

## Moving on after challenging years

Raute is set to complete its equity injections during the next few weeks. The terms didn't include very significant news, whereas the recent French order was a small positive.

### Raute adds EUR 18m to its equity base

Raute proceeds with its capital raising plans as expected. The EUR 18m sum includes a perpetual junior loan of EUR 4m which Raute can repay after 3 years. The holders also have a conversion right, at a strike of EUR 13.50 per share, which extends to 4 years. The loan initially carries a coupon of some 11% over the first 3 years, after which the spread jumps by 500bps. Raute recently completed a directed issue of EUR 6.4m, while the EUR 7.5m rights issue further lifts share count by 20%. We calculate the value of a right at EUR 0.575 per share.

### Three large orders drive results next year

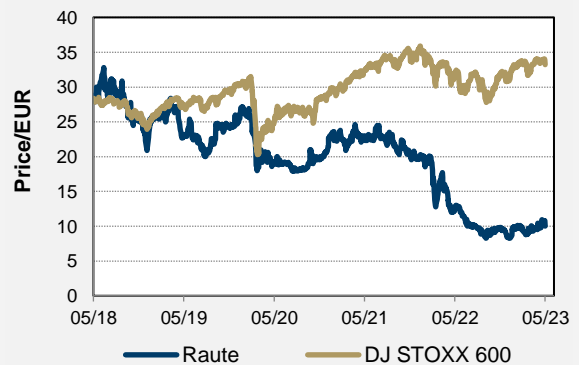
Raute has recently secured EUR 125m in orders attributable to three large projects. Deliveries begin next year, and we estimate close to two-thirds of the value to be attributable to FY '24. The EUR 45m French greenfield LVL order went to Europe, as expected, but the destination was a lot more in the west than we expected and hence Raute should still have more long-term large order potential in countries such as Finland, Poland and the Baltics. We leave our FY '23 estimates unchanged, but now estimate next year's growth rate at 25%. The Q1 report highlighted smaller order demand as a point of softness, and its potential extension casts some uncertainty around the pace of improvement, but next year is bound to see significant growth in any case. Recent years' challenges ate into the balance sheet, but now improving top line and profitability as well as the capital raise have given Raute the strength to work on long-term strategic plans, including some potential M&A which would be most likely to add capabilities for the Analyzers segment.

### Ex-rights a minus, the large French LVL order a plus

Raute is valued at 6x EV/EBIT on our FY '24 estimates, which we don't view too challenging as our EUR 8.5m EBIT estimate remains far short of long-term potential. The ex-rights date detracts from the share price, however Raute has also signed the French order since our latest update (although it was referred to earlier its confirmation details still delivered a positive surprise). We retain our EUR 12.0 TP and BUY rating.

## Rating

BUY



Share price, EUR (Last trading day's closing price) 10.00

Target price, EUR 12.0

Latest change in recommendation 24-Oct-22

Latest report on company 2-May-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 61

Free float, % -

Exchange rate -

Reuters code RAUTE.HE

Bloomberg code RAUTE:FH

Average daily volume, EURm 0.1

Next interim report 27-Jul-23

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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	151.3	3.0	2.0%	3.1	0.30	33.9	0.3	15.9	5.1	0.20
2024E	189.9	8.5	4.5%	-3.2	1.06	9.4	0.3	6.0	-5.3	0.40
2025E	175.7	10.3	5.9%	11.7	1.29	7.7	0.2	4.1	19.2	0.50
Market cap, EURm	61			Gearing 2023E, %	-34.8		CAGR EPS 2022-25, %	0.0		
Net debt 2023E, EURm	-14			Price/book 2023E	1.5		CAGR sales 2022-25, %	3.5		
Enterprise value, EURm	47			Dividend yield 2023E, %	2.0		ROE 2023E, %	5.6		
Total assets 2023E, EURm	107			Tax rate 2023E, %	27.4		ROCE 2023E, %	6.7		
Goodwill 2023E, EURm	2			Equity ratio 2023E, %	38.4		PEG, P/E 23/CAGR	0.4		

