

## Proceeding according to strategy

Raute's Q2 showed mixed trends, yet the company proceeds with a very high order book and strategic developments.

### Q2 figures were a bit mixed but overall no large surprises

Raute's Q2 profitability improved y/y from the very low comparison figures, however the EUR 0.7m adj. EBITDA didn't meet our EUR 1.8m estimate as softness in Wood Processing and Services demand left the EUR 29.3m revenue short of our EUR 31.4m estimate. Meanwhile Analyzers' performance was a positive surprise, although it should be noted its margins were to a certain extent exceptionally high. Q2 produced a record-high EUR 112m order intake, driven by two large European orders, and it topped our estimate by EUR 17m largely thanks to North America, where there was also a somewhat exceptionally strong burst of orders. We believe North America is unlikely to reach such high order intake levels going forward, however the local demand outlook remains clearly better than that of Europe.

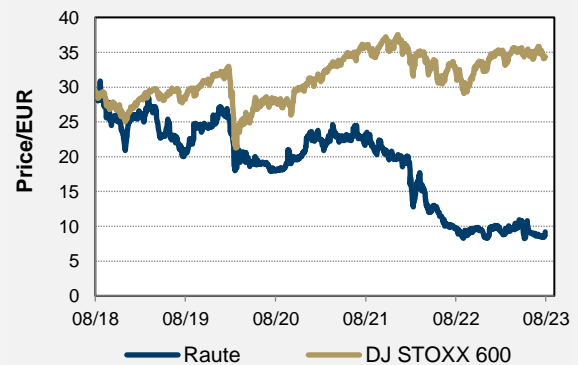
### Many different developments largely as expected

Raute's Q2 results and comments weren't overall surprising as construction slowdown reduces softwood plywood demand, whereas outlook remains better for certain types of industrial uses. Europe's short-term outlook is weaker than that of North America, yet birch plywood demand is high and its supply a bottleneck due to the vanished Russian imports. Raute still has large order potential in Europe, but also in more exotic locations. The uncertainties in Europe are the most significant source of short-term risk (e.g. spare parts demand could be better), however we believe Raute is more likely than not able to specify its guidance upwards some time during H2 especially in terms of profitability (we estimate 5.6% adj. EBITDA margin for FY '23). Raute achieves its cost savings according to plan, whereas the new ERP system may still cause some minor issues. Raute continues to look for M&A opportunities long-term, but strategy also relies on organic growth helped by own R&D investments.

### Valuation remains undemanding relative to potential

We make only marginal estimate revisions following the Q2 report. Raute is valued 5.5x EV/EBIT on our FY '24 estimates, which we consider an unchallenging level as our respective EUR 8.3m estimate remains quite modest in the light of long-term potential. We retain our EUR 12.0 TP and BUY rating.

Rating + BUY



Share price, EUR (Last trading day's closing price) 9.20  
Target price, EUR 12.0

