

Improving earnings are in the cards

Raute's environment is improving a bit faster than we expected, but FY '21 profitability will still not be great. Valuation reflects earnings gains for many years to come. In our view further upside appears elusive for now.

New capacity projects are yet to materialize

Raute's Q1 order intake was EUR 30m, a 20% y/y increase and way above our EUR 22m estimate. There were no big orders. Project deliveries' EUR 11m figure was close to what we expected while the EUR 19m in services orders beat our EUR 12m estimate due to high North American modernization orders. Pent-up US demand drove the figure and thus we see cautious extrapolation is in order, but mills' utilization rates are improving worldwide. Raute sees European demand to be at a normal level. Russian order intake was muted in Q1 while demand potential remains in place. Q1 revenue amounted to EUR 25m vs our EUR 34m estimate. Raute foresaw Q1's relative slowness. Pandemic restrictions also remain a nuisance. The low top line also meant EBIT was EUR -2.5m, compared to our EUR 1.6m estimate.

Orders are picking up, albeit from low levels

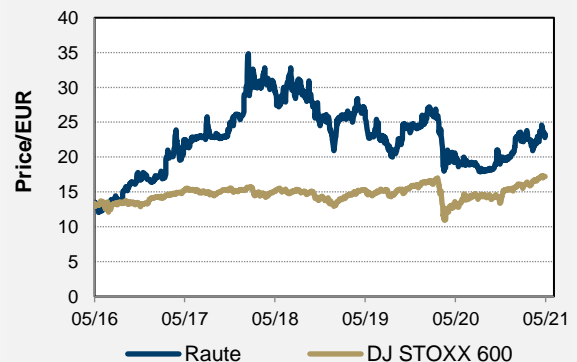
Raute also highlighted potential component shortages, however the company is addressing the challenge and in our view the issue is not that meaningful given Raute's long-term story and overall competitive positioning. We make some revisions to our estimates, however the overall valuation picture remains unaltered. It's clear Raute's business is now picking up from the recent lows and the favorable order intake development also begins to support FY '22, for which we now expect ca. 5% growth. It nevertheless seems the approximately EUR 160m revenue figure (of which some EUR 100m projects and EUR 60m services) that helped Raute to achieve above EUR 10m EBIT in the past remains many years in the future.

In our view valuation still doesn't leave meaningful upside

The pick-up in orders turns us more confident towards next year. We expect Raute to reach only some EUR 2m in EBIT this year, compared to the potential that is many times the number. We estimate the figure to rise close to EUR 8m next year, however Raute is already trading about 9x EV/EBITDA and 13x EV/EBIT on those estimates. Full long-term earnings potential in our view remains too many years away. Our TP is EUR 21, retain HOLD.

Rating

HOLD



Share price, EUR (Last trading day's closing price) 23.30

Target price, EUR 21.0

Latest change in recommendation 22-Apr-21

Latest report on company 22-Apr-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 99

Free float, % -

Exchange rate -

Reuters code RAUTE.HE

Bloomberg code RAUTE:FH

Average daily volume, EURm 0.1

Next interim report 23-Jul-21

 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
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	133.8	1.9	1.4%	-3.3	0.24	97.1	0.8	52.9	-3.4	0.85
2022E	141.3	7.9	5.6%	4.2	1.48	15.7	0.7	12.7	4.2	0.90
2023E	146.6	9.1	6.2%	4.6	1.72	13.6	0.7	10.9	4.6	0.95
Market cap, EURm	99			Gearing 2021E, %	3.9			CAGR EPS 2020-23, %	0.0	
Net debt 2021E, EURm	2			Price/book 2021E	2.6			CAGR sales 2020-23, %	8.4	
Enterprise value, EURm	101			Dividend yield 2021E, %	3.6			ROE 2021E, %	2.6	
Total assets 2021E, EURm	96			Tax rate 2021E, %	47.4			ROCE 2021E, %	3.8	
Goodwill 2021E, EURm	2			Equity ratio 2021E, %	39.5			PEG, P/E 21/CAGR	1.0	

