

Russia spells trouble

Raute withdrew its guidance for the year due to the large Russian order book exposure. We downgrade our estimates.

Others can't make up the loss, at least in the short-term

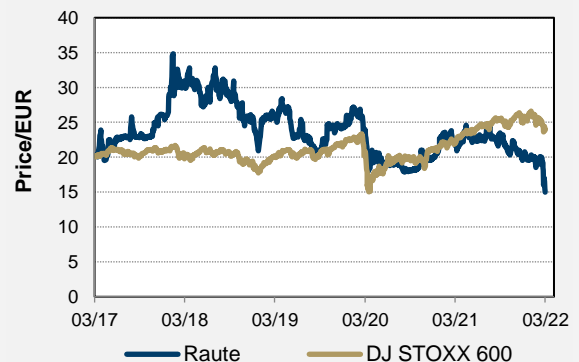
The most acute uncertainty stems from the sanctions, including payment bans, and their effect on Russian deliveries. Russia was 39% of Raute's FY '21 order intake and 49% of revenue, an extension on the previous years' similar high figures. Raute has in the past done good Russian business, without direct ruble exposure, despite the infamously stagnant economy. There are no other risk exposures, like major assets, other than the orders already booked. The Russian economy is to be decimated along with the ruble in the short and medium term while long term outlook remains grim with no historical precedent. Hyperinflation is imminent and many Russian customers will be unable to invest. We believe Raute's Russian orders will begin to recover sometime in the future, but this may take long. In our view a recovery to previous levels might not happen very fast even with a more comprehensive regime and societal change, and such a scenario is on the rosy side. Other markets could help to shore up the loss of Russia, e.g. Europe has recently developed well, but at least some of the economic trouble may spill over.

We now downgrade only our Russian estimates

We have made changes only to our Russian revenue and order estimates. We previously estimated EUR 49m Russian order intake and EUR 79m revenue for this year. We cut these to respective EUR 14m and EUR 32m figures, noting a lot of uncertainty around the exact levels. It's early to say much about how the crisis will affect Raute's other customers, but Western stagflation is one prospect. We expect roughly break-even EBIT.

Potential is still high, but so is the present uncertainty

Raute's valuation remained modest before the invasion as inflation was a major source of uncertainty. In our opinion no very useful peer multiples were available for Raute before the war, and this is now true even more so. Raute is valued ca. 6x EV/EBITDA and 9x EV/EBIT on our FY '23 estimates, not challenging levels but the environment is extraordinary. Long-term potential is significant as Raute remains the leading player in its niche, however we consider the valuation neutral given the circumstances. Our new TP is EUR 15 (22); rating HOLD (BUY).

Rating 🟡 HOLD

 Share price, EUR (Last trading day's closing price) 15.00

 Target price, EUR 15.0

 Latest change in recommendation 03-Mar-22

 Latest report on company 14-Feb-22

 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 64

 Free float, % -

 Exchange rate -

 Reuters code RAUTE.HE

 Bloomberg code RAUTE:FH

 Average daily volume, EURm 0.1

 Next interim report 29-Apr-22

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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
2020	115.0	-2.8	-2.4%	-1.6	-0.44	-52.2	0.8	-32.6	-1.6	0.80
2021	142.2	-2.2	-1.5%	12.9	-0.41	-48.7	0.5	-32.0	15.4	0.80
2022E	122.0	-0.4	-0.3%	7.7	-0.08	-199.2	0.4	-114.0	12.1	0.75
2023E	126.4	5.4	4.3%	2.4	1.01	14.8	0.4	8.6	3.8	0.80
2024E	131.2	8.2	6.3%	5.2	1.55	9.7	0.3	5.4	8.1	0.90
Market cap, EURm	64			Gearing 2022E, %	-59.8		CAGR EPS 2021-24, %	0.0		
Net debt 2022E, EURm	-18			Price/book 2022E	2.1		CAGR sales 2021-24, %	-2.6		
Enterprise value, EURm	46			Dividend yield 2022E, %	5.0		ROE 2022E, %	-1.0		
Total assets 2022E, EURm	100			Tax rate 2022E, %	20.0		ROCE 2022E, %	-1.0		
Goodwill 2022E, EURm	2			Equity ratio 2022E, %	30.5		PEG, P/E 22/CAGR	0.0		

