

Looking for more Western orders

Inflation hurt Raute's Q1 EBIT more than we estimated, but the longer-term picture wasn't changed all that much.

Cost inflation was a greater challenge than we expected

Raute Q1 revenue grew 67% y/y to EUR 41m vs our EUR 34m estimate. Both projects (EUR 26m) and services (EUR 15m) came in higher than our respective EUR 21m and EUR 13m estimates. Raute delivered projects according to plan, without any major component issues, and recognized EUR 14m in Russian revenue (vs our EUR 12m estimate). Profitable execution in certain larger projects was challenged by cost inflation more than expected and the EUR -1.5m EBIT didn't meet our EUR 0.2m estimate. The EUR 36m order intake topped our EUR 29m estimate as North American orders were EUR 15m, compared to our EUR 7m estimate, while the EUR 13m European order intake was close to our estimate. Modernizations contributed a significant share of order intake. Inflation may no longer be such a great challenge in the coming quarters, but Raute is not yet able to provide guidance for the year as there remains too much uncertainty around the delivery of the EUR 78m Russian order book.

Some encouraging signs on Western orders' outlook

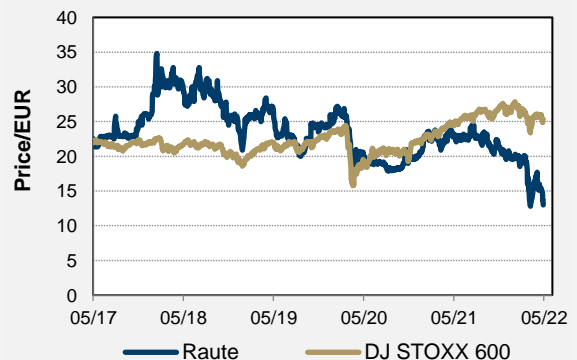
We now estimate EUR 38m Russian revenue for this year. We expect no big losses from the Russian deliverables, but neither do we estimate great profitability for the coming quarters. Raute's established Western footprint helps it to withstand the loss of Russia; North America is a promising source for many additional smaller orders, including modernizations, while Europe could support larger mill projects in the years to come. The long-term demand outlook for Raute's technology is sound as before, but the short-term capex picture is muddled by the war.

Western order levels will drive valuation over this year

We raise our FY '22 revenue estimate to EUR 146m as we expect Europe, North America and Russia to contribute more than we previously did. Western orders will be a driver in the coming quarters as their level should shore up the following years' revenue at least for a certain portion of the hole left by Russia. We expect no EBIT from Raute this year, but ca. EUR 6m could be possible next year if Western orders stay high over the course of FY '22. Raute is then valued 7x EV/EBIT on our FY '23 estimates. Our new TP is EUR 14 (15) as we retain our HOLD rating.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 13.00

Target price, EUR 14.0

Latest change in recommendation 02-Mar-22

Latest report on company 26-Apr-22

Research paid by issuer: YES

No. of shares outstanding, '000's 4,249

No. of shares fully diluted, '000's 4,249

Market cap, EURm 55

Free float, % -

Exchange rate -

Reuters code RAUTE.HE

Bloomberg code RAUTE:FH

Average daily volume, EURm 0.1

Next interim report 22-Jul-22

 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
2020	115.0	-2.8	-2.4%	-1.6	-0.44	-52.2	0.8	-32.6	-1.6	0.80
2021	142.2	-2.2	-1.5%	12.9	-0.41	-48.7	0.5	-32.0	15.4	0.80
2022E	146.3	-1.5	-1.0%	-0.2	-0.29	-44.5	0.3	-30.0	-0.3	0.75
2023E	151.6	6.2	4.1%	2.7	1.17	11.1	0.3	7.3	4.9	0.80
2024E	157.3	9.7	6.2%	6.1	1.82	7.1	0.3	4.4	11.0	0.90
Market cap, EURm	55			Gearing 2022E, %	-34.8			CAGR EPS 2021-24, %	0.0	
Net debt 2022E, EURm	-10			Price/book 2022E	1.9			CAGR sales 2021-24, %	3.4	
Enterprise value, EURm	45			Dividend yield 2022E, %	5.8			ROE 2022E, %	-3.9	
Total assets 2022E, EURm	111			Tax rate 2022E, %	-5.1			ROCE 2022E, %	-3.4	
Goodwill 2022E, EURm	2			Equity ratio 2022E, %	26.4			PEG, P/E 22/CAGR	0.0	

