

Strong results, more potential left

Raute's Q2 figures were mostly impressive even if smaller order flow remains one source of uncertainty.

EUR 5.4m Q2 EBITDA clearly above our EUR 3.5m estimate

Raute's Q2 revenue nearly doubled y/y to EUR 57.1m, compared to our EUR 46.4m estimate, as Wood Processing grew 141% due to the mill-sized orders received last year. Wood Processing already achieved a high 7.4% EBITDA margin and thus improved by EUR 5m y/y (almost EUR 2m above our estimate). Services also performed better than we estimated while Analyzers remained soft as there weren't many new orders; we believe Analyzers will improve towards next year as large deliveries continue and the segment remains a key part of offering. The guidance suggests Q2 may represent the year's high in terms of earnings as Wood Processing H2 EBITDA might remain flat relative to H1.

Raute already has new references beyond plywood and LVL

Analyzers posted an EBITDA margin of 5% in H1, compared to its high double-digit potential, and we believe it should again contribute to earnings growth next year. We estimate Wood Processing EBITDA to improve only marginally next year as its top line might no longer grow unless new orders begin to improve soon. Services growth has been impressive considering the lack of Russia, and we expect the segment to develop flat next year. North American outlook remains good despite another soft quarter in terms of new orders, and European small order activity is still the biggest challenge. It's yet early to say whether Raute can grow also in FY '25, but new customers in new product markets such as CLT should significantly expand Raute's long-term potential.

Earnings multiples are low also in the short-term

We see Raute reaching the upper end of its guidance range; the EUR 16.7m comparable EBITDA we estimate would be only an 8% margin, compared to the 12% long-term target. We don't estimate further growth for FY '25 as Wood Processing is likely to reach EUR 150m top line already this year. A pick-up in smaller orders could yet however improve earnings gains outlook as it would drive further Wood Processing margins and help Analyzers grow. We don't view the below 7x EV/EBIT valuation on our FY '24 estimates as demanding since Raute has plenty of potential left beyond this year. We retain our EUR 15.0 TP and BUY rating.



+ 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
2022	158.3	-14.6	-9.2%	-18.0	-2.70	-3.1	0.3	-2.8	-51.4	0.00
2023	145.4	1.9	1.3%	32.3	0.22	44.7	0.1	10.1	53.5	0.10
2024E	207.5	10.8	5.2%	-31.3	1.50	9.0	0.4	6.8	-37.7	0.20
2025E	206.1	11.7	5.7%	8.6	1.50	9.0	0.3	5.6	10.3	0.40
2026E	212.8	13.5	6.3%	8.9	1.76	7.7	0.3	4.4	10.8	0.70
Market cap, EURm		83	Gearing 2024E, %			-20.3	CAGR EPS 2023-26, %			100.0
Net debt 2024E, EURm		-10	Price/book 2024E			1.8	CAGR sales 2023-26, %			13.5
Enterprise value, EURm		73	Dividend yield 2024E, %			1.5	ROE 2024E, %			21.5
Total assets 2024E, EURm		142	Tax rate 2024E, %			20.0	ROCE 2024E, %			21.4
Goodwill 2024E, EURm		2	Equity ratio 2024E, %			56.4	PEG, P/E 24/CAGR			0.9

Estimates and valuation

Raute	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e
Order intake	203	139	67	112	19	118	316	36	20	33	29	118
Europe	69	65	11	84	9	100	204	28	10	15	13	65
Russia	79	3	0	0	0	0	0	0	0	0	0	0
North America	37	51	3	25	6	14	48	4	7	13	12	36
Latin America	8	8	52	2	3	1	58	3	1	3	2	9
Asia-Pacific	10	11	1	1	1	2	5	2	2	2	2	8
Order book	158	84	121	202	192	266	266	259	223	204	179	179
Revenue	142	158	37	29	34	45	145	45	57	52	53	207
Wood Processing	97	108	24	17	22	29	92	32	42	37	39	150
Services	30	36	8	7	8	10	33	10	11	11	10	41
Analyzers	15	15	4	6	5	6	20	3	5	4	4	16
Europe	35	68	18	10	13	15	56	17	26	24	26	94
Russia	70	33	5	4	3	3	15	0	0	0	0	0
North America	20	38	10	8	11	15	44	11	14	13	15	53
Latin America	8	10	2	3	6	11	21	14	16	13	10	53
Asia-Pacific	10	9	3	4	1	2	9	1	1	2	2	6
Comparable EBITDA	3	-2	3	1	3	3	9	3	5	4	4	17
Wood Processing	-5	-10	1	-2	1	0	0	1	3	2	2	8
Services	5	6	1	1	2	2	5	2	2	2	2	7
Analyzers	4	2	1	2	1	1	5	0	1	1	1	2
EBIT	-2	-15	1	-1	1	1	2	1	4	3	3	11
<i>EBIT margin</i>	-1.6 %	-9.3 %	2 %	-3 %	4 %	1 %	1.3 %	3 %	7 %	5 %	5 %	5.2 %

