

## Orders are bound to pick up

Raute reports Q1 results on Thu, Apr 29. We haven't made changes to our estimates. We continue to expect gradual improvement in Raute's operating environment. We retain our EUR 21 TP. Our rating is now HOLD (SELL).

### The improvement gradient remains unclear

Recent news flow has been very encouraging across many sectors, and we believe the improving conditions also apply to Raute at least to some extent. This assumption is by no means a stretch given how meagre levels project deliveries' small order intake reached in H2'20. Raute's business environment is bound to improve this year. There is even a relevant chance for an order boom in the coming years, given the fact that Raute's customers' (plywood and LVL mills) demand is mostly driven by the construction industry. We however continue to estimate Q1'21 to have been relatively muted, albeit with some definite improvement in small project orders relative to the few previous quiet quarters.

### Pickup may prove fast, but we see this year as another gap

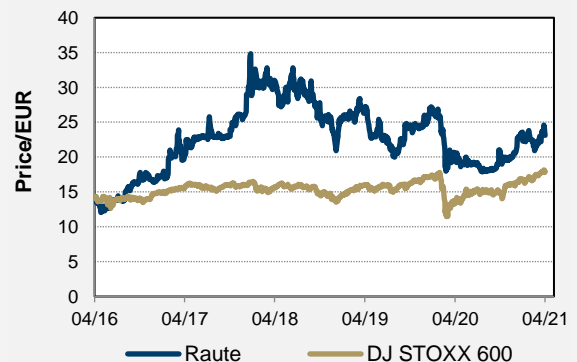
We leave our previous estimates unchanged. We estimate smaller equipment orders to have been EUR 10m in Q1'21. The figure implies improvement on the EUR 3m Q4'20 number that excludes the EUR 55m Russian mill order but remains below the EUR 14m seen in Q1'20. We expect order book to have remained at a decent EUR 82m level and revenue to have amounted to a likewise good EUR 34m. These relatively strong figures reflect reliance on big Russian projects in an otherwise still weak demand environment. We also expect Raute to climb back to black this year in terms of EBIT and see the Q1 figure at EUR 1.6m. Raute's global competitive position means plenty more potential in the long-term perspective, but we believe FY '21 results will still be somewhat modest in the historical context.

### In our view valuation now lands within a neutral range

The current context might warrant some stretch in valuation multiples considering the potential for a rapid improvement in orders, not to mention Raute's strong competitive positioning. We nevertheless do not see upside on the current ca. 8-10x EV/EBITDA and 12-16x EV/EBIT multiples on our estimates for FY '21-22. We retain our EUR 21 TP. Our rating is now HOLD (SELL).

## Rating

HOLD



Share price, EUR (Last trading day's closing price) 23.10

Target price, EUR 21.0

Latest change in recommendation 22-Apr-21

Latest report on company 15-Feb-21

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 98

Free float, % -

Exchange rate -

Reuters code RAUTE.HE

Bloomberg code RAUTE:FH

Average daily volume, EURm 0.1

Next interim report 29-Apr-21

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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
2019	151.3	8.4	5.6%	18.0	1.80	15.0	0.7	11.8	15.7	1.45
2020	115.0	-1.9	-1.7%	-0.7	-0.22	-101.6	0.8	-48.0	-0.7	0.80
2021E	134.0	6.0	4.5%	0.4	1.13	20.4	0.7	16.0	0.4	0.85
2022E	139.0	8.1	5.8%	5.3	1.52	15.2	0.7	11.7	5.4	0.90
2023E	144.1	8.9	6.2%	4.4	1.67	13.8	0.6	10.5	4.5	0.95
Market cap, EURm			98	Gearing 2021E, %			-5.4	CAGR EPS 2020-23, %		0.0
Net debt 2021E, EURm			-2	Price/book 2021E			2.3	CAGR sales 2020-23, %		7.8
Enterprise value, EURm			96	Dividend yield 2021E, %			3.7	ROE 2021E, %		11.7
Total assets 2021E, EURm			96	Tax rate 2021E, %			20.0	ROCE 2021E, %		12.0
Goodwill 2021E, EURm			2	Equity ratio 2021E, %			43.4	PEG, P/E 21/CAGR		1.0