Estimates and valuation

Raute	2017	2018	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e
Order intake	155	166	148	119	30	65	58	50	203	36	30	36	42	144
Project deliveries	97	104	98	80	11	47	37	36	131	16	15	19	23	73
Technology services	58	62	50	39	19	18	21	14	72	20	15	17	19	71
Europe	60	76	21	23	10	41	5	14	69	13	12	16	21	62
Russia	50	30	89	74	5	8	36	30	79	3	0	0	0	3
North America	36	25	18	12	11	8	13	4	37	15	12	13	17	57
Latin America	8	12	12	5	2	3	3	0	8	3	3	4	2	12
Asia-Pacific	2	23	9	6	3	5	2	1	10	3	3	3	2	11
Order book	110	95	88	94	98	129	150	158	158	152	144	147	155	155
Revenue	148	181	151	115	25	35	38	44	142	41	38	33	34	146
Project deliveries	99	126	86	75	16	19	23	29	88	26	23	19	21	89
Technology services	49	55	66	40	8	16	15	15	54	15	15	14	13	57
Europe	82	77	51	25	4	8	10	12	35	15	14	12	13	54
Russia	35	48	47	63	15	17	19	19	70	14	9	8	7	38
North America	21	32	27	12	3	5	5	7	20	9	10	8	9	36
Latin America	6	6	14	8	1	2	2	2	8	2	2	2	2	8
Asia-Pacific	3	18	13	6	1	3	3	4	10	2	3	3	3	10
EBIT	11	15	8	-3	-3	-2	2	1	-2	-1	-1	1	1	-1
<i>EBIT margin</i>	7.5 %	8.2 %	5.6 %	-2.4 %	-11 %	-5 %	5 %	1 %	-1.6 %	-4 %	-4 %	2 %	2 %	-1.0 %

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	11212	13.0x	11.4x	10.6x	16.9x	14.1x	12.9x	15.1 %	16.4 %	16.9 %
Cargotec	2111	6.1x	5.3x	5.1x	8.2x	6.8x	6.5x	7.9 %	8.7 %	9.0 %
Glaston	83	5.5x	4.5x	4.2x	10.0x	7.6x	7.1x	4.5 %	5.5 %	5.7 %
Kone	23820	16.0x	14.7x	13.6x	19.2x	17.4x	16.0x	11.1 %	11.8 %	12.3 %
Konecranes Oyj	2133	6.8x	5.7x	5.3x	9.1x	7.5x	6.9x	8.6 %	9.7 %	10.3 %
Ponsse	813	9.3x	8.4x	7.2x	13.8x	11.6x	9.6x	7.8 %	9.0 %	9.8 %
Sandvik	22835	9.9x	9.1x	8.6x	12.7x	11.5x	10.8x	19.5 %	20.1 %	20.4 %
Valmet	4700	5.8x	5.3x	5.1x	7.4x	6.5x	6.2x	10.5 %	11.2 %	11.7 %
Wartsila	4561	8.2x	6.9x	6.1x	11.0x	8.9x	7.7x	7.6 %	8.7 %	9.5 %
Peer Group Average	8030	9.0x	7.9x	7.3x	12.0x	10.2x	9.3x	10.3 %	11.2 %	11.7 %
Peer Group Median	4561	8.2x	6.9x	6.1x	11.0x	8.9x	7.7x	8.6 %	9.7 %	10.3 %
Raute (Evli est.)	55	18.4x	4.8x	3.2x	-30.0x	7.3x	4.4x	-1.0 %	4.1 %	6.2 %