Source: Evli Research

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			EBIT-%		
		23	24	25	23	24	25	23	24	25
Alfa Laval AB	15730	15.0x	14.3x	13.1x	18.6x	17.2x	15.5x	15.0 %	15.9 %	16.6 %
Cargotec	2982	5.8x	9.5x	8.4x	7.4x	10.7x	10.2x	10.6 %	10.6 %	11.4 %
Glaston	71	4.2x			6.4x			5.2 %	5.5 %	6.0 %
Kone	24282	14.8x	14.6x	13.6x	17.8x	17.7x	16.3x	11.4 %	12.1 %	12.6 %
Konecranes	4709	6.9x	8.4x	8.0x	8.6x	10.2x	9.7x	10.7 %	12.4 %	12.8 %
Ponsse	666	8.7x	9.6x	8.5x	14.4x	17.5x	13.9x	5.7 %	5.6 %	6.8 %
Sandvik	22195	10.4x	10.4x	9.4x	14.0x	15.3x	12.0x	17.7 %	15.9 %	19.2 %
Valmet	4503	8.1x	7.5x	7.1x	10.9x	10.5x	9.6x	9.7 %	9.9 %	11.1 %
Wartsila	10203	11.9x	11.9x	10.4x	15.7x	14.4x	12.5x	8.3 %	10.5 %	10.9 %
Duerr	1442	6.1x	5.5x	4.7x	7.3x	8.1x	6.8x	6.1 %	5.4 %	6.3 %
Biesse	241	3.3x	3.8x		7.8x	9.5x		4.1 %	3.2 %	
Peer Group Average	7911	8.7x	9.6x	9.3x	11.7x	13.1x	11.8x	9.5 %	9.7 %	11.4 %
Peer Group Median	4503	8.1x	9.6x	8.5x	10.9x	12.6x	12.0x	9.7 %	10.5 %	11.3 %
Raute (Evli est.)	83	2.8x	4.5x	3.9x	10.1x	6.8x	5.6x	1.3 %	5.2 %	5.7 %

Raute prem./disc. to peer median

-66 % -53 % -54 % -7 % -46 % -53 % -87 % -50 % -50 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	13.55 PV of Free Cash Flow	47 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	24.02 PV of Horizon value	58 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	77.3 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	25.5 Marketable securities	48 Minimum WACC, %	8.7 Equity beta coefficient	1.25
Minimum value	22.7 Debt - dividend	-7 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	55.0 Value of stock	147 Nr of shares, Mn	6.1 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	145	208	206	213	218	223	228	233	238	244	249	254
<i>Sales growth, %</i>	-8.2	42.7	-0.7	3.2	2.5	2.3	2.3	2.3	2.3	2.3	2.0	2.0
Operating income (EBIT)	2	11	12	14	16	19	21	21	21	22	22	23
<i>Operating income margin, %</i>	1.3	5.2	5.7	6.3	7.1	8.5	9.0	9.0	9.0	9.0	9.0	9.0
+ Depreciation+amort.	5	5	5	6	6	6	6	6	5	4	4	
EBITDA	7	16	17	19	21	25	27	27	26	26	26	
- Paid taxes	-1	-2	-2	-3	-3	-4	-4	-4	-4	-4	-4	
- Change in NWC	30	-28	-1	-1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	-25.9	-4.6	-4.2	-3.8	-3.5	-3.2	-2.9	-2.6	-2.4	-2.1	-1.9	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-4	-15	-5	-7	-7	-7	-7	-3	-3	-3	-12	
<i>opCAPEX / Sales, %</i>	2.4	8.5	2.4	3.2	3.1	3.1	3.1	1.6	1.5	1.5	4.9	
- 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	32	-29	9	9	11	14	15	19	18	18	9	132
= Discounted FCFF		-28	8	7	8	10	9	11	10	9	4	58
= DFCF min WACC		-28	8	8	8	10	10	11	10	9	4	65
= DFCF max WACC		-28	8	7	8	9	9	11	9	8	4	52