**Estimates and valuation**

Raute	2017	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21e	Q2'21e	Q3'21e	Q4'21e	2021e
<b>Order intake</b>	155	166	148	25	13	11	70	119	22	25	40	51	138
Project deliveries	97	104	98	14	6	2	58	80	10	12	25	35	82
Technology services	58	62	50	11	7	9	12	39	12	13	15	16	56
Europe	60	76	21	8	3	5	7	23	8	7	15	13	43
Russia	50	30	89	13	3	1	57	74	9	9	14	21	53
North America	36	25	18	3	2	2	5	12	3	4	5	7	19
Latin America	8	12	12	1	1	2	1	5	1	2	3	5	11
Asia-Pacific	2	23	9	1	4	0	1	6	1	3	3	5	12
<b>Order book</b>	110	95	88	92	80	62	94	94	82	74	82	98	98
<b>Revenue</b>	148	181	151	24	24	28	39	115	34	33	32	35	134
Project deliveries	99	126	86	14	14	18	29	75	23	22	20	22	87
Technology services	49	55	66	10	10	10	10	40	11	11	12	13	47
Europe	82	77	51	6	6	6	7	25	7	7	8	9	31
Russia	35	48	47	10	12	16	25	63	19	18	17	20	74
North America	21	32	27	4	3	3	3	12	4	4	3	3	14
Latin America	6	6	14	3	2	1	2	8	2	2	2	2	7
Asia-Pacific	3	18	13	1	2	1	2	6	2	2	2	2	7
<b>EBITDA</b>	14	17	12	-2	0	2	2	2	3	2	3	3	10
<i>EBITDA margin</i>	9.3 %	9.6 %	8.1 %	-9 %	0 %	9 %	5 %	1.9 %	8 %	7 %	8 %	7 %	7.5 %
<b>EBIT</b>	11	15	8	-3	-1	1	1	-2	2	1	2	2	6
<i>EBIT margin</i>	7.5 %	8.2 %	5.6 %	-13 %	-4 %	5 %	2 %	-1.6 %	5 %	4 %	5 %	4 %	4.5 %

Source: Evli Research

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		20	21	22	20	21	22	20	21	22
Alfa Laval AB	11333	12.0x	15.0x	14.1x	16.2x	19.3x	17.4x	14.7 %	15.5 %	16.2 %
Cargotec	3004	9.6x	8.6x	8.8x	14.5x	14.1x	11.8x	6.5 %	7.8 %	8.6 %
Glaston	78	12.7x	7.3x	6.2x	56.1x	14.8x	10.4x	1.2 %	4.2 %	5.3 %
Kone	37417	23.4x	22.1x	20.8x	28.4x	26.1x	24.3x	12.2 %	13.1 %	13.4 %
Konecranes Oyj	3035	9.0x	9.1x	8.3x	12.9x	13.3x	11.5x	7.4 %	8.4 %	9.1 %
Ponsse	1228	10.5x	12.0x	11.3x	15.0x	15.7x	14.5x	9.0 %	10.5 %	10.8 %
Sandvik	28145	12.8x	11.9x	10.8x	22.0x	15.5x	13.8x	13.5 %	19.5 %	20.1 %
Valmet	5000	8.5x	11.2x	10.4x	11.1x	14.3x	13.1x	8.9 %	9.4 %	9.9 %
Wartsila	5298	12.9x	11.7x	9.8x	19.7x	17.3x	13.5x	6.1 %	7.4 %	9.0 %
<b>Peer Group Average</b>	10504	<b>12.4x</b>	<b>12.1x</b>	<b>11.1x</b>	<b>21.8x</b>	<b>16.7x</b>	<b>14.5x</b>	<b>8.8 %</b>	<b>10.6 %</b>	<b>11.4 %</b>
<b>Peer Group Median</b>	5000	<b>12.0x</b>	<b>11.7x</b>	<b>10.4x</b>	<b>16.2x</b>	<b>15.5x</b>	<b>13.5x</b>	<b>8.9 %</b>	<b>9.4 %</b>	<b>9.9 %</b>
<b>Raute (Evli est.)</b>	<b>98</b>	<b>42.6x</b>	<b>9.6x</b>	<b>8.2x</b>	<b>-48.0x</b>	<b>16.0x</b>	<b>11.7x</b>	<b>-1.7 %</b>	<b>4.5 %</b>	<b>5.8 %</b>