Latest change in recommendation 24-Oct-22  
Latest report on company 16-Aug-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 56  
Free float, % -  
Exchange rate -  
Reuters code RAUTE.HE  
Bloomberg code RAUTE:FH  
Average daily volume, EURm 0.1  
Next interim report 26-Oct-23  
Web site [www.raute.com/investors](http://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	152.9	2.1	1.4%	2.2	0.21	44.0	0.3	20.7	3.9	0.20
2024E	185.7	8.3	4.5%	-1.9	1.03	8.9	0.2	5.5	-3.3	0.40
2025E	178.8	10.3	5.8%	9.8	1.29	7.1	0.2	3.8	17.4	0.50
Market cap, EURm	56			Gearing 2023E, %	-33.0			CAGR EPS 2022-25, %	0.0	
Net debt 2023E, EURm	-13			Price/book 2023E	1.4			CAGR sales 2022-25, %	4.1	
Enterprise value, EURm	43			Dividend yield 2023E, %	2.2			ROE 2023E, %	4.0	
Total assets 2023E, EURm	108			Tax rate 2023E, %	22.1			ROCE 2023E, %	4.6	
Goodwill 2023E, EURm	2			Equity ratio 2023E, %	37.6			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	Q3'23e	Q4'23e	2023e
<b>Order intake</b>	203	36	40	35	28	139	67	112	30	31	240
Europe	69	13	26	17	9	65	11	84	12	10	117
Russia	79	3	0	0	1	3	0	0	0	0	0
North America	37	15	6	16	15	51	3	25	13	16	57
Latin America	8	3	1	2	3	8	52	2	3	3	60
Asia-Pacific	10	3	7	0	1	11	1	1	2	2	6
<b>Order book</b>	158	152	104	94	84	84	121	202	190	176	176
<b>Revenue</b>	142	41	30	42	46	158	37	29	42	45	153
Wood Processing	97	31	17	27	33	108	24	17	27	31	100
Services	30	8	9	10	9	36	8	7	10	9	33
Analyzers	15	3	3	5	4	15	4	6	5	5	19
Europe	35	15	14	21	18	69	18	10	17	20	65
Russia	70	14	2	6	11	33	6	4	1	1	12
North America	20	9	9	9	12	39	10	8	16	15	49
Latin America	8	2	2	3	3	10	1	3	5	6	15
Asia-Pacific	10	2	2	3	3	9	3	4	3	3	12
<b>Comparable EBITDA</b>	3	0	-11	6	3	-2	3	1	3	3	9
Wood Processing	-5	-1	-12	2	1	-10	1	-2	1	1	1
Services	5	1	1	3	1	6	1	1	1	1	3
Analyzers	4	0	0	2	1	2	1	2	1	1	5
<b>EBIT</b>	-2	-1	-15	1	1	-15	1	-1	1	1	2
<i>EBIT margin</i>	-1.6 %	-4 %	-51 %	3 %	1 %	-9.2 %	2 %	-3 %	2 %	3 %	1.4 %

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	12902	14.8x	14.2x	12.5x	19.8x	17.5x	15.1x	13.4 %	15.1 %	16.2 %
Cargotec	2737	6.3x	5.3x	6.2x	9.6x	6.2x	7.7x	7.8 %	11.2 %	9.9 %
Glaston	65	5.5x	4.7x	4.3x	9.1x	7.5x	7.5x	4.6 %	5.2 %	5.1 %
Kone	21905	18.1x	14.8x	13.4x	21.9x	17.9x	15.8x	9.9 %	11.2 %	12.4 %
Konecranes Oyj	2414	7.9x	6.0x	5.6x	10.2x	7.5x	6.9x	8.7 %	10.4 %	10.4 %
Ponsse	806	9.9x	10.0x	9.4x	15.6x	15.9x	14.2x	6.2 %	6.8 %	7.8 %
Sandvik	21424	10.4x	10.0x	9.7x	14.9x	13.1x	12.4x	16.6 %	18.6 %	19.2 %
Valmet	4173	7.8x	6.5x	6.4x	11.0x	8.7x	8.4x	8.9 %	9.8 %	10.4 %
Wartsila	6538	9.0x	10.8x	9.1x	16.2x	14.2x	11.4x	5.4 %	7.9 %	9.1 %
Duerr	1849	6.8x	5.5x	4.9x	9.9x	7.8x	6.7x	5.4 %	6.0 %	6.8 %
<b>Peer Group Average</b>	7481	<b>9.6x</b>	<b>8.8x</b>	<b>8.2x</b>	<b>13.8x</b>	<b>11.6x</b>	<b>10.6x</b>	<b>8.7 %</b>	<b>10.2 %</b>	<b>10.7 %</b>
<b>Peer Group Median</b>	3455	<b>8.4x</b>	<b>8.3x</b>	<b>7.8x</b>	<b>12.9x</b>	<b>10.9x</b>	<b>9.9x</b>	<b>8.2 %</b>	<b>10.1 %</b>	<b>10.1 %</b>
<b>Raute (Evli est.)</b>	<b>56</b>	<b>-4.2x</b>	<b>6.2x</b>	<b>3.5x</b>	<b>-2.8x</b>	<b>20.7x</b>	<b>5.5x</b>	<b>-9.2 %</b>	<b>1.4 %</b>	<b>4.5 %</b>