Estimates and valuation

Raute	2017	2018	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22e	Q2'22e	Q3'22e	Q4'22e	2022e
Order intake	155	166	148	119	30	65	58	50	203	29	30	31	26	116
Project deliveries	97	104	98	80	11	47	37	36	131	14	18	19	13	64
Technology services	58	62	50	39	19	18	21	14	72	15	12	12	13	52
Europe	60	76	21	23	10	41	5	14	69	12	13	8	12	45
Russia	50	30	89	74	5	8	36	30	79	6	2	3	3	14
North America	36	25	18	12	11	8	13	4	37	7	8	12	7	34
Latin America	8	12	12	5	2	3	3	0	8	2	3	4	2	11
Asia-Pacific	2	23	9	6	3	5	2	1	10	3	4	4	2	13
Order book	110	95	88	94	98	129	150	158	158	156	159	160	152	152
Revenue	148	181	151	115	25	35	38	44	142	31	27	30	34	122
Project deliveries	99	126	86	75	16	19	23	29	88	19	15	17	21	72
Technology services	49	55	66	40	8	16	15	15	54	12	12	13	13	50
Europe	82	77	51	25	4	8	10	12	35	10	10	15	13	48
Russia	35	48	47	63	15	17	19	19	70	12	7	6	7	32
North America	21	32	27	12	3	5	5	7	20	5	5	5	8	23
Latin America	6	6	14	8	1	2	2	2	8	2	2	2	2	8
Asia-Pacific	3	18	13	6	1	3	3	4	10	2	3	3	4	11
EBIT	11	15	8	-3	-3	-2	2	1	-2	0	-2	0	1	0
<i>EBIT margin</i>	7.5 %	8.2 %	5.6 %	-2.4 %	-11 %	-5 %	5 %	1 %	-1.6 %	1 %	-6 %	1 %	2 %	-0.3 %

Source: Evli Research

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		21	22	23	21	22	23	21	22	23
Alfa Laval AB	12214	19.4x	14.1x	12.8x	25.0x	17.8x	15.7x	15.7 %	16.2 %	16.9 %
Cargotec	2120	9.6x	5.7x	5.2x	14.4x	7.6x	6.7x	6.9 %	8.4 %	8.9 %
Glaston	78	8.7x	5.4x	4.5x	17.9x	9.3x	7.0x	3.6 %	4.7 %	5.9 %
Kone	25510	21.2x	15.0x	13.9x	25.1x	17.7x	16.4x	12.5 %	11.8 %	12.4 %
Konecranes Oyj	2288	8.0x	6.4x	5.8x	12.2x	8.2x	7.5x	8.7 %	9.9 %	10.3 %
Ponsse	784	11.6x	7.9x	7.2x	15.5x	10.7x	9.3x	10.0 %	8.8 %	9.9 %
Sandvik	23522	13.9x	9.7x	9.0x	18.1x	12.3x	11.4x	18.8 %	19.2 %	19.6 %
Valmet	4614	10.9x	7.6x	6.9x	14.1x	9.6x	8.7x	10.1 %	10.6 %	11.2 %
Wartsila	5696	15.6x	9.2x	8.0x	21.3x	12.1x	10.2x	7.6 %	8.6 %	9.3 %
Peer Group Average	8536	13.2x	9.0x	8.1x	18.2x	11.7x	10.3x	10.4 %	10.9 %	11.6 %
Peer Group Median	4614	11.6x	7.9x	7.2x	17.9x	10.7x	9.3x	10.0 %	9.9 %	10.3 %
Raute (Evli est.)	64	33.3x	14.3x	5.9x	-32.0x	-114.0x	8.6x	-1.5 %	-0.3 %	4.3 %