Raute prem./disc. to peer median

125 % -30 % -47 % -373 % -18 % -42 % -112 % -58 % -40 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	13.00 PV of Free Cash Flow	43 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	24.92 PV of Horizon value	49 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	91.7 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	26.6 Marketable securities	24 Minimum WACC, %	8.7 Equity beta coefficient	1.25
Minimum value	23.4 Debt - dividend	-11 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	53.0 Value of stock	106 Nr of shares, Mn	4.2 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	142	146	152	157	161	165	169	172	176	180	184	187
<i>Sales growth, %</i>	<i>23.7</i>	<i>2.9</i>	<i>3.6</i>	<i>3.8</i>	<i>2.5</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)	-2	-1	6	10	12	12	12	12	12	13	13	13
<i>Operating income margin, %</i>	<i>-1.5</i>	<i>-1.0</i>	<i>4.1</i>	<i>6.2</i>	<i>7.6</i>	<i>7.5</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
+ Depreciation+amort.	4	4	3	4	4	4	4	4	4	4	4	4
EBITDA	2	2	9	13	16	16	16	16	16	17	17	
- Paid taxes	-1	0	-1	-2	-2	-2	-2	-2	-2	-3	-3	
- Change in NWC	21	0	-1	-1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-8.3</i>	<i>-7.8</i>	<i>-7.2</i>	<i>-6.5</i>	<i>-6.1</i>	<i>-5.7</i>	<i>-5.4</i>	<i>-5.0</i>	<i>-4.7</i>	<i>-4.4</i>	<i>-4.1</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-6	-2	-5	-4	-4	-4	-4	-4	-5	-3	-6	
<i>opCAPEX / Sales, %</i>	<i>7.3</i>	<i>1.7</i>	<i>3.3</i>	<i>3.0</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>2.8</i>	<i>1.9</i>	<i>3.3</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	17	0	3	6	9	9	9	9	9	11	8	114
= Discounted FCFF		0	3	5	6	6	5	5	5	5	3	49
= DFCF min WACC		0	3	5	7	6	5	5	5	5	4	55
= DFCF max WACC		0	3	5	6	6	5	5	4	5	3	44

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	24.8	35.5	37.8	44.1	142.2	41.3	38.0	33.0	34.0	146.3	151.6	157.3
EBITDA	-1.8	-0.6	2.8	1.7	2.1	-0.3	-0.5	1.5	1.7	2.4	9.5	13.3
<i>EBITDA margin (%)</i>	<i>-7.4</i>	<i>-1.7</i>	<i>7.4</i>	<i>3.9</i>	<i>1.5</i>	<i>-0.6</i>	<i>-1.3</i>	<i>4.5</i>	<i>5.0</i>	<i>1.7</i>	<i>6.2</i>	<i>8.5</i>
EBIT	-2.8	-1.7	1.7	0.6	-2.2	-1.5	-1.4	0.6	0.8	-1.5	6.2	9.7
<i>EBIT margin (%)</i>	<i>-11.3</i>	<i>-4.8</i>	<i>4.5</i>	<i>1.4</i>	<i>-1.5</i>	<i>-3.6</i>	<i>-3.7</i>	<i>1.8</i>	<i>2.4</i>	<i>-1.0</i>	<i>4.1</i>	<i>6.2</i>
Net financial items	0.0	0.4	0.0	0.1	0.5	0.3	0.0	0.0	0.0	0.3	0.0	0.0
Pre-tax profit	-2.8	-1.3	1.7	0.7	-1.7	-1.2	-1.4	0.6	0.8	-1.2	6.2	9.7
Tax	0.0	0.4	-0.5	0.2	0.0	-0.1	0.3	-0.1	-0.2	-0.1	-1.2	-1.9
<i>Tax rate (%)</i>	<i>-1.4</i>	<i>29.9</i>	<i>30.9</i>	<i>-25.3</i>	<i>0.0</i>	<i>-5.1</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>-5.1</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2.8	-0.9	1.2	0.8	-1.7	-1.2	-1.1	0.5	0.6	-1.2	5.0	7.7
EPS	-0.66	-0.22	0.28	0.20	-0.41	-0.29	-0.26	0.11	0.15	-0.29	1.17	1.82
EPS adjusted (diluted no. of shares)	-0.66	-0.22	0.28	0.20	-0.41	-0.29	-0.26	0.11	0.15	-0.29	1.17	1.82
Dividend per share	0.00	0.00	0.00	0.00	0.80	0.00	0.00	0.00	0.00	0.75	0.80	0.90
SALES, EURm												
Project deliveries	16.4	19.2	23.1	29.1	87.8	26.4	23.0	19.0	21.0	89.4	93.0	95.8
Technology services	8.4	16.3	14.7	15.0	54.4	14.9	15.0	14.0	13.0	56.9	58.6	61.5
Total	24.8	35.5	37.8	44.1	142.2	41.3	38.0	33.0	34.0	146.3	151.6	157.3
SALES GROWTH, Y/Y %												
<i>Project deliveries</i>	<i>17.1</i>	<i>33.3</i>	<i>27.6</i>	<i>1.7</i>	<i>16.9</i>	<i>61.0</i>	<i>19.8</i>	<i>-17.7</i>	<i>-27.8</i>	<i>1.8</i>	<i>4.0</i>	<i>3.0</i>
<i>Technology services</i>	<i>-14.3</i>	<i>63.0</i>	<i>50.0</i>	<i>45.6</i>	<i>36.3</i>	<i>77.4</i>	<i>-8.0</i>	<i>-4.8</i>	<i>-13.3</i>	<i>4.6</i>	<i>3.0</i>	<i>5.0</i>
Total	4.2	45.5	35.5	13.4	23.7	66.5	7.0	-12.7	-22.9	2.9	3.6	3.8
EBIT, EURm												
Project deliveries	-3.3	-1.9	1.4	0.3	-3.5	-1.9	-1.8	0.2	0.3	-3.2	0.9	3.8
Technology services	0.5	0.2	0.3	0.3	1.3	0.4	0.4	0.4	0.5	1.7	5.3	5.8
Total	-2.8	-1.7	1.7	0.6	-2.2	-1.5	-1.4	0.6	0.8	-1.5	6.2	9.7
EBIT margin, %												
<i>Project deliveries</i>	<i>-20.1</i>	<i>-9.9</i>	<i>6.1</i>	<i>1.0</i>	<i>-4.0</i>	<i>-7.2</i>	<i>-7.8</i>	<i>1.1</i>	<i>1.4</i>	<i>-3.6</i>	<i>1.0</i>	<i>4.0</i>
<i>Technology services</i>	<i>6.0</i>	<i>1.2</i>	<i>2.0</i>	<i>2.0</i>	<i>2.4</i>	<i>2.7</i>	<i>2.7</i>	<i>2.9</i>	<i>3.8</i>	<i>3.0</i>	<i>9.0</i>	<i>9.5</i>
Total	-11.3	-4.8	4.5	1.4	-1.5	-3.6	-3.7	1.8	2.4	-1.0	4.1	6.2