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	36.8	29.4	34.0	45.2	145.4	44.7	57.1	52.3	53.4	207.5	206.1	212.8
EBITDA	2.0	0.1	2.7	2.0	6.8	2.9	5.3	3.8	4.2	16.1	16.9	19.1
<i>EBITDA margin (%)</i>	<i>5.4</i>	<i>0.3</i>	<i>7.9</i>	<i>4.4</i>	<i>4.7</i>	<i>6.4</i>	<i>9.2</i>	<i>7.3</i>	<i>7.9</i>	<i>7.8</i>	<i>8.2</i>	<i>9.0</i>
EBIT	0.9	-1.0	1.4	0.7	1.9	1.5	3.9	2.5	2.9	10.8	11.7	13.5
<i>EBIT margin (%)</i>	<i>2.3</i>	<i>-3.5</i>	<i>4.0</i>	<i>1.5</i>	<i>1.3</i>	<i>3.3</i>	<i>6.9</i>	<i>4.8</i>	<i>5.4</i>	<i>5.2</i>	<i>5.7</i>	<i>6.3</i>
Net financial items	-0.1	-0.2	0.3	-0.1	-0.1	0.2	0.6	0.0	0.0	0.7	-0.2	0.0
Pre-tax profit	0.8	-1.2	1.7	0.5	1.8	1.6	4.6	2.5	2.9	11.5	11.5	13.5
Tax	-0.3	0.4	-0.6	0.2	-0.4	-0.4	-1.1	-0.4	-0.4	-2.3	-2.3	-2.7
<i>Tax rate (%)</i>	<i>43.5</i>	<i>32.7</i>	<i>38.6</i>	<i>-27.9</i>	<i>24.8</i>	<i>21.7</i>	<i>25.1</i>	<i>16.3</i>	<i>14.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	0.4	-0.8	1.0	0.7	1.4	1.3	3.4	2.1	2.5	9.2	9.2	10.8
EPS	0.07	-0.13	0.17	0.11	0.22	0.21	0.56	0.33	0.40	1.50	1.50	1.76
EPS adjusted (diluted no. of shares)	0.07	-0.13	0.17	0.11	0.22	0.21	0.56	0.33	0.40	1.50	1.50	1.76
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.20	0.40	0.70
SALES, EURm												
Wood Processing	24.4	17.4	21.5	29.1	92.4	32.0	41.8	37.2	39.3	150.3	147.3	151.7
Services	8.3	6.5	7.9	10.3	33.0	9.8	10.8	10.9	9.7	41.2	41.6	42.7
Analyzers	4.1	5.5	4.6	5.8	20.0	2.9	4.5	4.2	4.4	16.0	17.2	18.4
Total	36.8	29.4	34.0	45.2	145.4	44.7	57.1	52.3	53.4	207.5	206.1	212.8
SALES GROWTH, Y/Y %												
<i>Wood Processing</i>	<i>-20.1</i>	<i>1.6</i>	<i>-20.6</i>	<i>-12.6</i>	<i>-14.5</i>	<i>31.1</i>	<i>140.2</i>	<i>73.0</i>	<i>35.1</i>	<i>62.7</i>	<i>-2.0</i>	<i>3.0</i>
<i>Services</i>	<i>4.9</i>	<i>-29.6</i>	<i>-20.6</i>	<i>18.7</i>	<i>-7.7</i>	<i>18.1</i>	<i>66.2</i>	<i>38.0</i>	<i>-5.8</i>	<i>24.8</i>	<i>1.0</i>	<i>2.5</i>
<i>Analyzers</i>	<i>44.2</i>	<i>70.1</i>	<i>-3.2</i>	<i>56.6</i>	<i>37.6</i>	<i>-29.3</i>	<i>-18.2</i>	<i>-8.7</i>	<i>-24.1</i>	<i>-20.0</i>	<i>7.5</i>	<i>7.0</i>
<i>Total</i>	<i>-10.8</i>	<i>-0.6</i>	<i>-18.6</i>	<i>-1.1</i>	<i>-8.2</i>	<i>21.5</i>	<i>94.2</i>	<i>53.8</i>	<i>18.1</i>	<i>42.7</i>	<i>-0.7</i>	<i>3.2</i>
EBIT, EURm												
Total	0.9	-1.0	1.4	0.7	1.9	1.5	3.9	2.5	2.9	10.8	11.7	13.5
Total	0.9	-1.0	1.4	0.7	1.9	1.5	3.9	2.5	2.9	10.8	11.7	13.5
EBIT margin, %												
<i>Total</i>	<i>2.3</i>	<i>-3.5</i>	<i>4.0</i>	<i>1.5</i>	<i>1.3</i>	<i>3.3</i>	<i>6.9</i>	<i>4.8</i>	<i>5.4</i>	<i>5.2</i>	<i>5.7</i>	<i>6.3</i>

