

Earnings gain despite uncertainties

Raute's Q4 profitability didn't meet our estimates as Wood Processing still lacked volume while development costs were also at an elevated level.

Wood Processing soft while Services & Analyzers performed

Raute Q4 revenue decreased 1% y/y to EUR 45.2m, vs our EUR 44.0m estimate, as Wood Processing fell 13% y/y due to the lack of Russia, which still contributed during the comparison period's wind-down. Services and Analyzers meanwhile clearly topped our estimates (the former's sales were driven by delayed deliveries while the latter had a favorable mix), but development projects elevated costs so that Wood Processing EBITDA declined EUR 1m y/y. The EUR 2.7m comparable EBITDA was thus soft relative to our EUR 3.2m estimate, but there were no material surprises as the trends seen in Q3 (and before that) continued in Q4. Raute's profitability continues to improve from the EUR 9.3m comparable EBITDA seen last year, however small order demand uncertainty remains an issue while the growth strategy projects and ERP investments still burden earnings albeit not as much as last year.

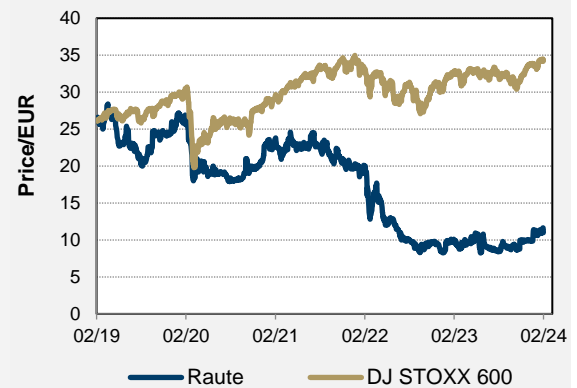
Some earnings uncertainty due to Wood Processing

We estimate Wood Processing to reach 4% EBITDA margin this year, which shouldn't be too challenging to achieve although e.g. Finnish industrial strikes may cause some complications, while Services and Analyzers are to continue at double-digit levels. We estimate Raute FY '24 comparable EBITDA at EUR 13.2m: the 7.4% margin is still quite modest relative to potential as some development costs remain while the uncertain European small order outlook justifies caution with respect to Wood Processing performance. Yet the order backlog supports workload also beyond this year and work continues so that Raute can address e.g. the solid wood product segment (including CLT). The new offering doesn't require much R&D; Raute mostly has the needed capabilities, although it could add certain elements through M&A.

Valuation hasn't set the bar very high

Uncertainties limit visibility on earnings gain pace, but the bar isn't high as Raute is valued 5.5x EV/EBIT on our FY '24 estimates. Wood Processing has been loss-making for a while due to the lack of volume, but in our view a low-to-mid single-digit margin should be within reach. We retain our EUR 13 TP and BUY rating.

Rating + BUY



Share price, EUR (Last trading day's closing price) 10.50
Target price, EUR 13.0

Latest change in 24-Oct-22
Latest report on company 09-Feb-24
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 64
Free float, % -
Exchange rate -
Reuters code RAUTE.HE
Bloomberg code RAUTE:FH
Average daily volume, EURm 0.1
Next interim report 03-May-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
2022	158.3	-14.6	-9.2%	-18.0	-2.70	-3.1	0.3	-2.8	-51.4	0.00
2023	145.4	1.9	1.3%	32.4	0.23	43.5	0.1	9.9	53.6	0.10
2024E	179.1	8.1	4.5%	-19.9	1.02	10.3	0.2	5.4	-31.0	0.20
2025E	196.7	11.3	5.7%	4.5	1.42	7.4	0.2	3.5	7.0	0.40
2026E	208.1	13.4	6.4%	8.0	1.75	6.0	0.2	2.6	12.5	0.77
Market cap, EURm		64	Gearing 2024E, %			-47.5	CAGR EPS 2023-26, %			97.7
Net debt 2024E, EURm		-21	Price/book 2024E			1.5	CAGR sales 2023-26, %			12.7
Enterprise value, EURm		43	Dividend yield 2024E, %			1.9	ROE 2024E, %			15.2
Total assets 2024E, EURm		135	Tax rate 2024E, %			20.4	ROCE 2024E, %			16.7
Goodwill 2024E, EURm		2	Equity ratio 2024E, %			57.6	PEG, P/E 24/CAGR			0.4