### Estimates and valuation

Raute	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e
<b>Order intake</b>	203	36	40	35	28	139	67	95	32	28	222
Europe	69	13	26	17	9	65	11	81	12	10	114
Russia	79	3	0	0	1	3	0	0	0	0	0
North America	37	15	6	16	15	51	3	9	15	13	40
Latin America	8	3	1	2	3	8	52	3	3	3	61
Asia-Pacific	10	3	7	0	1	11	1	2	2	2	7
<b>Order book</b>	158	152	104	94	84	84	121	185	178	162	162
<b>Revenue</b>	142	41	30	42	46	158	37	31	39	44	151
Wood Processing	97	31	17	27	33	108	24	19	25	31	99
Services	30	8	9	10	9	36	8	9	10	9	35
Analyzers	15	3	3	5	4	15	4	4	5	4	17
Europe	35	15	14	21	18	69	18	16	18	21	73
Russia	70	14	2	6	11	33	6	1	1	1	9
North America	20	9	9	9	12	39	10	8	12	13	43
Latin America	8	2	2	3	3	10	1	3	5	6	15
Asia-Pacific	10	2	2	3	3	9	3	3	3	3	12
<b>Comparable EBITDA</b>	3	0	-11	6	3	-2	3	2	2	2	9
Wood Processing	-5	-1	-12	2	1	-10	1	0	1	1	3
Services	5	1	1	3	1	6	1	1	1	1	4
Analyzers	4	0	0	2	1	2	1	1	1	1	2
<b>EBIT</b>	-2	-1	-15	1	1	-15	1	0	1	1	3
<i>EBIT margin</i>	-1.6 %	-4 %	-50 %	3 %	1 %	-9.2 %	2 %	1 %	2 %	2 %	2.0 %

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	13887	14.8x	14.8x	13.8x	19.8x	18.4x	16.6x	13.4 %	15.2 %	15.9 %
Cargotec	3311	6.3x	6.6x	7.0x	9.6x	8.0x	8.6x	7.8 %	10.1 %	9.7 %
Glaston	82	5.4x			9.0x			4.6 %	5.5 %	5.7 %
Kone	25069	18.1x	17.3x	15.2x	21.9x	21.0x	18.0x	9.9 %	11.0 %	12.4 %
Konecranes Oyj	2850	7.9x	7.0x	6.6x	10.2x	8.8x	8.3x	8.7 %	10.0 %	9.9 %
Ponsse	816	9.9x	9.2x	8.6x	15.6x	13.6x	12.3x	6.2 %	7.7 %	8.5 %
Sandvik	21618	10.4x	9.9x	9.5x	14.9x	12.8x	12.0x	16.6 %	18.6 %	19.3 %
Valmet	5294	7.8x	7.7x	7.2x	11.0x	10.0x	9.1x	8.9 %	10.2 %	11.0 %
Wartsila	6245	9.0x	10.9x	9.3x	16.2x	14.3x	11.8x	5.4 %	7.5 %	8.6 %
Duerr	1927	6.8x	5.3x	4.8x	9.9x	7.6x	6.6x	5.4 %	6.3 %	7.0 %
<b>Peer Group Average</b>	8110	<b>9.6x</b>	<b>9.9x</b>	<b>9.1x</b>	<b>13.8x</b>	<b>12.7x</b>	<b>11.5x</b>	<b>8.7 %</b>	<b>10.2 %</b>	<b>10.8 %</b>
<b>Peer Group Median</b>	4303	<b>8.4x</b>	<b>9.2x</b>	<b>8.6x</b>	<b>12.9x</b>	<b>12.8x</b>	<b>11.8x</b>	<b>8.2 %</b>	<b>10.0 %</b>	<b>9.8 %</b>
<b>Raute (Evli est.)</b>	<b>61</b>	<b>-4.2x</b>	<b>5.9x</b>	<b>3.9x</b>	<b>-2.8x</b>	<b>15.9x</b>	<b>6.0x</b>	<b>-9.2 %</b>	<b>2.0 %</b>	<b>4.5 %</b>