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	148.6	181.1	151.3	115.0	142.2	146.3	151.6	157.3
<i>Sales growth (%)</i>	<i>31.4</i>	<i>21.9</i>	<i>-16.5</i>	<i>-24.0</i>	<i>23.7</i>	<i>2.9</i>	<i>3.6</i>	<i>3.8</i>
EBITDA	14.2	17.4	12.3	1.2	2.1	2.4	9.5	13.3
<i>EBITDA margin (%)</i>	<i>9.6</i>	<i>9.6</i>	<i>8.1</i>	<i>1.1</i>	<i>1.5</i>	<i>1.7</i>	<i>6.2</i>	<i>8.5</i>
Depreciation	-2.6	-2.5	-3.9	-4.0	-4.3	-3.9	-3.3	-3.6
EBITA	11.6	14.9	8.4	-2.8	-2.2	-1.5	6.2	9.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	11.6	14.9	8.4	-2.8	-2.2	-1.5	6.2	9.7
<i>EBIT margin (%)</i>	<i>7.8</i>	<i>8.2</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>-1.0</i>	<i>4.1</i>	<i>6.2</i>
Reported EBIT	11.6	14.9	8.4	-2.8	-2.2	-1.5	6.2	9.7
<i>EBIT margin (reported) (%)</i>	<i>7.8</i>	<i>8.2</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>-1.0</i>	<i>4.1</i>	<i>6.2</i>
Net financials	0.0	0.0	0.8	0.3	0.5	0.3	0.0	0.0
Pre-tax profit	11.6	14.9	9.2	-2.5	-1.7	-1.2	6.2	9.7
Taxes	-2.1	-3.2	-1.6	0.6	0.0	-0.1	-1.2	-1.9
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	9.4	11.7	7.6	-1.8	-1.7	-1.2	5.0	7.7
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	13	15	16	17	19	17	18	19
Goodwill	1	1	1	2	2	2	2	2
Right of use assets	0	7	7	6	10	10	11	11
Inventory	11	14	12	15	22	23	23	24
Receivables	30	52	32	34	32	33	34	35
Liquid funds	31	13	22	12	24	25	26	27
Total assets	87	103	91	86	111	111	116	120
Liabilities								
Shareholder's equity	39	47	50	40	34	29	31	36
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	7	5	4	8	10	11	11
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	1	1	2	2	2	4	5	3
Non-interest bearing current liabilities	43	46	31	23	39	40	41	43
Other interest-free debt	1	1	3	16	27	27	27	27
Total liabilities	87	103	91	86	111	111	116	120
CASH FLOW, EURm								
+ EBITDA	14	17	12	1	2	2	9	13
- Net financial items	7	0	1	0	0	0	0	0
- Taxes	-3	-3	-1	-1	-1	0	-1	-2
- Increase in Net Working Capital	6	-23	10	1	21	0	-1	-1
+/- Other	-6	0	0	0	0	0	0	0
= Cash flow from operations	18	-8	21	2	23	2	8	11
- Capex	-7	-4	-3	-3	-10	-2	-5	-5
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	11	-11	18	-2	13	0	3	6
+/- New issues/buybacks	0	1	1	-1	-1	0	0	0
- Paid dividend	-4	-5	-6	-6	-3	-3	-3	-3
+/- Other	0	-2	-4	-2	5	4	1	-2
Change in cash	7	-17	9	-11	13	1	1	1