Estimates and valuation

Raute	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e
Order intake	203	139	67	112	19	118	316	29	33	29	37	128
Europe	69	65	11	84	9	100	204	12	13	15	17	57
Russia	79	3	0	0	0	0	0	0	0	0	0	0
North America	37	51	3	25	6	14	48	13	15	9	16	53
Latin America	8	8	52	2	3	1	58	2	3	3	2	10
Asia-Pacific	10	11	1	1	1	2	5	2	2	2	2	8
Order book	158	84	121	202	192	266	266	251	241	225	215	215
Revenue	142	158	37	29	34	45	145	44	43	46	47	179
Wood Processing	97	108	24	17	22	29	92	31	30	32	33	126
Services	30	36	8	7	8	10	33	8	8	8	8	33
Analyzers	15	15	4	6	5	6	20	5	5	5	5	21
Europe	35	68	18	10	13	15	56	19	16	21	22	78
Russia	70	33	5	4	3	3	15	0	0	0	0	0
North America	20	38	10	8	11	15	44	12	13	10	15	50
Latin America	8	10	2	3	6	11	21	11	12	13	8	44
Asia-Pacific	10	9	3	4	1	2	9	2	2	2	2	8
Comparable EBITDA	3	-2	3	1	3	3	9	3	3	3	4	13
Wood Processing	-5	-10	1	-2	1	0	0	1	1	1	2	5
Services	5	6	1	1	2	2	5	1	1	1	1	4
Analyzers	4	2	1	2	1	1	5	1	1	1	1	4
EBIT	-2	-15	1	-1	1	1	2	2	2	2	2	8
<i>EBIT margin</i>	-1.6 %	-9.3 %	2 %	-3 %	4 %	1 %	1.3 %	4 %	4 %	5 %	5 %	4.5 %

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	14036	15.2x	13.0x	12.4x	19.0x	15.8x	14.8x	14.9 %	15.8 %	16.3 %
Cargotec	3974	6.2x	8.6x	7.8x	7.9x	11.1x	9.7x	10.6 %	9.6 %	10.8 %
Glaston	66							5.0 %	4.6 %	5.6 %
Kone	23550	14.9x	13.9x	12.9x	17.8x	16.7x	15.3x	11.4 %	12.1 %	12.6 %
Konecranes	3726	6.8x	7.4x	7.1x	8.7x	9.2x	8.8x	10.5 %	10.9 %	11.2 %
Ponsse	641	9.0x	8.2x	7.2x	15.2x	13.5x	11.2x	6.0 %	7.2 %	8.2 %
Sandvik	24477	10.5x	10.9x	10.2x	14.1x	15.1x	13.2x	17.9 %	17.0 %	18.8 %
Valmet	4722	8.1x	7.8x	7.3x	10.9x	10.7x	9.7x	9.7 %	9.9 %	10.7 %
Wartsila	8370	11.8x	10.2x	9.1x	15.8x	12.9x	11.4x	8.2 %	9.7 %	10.2 %
Duerr	1390	5.6x	5.0x	4.5x	8.0x	7.6x	6.3x	5.8 %	5.5 %	6.4 %
Biesse	330	3.5x	3.6x	3.4x	7.6x	7.6x	6.3x	4.3 %	4.1 %	5.2 %
Peer Group Average	7753	9.2x	8.9x	8.2x	12.5x	12.0x	10.7x	9.5 %	9.7 %	10.5 %
Peer Group Median	3974	8.6x	8.4x	7.6x	12.5x	12.0x	10.5x	9.7 %	9.7 %	10.7 %
Raute (Evli est.)	64	2.8x	3.4x	2.3x	9.9x	5.4x	3.5x	1.3 %	4.5 %	5.7 %