*Raute prem./disc. to peer median*

254 %    -18 %    -21 %    -395 %    3 %    -14 %    -119 %    -53 %    -41 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	23.10 PV of Free Cash Flow	38 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	21.04 PV of Horizon value	46 WACC, %	9.6 Market risk premium, %
Share price potential, %	-8.9 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	22.6 Marketable securities	12 Minimum WACC, %	9.1 Equity beta coefficient
Minimum value	19.7 Debt - dividend	-6 Maximum WACC, %	10.1 Target debt ratio, %
Horizon value, %	55.0 Value of stock	89 Nr of shares, Mn	4.2 Effective tax rate, %

DCF valuation, EURm	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Horizon
Net sales	115	134	139	144	148	152	156	159	163	166	170	173
<i>Sales growth, %</i>	-24.0	16.5	3.7	3.7	3.0	2.5	2.3	2.3	2.3	2.3	2.0	2.0
Operating income (EBIT)	-2	6	8	9	11	10	10	10	11	12	12	12
<i>Operating income margin, %</i>	-1.7	4.5	5.8	6.2	7.2	6.5	6.5	6.5	6.5	7.0	7.0	7.0
+ Depreciation+amort.	4	4	3	3	4	4	4	4	4	4	4	4
EBITDA	2	10	12	12	14	14	14	14	15	16	16	
- Paid taxes	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	1	-4	-1	-1	-1	-1	-1	-1	-1	-1	-1	
<i>NWC / Sales, %</i>	8.3	10.3	10.7	11.1	11.4	11.7	11.9	12.1	12.4	12.6	12.8	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-4	-3	-3	-5	-4	-4	-4	-4	-4	-5	-5	
<i>opCAPEX / Sales, %</i>	3.0	3.1	2.5	3.3	3.0	2.9	2.9	2.9	2.9	2.9	2.8	
- 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	-2	1	6	5	7	7	7	7	7	8	8	113
= Discounted FCFF		1	5	4	5	4	4	4	4	4	3	46
= DFCF min WACC		1	5	4	5	4	4	4	4	4	4	52
= DFCF max WACC		1	5	4	5	4	4	4	3	4	3	42