*Raute prem./disc. to peer median*

-150 %   -35 %   -55 %   -121 %   24 %   -49 %   -212 %   -81 %   -54 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	10.00 PV of Free Cash Flow	60 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	17.73 PV of Horizon value	54 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	77.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	19.1 Marketable securities	8 Minimum WACC, %	8.7 Equity beta coefficient	1.25
Minimum value	16.6 Debt - dividend	-13 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	47.4 Value of stock	109 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	151	190	176	183	187	191	196	200	205	209	213
<i>Sales growth, %</i>	<i>11.3</i>	<i>-4.4</i>	<i>25.5</i>	<i>-7.5</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	14	15	16	18	18	18	19	19
<i>Operating income margin, %</i>	<i>-9.2</i>	<i>2.0</i>	<i>4.5</i>	<i>5.9</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	6	5	6	6	6	6	5	4	
EBITDA	-10	8	13	16	19	21	22	24	24	23	23	
- Paid taxes	0	-1	-2	-2	-3	-3	-3	-4	-4	-4	-4	
- Change in NWC	-5	1	-4	1	-1	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-4.6</i>	<i>-5.2</i>	<i>-2.3</i>	<i>-3.2</i>	<i>-2.7</i>	<i>-2.4</i>	<i>-2.2</i>	<i>-1.9</i>	<i>-1.7</i>	<i>-1.4</i>	<i>-1.2</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-7	-5	-9	-4	-6	-6	-6	-6	-3	-3	-10	
<i>opCAPEX / Sales, %</i>	<i>2.5</i>	<i>2.8</i>	<i>5.7</i>	<i>1.9</i>	<i>3.7</i>	<i>3.4</i>	<i>3.4</i>	<i>3.4</i>	<i>1.7</i>	<i>1.7</i>	<i>4.8</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	3	-1	11	9	11	12	13	17	16	9	125
= Discounted FCFF		3	-1	9	7	7	7	7	9	7	4	54
= DFCF min WACC		3	-1	9	7	8	8	8	9	8	4	61
= DFCF max WACC		3	-1	9	7	7	7	7	8	7	4	48

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2E	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	41.3	29.6	41.8	45.7	158.3	36.8	31.4	39.1	44.0	151.3	189.9	175.7
EBITDA	-0.2	-13.8	2.6	1.8	-9.6	2.0	1.6	2.1	2.2	7.9	13.3	16.1
<i>EBITDA margin (%)</i>	<i>-0.6</i>	<i>-46.8</i>	<i>6.3</i>	<i>4.0</i>	<i>-6.1</i>	<i>5.4</i>	<i>5.1</i>	<i>5.4</i>	<i>5.0</i>	<i>5.2</i>	<i>7.0</i>	<i>9.2</i>
EBIT	-1.5	-15.1	1.4	0.6	-14.6	0.9	0.4	0.8	0.9	3.0	8.5	10.3
<i>EBIT margin (%)</i>	<i>-3.6</i>	<i>-51.1</i>	<i>3.4</i>	<i>1.3</i>	<i>-9.2</i>	<i>2.3</i>	<i>1.3</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	<i>4.5</i>	<i>5.9</i>
Net financial items	0.3	-0.3	0.0	0.8	0.8	-0.1	-0.2	-0.1	-0.1	-0.5	-0.4	-0.4
Pre-tax profit	-1.2	-15.4	1.4	1.4	-13.8	0.8	0.2	0.7	0.8	2.5	8.1	9.9
Tax	-0.1	2.5	-0.1	0.0	2.3	-0.3	0.0	-0.1	-0.2	-0.7	-1.6	-2.0
<i>Tax rate (%)</i>	<i>-5.2</i>	<i>16.0</i>	<i>9.6</i>	<i>-2.4</i>	<i>16.7</i>	<i>43.5</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>27.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-1.2	-12.9	1.2	1.5	-11.5	0.4	0.2	0.6	0.6	1.8	6.5	7.9
EPS	-0.29	-3.05	0.29	0.34	-2.70	0.07	0.03	0.09	0.10	0.30	1.06	1.29
EPS adjusted (diluted no. of shares)	-0.29	-3.05	0.29	0.34	-2.70	0.07	0.03	0.09	0.10	0.30	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
<b>SALES, EURm</b>												
Wood Processing	30.5	17.1	27.1	33.3	108.0	24.4	18.9	24.7	31.2	99.2	135.9	119.6
Services	7.9	9.2	9.9	8.7	35.8	8.3	8.7	9.7	8.6	35.3	36.4	37.3
Analyzers	2.8	3.2	4.8	3.7	14.5	4.1	3.8	4.7	4.2	16.8	17.6	18.9
Total	41.3	29.6	41.8	45.7	158.3	36.8	31.4	39.1	44.0	151.3	189.9	175.7
<b>SALES GROWTH, Y/Y %</b>												
Wood Processing	84.4	-26.3	2.2	7.2	11.0	-20.1	10.4	-8.8	-6.3	-8.2	37.0	-12.0
Services	27.0	9.7	33.7	8.2	18.8	4.9	-5.8	-2.5	-0.9	-1.3	3.0	2.5
Analyzers	43.9	-14.6	19.6	-26.7	-1.5	44.2	17.5	-1.1	13.4	15.6	5.0	7.0
Total	66.7	-16.5	10.2	3.6	11.3	-10.8	6.1	-6.4	-3.7	-4.4	25.5	-7.5
<b>EBIT, EURm</b>												
Total	-1.5	-15.1	1.4	0.6	-14.6	0.9	0.4	0.8	0.9	3.0	8.5	10.3
Total	-1.5	-15.1	1.4	0.6	-14.6	0.9	0.4	0.8	0.9	3.0	8.5	10.3
<b>EBIT margin, %</b>												
Total	-3.6	-51.1	3.4	1.3	-9.2	2.3	1.3	2.0	2.0	2.0	4.5	5.9