Raute prem./disc. to peer median

187 % 81 % -18 % -279 % -1168 % -8 % -115 % -103 % -58 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	15.00 PV of Free Cash Flow	42 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	23.70 PV of Horizon value	45 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	58.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	25.3 Marketable securities	24 Minimum WACC, %	8.7 Equity beta coefficient	1.25
Minimum value	22.3 Debt - dividend	-11 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	51.8 Value of stock	101 Nr of shares, Mn	4.2 Effective tax rate, %	20

DCF valuation, EURm	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Horizon
Net sales	142	122	126	131	134	138	141	144	147	150	153	156
<i>Sales growth, %</i>	<i>23.7</i>	<i>-14.2</i>	<i>3.6</i>	<i>3.8</i>	<i>2.5</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)	-2	0	5	8	10	10	10	10	10	11	11	11
<i>Operating income margin, %</i>	<i>-1.5</i>	<i>-0.3</i>	<i>4.3</i>	<i>6.3</i>	<i>7.6</i>	<i>7.5</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>	<i>7.0</i>
+ Depreciation+amort.	4	4	2	3	3	3	3	3	3	3	3	3
EBITDA	2	3	8	11	13	13	13	13	13	14	14	
- Paid taxes	-1	0	-1	-2	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	21	2	0	-1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>-8.3</i>	<i>-11.5</i>	<i>-10.7</i>	<i>-9.9</i>	<i>-9.4</i>	<i>-9.0</i>	<i>-8.6</i>	<i>-8.1</i>	<i>-7.7</i>	<i>-7.3</i>	<i>-7.0</i>	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-6	1	-4	-3	-3	-3	-3	-3	-4	-3	-4	
<i>opCAPEX / Sales, %</i>	<i>7.3</i>	<i>-1.9</i>	<i>3.1</i>	<i>2.8</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.6</i>	<i>2.3</i>	<i>2.7</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	17	6	3	6	8	8	7	7	8	8	7	107
= Discounted FCFF		6	2	4	5	5	4	4	4	4	3	45
= DFCF min WACC		6	2	4	5	5	4	4	4	4	3	51
= DFCF max WACC		6	2	4	5	5	4	4	4	4	3	40