Raute prem./disc. to peer median

-68 % -60 % -70 % -21 % -55 % -66 % -87 % -53 % -47 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	10.50 PV of Free Cash Flow	52 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	22.30 PV of Horizon value	43 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	112.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	23.5 Marketable securities	48 Minimum WACC, %	8.7 Equity beta coefficient	1.25
Minimum value	21.3 Debt - dividend	-7 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	44.8 Value of stock	136 Nr of shares, Mn	6.1 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	145	179	197	208	213	218	222	227	233	238	243	247
<i>Sales growth, %</i>	-8.2	23.2	9.8	5.8	2.3	2.3	2.3	2.3	2.3	2.3	2.0	2.0
Operating income (EBIT)	2	8	11	13	16	18	20	20	21	21	22	22
<i>Operating income margin, %</i>	1.3	4.5	5.7	6.4	7.3	8.5	9.0	9.0	9.0	9.0	9.0	9.0
+ Depreciation+amort.	5	5	6	7	7	7	8	8	5	4	4	
EBITDA	7	13	18	20	23	26	28	28	26	26	25	
- Paid taxes	-1	-2	-2	-3	-3	-4	-4	-4	-4	-4	-4	
- Change in NWC	30	-19	-1	-1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	-25.9	-10.3	-8.9	-8.2	-7.9	-7.6	-7.3	-7.1	-6.8	-6.6	-6.3	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-4	-10	-9	-9	-8	-8	-8	-3	-3	-3	-14	
<i>opCAPEX / Sales, %</i>	2.4	6.6	4.9	4.3	3.8	3.8	3.8	1.6	1.6	1.5	5.8	
- 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	32	-18	6	9	11	14	15	21	18	18	7	101
= Discounted FCFF		-17	5	7	8	9	9	11	9	8	3	43
= DFCF min WACC		-17	5	7	8	9	9	12	10	8	3	48
= DFCF max WACC		-17	5	7	8	9	9	11	9	8	3	38

