
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	6.5	7.9
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	21	24	23
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	19	18
Receivables	52	32	34	32	32	30	36	35
Liquid funds	13	22	12	24	8	25	31	29
Total assets	103	91	86	111	92	105	125	121
Liabilities								
Shareholder's equity	47	50	40	34	23	41	47	52
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	3	9	1
Non-interest bearing current liabilities	46	31	23	39	34	32	39	37
Other interest-free debt	1	3	16	27	22	22	22	22
Total liabilities	103	91	86	111	92	105	125	121
CASH FLOW, EURm								
+ EBITDA	17	12	1	2	-10	8	13	16
- 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	-3	1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	-8	21	2	23	-14	8	8	14
- Capex	-4	-3	-3	-10	-4	-4	-9	-4
- 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	4	-1	10
+/- New issues/buybacks	1	1	-1	-1	0	16	0	0
- Paid dividend	-5	-6	-6	-3	0	0	-1	-2
+/- Other	-2	-4	-2	5	1	-3	8	-9
Change in cash	-17	9	-11	13	-17	17	6	-1

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	114	96	84	35	56	56	56
Net debt (excl. convertibles)	-15	-5	-14	5	-15	-13	-20
Enterprise value	99	91	70	40	41	44	36
Sales	151	115	142	158	148	180	173
EBITDA	12	1	2	-10	8	13	16
EBIT	8	-3	-2	-15	3	9	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	41	47	52
Valuation multiples							
EV/sales	0.7	0.8	0.5	0.3	0.3	0.2	0.2
EV/EBITDA	8.1	73.6	33.3	-4.2	5.2	3.3	2.3
EV/EBITA	11.8	-32.6	-32.0	-2.8	13.6	5.1	3.5
EV/EBIT	11.8	-32.6	-32.0	-2.8	13.6	5.1	3.5
EV/OCF	4.7	48.2	3.0	-2.9	5.2	5.3	2.6
EV/FCFF	6.3	-30.2	4.2	-1.9	10.6	67.9	3.7
P/FCFE	6.4	-60.7	6.5	-1.9	13.9	-46.9	5.7
P/E	15.0	-52.2	-48.7	-3.1	27.6	8.7	7.1
P/B	2.3	2.4	2.5	1.5	1.4	1.2	1.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.4	4.6	3.4
Target EV/EBIT	0.0	0.0	0.0	0.0	19.2	7.1	5.2
Target EV/FCF	0.0	0.0	0.0	0.0	14.4	-50.4	5.4
Target P/B	0.0	0.0	0.0	0.0	1.8	1.6	1.4
Target P/E	0.0	0.0	0.0	0.0	35.9	11.3	9.3
Per share measures							
Number of shares	4,249	4,249	4,249	4,249	6,120	6,120	6,120
Number of shares (diluted)	4,249	4,249	4,249	4,249	6,120	6,120	6,120
EPS	1.80	-0.44	-0.41	-2.70	0.33	1.06	1.29
Operating cash flow per share	4.96	0.45	5.50	-3.30	1.29	1.35	2.29
Free cash flow per share	4.23	-0.37	3.04	-4.24	0.66	-0.20	1.61
Book value per share	11.65	9.52	8.02	5.39	6.77	7.63	8.53
Dividend per share	1.45	0.80	0.00	0.00	0.20	0.40	0.50
Dividend payout ratio, %	80.7	-183.9	0.0	0.0	59.8	37.8	38.6
Dividend yield, %	5.4	3.5	0.0	0.0	2.2	4.3	5.4
FCF yield, %	15.7	-1.6	15.4	-51.4	7.2	-2.1	17.5
Efficiency measures							
ROE	15.9	-4.1	-4.6	-40.3	6.4	14.7	16.0
ROCE	15.1	-5.4	-4.8	-36.3	7.0	14.7	15.7
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	-5.6	-2.9	-3.4
Operative CAPEX/sales, %	2.1	3.0	7.3	2.5	2.6	5.3	2.4
CAPEX/sales (incl. acquisitions), %	2.1	3.0	7.3	2.5	2.6	5.3	2.4
FCFF/EBITDA	1.3	-2.4	7.9	2.2	0.5	0.0	0.6
Net debt/EBITDA, book-weighted	-1.3	-4.2	-6.5	-0.6	-1.9	-1.0	-1.3
Debt/equity, market-weighted	0.0	0.0	0.0	0.2	0.1	0.2	0.0
Equity ratio, book-weighted	54.6	46.9	30.8	24.9	39.4	37.3	43.3
Gearing, %	-31.0	-13.0	-40.5	23.6	-36.8	-27.4	-38.8

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	756,250	6.973	12.4%
Laakkonen Mikko Kalervo	172,225	1.588	2.8%
eQ Nordic Small Cap Mutual Fund	138,000	1.272	2.3%
Mandatum Life Insurance Company Ltd.	130,105	1.200	2.1%
Stephen Industries Inc Oy	129,687	1.196	2.1%
Relander Pär-Gustaf	123,700	1.141	2.0%
Suominen Pekka Matias	117,329	1.082	1.9%
Siivonen Osku Pekka	106,901	0.986	1.7%
Kirimo Kaisa Marketta	105,421	0.972	1.7%
eQ Finland Investment Fund	105,000	0.968	1.7%
Ten largest	1,884,618	17.376	31%
Residual	4,235,382	39.050	69%
Total	6,120,000	56.426	100%

EARNINGS CALENDAR	
October 26, 2023	Q3 report
OTHER EVENTS	

COMPANY MISCELLANEOUS	
CEO: Mika Saariaho	Rautetie 2, FI-15550 Nastola
CFO: Ville Halttunen	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

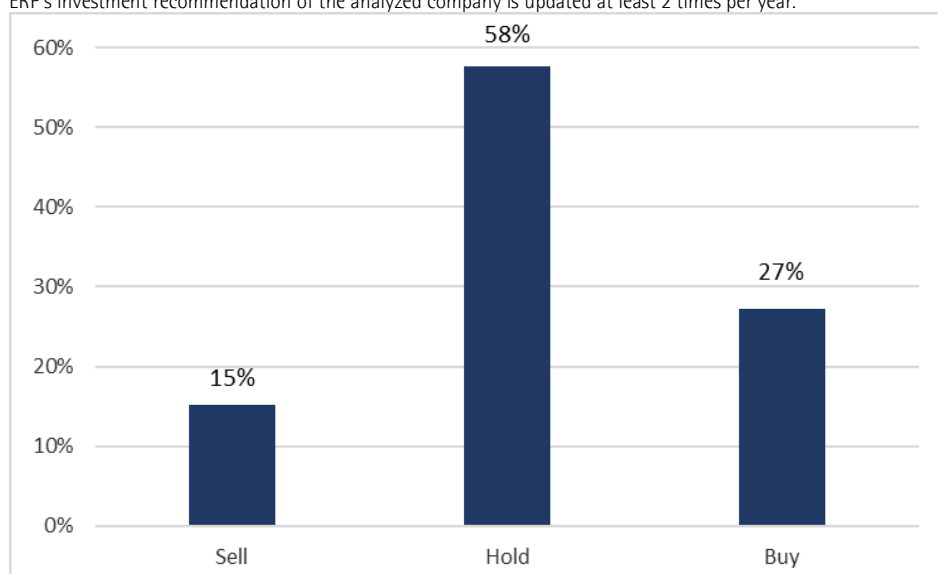
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Investment recommendations are defined as follows:

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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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

Arttu Heikura	+358 40 082 8098
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
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EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

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