

Progress despite market challenges

Raute's Q3, like its orders, showed twofold developments as margins were relatively high while market uncertainty has increased even further in Europe.

Q3 margins were already quite high, order intake was soft

Raute's EUR 34.0m Q3 top line fell short of our EUR 39.2m estimate as order book mix (tilted to large projects) and the new ERP system's adoption caused Wood Processing and Services revenue to be soft. Raute's EUR 3.0m comp. EBITDA was nonetheless as we estimated as the improvement program has yielded results, and it should also be noted Analyzers mix wasn't particularly favorable. The EUR 19m order intake fell clearly short of our EUR 29m estimate, which by itself isn't a very significant issue since there's always some quarterly variation; this time there were also postponed North American orders, but at least so far order prospects haven't vanished. Services' order activity isn't too bad, but short-term market uncertainty has increased further in Europe (by contrast demand remains good in North America); the softwood plywood market has been weak for a while and the sentiment seems to have spread to birch plywood as well.

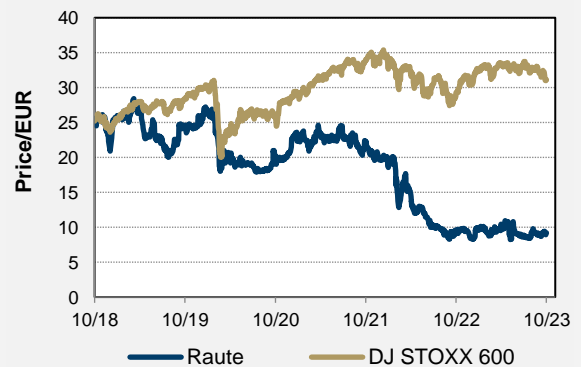
Smaller European orders may still be missed for a while

The report was twofold in the sense that relative profitability was higher than we estimated, while outlook for smaller orders has worsened in Europe as construction industry challenges continue. Raute's improvement program will achieve EUR 4-5m in annual cost savings by the end of this year; Raute returns to growth next year and needs to hire some additional labor, but in our view this is not a major issue from the perspective of productivity and earnings. There's likely to be at least some q/q pick up in Q4 order intake (thanks to North America), but a prolonged dearth in European production line and spare parts orders would cast some more uncertainty around the pace of next year's earnings improvement.

Valuation implies a lot of uncertainty around FY '24 EBIT

Raute's strategy execution is on track and we continue to see the company headed towards EUR 10m EBIT over the next few years. European market softness remains the most significant source of short-term uncertainty, but we still see EUR 8m EBIT within reach next year. Raute is valued below 5x EV/EBIT on that basis. We retain our EUR 12.0 TP and BUY rating.

Rating BUY



Share price, EUR (Last trading day's closing price) **8.68**

Target price, EUR **12.0**

Latest change in recommendation **24-Oct-22**

Latest report on company **20-Oct-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

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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
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	143.5	3.0	2.1%	5.1	0.37	23.5	0.3	12.3	9.6	0.20
2024E	174.8	8.3	4.7%	-0.8	1.03	8.4	0.2	4.7	-1.5	0.40
2025E	168.6	10.3	6.1%	9.6	1.29	6.7	0.2	3.1	18.1	0.50
Market cap, EURm	53			Gearing 2023E, %	-39.1			CAGR EPS 2022-25, %	0.0	
Net debt 2023E, EURm	-16			Price/book 2023E	1.3			CAGR sales 2022-25, %	2.1	
Enterprise value, EURm	37			Dividend yield 2023E, %	2.3			ROE 2023E, %	7.0	
Total assets 2023E, EURm	103			Tax rate 2023E, %	23.5			ROCE 2023E, %	7.0	
Goodwill 2023E, EURm	2			Equity ratio 2023E, %	40.5			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	Q3'23	Q4'23e	2023e
Order intake	203	36	40	35	28	139	67	112	19	31	229
Europe	69	13	26	17	9	65	11	84	9	9	113
Russia	79	3	0	0	1	3	0	0	0	0	0
North America	37	15	6	16	15	51	3	25	6	17	51
Latin America	8	3	1	2	3	8	52	2	3	3	60
Asia-Pacific	10	3	7	0	1	11	1	1	1	2	5
Order book	158	152	104	94	84	84	121	202	192	180	180
Revenue	142	41	30	42	46	158	37	29	34	43	144
Wood Processing	97	31	17	27	33	108	24	17	22	30	94
Services	30	8	9	10	9	36	8	7	8	9	32
Analyzers	15	3	3	5	4	15	4	6	5	4	19
Europe	35	15	14	21	18	69	18	10	13	18	60
Russia	70	14	2	6	11	33	6	4	3	1	14
North America	20	9	9	9	12	39	10	8	11	16	45
Latin America	8	2	2	3	3	10	1	3	6	6	16
Asia-Pacific	10	2	2	3	3	9	3	4	1	2	10
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	2	1	4
Analyzers	4	0	0	2	1	2	1	2	1	1	5
EBIT	-2	-1	-15	1	1	-15	1	-1	1	2	3
<i>EBIT margin</i>	-1.6 %	-4 %	-51 %	3 %	1 %	-9.2 %	2 %	-3 %	4 %	4 %	2.2 %

