

Backlog underpins earnings growth

Raute reports Q4 on Feb 15. FY '23 order intake topped EUR 300m, which positions Raute for significant earnings growth at least this year and next despite some uncertainties.

Wood Processing to grow at high double-digits in FY '24-25

Raute continued to advance according to its strategy last year while its markets showed somewhat polarized trends. Demand in North America, a market driven by smaller orders, remained strong whereas European smaller orders were missing while there were three larger orders (plus the EUR 50m order to Uruguay): the EUR 29m Latvian, EUR 45m French and EUR 93m Finnish orders will be delivered largely over the course of FY '24-25, which should lift Wood Processing revenue close to EUR 150m in the coming years and thus Raute's top line to around EUR 200m. Raute has also achieved EUR 4-5m in annual cost savings, but the relative lack of workload for FY '23 has likely left Q4 EBITDA margin still at a modest level of 7%; we estimate Q4 adj. EBITDA at EUR 3.2m.

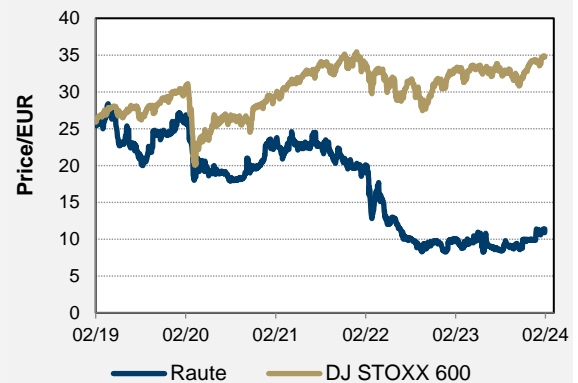
We estimate 17% group revenue CAGR for FY '24-25

Raute's FY '23 order intake reached well above EUR 300m, and we estimate small orders (besides the four larger ones totaling EUR 217m) to have made EUR 104m of that sum. The small order volume remains a source of uncertainty, but the changes to its outlook are more likely to be positive than negative from here on as the EUR 38m European small order volume we estimate for FY '23 is unlikely to fall further. Raute's earnings are bound to increase over the coming years as workload seems more than adequate. The backlog's mix adds some uncertainty as larger projects may have their challenges while margins are often not as high as for small orders, yet we believe e.g. the EUR 93m Finnish LVL order should earn healthy margins. A pick-up in European small orders could accelerate the earnings curve some more; we estimate 7.5% EBITDA margin for FY '24, from which Raute would still have a lot of room to improve towards a double-digit margin.

High single-digit EBITDA margin likely achieved rather soon

Raute is valued 6.5x EV/EBIT on our FY '24 estimates, in our opinion an undemanding level as there's further earnings gain potential beyond this year. The multiple is below 5x for next year when we estimate Raute to achieve an EBITDA margin of 8.5%. Our new TP is EUR 13 (12) as we retain our BUY rating.

Rating + BUY



Share price, EUR (Last trading day's closing price) 11.40
Target price, EUR 13.0

Latest change in 24-Oct-22
Latest report on company 26-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 70
Free float, % -
Exchange rate -
Reuters code RAUTE.HE
Bloomberg code RAUTE:FH
Average daily volume, EURm 0.1
Next interim report 15-Feb-24
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
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	144.2	3.0	2.1%	5.0	0.37	30.8	0.4	17.9	7.1	0.20
2024E	179.4	8.6	4.8%	-1.5	1.09	10.4	0.3	6.6	-2.2	0.40
2025E	197.1	11.3	5.7%	3.9	1.42	8.0	0.3	4.9	5.6	0.50
Market cap, EURm		70	Gearing 2023E, %			-38.8	CAGR EPS 2022-25, %			0.0
Net debt 2023E, EURm		-16	Price/book 2023E			1.7	CAGR sales 2022-25, %			7.6
Enterprise value, EURm		54	Dividend yield 2023E, %			1.8	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, %			40.4	PEG, P/E 23/CAGR			0.5