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1E	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	23.8	24.4	27.9	38.9	115.0	34.0	33.0	32.0	35.0	134.0	139.0	144.1
EBITDA	-2.0	-0.1	2.4	1.8	2.1	2.6	2.4	2.5	2.5	10.0	11.5	12.2
<i>EBITDA margin (%)</i>	<i>-8.6</i>	<i>-0.3</i>	<i>8.7</i>	<i>4.6</i>	<i>1.9</i>	<i>7.6</i>	<i>7.3</i>	<i>7.8</i>	<i>7.1</i>	<i>7.5</i>	<i>8.3</i>	<i>8.5</i>
EBIT	-3.0	-1.0	1.3	0.8	-1.9	1.6	1.4	1.5	1.5	6.0	8.1	8.9
<i>EBIT margin (%)</i>	<i>-12.6</i>	<i>-4.1</i>	<i>4.7</i>	<i>2.1</i>	<i>-1.7</i>	<i>4.7</i>	<i>4.2</i>	<i>4.7</i>	<i>4.3</i>	<i>4.5</i>	<i>5.8</i>	<i>6.2</i>
Net financial items	0.1	0.3	-0.1	-0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	-2.9	-0.7	1.2	0.7	-1.6	1.6	1.4	1.5	1.5	6.0	8.1	8.9
Tax	0.7	-0.2	-0.5	0.6	0.6	-0.3	-0.3	-0.3	-0.3	-1.2	-1.6	-1.8
<i>Tax rate (%)</i>	<i>22.5</i>	<i>-25.3</i>	<i>39.1</i>	<i>-86.2</i>	<i>40.1</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2.2	-0.8	0.8	1.4	-0.9	1.3	1.1	1.2	1.2	4.8	6.5	7.1
EPS	-0.53	-0.19	0.18	0.32	-0.22	0.30	0.26	0.28	0.28	1.13	1.52	1.67
EPS adjusted (diluted no. of shares)	-0.53	-0.19	0.18	0.32	-0.22	0.30	0.26	0.28	0.28	1.13	1.52	1.67
Dividend per share	0.00	0.00	0.00	0.00	0.80	0.00	0.00	0.00	0.00	0.85	0.90	0.95
<b>SALES, EURm</b>												
Project deliveries	14.0	14.4	18.1	28.6	75.1	23.0	22.0	20.0	22.0	87.0	89.6	92.3
Technology services	9.8	10.0	9.8	10.3	39.9	11.0	11.0	12.0	13.0	47.0	49.4	51.8
<b>Total</b>	<b>23.8</b>	<b>24.4</b>	<b>27.9</b>	<b>38.9</b>	<b>115.0</b>	<b>34.0</b>	<b>33.0</b>	<b>32.0</b>	<b>35.0</b>	<b>134.0</b>	<b>139.0</b>	<b>144.1</b>
<b>SALES GROWTH, Y/Y %</b>												
<i>Project deliveries</i>	<i>-47.8</i>	<i>-20.9</i>	<i>9.7</i>	<i>18.7</i>	<i>-12.3</i>	<i>64.3</i>	<i>52.8</i>	<i>10.5</i>	<i>-23.1</i>	<i>15.8</i>	<i>3.0</i>	<i>3.0</i>
<i>Technology services</i>	<i>-32.4</i>	<i>-46.8</i>	<i>-43.0</i>	<i>-32.2</i>	<i>-39.3</i>	<i>12.2</i>	<i>10.0</i>	<i>22.4</i>	<i>26.2</i>	<i>17.8</i>	<i>5.0</i>	<i>5.0</i>
<b>Total</b>	<b>-42.4</b>	<b>-34.1</b>	<b>-17.2</b>	<b>-1.0</b>	<b>-24.0</b>	<b>42.9</b>	<b>35.2</b>	<b>14.7</b>	<b>-10.0</b>	<b>16.5</b>	<b>3.7</b>	<b>3.7</b>
<b>EBIT, EURm</b>												
Project deliveries	-3.6	-1.4	0.5	0.3	-4.2	0.9	0.6	0.6	0.6	2.7	3.1	3.7
Technology services	0.6	0.4	0.8	0.5	2.3	0.7	0.8	0.9	0.9	3.3	4.9	5.2
<b>Total</b>	<b>-3.0</b>	<b>-1.0</b>	<b>1.3</b>	<b>0.8</b>	<b>-1.9</b>	<b>1.6</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>	<b>6.0</b>	<b>8.1</b>	<b>8.9</b>
<b>EBIT margin, %</b>												
<i>Project deliveries</i>	<i>-25.7</i>	<i>-9.7</i>	<i>2.8</i>	<i>1.0</i>	<i>-5.6</i>	<i>3.9</i>	<i>2.7</i>	<i>3.0</i>	<i>2.7</i>	<i>3.1</i>	<i>3.5</i>	<i>4.0</i>
<i>Technology services</i>	<i>6.1</i>	<i>4.0</i>	<i>8.2</i>	<i>4.9</i>	<i>5.8</i>	<i>6.4</i>	<i>7.3</i>	<i>7.5</i>	<i>6.9</i>	<i>7.0</i>	<i>10.0</i>	<i>10.0</i>
<b>Total</b>	<b>-12.6</b>	<b>-4.1</b>	<b>4.7</b>	<b>2.1</b>	<b>-1.7</b>	<b>4.7</b>	<b>4.2</b>	<b>4.7</b>	<b>4.3</b>	<b>4.5</b>	<b>5.8</b>	<b>6.2</b>