Estimates and valuation

Raute	2017	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21e	Q3'21e	Q4'21e	2021e
Order intake	155	166	148	25	13	11	70	119	30	27	40	49	146
Project deliveries	97	104	98	14	6	2	58	80	11	13	25	35	84
Technology services	58	62	50	11	7	9	12	39	19	14	15	14	62
Europe	60	76	21	8	3	5	7	23	10	7	14	15	46
Russia	50	30	89	13	3	1	57	74	5	7	13	18	43
North America	36	25	18	3	2	2	5	12	11	8	7	9	35
Latin America	8	12	12	1	1	2	1	5	2	2	3	3	10
Asia-Pacific	2	23	9	1	4	0	1	6	3	3	3	4	13
Order book	110	95	88	92	80	62	94	94	98	89	94	105	105
Revenue	148	181	151	24	24	28	39	115	25	36	35	38	134
Project deliveries	99	126	86	14	14	18	29	75	16	24	22	22	84
Technology services	49	55	66	10	10	10	10	40	8	12	13	16	49
Europe	82	77	51	6	6	6	7	25	4	7	7	8	26
Russia	35	48	47	10	12	16	25	63	15	19	17	20	71
North America	21	32	27	4	3	3	3	12	3	6	7	7	23
Latin America	6	6	14	3	2	1	2	8	1	2	2	2	7
Asia-Pacific	3	18	13	1	2	1	2	6	1	2	2	2	6
EBITDA	14	17	12	-2	0	2	2	2	-2	2	3	3	6
<i>EBITDA margin</i>	9.3 %	9.6 %	8.1 %	-9 %	0 %	9 %	5 %	1.9 %	-6 %	6 %	7 %	7 %	4.4 %
EBIT	11	15	8	-3	-1	1	1	-2	-2	1	2	2	2
<i>EBIT margin</i>	7.5 %	8.2 %	5.6 %	-13 %	-4 %	5 %	2 %	-1.6 %	-10 %	4 %	4 %	4 %	1.4 %

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	11806	12.1x	15.2x	14.1x	16.1x	19.5x	17.4x	14.8 %	15.6 %	16.3 %
Cargotec	3100	10.1x	8.9x	8.5x	14.2x	13.7x	11.4x	6.6 %	8.1 %	8.8 %
Glaston	86	11.1x	7.6x	6.5x	56.1x	15.1x	10.9x	1.2 %	4.3 %	5.4 %
Kone	34276	23.4x	20.2x	19.0x	28.4x	23.9x	22.3x	12.2 %	12.9 %	13.3 %
Konecranes Oyj	3019	9.0x	8.9x	8.0x	12.9x	12.9x	11.1x	7.4 %	8.6 %	9.4 %
Ponsse	1198	10.5x	11.7x	11.0x	15.0x	15.3x	14.1x	9.0 %	10.5 %	10.8 %
Sandvik	26492	12.8x	11.2x	10.1x	22.0x	14.5x	13.0x	13.5 %	19.6 %	20.1 %
Valmet	5209	8.5x	10.2x	9.8x	11.1x	13.2x	12.4x	8.9 %	10.0 %	10.3 %
Wartsila	6326	12.9x	13.5x	11.2x	19.7x	19.6x	15.1x	6.1 %	7.7 %	9.3 %
Peer Group Average	10168	12.3x	11.9x	10.9x	21.7x	16.4x	14.2x	8.8 %	10.8 %	11.5 %
Peer Group Median	5209	11.1x	11.2x	10.1x	16.1x	15.1x	13.0x	8.9 %	10.0 %	10.3 %
Raute (Evli est.)	99	42.6x	17.1x	8.8x	-48.0x	52.9x	12.7x	-1.7 %	1.4 %	5.6 %