INTERIM FIGURES

EVLI ESTIMATES, EURm	2021Q1	2021Q2	2021Q3	2021Q4	2021	2022Q1E	2022Q2E	2022Q3E	2022Q4E	2022E	2023E	2024E
Net sales	24.8	35.5	37.8	44.1	142.2	31.0	27.0	30.0	34.0	122.0	126.4	131.2
EBITDA	-1.8	-0.6	2.8	1.7	2.1	1.1	-0.8	1.3	1.6	3.2	7.9	11.0
<i>EBITDA margin (%)</i>	<i>-7.4</i>	<i>-1.7</i>	<i>7.4</i>	<i>3.9</i>	<i>1.5</i>	<i>3.5</i>	<i>-3.0</i>	<i>4.3</i>	<i>4.7</i>	<i>2.6</i>	<i>6.2</i>	<i>8.4</i>
EBIT	-2.8	-1.7	1.7	0.6	-2.2	0.2	-1.7	0.4	0.7	-0.4	5.4	8.2
<i>EBIT margin (%)</i>	<i>-11.3</i>	<i>-4.8</i>	<i>4.5</i>	<i>1.4</i>	<i>-1.5</i>	<i>0.6</i>	<i>-6.3</i>	<i>1.3</i>	<i>2.1</i>	<i>-0.3</i>	<i>4.3</i>	<i>6.3</i>
Net financial items	0.0	0.4	0.0	0.1	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	-2.8	-1.3	1.7	0.7	-1.7	0.2	-1.7	0.4	0.7	-0.4	5.4	8.2
Tax	0.0	0.4	-0.5	0.2	0.0	0.0	0.3	-0.1	-0.1	0.1	-1.1	-1.6
<i>Tax rate (%)</i>	<i>-1.4</i>	<i>29.9</i>	<i>30.9</i>	<i>-25.3</i>	<i>0.0</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>	<i>20.0</i>
Net profit	-2.8	-0.9	1.2	0.8	-1.7	0.2	-1.4	0.3	0.6	-0.3	4.3	6.6
EPS	-0.66	-0.22	0.28	0.20	-0.41	0.04	-0.32	0.08	0.13	-0.08	1.01	1.55
EPS adjusted (diluted no. of shares)	-0.66	-0.22	0.28	0.20	-0.41	0.04	-0.32	0.08	0.13	-0.08	1.01	1.55
Dividend per share	0.00	0.00	0.00	0.00	0.80	0.00	0.00	0.00	0.00	0.75	0.80	0.90
SALES, EURm												
Project deliveries	16.4	19.2	23.1	29.1	87.8	19.0	15.0	17.0	21.0	72.0	74.9	77.1
Technology services	8.4	16.3	14.7	15.0	54.4	12.0	12.0	13.0	13.0	50.0	51.5	54.1
Total	24.8	35.5	37.8	44.1	142.2	31.0	27.0	30.0	34.0	122.0	126.4	131.2
SALES GROWTH, Y/Y %												
<i>Project deliveries</i>	<i>17.1</i>	<i>33.3</i>	<i>27.6</i>	<i>1.7</i>	<i>16.9</i>	<i>15.9</i>	<i>-21.9</i>	<i>-26.4</i>	<i>-27.8</i>	<i>-18.0</i>	<i>4.0</i>	<i>3.0</i>
<i>Technology services</i>	<i>-14.3</i>	<i>63.0</i>	<i>50.0</i>	<i>45.6</i>	<i>36.3</i>	<i>42.9</i>	<i>-26.4</i>	<i>-11.6</i>	<i>-13.3</i>	<i>-8.1</i>	<i>3.0</i>	<i>5.0</i>
Total	4.2	45.5	35.5	13.4	23.7	25.0	-23.9	-20.6	-22.9	-14.2	3.6	3.8
EBIT, EURm												
Project deliveries	-3.3	-1.9	1.4	0.3	-3.5	-0.3	-2.1	0.0	0.2	-2.2	0.7	3.1
Technology services	0.5	0.2	0.3	0.3	1.3	0.5	0.4	0.4	0.5	1.8	4.6	5.1
Total	-2.8	-1.7	1.7	0.6	-2.2	0.2	-1.7	0.4	0.7	-0.4	5.4	8.2
EBIT margin, %												
<i>Project deliveries</i>	<i>-20.1</i>	<i>-9.9</i>	<i>6.1</i>	<i>1.0</i>	<i>-4.0</i>	<i>-1.6</i>	<i>-14.0</i>	<i>0.0</i>	<i>1.0</i>	<i>-3.1</i>	<i>1.0</i>	<i>4.0</i>
<i>Technology services</i>	<i>6.0</i>	<i>1.2</i>	<i>2.0</i>	<i>2.0</i>	<i>2.4</i>	<i>4.2</i>	<i>3.3</i>	<i>3.1</i>	<i>3.8</i>	<i>3.6</i>	<i>9.0</i>	<i>9.5</i>
Total	-11.3	-4.8	4.5	1.4	-1.5	0.6	-6.3	1.3	2.1	-0.3	4.3	6.3