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	36.8	29.4	34.0	45.2	145.4	43.9	42.7	45.8	46.7	179.1	196.7	208.1
EBITDA	2.0	0.1	2.7	2.0	6.8	2.9	3.1	3.4	3.5	12.9	17.6	20.3
<i>EBITDA margin (%)</i>	<i>5.4</i>	<i>0.3</i>	<i>7.9</i>	<i>4.5</i>	<i>4.7</i>	<i>6.6</i>	<i>7.3</i>	<i>7.4</i>	<i>7.5</i>	<i>7.2</i>	<i>8.9</i>	<i>9.8</i>
EBIT	0.9	-1.0	1.4	0.7	1.9	1.7	1.9	2.2	2.3	8.1	11.3	13.4
<i>EBIT margin (%)</i>	<i>2.3</i>	<i>-3.5</i>	<i>4.0</i>	<i>1.5</i>	<i>1.3</i>	<i>3.9</i>	<i>4.4</i>	<i>4.8</i>	<i>4.9</i>	<i>4.5</i>	<i>5.7</i>	<i>6.4</i>
Net financial items	-0.1	-0.2	0.3	-0.1	-0.1	-0.1	0.0	0.0	0.0	-0.2	-0.4	0.0
Pre-tax profit	0.8	-1.2	1.7	0.6	1.8	1.6	1.9	2.2	2.3	7.9	10.9	13.4
Tax	-0.3	0.4	-0.6	0.2	-0.4	-0.4	-0.4	-0.4	-0.4	-1.6	-2.2	-2.7
<i>Tax rate (%)</i>	<i>43.5</i>	<i>32.7</i>	<i>38.6</i>	<i>-26.1</i>	<i>24.3</i>	<i>25.0</i>	<i>21.6</i>	<i>18.6</i>	<i>17.8</i>	<i>20.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.4	-0.8	1.0	0.7	1.4	1.2	1.5	1.8	1.9	6.3	8.7	10.7
EPS	0.07	-0.13	0.17	0.12	0.23	0.20	0.24	0.29	0.30	1.02	1.42	1.75
EPS adjusted (diluted no. of shares)	0.07	-0.13	0.17	0.12	0.23	0.20	0.24	0.29	0.30	1.02	1.42	1.75
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.20	0.40	0.77
SALES, EURm												
Wood Processing	24.4	17.4	21.5	29.1	92.4	30.8	29.7	32.3	33.2	126.0	141.1	151.0
Services	8.3	6.5	7.9	10.3	33.0	8.2	7.9	8.3	8.2	32.6	33.6	34.2
Analyzers	4.1	5.5	4.6	5.8	20.0	4.9	5.1	5.2	5.3	20.5	22.0	22.8
Total	36.8	29.4	34.0	45.2	145.4	43.9	42.7	45.8	46.7	179.1	196.7	208.1
SALES GROWTH, Y/Y %												
<i>Wood Processing</i>	<i>-20.1</i>	<i>1.6</i>	<i>-20.6</i>	<i>-12.6</i>	<i>-14.5</i>	<i>26.2</i>	<i>70.7</i>	<i>50.2</i>	<i>14.1</i>	<i>36.4</i>	<i>12.0</i>	<i>7.0</i>
<i>Services</i>	<i>4.9</i>	<i>-29.6</i>	<i>-20.6</i>	<i>18.7</i>	<i>-7.7</i>	<i>-1.2</i>	<i>21.5</i>	<i>5.1</i>	<i>-20.4</i>	<i>-1.2</i>	<i>3.0</i>	<i>2.0</i>
<i>Analyzers</i>	<i>44.2</i>	<i>70.1</i>	<i>-3.2</i>	<i>56.6</i>	<i>37.6</i>	<i>19.5</i>	<i>-7.3</i>	<i>13.0</i>	<i>-8.6</i>	<i>2.5</i>	<i>7.5</i>	<i>3.5</i>
<i>Total</i>	<i>-10.8</i>	<i>-0.6</i>	<i>-18.6</i>	<i>-1.1</i>	<i>-8.2</i>	<i>19.3</i>	<i>45.2</i>	<i>34.7</i>	<i>3.3</i>	<i>23.2</i>	<i>9.8</i>	<i>5.8</i>
EBIT, EURm												
Total	0.9	-1.0	1.4	0.7	1.9	1.7	1.9	2.2	2.3	8.1	11.3	13.4
Total	0.9	-1.0	1.4	0.7	1.9	1.7	1.9	2.2	2.3	8.1	11.3	13.4
EBIT margin, %												
<i>Total</i>	<i>2.3</i>	<i>-3.5</i>	<i>4.0</i>	<i>1.5</i>	<i>1.3</i>	<i>3.9</i>	<i>4.4</i>	<i>4.8</i>	<i>4.9</i>	<i>4.5</i>	<i>5.7</i>	<i>6.4</i>

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	151.3	115.0	142.2	158.3	145.4	179.1	196.7	208.1
<i>Sales growth (%)</i>	<i>-16.5</i>	<i>-24.0</i>	<i>23.7</i>	<i>11.3</i>	<i>-8.2</i>	<i>23.2</i>	<i>9.8</i>	<i>5.8</i>
EBITDA	12.3	1.2	2.1	-9.6	6.8	12.9	17.6	20.3
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>1.1</i>	<i>1.5</i>	<i>-6.1</i>	<i>4.7</i>	<i>7.2</i>	<i>8.9</i>	<i>9.8</i>
Depreciation	-3.9	-4.0	-4.3	-5.0	-4.9	-4.8	-6.3	-6.9
EBITA	8.4	-2.8	-2.2	-14.6	1.9	8.1	11.3	13.4
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	8.4	-2.8	-2.2	-14.6	1.9	8.1	11.3	13.4
<i>EBIT margin (%)</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>-9.2</i>	<i>1.3</i>	<i>4.5</i>	<i>5.7</i>	<i>6.4</i>
Reported EBIT	8.4	-2.8	-2.2	-14.6	1.9	8.1	11.3	13.4
<i>EBIT margin (reported) (%)</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>-9.2</i>	<i>1.3</i>	<i>4.5</i>	<i>5.7</i>	<i>6.4</i>
Net financials	0.8	0.3	0.5	0.8	-0.1	-0.2	-0.4	0.0
Pre-tax profit	9.2	-2.5	-1.7	-13.8	1.8	7.9	10.9	13.4
Taxes	-1.6	0.6	0.0	2.3	-0.4	-1.6	-2.2	-2.7
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	7.6	-1.8	-1.7	-11.5	1.4	6.3	8.7	10.7
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	16	17	19	22	21	27	29	31
Goodwill	1	2	2	2	2	2	2	2
Right of use assets	7	6	10	7	6	8	9	9
Inventory	12	15	22	17	26	32	36	38
Receivables	32	34	32	32	26	32	35	37
Liquid funds	22	12	24	8	48	29	33	39
Total assets	91	86	111	92	135	135	149	161
Liabilities								
Shareholder's equity	50	40	34	23	38	44	52	60
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	5	4	8	6	7	8	9	9
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	2	2	2	7	0	0	0	0
Non-interest bearing current liabilities	31	23	39	34	63	56	61	64
Other interest-free debt	3	16	27	22	27	27	27	27
Total liabilities	91	86	111	92	135	135	149	161
CASH FLOW, EURm								
+ EBITDA	12	1	2	-10	7	13	18	20
- Net financial items	1	0	0	1	0	0	0	0
- Taxes	-1	-1	-1	-1	-1	-2	-2	-3
- Increase in Net Working Capital	10	1	21	-5	30	-19	-1	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	21	2	23	-14	36	-8	14	17
- Capex	-3	-3	-10	-4	-4	-12	-10	-9
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	18	-2	13	-18	32	-20	5	8
+/- New issues/buybacks	1	-1	-1	0	14	0	0	0
- Paid dividend	-6	-6	-3	0	0	-1	-1	-2
+/- Other	-4	-2	5	1	-6	1	1	1
Change in cash	9	-11	13	-17	40	-19	4	6