Raute prem./disc. to peer median

284 % 53 % -13 % -397 % 249 % -2 % -119 % -86 % -46 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	23.30 PV of Free Cash Flow	33 Long-term growth, %	2.0 Risk-free interest rate, %
DCF share value	20.26 PV of Horizon value	48 WACC, %	9.6 Market risk premium, %
Share price potential, %	-13.1 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	21.8 Marketable securities	12 Minimum WACC, %	9.1 Equity beta coefficient
Minimum value	18.9 Debt - dividend	-6 Maximum WACC, %	10.1 Target debt ratio, %
Horizon value, %	58.8 Value of stock	86 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	141	147	152	156	159	163	167	170	174	177
<i>Sales growth, %</i>	-24.0	16.3	5.6	3.7	3.7	2.5	2.3	2.3	2.3	2.3	2.0	2.0
Operating income (EBIT)	-2	2	8	9	10	10	10	11	11	12	12	12
<i>Operating income margin, %</i>	-1.7	1.4	5.6	6.2	6.3	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	6	11	12	13	14	14	15	15	16	17	
- Paid taxes	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2
- Change in NWC	1	-4	-2	-1	-1	-1	-1	-1	-1	-1	-1	-1
<i>NWC / Sales, %</i>	8.3	10.2	10.9	11.3	11.7	11.9	12.2	12.4	12.6	12.8	13.0	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	0
- Operative CAPEX	-4	-3	-3	-5	-4	-4	-4	-4	-5	-5	-5	-5
<i>opCAPEX / Sales, %</i>	3.0	3.1	2.7	3.3	3.0	2.9	2.8	2.8	2.8	2.8	2.8	2.8
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	0
- Other items	0	0	0	0	0	0	0	0	0	0	0	0
= FCFF	-2	-2	5	5	6	7	7	7	7	8	9	115
= Discounted FCFF		-2	4	4	4	4	4	4	4	4	4	48
= DFCF min WACC		-2	4	4	4	5	4	4	4	4	4	53
= DFCF max WACC		-2	4	4	4	4	4	4	4	4	3	43

INTERIM FIGURES

EVLI ESTIMATES, EURm	2020Q1	2020Q2	2020Q3	2020Q4	2020	2021Q1	2021Q2E	2021Q3E	2021Q4E	2021E	2022E	2023E
Net sales	23.8	24.4	27.9	38.9	115.0	24.8	36.0	35.0	38.0	133.8	141.3	146.6
EBITDA	-2.0	-0.1	2.4	1.8	2.1	-1.5	2.3	2.5	2.6	5.9	11.3	12.5
<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>-6.2</i>	<i>6.4</i>	<i>7.1</i>	<i>6.8</i>	<i>4.4</i>	<i>8.0</i>	<i>8.5</i>
EBIT	-3.0	-1.0	1.3	0.8	-1.9	-2.5	1.3	1.5	1.6	1.9	7.9	9.1
<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>-10.1</i>	<i>3.6</i>	<i>4.3</i>	<i>4.2</i>	<i>1.4</i>	<i>5.6</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	-2.5	1.3	1.5	1.6	1.9	7.9	9.1
Tax	0.7	-0.2	-0.5	0.6	0.6	0.0	-0.3	-0.3	-0.3	-0.9	-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>-1.6</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>47.4</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2.2	-0.8	0.8	1.4	-0.9	-2.5	1.0	1.2	1.3	1.0	6.3	7.3
EPS	-0.53	-0.19	0.18	0.32	-0.22	-0.59	0.24	0.28	0.30	0.24	1.48	1.72
EPS adjusted (diluted no. of shares)	-0.53	-0.19	0.18	0.32	-0.22	-0.59	0.24	0.28	0.30	0.24	1.48	1.72
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
SALES, EURm												
Project deliveries	14.0	14.4	18.1	28.6	75.1	16.4	24.0	22.0	22.0	84.4	89.5	92.1
Technology services	9.8	10.0	9.8	10.3	39.9	8.4	12.0	13.0	16.0	49.4	51.9	54.5
Total	23.8	24.4	27.9	38.9	115.0	24.8	36.0	35.0	38.0	133.8	141.3	146.6
SALES GROWTH, Y/Y %												
<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>17.1</i>	<i>66.7</i>	<i>21.5</i>	<i>-23.1</i>	<i>12.4</i>	<i>6.0</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>-14.3</i>	<i>20.0</i>	<i>32.7</i>	<i>55.3</i>	<i>23.8</i>	<i>5.0</i>	<i>5.0</i>
Total	-42.4	-34.1	-17.2	-1.0	-24.0	4.2	47.5	25.4	-2.3	16.3	5.6	3.7
EBIT, EURm												
Project deliveries	-3.6	-1.4	0.5	0.3	-4.2	-3.1	0.6	0.6	0.6	-1.3	2.7	3.7
Technology services	0.6	0.4	0.8	0.5	2.3	0.6	0.7	0.9	1.0	3.2	5.2	5.4
Total	-3.0	-1.0	1.3	0.8	-1.9	-2.5	1.3	1.5	1.6	1.9	7.9	9.1
EBIT margin, %												
<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>-18.9</i>	<i>2.5</i>	<i>2.7</i>	<i>2.7</i>	<i>-1.5</i>	<i>3.0</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>7.1</i>	<i>5.8</i>	<i>6.9</i>	<i>6.3</i>	<i>6.5</i>	<i>10.0</i>	<i>10.0</i>
Total	-12.6	-4.1	4.7	2.1	-1.7	-10.1	3.6	4.3	4.2	1.4	5.6	6.2