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	123	321
Europe	69	13	26	17	9	65	11	84	9	101	205
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	271	271
Revenue	142	41	30	42	46	158	37	29	34	44	144
Wood Processing	97	31	17	27	33	108	24	17	22	31	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 %	2.1 %

Source: Evli Research

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Alfa Laval AB	13802	15.2x	12.8x	12.2x	19.0x	15.6x	14.6x	14.9 %	15.8 %	16.3 %
Cargotec	3935	6.2x	8.5x	7.7x	7.9x	11.0x	9.7x	10.6 %	9.6 %	10.8 %
Glaston	62							5.1 %	4.8 %	5.8 %
Kone	24052	14.9x	14.2x	13.2x	17.8x	17.1x	15.7x	11.4 %	12.1 %	12.6 %
Konecranes	3640	6.8x	7.2x	7.0x	8.7x	9.0x	8.7x	10.5 %	10.9 %	11.2 %
Ponsse	646	9.0x	8.3x	7.2x	15.2x	13.6x	11.3x	6.0 %	7.2 %	8.2 %
Sandvik	24117	10.6x	10.8x	10.1x	14.2x	15.0x	13.1x	17.9 %	17.0 %	18.8 %
Valmet	4729	7.5x	7.1x	6.7x	10.1x	9.9x	9.0x	9.6 %	9.7 %	10.6 %
Wartsila	8211	11.8x	10.0x	9.0x	15.8x	12.6x	11.1x	8.2 %	9.7 %	10.2 %
Duerr	1426	5.6x	5.1x	4.6x	8.0x	7.8x	6.5x	5.8 %	5.5 %	6.4 %
Biesse	325	3.5x	3.5x	3.4x	7.6x	7.4x	6.2x	4.3 %	4.1 %	5.2 %
Peer Group Average	7722	9.1x	8.8x	8.1x	12.4x	11.9x	10.6x	9.5 %	9.7 %	10.6 %
Peer Group Median	3935	8.2x	8.4x	7.5x	12.2x	11.8x	10.4x	9.6 %	9.7 %	10.6 %
Raute (Evli est.)	70	6.8x	4.2x	3.3x	17.9x	6.6x	4.9x	2.1 %	4.8 %	5.7 %

Raute prem./disc. to peer median

-17 % -50 % -56 % 47 % -45 % -53 % -78 % -50 % -46 %

Source FactsSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	11.40 PV of Free Cash Flow	66 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	22.75 PV of Horizon value	62 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	99.6 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	24.2 Marketable securities	25 Minimum WACC, %	8.7 Equity beta coefficient	1.25
Minimum value	21.5 Debt - dividend	-8 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	48.5 Value of stock	122 Nr of shares, Mn	6.1 Effective tax rate, %	20

DCF valuation, EURm	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Horizon
Net sales	158	144	179	197	209	213	218	223	228	233	238	242
<i>Sales growth, %</i>	<i>11.3</i>	<i>-8.9</i>	<i>24.4</i>	<i>9.9</i>	<i>5.8</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	11	13	16	19	20	21	21	21	22
<i>Operating income margin, %</i>	<i>-9.2</i>	<i>2.1</i>	<i>4.8</i>	<i>5.7</i>	<i>6.4</i>	<i>7.5</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	6	6	6	7	7	7	5	4
EBITDA	-10	8	13	17	19	22	25	27	27	26	26	
- Paid taxes	0	-1	-2	-2	-3	-3	-4	-4	-4	-4	-4	
- Change in NWC	-5	1	-3	-2	-1	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-4.6</i>	<i>-6.0</i>	<i>-3.0</i>	<i>-1.9</i>	<i>-1.2</i>	<i>-1.0</i>	<i>-0.8</i>	<i>-0.6</i>	<i>-0.3</i>	<i>-0.1</i>	<i>0.1</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-7	-4	-8	-8	-7	-7	-7	-7	-3	-3	-11	
<i>opCAPEX / Sales, %</i>	<i>2.5</i>	<i>2.4</i>	<i>5.4</i>	<i>4.4</i>	<i>3.8</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>	<i>1.6</i>	<i>1.5</i>	<i>4.9</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	0	5	8	12	14	15	19	18	9	135
= Discounted FCFF		4	0	4	6	8	9	9	11	9	4	62
= DFCF min WACC		4	0	4	6	9	9	9	11	9	5	69
= DFCF max WACC		4	0	4	6	8	9	9	10	9	4	56