INCOME STATEMENT, EURm	2017	2018	2019	2020	2021	2022E	2023E	2024E
Sales	148.6	181.1	151.3	115.0	142.2	122.0	126.4	131.2
<i>Sales growth (%)</i>	<i>31.4</i>	<i>21.9</i>	<i>-16.5</i>	<i>-24.0</i>	<i>23.7</i>	<i>-14.2</i>	<i>3.6</i>	<i>3.8</i>
EBITDA	14.2	17.4	12.3	1.2	2.1	3.2	7.9	11.0
<i>EBITDA margin (%)</i>	<i>9.6</i>	<i>9.6</i>	<i>8.1</i>	<i>1.1</i>	<i>1.5</i>	<i>2.6</i>	<i>6.2</i>	<i>8.4</i>
Depreciation	-2.6	-2.5	-3.9	-4.0	-4.3	-3.6	-2.5	-2.8
EBITA	11.6	14.9	8.4	-2.8	-2.2	-0.4	5.4	8.2
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	11.6	14.9	8.4	-2.8	-2.2	-0.4	5.4	8.2
<i>EBIT margin (%)</i>	<i>7.8</i>	<i>8.2</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>-0.3</i>	<i>4.3</i>	<i>6.3</i>
Reported EBIT	11.6	14.9	8.4	-2.8	-2.2	-0.4	5.4	8.2
<i>EBIT margin (reported) (%)</i>	<i>7.8</i>	<i>8.2</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>-0.3</i>	<i>4.3</i>	<i>6.3</i>
Net financials	0.0	0.0	0.8	0.3	0.5	0.0	0.0	0.0
Pre-tax profit	11.6	14.9	9.2	-2.5	-1.7	-0.4	5.4	8.2
Taxes	-2.1	-3.2	-1.6	0.6	0.0	0.1	-1.1	-1.6
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	9.4	11.7	7.6	-1.8	-1.7	-0.3	4.3	6.6
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	13	15	16	17	19	14	16	16
Goodwill	1	1	1	2	2	2	2	2
Right of use assets	0	7	7	6	10	9	9	9
Inventory	11	14	12	15	22	19	20	20
Receivables	30	52	32	34	32	27	28	29
Liquid funds	31	13	22	12	24	27	26	28
Total assets	87	103	91	86	111	100	102	107
Liabilities								
Shareholder's equity	39	47	50	40	34	30	31	35
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	7	5	4	8	9	9	9
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	1	1	2	2	2	0	0	0
Non-interest bearing current liabilities	43	46	31	23	39	33	34	36
Other interest-free debt	1	1	3	16	27	27	27	27
Total liabilities	87	103	91	86	111	100	102	107
CASH FLOW, EURm								
+ EBITDA	14	17	12	1	2	3	8	11
- Net financial items	7	0	1	0	0	0	0	0
- Taxes	-3	-3	-1	-1	-1	0	-1	-2
- Increase in Net Working Capital	6	-23	10	1	21	2	0	-1
+/- Other	-6	0	0	0	0	0	0	0
= Cash flow from operations	18	-8	21	2	23	5	6	9
- Capex	-7	-4	-3	-3	-10	2	-4	-4
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	11	-11	18	-2	13	8	2	5
+/- New issues/buybacks	0	1	1	-1	-1	0	0	0
- Paid dividend	-4	-5	-6	-6	-3	-3	-3	-3
+/- Other	0	-2	-4	-2	5	-2	0	0
Change in cash	7	-17	9	-11	13	2	0	2