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	96	84	35	60	64	64	64
Net debt (excl. convertibles)	-5	-14	5	-41	-21	-24	-30
Enterprise value	91	70	40	19	43	40	35
Sales	115	142	158	145	179	197	208
EBITDA	1	2	-10	7	13	18	20
EBIT	-3	-2	-15	2	8	11	13
Pre-tax	-2	-2	-14	2	8	11	13
Earnings	-2	-2	-11	1	6	9	11
Equity book value (excl. minorities)	40	34	23	38	44	52	60
Valuation multiples							
EV/sales	0.8	0.5	0.3	0.1	0.2	0.2	0.2
EV/EBITDA	73.6	33.3	-4.2	2.8	3.4	2.3	1.7
EV/EBITA	-32.6	-32.0	-2.8	9.9	5.4	3.5	2.6
EV/EBIT	-32.6	-32.0	-2.8	9.9	5.4	3.5	2.6
EV/OCF	48.2	3.0	-2.9	0.5	-5.3	2.8	2.0
EV/FCFF	-30.2	4.2	-1.9	0.6	-2.4	7.1	4.1
P/FCFE	-60.7	6.5	-1.9	1.9	-3.2	14.3	8.0
P/E	-52.2	-48.7	-3.1	43.5	10.3	7.4	6.0
P/B	2.4	2.5	1.5	1.6	1.5	1.2	1.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	4.5	3.2	2.5
Target EV/EBIT	0.0	0.0	0.0	0.0	7.2	4.9	3.7
Target EV/FCF	0.0	0.0	0.0	0.0	-2.9	12.3	6.2
Target P/B	0.0	0.0	0.0	0.0	1.8	1.5	1.3
Target P/E	0.0	0.0	0.0	0.0	12.7	9.1	7.4
Per share measures							
Number of shares	4,249	4,249	4,249	6,120	6,120	6,120	6,120
Number of shares (diluted)	4,249	4,249	4,249	6,120	6,120	6,120	6,120
EPS	-0.44	-0.41	-2.70	0.23	1.02	1.42	1.75
Operating cash flow per share	0.45	5.50	-3.30	5.86	-1.33	2.31	2.79
Free cash flow per share	-0.37	3.04	-4.24	5.29	-3.25	0.74	1.31
Book value per share	9.52	8.02	5.39	6.27	7.19	8.42	9.77
Dividend per share	0.80	0.00	0.00	0.10	0.20	0.40	0.77
Dividend payout ratio, %	-183.9	0.0	0.0	44.1	19.6	28.1	44.1
Dividend yield, %	3.5	0.0	0.0	1.0	1.9	3.8	7.4
FCF yield, %	-1.6	15.4	-51.4	53.6	-31.0	7.0	12.5
Efficiency measures							
ROE	-4.1	-4.6	-40.3	4.5	15.2	18.3	19.3
ROCE	-5.4	-4.8	-36.3	4.7	16.7	19.4	20.7
Financial ratios							
Inventories as % of sales	13.1	15.5	10.6	18.1	18.1	18.1	18.1
Receivables as % of sales	29.2	22.3	20.2	17.7	17.7	17.7	17.7
Non-interest bearing liabilities as % of sales	20.2	27.1	21.4	43.1	31.0	31.0	31.0
NWC/sales, %	8.3	-8.3	-4.6	-25.9	-10.3	-8.9	-8.2
Operative CAPEX/sales, %	3.0	7.3	2.5	2.4	6.6	4.9	4.3
CAPEX/sales (incl. acquisitions), %	3.0	7.3	2.5	2.4	6.6	4.9	4.3
FCFF/EBITDA	-2.4	7.9	2.2	4.7	-1.4	0.3	0.4
Net debt/EBITDA, book-weighted	-4.2	-6.5	-0.6	-6.1	-1.6	-1.4	-1.5
Debt/equity, market-weighted	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	46.9	30.8	36.6	50.2	57.6	57.1	58.4
Gearing, %	-13.0	-40.5	23.6	-108.1	-47.5	-46.9	-49.8