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	44.0	144.2	179.4	197.1
EBITDA	-0.2	-13.8	2.6	1.8	-9.6	2.0	0.1	2.7	3.1	7.9	13.4	16.8
<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>7.0</i>	<i>5.5</i>	<i>7.5</i>	<i>8.5</i>
EBIT	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.4	1.8	3.0	8.6	11.3
<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>4.1</i>	<i>2.1</i>	<i>4.8</i>	<i>5.7</i>
Net financial items	0.3	-0.3	0.0	0.8	0.8	-0.1	-0.2	0.3	-0.1	0.0	-0.2	-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	8.4	10.9
Tax	-0.1	2.5	-0.1	0.0	2.3	-0.3	0.4	-0.6	-0.1	-0.7	-1.7	-2.2
<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	6.7	8.7
EPS	-0.29	-3.04	0.28	0.34	-2.70	0.07	-0.13	0.17	0.26	0.37	1.09	1.42
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	1.09	1.42
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	30.8	94.1	128.0	143.3
Services	7.9	9.2	9.9	8.7	35.8	8.3	6.5	7.9	8.9	31.6	32.2	33.2
Analyzers	2.8	3.2	4.8	3.7	14.5	4.1	5.5	4.6	4.3	18.5	19.1	20.6
Total	41.3	29.6	41.8	45.7	158.3	36.8	29.4	34.0	44.0	144.2	179.4	197.1
SALES GROWTH, Y/Y %												
<i>Wood Processing</i>	<i>84.4</i>	<i>-26.3</i>	<i>2.2</i>	<i>7.2</i>	<i>11.0</i>	<i>-20.1</i>	<i>1.6</i>	<i>-20.6</i>	<i>-7.5</i>	<i>-12.9</i>	<i>36.0</i>	<i>12.0</i>
<i>Services</i>	<i>27.0</i>	<i>9.7</i>	<i>33.7</i>	<i>8.2</i>	<i>18.8</i>	<i>4.9</i>	<i>-29.6</i>	<i>-20.6</i>	<i>2.6</i>	<i>-11.7</i>	<i>2.0</i>	<i>3.0</i>
<i>Analyzers</i>	<i>43.9</i>	<i>-14.6</i>	<i>19.6</i>	<i>-26.1</i>	<i>-1.5</i>	<i>44.2</i>	<i>70.1</i>	<i>-3.2</i>	<i>16.1</i>	<i>27.3</i>	<i>3.5</i>	<i>7.5</i>
<i>Total</i>	<i>66.7</i>	<i>-16.5</i>	<i>10.2</i>	<i>3.6</i>	<i>11.3</i>	<i>-10.8</i>	<i>-0.6</i>	<i>-18.6</i>	<i>-3.7</i>	<i>-8.9</i>	<i>24.4</i>	<i>9.9</i>
EBIT, EURm												
Total	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.4	1.8	3.0	8.6	11.3
Total	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.4	1.8	3.0	8.6	11.3
EBIT margin, %												
<i>Total</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>4.1</i>	<i>2.1</i>	<i>4.8</i>	<i>5.7</i>