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	113.1	148.6	181.1	151.3	115.0	134.0	139.0	144.1
<i>Sales growth (%)</i>	<i>-11.1</i>	<i>31.4</i>	<i>21.9</i>	<i>-16.5</i>	<i>-24.0</i>	<i>16.5</i>	<i>3.7</i>	<i>3.7</i>
EBITDA	10.9	14.2	17.4	12.3	2.1	10.0	11.5	12.2
<i>EBITDA margin (%)</i>	<i>9.6</i>	<i>9.6</i>	<i>9.6</i>	<i>8.1</i>	<i>1.9</i>	<i>7.5</i>	<i>8.3</i>	<i>8.5</i>
Depreciation	-2.3	-2.6	-2.5	-3.9	-4.0	-4.0	-3.4	-3.3
EBITA	8.6	11.6	14.9	8.4	-1.9	6.0	8.1	8.9
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	8.6	11.6	14.9	8.4	-1.9	6.0	8.1	8.9
<i>EBIT margin (%)</i>	<i>7.6</i>	<i>7.8</i>	<i>8.2</i>	<i>5.6</i>	<i>-1.7</i>	<i>4.5</i>	<i>5.8</i>	<i>6.2</i>
Reported EBIT	8.6	11.6	14.9	8.4	-1.9	6.0	8.1	8.9
<i>EBIT margin (reported) (%)</i>	<i>7.6</i>	<i>7.8</i>	<i>8.2</i>	<i>5.6</i>	<i>-1.7</i>	<i>4.5</i>	<i>5.8</i>	<i>6.2</i>
Net financials	0.0	0.0	0.0	0.8	0.3	0.0	0.0	0.0
Pre-tax profit	8.6	11.6	14.9	9.2	-1.6	6.0	8.1	8.9
Taxes	-1.5	-2.1	-3.2	-1.6	0.6	-1.2	-1.6	-1.8
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	7.0	9.4	11.7	7.6	-0.9	4.8	6.5	7.1
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	12	13	15	16	17	16	16	17
Goodwill	0	1	1	1	2	2	2	2
Right of use assets	0	0	7	7	6	7	7	7
Inventory	10	11	14	12	15	18	18	19
Receivables	24	30	52	32	34	39	41	42
Liquid funds	24	31	13	22	12	14	14	15
Total assets	70	87	103	91	86	96	99	103
<b>Liabilities</b>								
Shareholder's equity	34	39	47	50	40	42	45	48
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	0	7	5	4	7	7	7
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	3	1	1	2	2	4	3	3
Non-interest bearing current liabilities	29	43	46	31	23	27	28	29
Other interest-free debt	1	1	1	3	16	16	16	16
Total liabilities	70	87	103	91	86	96	99	103
<b>CASH FLOW, EURm</b>								
+ EBITDA	11	14	17	12	2	10	12	12
- Net financial items	17	7	0	1	0	0	0	0
- Taxes	0	-3	-3	-1	-1	-1	-2	-2
- Increase in Net Working Capital	12	6	-23	10	1	-4	-1	-1
+/- Other	-19	-6	0	0	0	0	0	0
= Cash flow from operations	21	18	-8	21	3	5	9	9
- Capex	-3	-7	-4	-3	-3	-4	-4	-5
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	18	11	-11	18	-1	0	5	4
+/- New issues/buybacks	1	0	1	1	-2	0	0	0
- Paid dividend	-3	-4	-5	-6	-6	-3	-4	-4
+/- Other	2	0	-2	-4	-2	5	-1	0
Change in cash	17	7	-17	9	-11	2	1	1

KEY FIGURES	2017	2018	2019	2020	2021E	2022E	2023E
M-cap	123	91	114	96	98	98	98
Net debt (excl. convertibles)	-29	-5	-15	-5	-2	-4	-5
Enterprise value	94	85	99	91	96	94	94
Sales	149	181	151	115	134	139	144
EBITDA	14	17	12	2	10	12	12
EBIT	12	15	8	-2	6	8	9
Pre-tax	12	15	9	-2	6	8	9
Earnings	9	12	8	-1	5	6	7
Equity book value (excl. minorities)	39	47	50	40	42	45	48
<b>Valuation multiples</b>							
EV/sales	0.6	0.5	0.7	0.8	0.7	0.7	0.6
EV/EBITDA	6.6	4.9	8.1	42.6	9.6	8.2	7.7
EV/EBITA	8.1	5.7	11.8	-48.0	16.0	11.7	10.5
EV/EBIT	8.1	5.7	11.8	-48.0	16.0	11.7	10.5
EV/OCF	5.1	-11.2	4.7	32.7	20.9	10.7	10.1
EV/FCFF	7.4	-7.2	6.3	-42.6	68.8	17.0	19.9
P/FCFE	10.8	-8.1	6.4	-140.2	235.2	18.5	22.1
P/E	13.1	7.7	15.0	-101.6	20.4	15.2	13.8
P/B	3.1	1.9	2.3	2.4	2.3	2.2	2.0
Target EV/EBITDA	0.0	0.0	0.0	0.0	8.7	7.4	6.9
Target EV/EBIT	0.0	0.0	0.0	0.0	14.5	10.6	9.5
Target EV/FCF	0.0	0.0	0.0	0.0	208.5	16.1	19.0
Target P/B	0.0	0.0	0.0	0.0	2.1	2.0	1.9
Target P/E	0.0	0.0	0.0	0.0	18.6	13.8	12.6
<b>Per share measures</b>							
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	2.22	2.76	1.80	-0.22	1.13	1.52	1.67
Operating cash flow per share	4.33	-1.79	4.96	0.66	1.08	2.07	2.18
Free cash flow per share	2.68	-2.64	4.23	-0.16	0.10	1.25	1.05
Book value per share	9.27	10.95	11.65	9.52	9.85	10.52	11.29
Dividend per share	1.25	1.40	1.45	0.80	0.85	0.90	0.95
Dividend payout ratio, %	56.4	50.7	80.7	-358.2	75.2	59.2	56.9
Dividend yield, %	4.3	6.6	5.4	3.5	3.7	3.9	4.1
FCF yield, %	9.3	-12.4	15.7	-0.7	0.4	5.4	4.5
<b>Efficiency measures</b>							
ROE	25.6	27.3	15.9	-2.1	11.7	14.9	15.3
ROCE	29.7	31.3	15.1	-3.7	12.0	15.0	15.7
<b>Financial ratios</b>							
Inventories as % of sales	7.4	7.9	8.2	13.1	13.1	13.1	13.1
Receivables as % of sales	20.5	28.9	20.9	29.2	29.2	29.2	29.2
Non-interest bearing liabilities as % of sales	29.1	25.2	20.5	20.2	20.2	20.2	20.2
NWC/sales, %	-1.8	11.1	7.0	8.3	10.3	10.7	11.1
Operative CAPEX/sales, %	4.7	2.0	2.1	3.0	3.1	2.5	3.3
CAPEX/sales (incl. acquisitions), %	4.7	2.0	2.1	3.0	3.1	2.5	3.3
FCFF/EBITDA	0.9	-0.7	1.3	-1.0	0.1	0.5	0.4
Net debt/EBITDA, book-weighted	-2.1	-0.3	-1.3	-2.5	-0.2	-0.3	-0.4
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	45.3	45.1	54.6	46.9	43.4	45.1	46.4
Gearing, %	-74.4	-11.8	-31.0	-13.0	-5.4	-8.8	-9.5