*Raute prem./disc. to peer median*

-150 %    -25 %    -55 %    -121 %    90 %    -44 %    -212 %    -87 %    -56 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	9.20 PV of Free Cash Flow	61 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	18.34 PV of Horizon value	57 WACC, %	9.2 Market risk premium, %
Share price potential, %	99.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	19.7 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, %	48.2 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	153	186	179	186	191	195	199	204	208	213	217
<i>Sales growth, %</i>	<i>11.3</i>	<i>-3.4</i>	<i>21.5</i>	<i>-3.7</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	2	8	10	14	15	17	18	18	19	19	20
<i>Operating income margin, %</i>	<i>-9.2</i>	<i>1.4</i>	<i>4.5</i>	<i>5.8</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	7	13	16	19	21	22	24	24	23	23	
- Paid taxes	0	0	-2	-2	-3	-3	-3	-4	-4	-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>-5.1</i>	<i>-2.5</i>	<i>-3.0</i>	<i>-2.5</i>	<i>-2.2</i>	<i>-2.0</i>	<i>-1.7</i>	<i>-1.5</i>	<i>-1.3</i>	<i>-1.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-7	-5	-8	-5	-6	-6	-6	-6	-3	-3	-10	
<i>opCAPEX / Sales, %</i>	<i>2.5</i>	<i>2.9</i>	<i>5.3</i>	<i>2.5</i>	<i>3.6</i>	<i>3.3</i>	<i>3.3</i>	<i>3.3</i>	<i>1.7</i>	<i>1.7</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	2	0	10	9	11	12	13	17	16	9	128
= Discounted FCFF		2	0	8	7	8	8	8	9	8	4	57
= DFCF min WACC		2	0	8	7	8	8	8	9	8	4	64
= DFCF max WACC		2	0	8	7	8	8	7	9	7	4	51

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2022Q1	2022Q2	2022Q3	2022Q4	2022	2023Q1	2023Q2	2023Q3E	2023Q4E	2023E	2024E	2025E
Net sales	41.3	29.6	41.8	45.7	158.3	36.8	29.4	41.6	45.1	152.9	185.7	178.8
EBITDA	-0.2	-13.8	2.6	1.8	-9.6	2.0	0.1	2.3	2.5	6.9	13.1	15.9
<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>5.6</i>	<i>5.5</i>	<i>4.5</i>	<i>7.1</i>	<i>8.9</i>
EBIT	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.0	1.2	2.1	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>2.5</i>	<i>2.7</i>	<i>1.4</i>	<i>4.5</i>	<i>5.8</i>
Net financial items	0.3	-0.3	0.0	0.8	0.8	-0.1	-0.2	-0.1	-0.1	-0.4	-0.4	-0.4
Pre-tax profit	-1.2	-15.4	1.3	1.4	-13.8	0.8	-1.2	0.9	1.1	1.6	7.9	9.9
Tax	-0.1	2.5	-0.1	0.0	2.3	-0.3	0.4	-0.2	-0.2	-0.4	-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>20.0</i>	<i>20.0</i>	<i>22.1</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	0.8	0.9	1.3	6.3	7.9
EPS	-0.29	-3.04	0.28	0.34	-2.70	0.07	-0.13	0.12	0.14	0.21	1.03	1.29
EPS adjusted (diluted no. of shares)	-0.29	-3.04	0.28	0.34	-2.70	0.07	-0.13	0.12	0.14	0.21	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
<b>SALES, EURm</b>												
Wood Processing	30.5	17.1	27.1	33.3	108.0	24.4	17.4	27.0	31.3	100.1	131.1	122.0
Services	7.9	9.2	9.9	8.7	35.8	8.3	6.5	9.8	8.8	33.4	34.2	35.1
Analyzers	2.8	3.2	4.8	3.7	14.5	4.1	5.5	4.8	5.0	19.4	20.4	21.8
Total	41.3	29.6	41.8	45.7	158.3	36.8	29.4	41.6	45.1	152.9	185.7	178.8
<b>SALES GROWTH, Y/Y %</b>												
Wood Processing	84.4	-26.3	2.2	7.2	11.0	-20.1	1.6	-0.3	-6.0	-7.3	31.0	-7.0
Services	27.0	9.7	33.7	8.2	18.8	4.9	-29.6	-1.5	1.4	-6.6	2.5	2.5
Analyzers	43.9	-14.6	19.6	-26.7	-1.5	44.2	70.1	1.0	35.0	33.5	5.0	7.0
Total	66.7	-16.5	10.2	3.6	11.3	-10.8	-0.6	-0.4	-1.3	-3.4	21.5	-3.7
<b>EBIT, EURm</b>												
Total	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.0	1.2	2.1	8.3	10.3
Total	-1.5	-15.1	1.4	0.6	-14.6	0.9	-1.0	1.0	1.2	2.1	8.3	10.3
<b>EBIT margin, %</b>												
Total	-3.6	-51.0	3.3	1.3	-9.2	2.3	-3.5	2.5	2.7	1.4	4.5	5.8