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	91	114	96	84	55	55	55
Net debt (excl. convertibles)	-5	-15	-5	-14	-10	-10	-12
Enterprise value	85	99	91	70	45	45	43
Sales	181	151	115	142	146	152	157
EBITDA	17	12	1	2	2	9	13
EBIT	15	8	-3	-2	-1	6	10
Pre-tax	15	9	-2	-2	-1	6	10
Earnings	12	8	-2	-2	-1	5	8
Equity book value (excl. minorities)	47	50	40	34	29	31	36
Valuation multiples							
EV/sales	0.5	0.7	0.8	0.5	0.3	0.3	0.3
EV/EBITDA	4.9	8.1	73.6	33.3	18.4	4.8	3.2
EV/EBITA	5.7	11.8	-32.6	-32.0	-30.0	7.3	4.4
EV/EBIT	5.7	11.8	-32.6	-32.0	-30.0	7.3	4.4
EV/OCF	-11.2	4.7	48.2	3.0	19.8	5.9	4.0
EV/FCFF	-7.2	6.3	-30.2	4.2	-209.4	14.8	6.6
P/FCFE	-8.1	6.4	-60.7	6.5	-327.3	20.5	9.1
P/E	7.7	15.0	-52.2	-48.7	-44.5	11.1	7.1
P/B	1.9	2.3	2.4	2.5	1.9	1.8	1.6
Target EV/EBITDA	0.0	0.0	0.0	0.0	20.1	5.3	3.5
Target EV/EBIT	0.0	0.0	0.0	0.0	-32.8	8.0	4.9
Target EV/FCF	0.0	0.0	0.0	0.0	-291.7	18.5	7.7
Target P/B	0.0	0.0	0.0	0.0	2.0	1.9	1.7
Target P/E	0.0	0.0	0.0	0.0	-48.0	12.0	7.7
Per share measures							
Number of shares	4,249	4,249	4,249	4,249	4,249	4,249	4,249
Number of shares (diluted)	4,249	4,249	4,249	4,249	4,249	4,249	4,249
EPS	2.76	1.80	-0.44	-0.41	-0.29	1.17	1.82
Operating cash flow per share	-1.79	4.96	0.45	5.50	0.53	1.81	2.54
Free cash flow per share	-2.64	4.23	-0.37	3.04	-0.04	0.63	1.43
Book value per share	10.95	11.65	9.52	8.02	6.92	7.34	8.36
Dividend per share	1.40	1.45	0.80	0.80	0.75	0.80	0.90
Dividend payout ratio, %	50.7	80.7	-183.9	-196.7	-257.0	68.5	49.4
Dividend yield, %	6.6	5.4	3.5	6.2	5.8	6.2	6.9
FCF yield, %	-12.4	15.7	-1.6	15.4	-0.3	4.9	11.0
Efficiency measures							
ROE	27.3	15.9	-4.1	-4.6	-3.9	16.4	23.2
ROCE	31.3	15.1	-5.4	-4.8	-3.4	13.5	19.9
Financial ratios							
Inventories as % of sales	7.9	8.2	13.1	15.5	15.5	15.5	15.5
Receivables as % of sales	28.9	20.9	29.2	22.3	22.3	22.3	22.3
Non-interest bearing liabilities as % of sales	25.2	20.5	20.2	27.1	27.1	27.1	27.1
NWC/sales, %	11.1	7.0	8.3	-8.3	-7.8	-7.2	-6.5
Operative CAPEX/sales, %	2.0	2.1	3.0	7.3	1.7	3.3	3.0
CAPEX/sales (incl. acquisitions), %	2.0	2.1	3.0	7.3	1.7	3.3	3.0
FCFF/EBITDA	-0.7	1.3	-2.4	7.9	-0.1	0.3	0.5
Net debt/EBITDA, book-weighted	-0.3	-1.3	-4.2	-6.5	-4.2	-1.0	-0.9
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Equity ratio, book-weighted	45.1	54.6	46.9	30.8	26.4	26.9	29.6
Gearing, %	-11.8	-31.0	-13.0	-40.5	-34.8	-31.3	-35.0