**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	500,000	11.550	11.8%
Mandatum Life Unit-Linked	138,302	3.195	3.3%
Laakkonen Mikko Kalervo	119,919	2.770	2.8%
Suominen Pekka	110,429	2.551	2.6%
Siivonen Osku Pekka	104,179	2.407	2.5%
Kirmo Kaisa Marketta	104,021	2.403	2.4%
Suominen Tiina Sini-Maria	100,856	2.330	2.4%
Keskiahho Kaija Leena	84,716	1.957	2.0%
Mustakallio Mika Tapani	83,270	1.924	2.0%
Särkijärvi Anna Riitta	82,489	1.905	1.9%
Ten largest	1,428,181	32.991	34%
Residual	2,821,067	65.167	66%
Total	4,249,248	98.158	100%

EARNINGS CALENDAR	
April 29, 2021	Q1 report
July 23, 2021	Q2 report
October 22, 2021	Q3 report
OTHER EVENTS	

COMPANY MISCELLANEOUS	
CEO: Tapani Kiiski	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, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



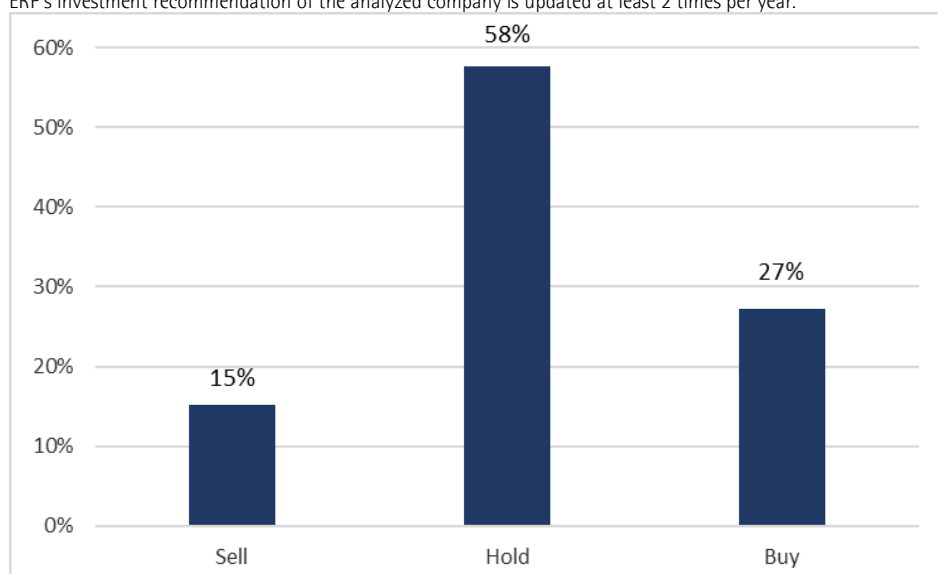
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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

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