INCOME STATEMENT, EURm	2018	2019	2020	2021	2022	2023E	2024E	2025E
Sales	181.1	151.3	115.0	142.2	158.3	152.9	185.7	178.8
<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>-3.4</i>	<i>21.5</i>	<i>-3.7</i>
EBITDA	17.4	12.3	1.2	2.1	-9.6	6.9	13.1	15.9
<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>4.5</i>	<i>7.1</i>	<i>8.9</i>
Depreciation	-2.5	-3.9	-4.0	-4.3	-5.0	-4.9	-4.8	-5.6
EBITA	14.9	8.4	-2.8	-2.2	-14.6	2.1	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	2.1	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>1.4</i>	<i>4.5</i>	<i>5.8</i>
Reported EBIT	14.9	8.4	-2.8	-2.2	-14.6	2.1	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>1.4</i>	<i>4.5</i>	<i>5.8</i>
Net financials	0.0	0.8	0.3	0.5	0.8	-0.4	-0.4	-0.4
Pre-tax profit	14.9	9.2	-2.5	-1.7	-13.8	1.6	7.9	9.9
Taxes	-3.2	-1.6	0.6	0.0	2.3	-0.4	-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	1.3	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
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	15	16	17	19	22	22	25	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	36
Liquid funds	13	22	12	24	8	26	32	30
Total assets	103	91	86	111	92	108	129	125
Liabilities								
Shareholder's equity	47	50	40	34	23	41	46	51
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	5	13	4
Non-interest bearing current liabilities	46	31	23	39	34	33	40	38
Other interest-free debt	1	3	16	27	22	22	22	22
Total liabilities	103	91	86	111	92	108	129	125
<b>CASH FLOW, EURm</b>								
+ EBITDA	17	12	1	2	-10	7	13	16
- Net financial items	0	1	0	0	1	0	0	0
- Taxes	-3	-1	-1	-1	-1	0	-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	7	8	14
- Capex	-4	-3	-3	-10	-4	-4	-10	-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	2	-2	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	0	9	-9
Change in cash	-17	9	-11	13	-17	18	6	-1