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	181.1	151.3	115.0	142.2	158.3	144.2	179.4	197.1
<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>-8.9</i>	<i>24.4</i>	<i>9.9</i>
EBITDA	17.4	12.3	1.2	2.1	-9.6	7.9	13.4	16.8
<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>8.5</i>
Depreciation	-2.5	-3.9	-4.0	-4.3	-5.0	-4.9	-4.8	-5.5
EBITA	14.9	8.4	-2.8	-2.2	-14.6	3.0	8.6	11.3
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	8.6	11.3
<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>4.8</i>	<i>5.7</i>
Reported EBIT	14.9	8.4	-2.8	-2.2	-14.6	3.0	8.6	11.3
<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>4.8</i>	<i>5.7</i>
Net financials	0.0	0.8	0.3	0.5	0.8	0.0	-0.2	-0.4
Pre-tax profit	14.9	9.2	-2.5	-1.7	-13.8	3.0	8.4	10.9
Taxes	-3.2	-1.6	0.6	0.0	2.3	-0.7	-1.7	-2.2
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	6.7	8.7
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	27
Goodwill	1	1	2	2	2	2	2	2
Right of use assets	7	7	6	10	7	7	8	9
Inventory	14	12	15	22	17	15	19	21
Receivables	52	32	34	32	32	29	36	40
Liquid funds	13	22	12	24	8	25	30	34
Total assets	103	91	86	111	92	103	125	137
Liabilities								
Shareholder's equity	47	50	40	34	23	42	47	53
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	9
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	1	2	2	2	7	2	9	9
Non-interest bearing current liabilities	46	31	23	39	34	31	38	42
Other interest-free debt	1	3	16	27	22	22	22	22
Total liabilities	103	91	86	111	92	103	125	137
CASH FLOW, EURm								
+ EBITDA	17	12	1	2	-10	8	13	17
- 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	-2
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	-8	21	2	23	-14	8	8	13
- Capex	-4	-3	-3	-10	-4	-3	-10	-9
- 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	-2	4
+/- 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	9	2
Change in cash	-17	9	-11	13	-17	17	6	3

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	114	96	84	35	70	70	70
Net debt (excl. convertibles)	-15	-5	-14	5	-16	-13	-15
Enterprise value	99	91	70	40	54	56	55
Sales	151	115	142	158	144	179	197
EBITDA	12	1	2	-10	8	13	17
EBIT	8	-3	-2	-15	3	9	11
Pre-tax	9	-2	-2	-14	3	8	11
Earnings	8	-2	-2	-11	2	7	9
Equity book value (excl. minorities)	50	40	34	23	42	47	53
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	6.8	4.2	3.3
EV/EBITA	11.8	-32.6	-32.0	-2.8	17.9	6.6	4.9
EV/EBIT	11.8	-32.6	-32.0	-2.8	17.9	6.6	4.9
EV/OCF	4.7	48.2	3.0	-2.9	6.3	6.9	4.4
EV/FCFF	6.3	-30.2	4.2	-1.9	12.3	182.7	10.8
P/FCFE	6.4	-60.7	6.5	-1.9	14.0	-45.1	17.8
P/E	15.0	-52.2	-48.7	-3.1	30.8	10.4	8.0
P/B	2.3	2.4	2.5	1.5	1.7	1.5	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.0	4.9	3.9
Target EV/EBIT	0.0	0.0	0.0	0.0	21.1	7.7	5.7
Target EV/FCF	0.0	0.0	0.0	0.0	12.7	-42.8	16.5
Target P/B	0.0	0.0	0.0	0.0	1.9	1.7	1.5
Target P/E	0.0	0.0	0.0	0.0	35.2	11.9	9.1
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	1.09	1.42
Operating cash flow per share	4.96	0.45	5.50	-3.30	1.38	1.34	2.05
Free cash flow per share	4.23	-0.37	3.04	-4.24	0.81	-0.25	0.64
Book value per share	11.65	9.52	8.02	5.39	6.81	7.70	8.72
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	36.6	35.1
Dividend yield, %	5.4	3.5	0.0	0.0	1.8	3.5	4.4
FCF yield, %	15.7	-1.6	15.4	-51.4	7.1	-2.2	5.6
Efficiency measures							
ROE	15.9	-4.1	-4.6	-40.3	7.0	15.0	17.4
ROCE	15.1	-5.4	-4.8	-36.3	7.0	15.1	16.0
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	-6.0	-3.0	-1.9
Operative CAPEX/sales, %	2.1	3.0	7.3	2.5	2.4	5.4	4.4
CAPEX/sales (incl. acquisitions), %	2.1	3.0	7.3	2.5	2.4	5.4	4.4
FCFF/EBITDA	1.3	-2.4	7.9	2.2	0.6	0.0	0.3
Net debt/EBITDA, book-weighted	-1.3	-4.2	-6.5	-0.6	-2.0	-1.0	-0.9
Debt/equity, market-weighted	0.0	0.0	0.0	0.2	0.0	0.1	0.1
Equity ratio, book-weighted	54.6	46.9	30.8	24.9	40.4	37.7	39.1
Gearing, %	-31.0	-13.0	-40.5	23.6	-38.8	-28.4	-27.9