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	151.3	115.0	142.2	158.3	145.4	207.5	206.1	212.8
<i>Sales growth (%)</i>	<i>-16.5</i>	<i>-24.0</i>	<i>23.7</i>	<i>11.3</i>	<i>-8.2</i>	<i>42.7</i>	<i>-0.7</i>	<i>3.2</i>
EBITDA	12.3	1.2	2.1	-9.6	6.8	16.1	16.9	19.1
<i>EBITDA margin (%)</i>	<i>8.1</i>	<i>1.1</i>	<i>1.5</i>	<i>-6.1</i>	<i>4.7</i>	<i>7.8</i>	<i>8.2</i>	<i>9.0</i>
Depreciation	-3.9	-4.0	-4.3	-5.0	-4.9	-5.3	-5.2	-5.6
EBITA	8.4	-2.8	-2.2	-14.6	1.9	10.8	11.7	13.5
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	8.4	-2.8	-2.2	-14.6	1.9	10.8	11.7	13.5
<i>EBIT margin (%)</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>-9.2</i>	<i>1.3</i>	<i>5.2</i>	<i>5.7</i>	<i>6.3</i>
Reported EBIT	8.4	-2.8	-2.2	-14.6	1.9	10.8	11.7	13.5
<i>EBIT margin (reported) (%)</i>	<i>5.6</i>	<i>-2.4</i>	<i>-1.5</i>	<i>-9.2</i>	<i>1.3</i>	<i>5.2</i>	<i>5.7</i>	<i>6.3</i>
Net financials	0.8	0.3	0.5	0.8	-0.1	0.7	-0.2	0.0
Pre-tax profit	9.2	-2.5	-1.7	-13.8	1.8	11.5	11.5	13.5
Taxes	-1.6	0.6	0.0	2.3	-0.4	-2.3	-2.3	-2.7
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	7.6	-1.8	-1.7	-11.5	1.4	9.2	9.2	10.8
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	16	17	19	22	21	31	31	32
Goodwill	1	2	2	2	2	2	2	2
Right of use assets	7	6	10	7	6	9	9	9
Inventory	12	15	22	17	26	38	38	39
Receivables	32	34	32	32	26	37	38	39
Liquid funds	22	12	24	8	48	19	26	33
Total assets	91	86	111	92	135	142	150	160
Liabilities								
Shareholder's equity	50	40	34	23	38	47	55	63
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	5	4	8	6	7	9	9	9
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	2	2	2	7	0	0	0	0
Non-interest bearing current liabilities	31	23	39	34	63	58	58	60
Other interest-free debt	3	16	27	22	27	27	27	27
Total liabilities	91	86	111	92	135	142	150	160
CASH FLOW, EURm								
+ EBITDA	12	1	2	-10	7	16	17	19
- Net financial items	1	0	0	1	0	1	0	0
- Taxes	-1	-1	-1	-1	-1	-2	-2	-3
- Increase in Net Working Capital	10	1	21	-5	30	-28	-1	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	21	2	23	-14	36	-14	13	16
- Capex	-3	-3	-10	-4	-4	-18	-5	-7
- Acquisitions	0	0	0	0	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	18	-2	13	-18	32	-31	9	9
+/- New issues/buybacks	1	-1	-1	0	14	0	0	0
- Paid dividend	-6	-6	-3	0	0	-1	-1	-2
+/- Other	-4	-2	5	1	-6	3	0	0
Change in cash	9	-11	13	-17	40	-29	7	7