INCOME STATEMENT, EURm	2016	2017	2018	2019	2020	2021E	2022E	2023E
Sales	113.1	148.6	181.1	151.3	115.0	133.8	141.3	146.6
<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>16.3</i>	<i>5.6</i>	<i>3.7</i>
EBITDA	10.9	14.2	17.4	12.3	2.1	5.9	11.3	12.5
<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>4.4</i>	<i>8.0</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	1.9	7.9	9.1
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	1.9	7.9	9.1
<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>1.4</i>	<i>5.6</i>	<i>6.2</i>
Reported EBIT	8.6	11.6	14.9	8.4	-1.9	1.9	7.9	9.1
<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>1.4</i>	<i>5.6</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	1.9	7.9	9.1
Taxes	-1.5	-2.1	-3.2	-1.6	0.6	-0.9	-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	1.0	6.3	7.3
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	12	13	15	16	17	16	16	18
Goodwill	0	1	1	1	2	2	2	2
Right of use assets	0	0	7	7	6	7	7	8
Inventory	10	11	14	12	15	17	18	19
Receivables	24	30	52	32	34	39	41	43
Liquid funds	24	31	13	22	12	13	14	15
Total assets	70	87	103	91	86	96	101	105
Liabilities								
Shareholder's equity	34	39	47	50	40	38	41	44
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	8
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	3	1	1	2	2	8	8	7
Non-interest bearing current liabilities	29	43	46	31	23	27	29	30
Other interest-free debt	1	1	1	3	16	16	16	16
Total liabilities	70	87	103	91	86	96	101	105
CASH FLOW, EURm								
+ EBITDA	11	14	17	12	2	6	11	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	-2	-1
+/- Other	-19	-6	0	0	0	0	0	0
= Cash flow from operations	21	18	-8	21	3	1	8	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	-3	4	5
+/- 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	9	0	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	99	99	99
Net debt (excl. convertibles)	-29	-5	-15	-5	2	1	0
Enterprise value	94	85	99	91	101	100	99
Sales	149	181	151	115	134	141	147
EBITDA	14	17	12	2	6	11	12
EBIT	12	15	8	-2	2	8	9
Pre-tax	12	15	9	-2	2	8	9
Earnings	9	12	8	-1	1	6	7
Equity book value (excl. minorities)	39	47	50	40	38	41	44
Valuation multiples							
EV/sales	0.6	0.5	0.7	0.8	0.8	0.7	0.7
EV/EBITDA	6.6	4.9	8.1	42.6	17.1	8.8	7.9
EV/EBITA	8.1	5.7	11.8	-48.0	52.9	12.7	10.9
EV/EBIT	8.1	5.7	11.8	-48.0	52.9	12.7	10.9
EV/OCF	5.1	-11.2	4.7	32.7	121.4	12.4	10.5
EV/FCFF	7.4	-7.2	6.3	-42.6	-42.0	21.7	20.4
P/FCFE	10.8	-8.1	6.4	-140.2	-29.8	23.5	21.5
P/E	13.1	7.7	15.0	-101.6	97.1	15.7	13.6
P/B	3.1	1.9	2.3	2.4	2.6	2.4	2.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	15.4	8.0	7.2
Target EV/EBIT	0.0	0.0	0.0	0.0	47.8	11.5	9.8
Target EV/FCF	0.0	0.0	0.0	0.0	-27.3	21.4	19.4
Target P/B	0.0	0.0	0.0	0.0	2.3	2.2	2.0
Target P/E	0.0	0.0	0.0	0.0	87.5	14.2	12.2
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	2.22	2.76	1.80	-0.22	0.24	1.48	1.72
Operating cash flow per share	4.33	-1.79	4.96	0.66	0.19	1.90	2.23
Free cash flow per share	2.68	-2.64	4.23	-0.16	-0.78	0.99	1.08
Book value per share	9.27	10.95	11.65	9.52	8.96	9.59	10.41
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	354.1	60.7	55.3
Dividend yield, %	4.3	6.6	5.4	3.4	3.6	3.9	4.1
FCF yield, %	9.3	-12.4	15.7	-0.7	-3.4	4.2	4.6
Efficiency measures							
ROE	25.6	27.3	15.9	-2.1	2.6	16.0	17.2
ROCE	29.7	31.3	15.1	-3.7	3.8	14.4	15.9
Financial ratios							
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	10.2	10.9	11.3
Operative CAPEX/sales, %	4.7	2.0	2.1	3.0	3.1	2.7	3.3
CAPEX/sales (incl. acquisitions), %	4.7	2.0	2.1	3.0	3.1	2.7	3.3
FCFF/EBITDA	0.9	-0.7	1.3	-1.0	-0.4	0.4	0.4
Net debt/EBITDA, book-weighted	-2.1	-0.3	-1.3	-2.5	0.3	0.1	0.0
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Equity ratio, book-weighted	45.3	45.1	54.6	46.9	39.5	40.5	42.1
Gearing, %	-74.4	-11.8	-31.0	-13.0	3.9	2.2	0.3