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	12589	14.8x	13.4x	11.8x	19.8x	16.6x	14.3x	13.4 %	15.1 %	16.1 %
Cargotec	2323	6.3x	4.5x	5.5x	9.6x	5.4x	6.8x	7.8 %	11.4 %	9.9 %
Glaston	59	5.5x	4.4x	4.1x	9.1x	7.2x	7.2x	4.6 %	5.1 %	5.0 %
Kone	20550	18.1x	13.2x	12.1x	21.9x	16.0x	14.5x	9.9 %	11.2 %	12.2 %
Konecranes Oyj	2319	7.9x	5.5x	5.3x	10.2x	6.8x	6.6x	8.7 %	10.7 %	10.5 %
Ponsse	665	9.9x	9.3x	8.8x	15.6x	15.4x	13.8x	6.2 %	6.1 %	7.0 %
Sandvik	19911	10.4x	9.2x	9.1x	14.9x	12.2x	11.7x	16.6 %	18.3 %	18.9 %
Valmet	3766	7.8x	6.0x	6.0x	11.0x	8.1x	8.1x	8.9 %	9.7 %	9.9 %
Wartsila	5788	9.0x	9.2x	7.8x	16.2x	12.7x	10.0x	5.4 %	7.9 %	9.2 %
Duerr	1317	6.8x	4.1x	4.1x	9.9x	5.9x	6.0x	5.4 %	6.0 %	5.7 %
Peer Group Average	6929	9.6x	7.9x	7.5x	13.8x	10.6x	9.9x	8.7 %	10.1 %	10.4 %
Peer Group Median	3044	8.4x	7.6x	6.9x	12.9x	10.1x	9.1x	8.2 %	10.2 %	9.9 %
Raute (Evli est.)	54	-4.2x	4.7x	3.0x	-2.8x	12.4x	4.7x	-9.2 %	2.1 %	4.7 %
<i>Raute prem./disc. to peer median</i>		-150 %	-38 %	-57 %	-121 %	23 %	-48 %	-212 %	-80 %	-52 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	8.68 PV of Free Cash Flow	62 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	18.28 PV of Horizon value	56 WACC, %	9.2 Market risk premium, %
Share price potential, %	110.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	19.6 Marketable securities	8 Minimum WACC, %	8.7 Equity beta coefficient
Minimum value	17.1 Debt - dividend	-13 Maximum WACC, %	9.7 Target debt ratio, %
Horizon value, %	47.3 Value of stock	112 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	144	175	169	176	180	184	188	192	196	200	204
<i>Sales growth, %</i>	<i>11.3</i>	<i>-9.4</i>	<i>21.8</i>	<i>-3.6</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	8	10	13	14	16	17	17	18	18	18
<i>Operating income margin, %</i>	<i>-9.2</i>	<i>2.1</i>	<i>4.7</i>	<i>6.1</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	5	6	6	5	4	
EBITDA	-10	8	13	16	18	20	21	22	23	22	22	
- Paid taxes	0	-1	-2	-2	-3	-3	-3	-3	-3	-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>-6.0</i>	<i>-3.3</i>	<i>-3.8</i>	<i>-3.2</i>	<i>-2.9</i>	<i>-2.7</i>	<i>-2.4</i>	<i>-2.2</i>	<i>-1.9</i>	<i>-1.7</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>2.4</i>	<i>5.2</i>	<i>2.5</i>	<i>3.6</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>	<i>1.8</i>	<i>1.8</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	124
= Discounted FCFF		4	1	8	7	7	7	7	8	7	4	56
= DFCF min WACC		4	1	8	7	8	8	8	9	8	4	62
= DFCF max WACC		4	1	8	7	7	7	7	8	7	4	50

INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3	2023Q4E	2023E	2024E	2025E
Net sales	41.3	29.6	41.8	45.7	158.3	36.8	29.4	34.0	43.3	143.5	174.8	168.6
EBITDA	-0.2	-13.8	2.6	1.8	-9.6	2.0	0.1	2.7	3.1	7.9	13.1	15.6
<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>7.9</i>	<i>7.2</i>	<i>5.5</i>	<i>7.5</i>	<i>9.3</i>
EBIT	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.4	1.8	3.0	8.3	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>4.0</i>	<i>4.2</i>	<i>2.1</i>	<i>4.7</i>	<i>6.1</i>
Net financial items	0.3	-0.3	0.0	0.8	0.8	-0.1	-0.2	0.3	-0.1	0.0	-0.4	-0.4
Pre-tax profit	-1.2	-15.4	1.3	1.4	-13.8	0.8	-1.2	1.7	1.7	3.0	7.9	9.9
Tax	-0.1	2.5	-0.1	0.0	2.3	-0.3	0.4	-0.6	-0.1	-0.7	-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>38.6</i>	<i>5.9</i>	<i>23.5</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	1.0	1.6	2.3	6.3	7.9
EPS	-0.29	-3.04	0.28	0.34	-2.70	0.07	-0.13	0.17	0.26	0.37	1.03	1.29
EPS adjusted (diluted no. of shares)	-0.29	-3.04	0.28	0.34	-2.70	0.07	-0.13	0.17	0.26	0.37	1.03	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	21.5	30.3	93.6	124.0	115.3
Services	7.9	9.2	9.9	8.7	35.8	8.3	6.5	7.9	8.7	31.4	31.7	32.8
Analyzers	2.8	3.2	4.8	3.7	14.5	4.1	5.5	4.6	4.3	18.5	19.1	20.4
Total	41.3	29.6	41.8	45.7	158.3	36.8	29.4	34.0	43.3	143.5	174.8	168.6
SALES GROWTH, Y/Y %												
Wood Processing	84.4	-26.3	2.2	7.2	11.0	-20.1	1.6	-20.6	-9.0	-13.4	32.5	-7.0
Services	27.0	9.7	33.7	8.2	18.8	4.9	-29.6	-20.6	0.3	-12.2	1.0	3.5
Analyzers	43.9	-14.6	19.6	-26.7	-1.5	44.2	70.1	-3.2	16.1	27.3	3.0	7.0
Total	66.7	-16.5	10.2	3.6	11.3	-10.8	-0.6	-18.6	-5.2	-9.4	21.8	-3.6
EBIT, EURm												
Total	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.4	1.8	3.0	8.3	10.3
Total	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.4	1.8	3.0	8.3	10.3
EBIT margin, %												
Total	-3.6	-51.0	3.3	1.3	-9.2	2.3	-3.5	4.0	4.2	2.1	4.7	6.1

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	181.1	151.3	115.0	142.2	158.3	143.5	174.8	168.6
<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>-9.4</i>	<i>21.8</i>	<i>-3.6</i>
EBITDA	17.4	12.3	1.2	2.1	-9.6	7.9	13.1	15.6
<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>5.5</i>	<i>7.5</i>	<i>9.3</i>
Depreciation	-2.5	-3.9	-4.0	-4.3	-5.0	-4.9	-4.8	-5.3
EBITA	14.9	8.4	-2.8	-2.2	-14.6	3.0	8.3	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	8.3	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>6.1</i>
Reported EBIT	14.9	8.4	-2.8	-2.2	-14.6	3.0	8.3	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>6.1</i>
Net financials	0.0	0.8	0.3	0.5	0.8	0.0	-0.4	-0.4
Pre-tax profit	14.9	9.2	-2.5	-1.7	-13.8	3.0	7.9	9.9
Taxes	-3.2	-1.6	0.6	0.0	2.3	-0.7	-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	2.3	6.3	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	15	18	18
Receivables	52	32	34	32	32	29	35	34
Liquid funds	13	22	12	24	8	24	30	29
Total assets	103	91	86	111	92	103	122	119
Liabilities								
Shareholder's equity	47	50	40	34	23	42	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	1	7	0
Non-interest bearing current liabilities	46	31	23	39	34	31	37	36
Other interest-free debt	1	3	16	27	22	22	22	22
Total liabilities	103	91	86	111	92	103	122	119
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	9	8	14
- Capex	-4	-3	-3	-10	-4	-3	-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	5	-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	-5	7	-8
Change in cash	-17	9	-11	13	-17	17	5	0