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	181.1	151.3	115.0	142.2	158.3	151.3	189.9	175.7
<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>-4.4</i>	<i>25.5</i>	<i>-7.5</i>
EBITDA	17.4	12.3	1.2	2.1	-9.6	7.9	13.3	16.1
<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>5.2</i>	<i>7.0</i>	<i>9.2</i>
Depreciation	-2.5	-3.9	-4.0	-4.3	-5.0	-4.9	-4.8	-5.8
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>2.0</i>	<i>4.5</i>	<i>5.9</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>2.0</i>	<i>4.5</i>	<i>5.9</i>
Net financials	0.0	0.8	0.3	0.5	0.8	-0.5	-0.4	-0.4
Pre-tax profit	14.9	9.2	-2.5	-1.7	-13.8	2.5	8.1	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	1.8	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
<b>BALANCE SHEET, EURm</b>								
<b>Assets</b>								
Fixed assets	15	16	17	19	22	21	26	24
Goodwill	1	1	2	2	2	2	2	2
Right of use assets	7	7	6	10	7	7	9	8
Inventory	14	12	15	22	17	16	20	19
Receivables	52	32	34	32	32	31	38	35
Liquid funds	13	22	12	24	8	26	32	30
Total assets	103	91	86	111	92	107	132	123
<b>Liabilities</b>								
Shareholder's equity	47	50	40	34	23	41	46	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	9	8
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	1	2	2	2	7	4	13	2
Non-interest bearing current liabilities	46	31	23	39	34	32	41	38
Other interest-free debt	1	3	16	27	22	22	22	22
Total liabilities	103	91	86	111	92	107	132	123
<b>CASH FLOW, EURm</b>								
+ 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	-4	1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	-8	21	2	23	-14	7	8	15
- Capex	-4	-3	-3	-10	-4	-4	-11	-3
- 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	3	-3	12
+/- 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	-2	11	-12
Change in cash	-17	9	-11	13	-17	18	7	-2

