

Miss driven by order book timing

Raute's Q1 revenue and EBIT came in clearly below our expectations. According to Raute the pandemic had some negative impact, but the miss relative to our estimates seems to have been mostly attributable to order book scheduling. Order intake was clearly above our estimate, meaning order book increased slightly during the quarter.

- Raute posted EUR 23.8m Q1 revenue, compared to our 36.0m estimate. Project deliveries generated EUR 14.0m revenue (which we had expected at EUR 23.0m), while technology services sales amounted to EUR 9.8m (vs our EUR 13.0m estimate). The rather low top line figure was due to the timing of order book and a few projects' postponing but the pandemic also had a negative impact, which Raute says was limited but not insignificant.
- Q1 EBIT amounted to EUR -3.0m vs our EUR 1.5m estimate.
- Order intake was EUR 25m in Q1 while we expected EUR 15m. The intake consisted of small and mid-sized individual production line deliveries and modernizations. Most of the orders received were attributable to projects that were negotiated long before the pandemic. Raute's customers have continued to start up their investment projects in the face of the pandemic.
- Order book stood at EUR 92m, compared to our EUR 67m expectation. In our view this is a rather strong figure.

Rating				🟡 HOLD
Q1'20	Actual	Evli	Year ago	Q4'19
Net sales	23.8	36.0	41.3	39.3
-Project deliveries	14.0	23.0	26.8	24.1
-Technology services	9.8	13.0	14.5	15.2
Operating profit	-3.0	1.5	2.6	1.8
Operating profit margin	-12.6 %	4.2 %	6.3 %	4.6 %
Share price, EUR (Last trading day's closing price)				19.50
Target price, EUR				21.0
Latest change in recommendation				01-Aug-19
Latest report on company				27-Apr-20
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				83
Free float, %				-
Exchange rate				-
Reuters code				RAUTE.HE
Bloomberg code				RAUTE:FH
Average daily volume, EURm				0.1
Next interim report				29-Apr-20
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🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2018	181.1	14.9	8.2%	-11.2	2.76	7.7	0.5	5.7	-12.4	1.40
2019	151.3	8.4	5.6%	18.0	1.80	15.0	0.7	11.8	15.7	1.45
2020E	123.0	5.2	4.2%	9.8	0.99	19.7	0.5	12.3	11.8	1.47
2021E	127.0	7.4	5.8%	6.8	1.39	14.0	0.5	8.6	8.2	1.50
2022E	132.0	9.1	6.9%	5.8	1.71	11.4	0.5	7.0	7.0	1.52
Market cap, EURm	83		BV per share 2020E, EUR		-40.0		CAGR EPS 2019-22, %		-1.7	
Net debt 2020E, EURm	-19		Price/book 2020E		1.7		CAGR sales 2019-22, %		-4.4	
Enterprise value, EURm	64		Dividend yield 2020E, %		7.5		ROE 2020E, %		8.7	
Total assets 2020E, EURm	82		Tax rate 2020E, %		19.2		ROCE 2020E, %		9.5	
Goodwill 2020E, EURm	1		Equity ratio 2020E, %		58.3		PEG, P/E 20/CAGR		0.9	

All the important disclosures can be found on the last pages of this report.

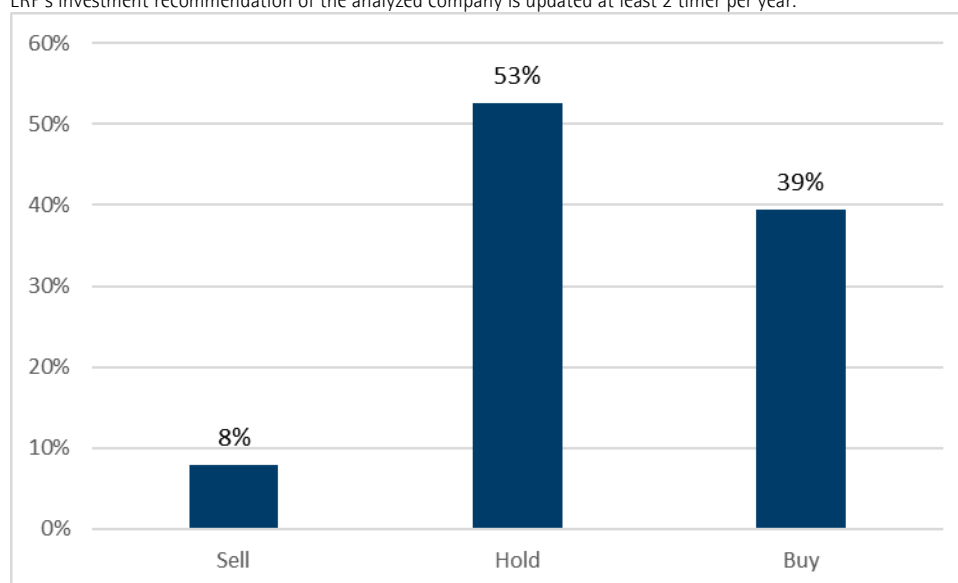
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Investment recommendations are defined as follows:

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

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