KEY FIGURES	2018	2019	2020	2021	2022E	2023E	2024E
M-cap	91	114	96	84	64	64	64
Net debt (excl. convertibles)	-5	-15	-5	-14	-18	-17	-19
Enterprise value	85	99	91	70	46	46	45
Sales	181	151	115	142	122	126	131
EBITDA	17	12	1	2	3	8	11
EBIT	15	8	-3	-2	0	5	8
Pre-tax	15	9	-2	-2	0	5	8
Earnings	12	8	-2	-2	0	4	7
Equity book value (excl. minorities)	47	50	40	34	30	31	35
Valuation multiples							
EV/sales	0.5	0.7	0.8	0.5	0.4	0.4	0.3
EV/EBITDA	4.9	8.1	73.6	33.3	14.3	5.9	4.1
EV/EBITA	5.7	11.8	-32.6	-32.0	-114.0	8.6	5.4
EV/EBIT	5.7	11.8	-32.6	-32.0	-114.0	8.6	5.4
EV/OCF	-11.2	4.7	48.2	3.0	8.4	7.3	5.0
EV/FCFF	-7.2	6.3	-30.2	4.2	7.3	17.0	8.1
P/FCFE	-8.1	6.4	-60.7	6.5	8.3	26.3	12.3
P/E	7.7	15.0	-52.2	-48.7	-199.2	14.8	9.7
P/B	1.9	2.3	2.4	2.5	2.1	2.0	1.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	14.3	5.9	4.1
Target EV/EBIT	0.0	0.0	0.0	0.0	-114.0	8.6	5.4
Target EV/FCF	0.0	0.0	0.0	0.0	5.9	19.2	8.6
Target P/B	0.0	0.0	0.0	0.0	2.1	2.0	1.8
Target P/E	0.0	0.0	0.0	0.0	-199.2	14.8	9.7
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	2.76	1.80	-0.44	-0.41	-0.08	1.01	1.55
Operating cash flow per share	-1.79	4.96	0.45	5.50	1.27	1.49	2.08
Free cash flow per share	-2.64	4.23	-0.37	3.04	1.82	0.57	1.22
Book value per share	10.95	11.65	9.52	8.02	7.14	7.40	8.15
Dividend per share	1.40	1.45	0.80	0.80	0.75	0.80	0.90
Dividend payout ratio, %	50.7	80.7	-183.9	-196.7	-995.9	78.9	58.1
Dividend yield, %	6.6	5.4	3.5	5.3	5.0	5.3	6.0
FCF yield, %	-12.4	15.7	-1.6	15.4	12.1	3.8	8.1
Efficiency measures							
ROE	27.3	15.9	-4.1	-4.6	-1.0	13.9	19.9
ROCE	31.3	15.1	-5.4	-4.8	-1.0	13.6	19.5
Financial ratios							
Inventories as % of sales	7.9	8.2	13.1	15.5	15.5	15.5	15.5
Receivables as % of sales	28.9	20.9	29.2	22.3	22.4	22.4	22.4
Non-interest bearing liabilities as % of sales	25.2	20.5	20.2	27.1	27.1	27.1	27.1
NWC/sales, %	11.1	7.0	8.3	-8.3	-11.5	-10.7	-9.9
Operative CAPEX/sales, %	2.0	2.1	3.0	7.3	-1.9	3.1	2.8
CAPEX/sales (incl. acquisitions), %	2.0	2.1	3.0	7.3	-1.9	3.1	2.8
FCFF/EBITDA	-0.7	1.3	-2.4	7.9	2.0	0.3	0.5
Net debt/EBITDA, book-weighted	-0.3	-1.3	-4.2	-6.5	-5.7	-2.2	-1.7
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	45.1	54.6	46.9	30.8	30.5	30.8	32.4
Gearing, %	-11.8	-31.0	-13.0	-40.5	-59.8	-55.2	-55.3

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	7.500	11.8%
Mandatum Life Unit-Linked	138,302	2.075	3.3%
Laakkonen Mikko Kalervo	119,919	1.799	2.8%
Suominen Pekka	110,429	1.656	2.6%
Siivonen Osku Pekka	104,179	1.563	2.5%
Kirmo Kaisa Marketta	104,021	1.560	2.4%
Suominen Tiina Sini-Maria	100,856	1.513	2.4%
Keskiahho Kaija Leena	84,716	1.271	2.0%
Mustakallio Mika Tapani	83,270	1.249	2.0%
Särkijärvi Anna Riitta	82,489	1.237	1.9%
Ten largest	1,428,181	21.423	34%
Residual	2,821,067	42.316	66%
Total	4,249,248	63.739	100%

EARNINGS CALENDAR	
April 29, 2022	Q1 report
July 22, 2022	Q2 report
October 21, 2022	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

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



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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