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	7.941	12.4%
Laakkonen Mikko Kalervo	172,225	1.808	2.8%
eQ Nordic Small Cap Mutual Fund	138,000	1.449	2.3%
Mandatum Life Insurance Company Ltd.	130,105	1.366	2.1%
Stephen Industries Inc Oy	129,687	1.362	2.1%
Relander Pär-Gustaf	123,700	1.299	2.0%
Suominen Pekka Matias	117,329	1.232	1.9%
Siivonen Osku Pekka	106,901	1.122	1.7%
Kirimo Kaisa Marketta	105,421	1.107	1.7%
eQ Finland Investment Fund	105,000	1.103	1.7%
Ten largest	1,884,618	19.788	31%
Residual	4,235,382	44.472	69%
Total	6,120,000	64.260	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**

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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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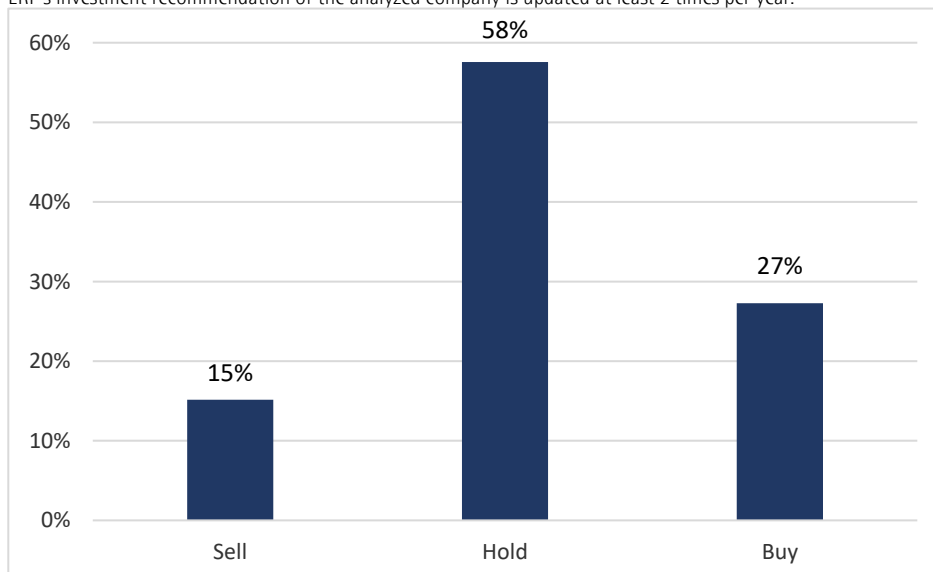
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Investment recommendations are defined as follows:

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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