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	8.621	12.4%
Laakkonen Mikko Kalervo	172,225	1.963	2.8%
eQ Nordic Small Cap Mutual Fund	138,000	1.573	2.3%
Mandatum Life Insurance Company Ltd.	130,105	1.483	2.1%
Stephen Industries Inc Oy	129,687	1.478	2.1%
Relander Pär-Gustaf	123,700	1.410	2.0%
Suominen Pekka Matias	117,329	1.338	1.9%
Siivonen Osku Pekka	106,901	1.219	1.7%
Kirimo Kaisa Marketta	105,421	1.202	1.7%
eQ Finland Investment Fund	105,000	1.197	1.7%
Ten largest	1,884,618	21.485	31%
Residual	4,235,382	48.283	69%
Total	6,120,000	69.768	100%

EARNINGS CALENDAR

February 15, 2024	FY 2023 Results
May 03, 2024	Q1 report
August 08, 2024	Q2 report
October 31, 2024	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

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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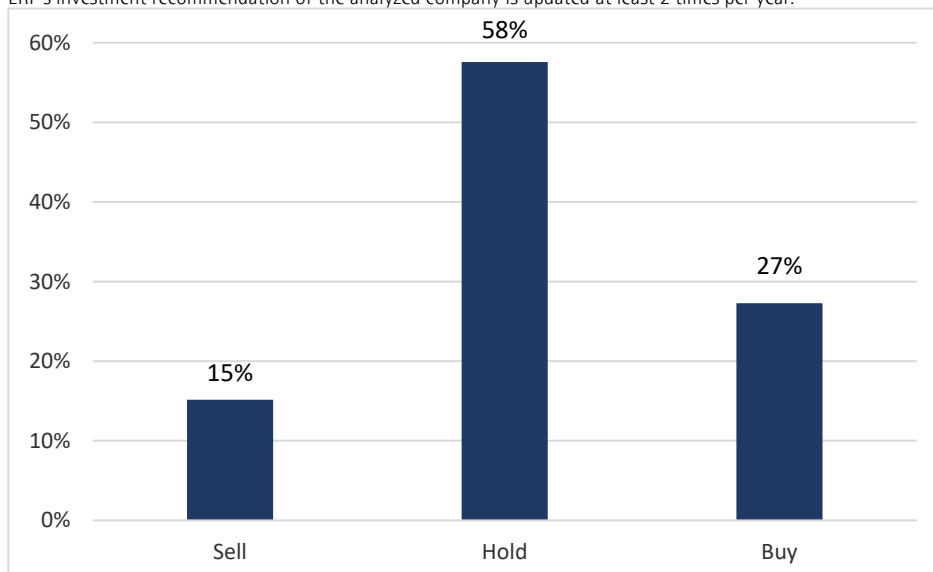
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Investment recommendations are defined as follows:

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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