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	500,000	6.500	11.8%
Mandatum Life Unit-Linked	138,302	1.798	3.3%
Laakkonen Mikko Kalervo	119,919	1.559	2.8%
Suominen Pekka	110,429	1.436	2.6%
Siivonen Osku Pekka	104,179	1.354	2.5%
Kirmo Kaisa Marketta	104,021	1.352	2.4%
Suominen Tiina Sini-Maria	100,856	1.311	2.4%
Keskiahho Kaija Leena	84,716	1.101	2.0%
Mustakallio Mika Tapani	83,270	1.083	2.0%
Särkijärvi Anna Riitta	82,489	1.072	1.9%
Ten largest	1,428,181	18.566	34%
Residual	2,821,067	36.674	66%
Total	4,249,248	55.240	100%

EARNINGS CALENDAR	
July 22, 2022	Q2 report
October 21, 2022	Q3 report
OTHER EVENTS	

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

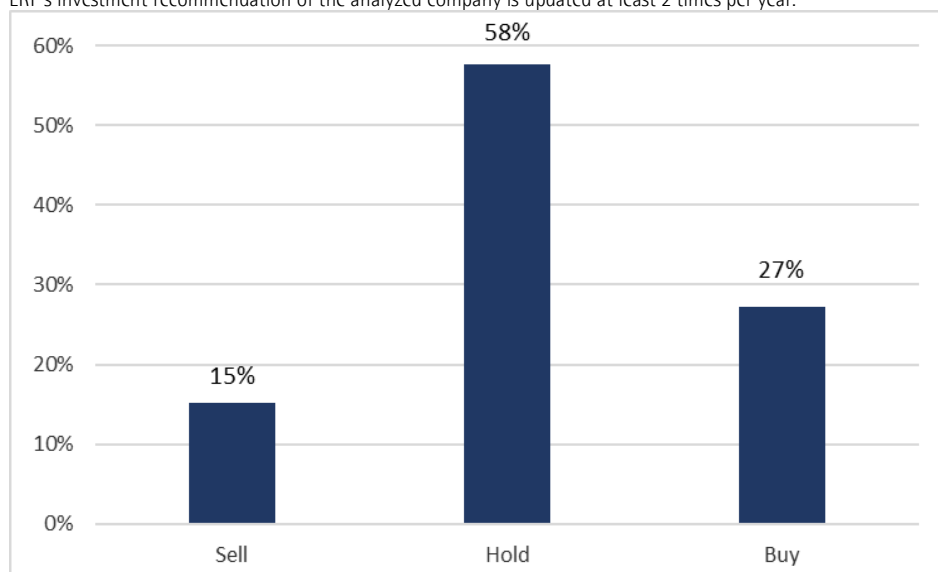
Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Bank Plc. Production of the investment recommendation has been concluded on [1.5.2022, 23:45]. This report has been published on [2.5.2022, 8:40].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment

Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Bank Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Bank Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Bank Plc is supervised by the Finnish Financial Supervision Authority.

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

Jonas Forslund	+358 9 4766 9314
Joonas Ilvonen	+358 44 430 9071
Jerker Salokivi	+358 9 4766 9149
Teemu Reiman	+358 40 352 6175

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
----------------	------------------



EVLI BANK PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Fax +358 9 634 382
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI BANK PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000
Fax +46 (0)8 407 8001