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	114	96	84	35	61	61	61
Net debt (excl. convertibles)	-15	-5	-14	5	-14	-10	-19
Enterprise value	99	91	70	40	47	51	42
Sales	151	115	142	158	151	190	176
EBITDA	12	1	2	-10	8	13	16
EBIT	8	-3	-2	-15	3	9	10
Pre-tax	9	-2	-2	-14	2	8	10
Earnings	8	-2	-2	-11	2	6	8
Equity book value (excl. minorities)	50	40	34	23	41	46	52
<b>Valuation multiples</b>							
EV/sales	0.7	0.8	0.5	0.3	0.3	0.3	0.2
EV/EBITDA	8.1	73.6	33.3	-4.2	5.9	3.9	2.6
EV/EBITA	11.8	-32.6	-32.0	-2.8	15.9	6.0	4.1
EV/EBIT	11.8	-32.6	-32.0	-2.8	15.9	6.0	4.1
EV/OCF	4.7	48.2	3.0	-2.9	6.3	6.7	2.8
EV/FCFF	6.3	-30.2	4.2	-1.9	14.8	-47.1	3.7
P/FCFE	6.4	-60.7	6.5	-1.9	19.4	-19.0	5.2
P/E	15.0	-52.2	-48.7	-3.1	33.9	9.4	7.7
P/B	2.3	2.4	2.5	1.5	1.5	1.3	1.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.5	4.8	3.4
Target EV/EBIT	0.0	0.0	0.0	0.0	20.0	7.5	5.3
Target EV/FCF	0.0	0.0	0.0	0.0	18.8	-19.7	4.6
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	40.7	11.3	9.3
<b>Per share measures</b>							
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	0.30	1.06	1.29
Operating cash flow per share	4.96	0.45	5.50	-3.30	1.21	1.25	2.46
Free cash flow per share	4.23	-0.37	3.04	-4.24	0.51	-0.53	1.92
Book value per share	11.65	9.52	8.02	5.39	6.73	7.59	8.49
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	67.8	37.8	38.6
Dividend yield, %	5.4	3.5	0.0	0.0	2.0	4.0	5.0
FCF yield, %	15.7	-1.6	15.4	-51.4	5.1	-5.3	19.2
<b>Efficiency measures</b>							
ROE	15.9	-4.1	-4.6	-40.3	5.6	14.8	16.1
ROCE	15.1	-5.4	-4.8	-36.3	6.7	14.0	15.1
<b>Financial ratios</b>							
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	-5.2	-2.3	-3.2
Operative CAPEX/sales, %	2.1	3.0	7.3	2.5	2.8	5.7	1.9
CAPEX/sales (incl. acquisitions), %	2.1	3.0	7.3	2.5	2.8	5.7	1.9
FCFF/EBITDA	1.3	-2.4	7.9	2.2	0.4	-0.1	0.7
Net debt/EBITDA, book-weighted	-1.3	-4.2	-6.5	-0.6	-1.8	-0.7	-1.2
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	38.4	35.2	42.4
Gearing, %	-31.0	-13.0	-40.5	23.6	-34.8	-21.3	-36.9

**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	630,209	6.302	10.3%
Laakkonen Mikko Kalervo	143,521	1.435	2.3%
eQ Pohjoismaat Pienyhtiö	115,000	1.150	1.9%
Suominen Pekka Matias	110,429	1.104	1.8%
Mandatum Life Unit-Linked	108,120	1.081	1.8%
Stephen Industries Inc Oy	108,073	1.081	1.8%
Siivonen Osku Pekka	104,179	1.042	1.7%
Kirmo Kaisa Marketta	104,021	1.040	1.7%
Relander Pär-Gustaf	103,084	1.031	1.7%
Suominen Tiina Sini-Maria	98,491	0.985	1.6%
Ten largest	1,625,127	16.251	27%
Residual	4,494,873	44.949	73%
Total	6,120,000	61.200	100%

EARNINGS CALENDAR	
July 27, 2023	Q2 report
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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



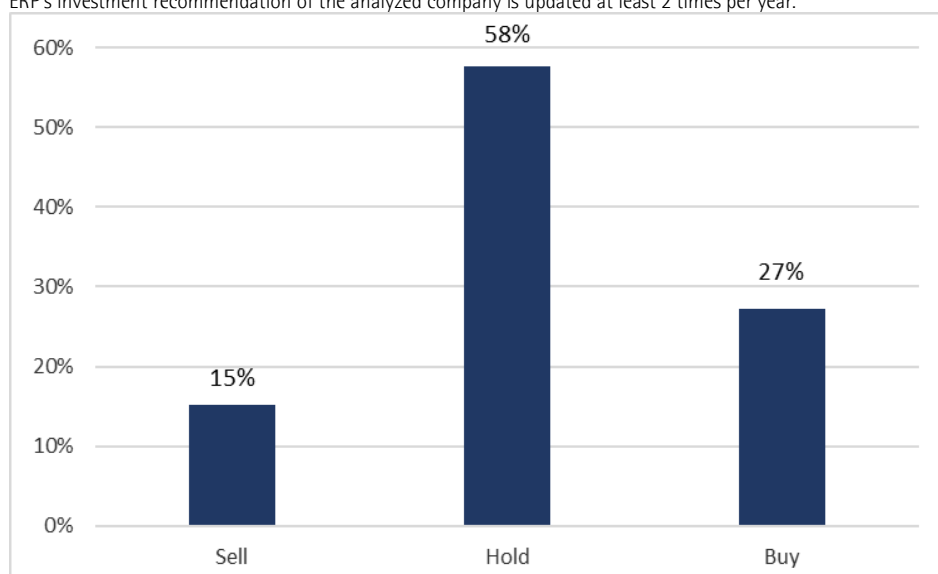
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Investment recommendations are defined as follows:

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

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## Name(s) of the analyst(s): Ilvonen

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