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	11.650	11.8%
Mandatum Life Unit-Linked	138,302	3.222	3.3%
Laakkonen Mikko Kalervo	119,919	2.794	2.8%
Suominen Pekka	110,429	2.573	2.6%
Siivonen Osku Pekka	104,179	2.427	2.5%
Kirmo Kaisa Marketta	104,021	2.424	2.4%
Suominen Tiina Sini-Maria	100,856	2.350	2.4%
Keskiaho Kaija Leena	84,716	1.974	2.0%
Mustakallio Mika Tapani	83,270	1.940	2.0%
Särkijärvi Anna Riitta	82,489	1.922	1.9%
Ten largest	1,428,181	33.277	34%
Residual	2,821,067	65.731	66%
Total	4,249,248	99.007	100%

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

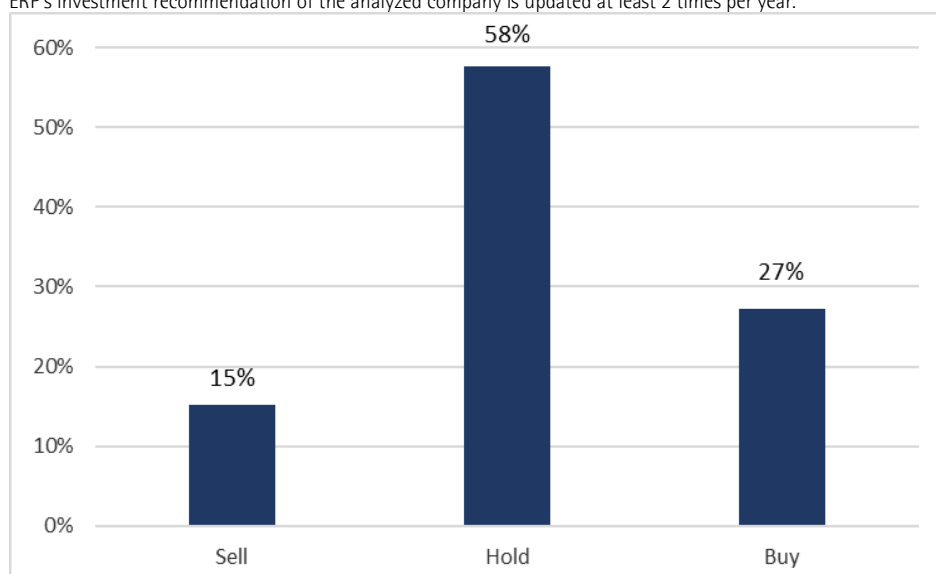
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Investment recommendations are defined as follows:

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

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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

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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
Anna-Liisa Rissanen	+358 40 157 9919
Teemu Reiman	+358 40 352 6175

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
Markku Reinikainen	+358 9 4766 9669



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