KEY FIGURES	2019	2020	2021	2022	2023E	2024E	2025E
M-cap	114	96	84	35	56	56	56
Net debt (excl. convertibles)	-15	-5	-14	5	-13	-10	-18
Enterprise value	99	91	70	40	43	46	39
Sales	151	115	142	158	153	186	179
EBITDA	12	1	2	-10	7	13	16
EBIT	8	-3	-2	-15	2	8	10
Pre-tax	9	-2	-2	-14	2	8	10
Earnings	8	-2	-2	-11	1	6	8
Equity book value (excl. minorities)	50	40	34	23	41	46	51
<b>Valuation multiples</b>							
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	6.2	3.5	2.4
EV/EBITA	11.8	-32.6	-32.0	-2.8	20.7	5.5	3.8
EV/EBIT	11.8	-32.6	-32.0	-2.8	20.7	5.5	3.8
EV/OCF	4.7	48.2	3.0	-2.9	6.5	5.7	2.7
EV/FCFF	6.3	-30.2	4.2	-1.9	18.7	4,449.7	4.0
P/FCFE	6.4	-60.7	6.5	-1.9	25.4	-30.3	5.8
P/E	15.0	-52.2	-48.7	-3.1	44.0	8.9	7.1
P/B	2.3	2.4	2.5	1.5	1.4	1.2	1.1
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.7	4.8	3.5
Target EV/EBIT	0.0	0.0	0.0	0.0	29.0	7.6	5.4
Target EV/FCF	0.0	0.0	0.0	0.0	27.1	-34.0	5.7
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	57.4	11.6	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	0.21	1.03	1.29
Operating cash flow per share	4.96	0.45	5.50	-3.30	1.09	1.32	2.32
Free cash flow per share	4.23	-0.37	3.04	-4.24	0.36	-0.30	1.60
Book value per share	11.65	9.52	8.02	5.39	6.65	7.48	8.37
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	95.6	38.7	38.6
Dividend yield, %	5.4	3.5	0.0	0.0	2.2	4.3	5.4
FCF yield, %	15.7	-1.6	15.4	-51.4	3.9	-3.3	17.4
<b>Efficiency measures</b>							
ROE	15.9	-4.1	-4.6	-40.3	4.0	14.6	16.3
ROCE	15.1	-5.4	-4.8	-36.3	4.6	13.8	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	-5.1	-2.5	-3.0
Operative CAPEX/sales, %	2.1	3.0	7.3	2.5	2.9	5.3	2.5
CAPEX/sales (incl. acquisitions), %	2.1	3.0	7.3	2.5	2.9	5.3	2.5
FCFF/EBITDA	1.3	-2.4	7.9	2.2	0.3	0.0	0.6
Net debt/EBITDA, book-weighted	-1.3	-4.2	-6.5	-0.6	-1.9	-0.8	-1.1
Debt/equity, market-weighted	0.0	0.0	0.0	0.2	0.1	0.2	0.1
Equity ratio, book-weighted	54.6	46.9	30.8	24.9	37.6	35.5	41.1
Gearing, %	-31.0	-13.0	-40.5	23.6	-33.0	-22.6	-34.5

**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	6.957	12.4%
Laakkonen Mikko Kalervo	172,225	1.584	2.8%
eQ Nordic Small Cap Mutual Fund	138,000	1.270	2.3%
Mandatum Life Insurance Company Ltd.	130,105	1.197	2.1%
Stephen Industries Inc Oy	129,687	1.193	2.1%
Relander Pär-Gustaf	123,700	1.138	2.0%
Suominen Pekka Matias	117,329	1.079	1.9%
Siivonen Osku Pekka	106,901	0.983	1.7%
Kirimo Kaisa Marketta	105,421	0.970	1.7%
eQ Finland Investment Fund	105,000	0.966	1.7%
Ten largest	1,884,618	17.338	31%
Residual	4,235,382	38.966	69%
Total	6,120,000	56.304	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



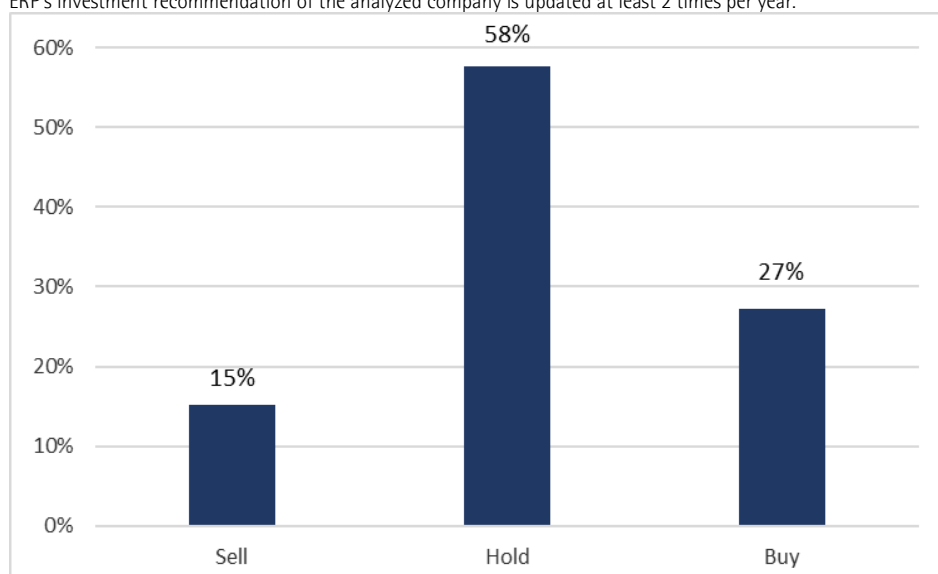
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Investment recommendations are defined as follows:

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

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

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