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	114	96	84	35	53	53	53
Net debt (excl. convertibles)	-15	-5	-14	5	-16	-14	-21
Enterprise value	99	91	70	40	37	39	32
Sales	151	115	142	158	144	175	169
EBITDA	12	1	2	-10	8	13	16
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	42	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	4.7	3.0	2.0
EV/EBITA	11.8	-32.6	-32.0	-2.8	12.3	4.7	3.1
EV/EBIT	11.8	-32.6	-32.0	-2.8	12.3	4.7	3.1
EV/OCF	4.7	48.2	3.0	-2.9	4.3	4.7	2.3
EV/FCFF	6.3	-30.2	4.2	-1.9	8.3	39.7	3.3
P/FCFE	6.4	-60.7	6.5	-1.9	10.4	-65.2	5.5
P/E	15.0	-52.2	-48.7	-3.1	23.5	8.4	6.7
P/B	2.3	2.4	2.5	1.5	1.3	1.1	1.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.2	4.5	3.3
Target EV/EBIT	0.0	0.0	0.0	0.0	19.0	7.1	5.1
Target EV/FCF	0.0	0.0	0.0	0.0	11.2	-72.6	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	32.5	11.6	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	0.37	1.03	1.29
Operating cash flow per share	4.96	0.45	5.50	-3.30	1.39	1.34	2.26
Free cash flow per share	4.23	-0.37	3.04	-4.24	0.84	-0.13	1.57
Book value per share	11.65	9.52	8.02	5.39	6.81	7.64	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	54.1	38.7	38.6
Dividend yield, %	5.4	3.5	0.0	0.0	2.3	4.6	5.8
FCF yield, %	15.7	-1.6	15.4	-51.4	9.6	-1.5	18.1
Efficiency measures							
ROE	15.9	-4.1	-4.6	-40.3	7.0	14.3	16.0
ROCE	15.1	-5.4	-4.8	-36.3	7.0	14.8	16.2
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	-6.0	-3.3	-3.8
Operative CAPEX/sales, %	2.1	3.0	7.3	2.5	2.4	5.2	2.5
CAPEX/sales (incl. acquisitions), %	2.1	3.0	7.3	2.5	2.4	5.2	2.5
FCFF/EBITDA	1.3	-2.4	7.9	2.2	0.6	0.1	0.6
Net debt/EBITDA, book-weighted	-1.3	-4.2	-6.5	-0.6	-2.1	-1.1	-1.4
Debt/equity, market-weighted	0.0	0.0	0.0	0.2	0.0	0.1	0.0
Equity ratio, book-weighted	54.6	46.9	30.8	24.9	40.5	38.3	44.0
Gearing, %	-31.0	-13.0	-40.5	23.6	-39.1	-30.5	-41.0

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	6.564	12.4%
Laakkonen Mikko Kalervo	172,225	1.495	2.8%
eQ Nordic Small Cap Mutual Fund	138,000	1.198	2.3%
Mandatum Life Insurance Company Ltd.	130,105	1.129	2.1%
Stephen Industries Inc Oy	129,687	1.126	2.1%
Relander Pär-Gustaf	123,700	1.074	2.0%
Suominen Pekka Matias	117,329	1.018	1.9%
Siivonen Osku Pekka	106,901	0.928	1.7%
Kirimo Kaisa Marketta	105,421	0.915	1.7%
eQ Finland Investment Fund	105,000	0.911	1.7%
Ten largest	1,884,618	16.358	31%
Residual	4,235,382	36.763	69%
Total	6,120,000	53.122	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

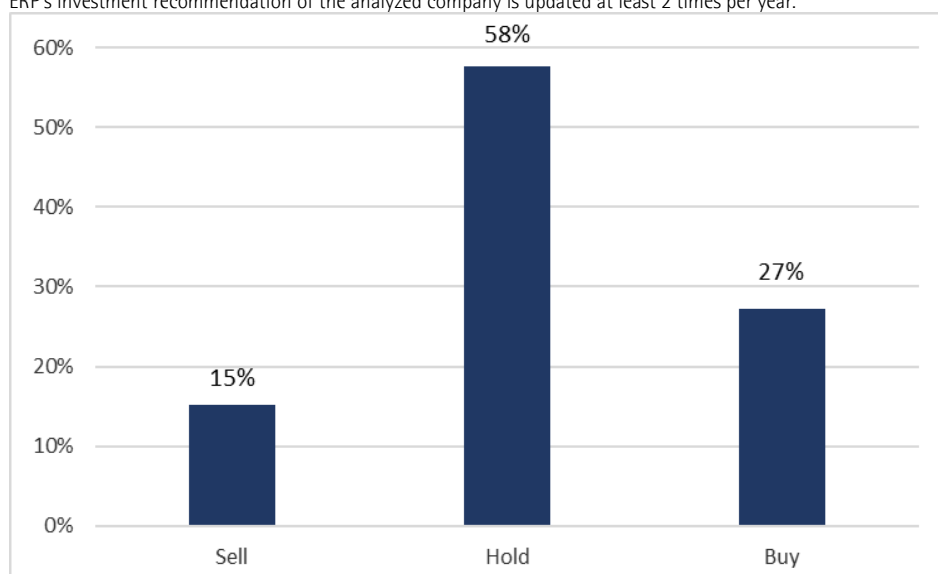
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Investment recommendations are defined as follows:

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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