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	96	84	35	60	83	83	83
Net debt (excl. convertibles)	-5	-14	5	-41	-10	-17	-23
Enterprise value	91	70	40	19	73	66	60
Sales	115	142	158	145	208	206	213
EBITDA	1	2	-10	7	16	17	19
EBIT	-3	-2	-15	2	11	12	14
Pre-tax	-2	-2	-14	2	11	12	14
Earnings	-2	-2	-11	1	9	9	11
Equity book value (excl. minorities)	40	34	23	38	47	55	63
Valuation multiples							
EV/sales	0.8	0.5	0.3	0.1	0.4	0.3	0.3
EV/EBITDA	73.6	33.3	-4.2	2.8	4.6	3.9	3.1
EV/EBITA	-32.6	-32.0	-2.8	10.1	6.8	5.6	4.4
EV/EBIT	-32.6	-32.0	-2.8	10.1	6.8	5.6	4.4
EV/OCF	48.2	3.0	-2.9	0.5	-5.4	4.9	3.8
EV/FCFF	-30.2	4.2	-1.9	0.6	-2.5	7.6	6.5
P/FCFE	-60.7	6.5	-1.9	1.9	-2.6	9.7	9.3
P/E	-52.2	-48.7	-3.1	44.7	9.0	9.0	7.7
P/B	2.4	2.5	1.5	1.6	1.8	1.5	1.3
Target EV/EBITDA	0.0	0.0	0.0	0.0	5.1	4.4	3.6
Target EV/EBIT	0.0	0.0	0.0	0.0	7.6	6.4	5.1
Target EV/FCF	0.0	0.0	0.0	0.0	-2.6	8.8	7.7
Target P/B	0.0	0.0	0.0	0.0	2.0	1.7	1.5
Target P/E	0.0	0.0	0.0	0.0	10.0	10.0	8.5
Per share measures							
Number of shares	4,249	4,249	4,249	6,120	6,120	6,120	6,120
Number of shares (diluted)	4,249	4,249	4,249	6,120	6,120	6,120	6,120
EPS	-0.44	-0.41	-2.70	0.22	1.50	1.50	1.76
Operating cash flow per share	0.45	5.50	-3.30	5.86	-2.22	2.20	2.59
Free cash flow per share	-0.37	3.04	-4.24	5.28	-5.11	1.40	1.46
Book value per share	9.52	8.02	5.39	6.27	7.67	8.98	10.34
Dividend per share	0.80	0.00	0.00	0.10	0.20	0.40	0.70
Dividend payout ratio, %	-183.9	0.0	0.0	45.3	13.3	26.6	39.7
Dividend yield, %	3.5	0.0	0.0	0.7	1.5	3.0	5.2
FCF yield, %	-1.6	15.4	-51.4	53.5	-37.7	10.3	10.8
Efficiency measures							
ROE	-4.1	-4.6	-40.3	4.4	21.5	18.1	18.3
ROCE	-5.4	-4.8	-36.3	4.6	21.4	18.8	19.7
Financial ratios							
Inventories as % of sales	13.1	15.5	10.6	18.1	18.5	18.5	18.5
Receivables as % of sales	29.2	22.3	20.2	17.7	18.0	18.5	18.5
Non-interest bearing liabilities as % of sales	20.2	27.1	21.4	43.1	28.0	28.0	28.0
NWC/sales, %	8.3	-8.3	-4.6	-25.9	-4.6	-4.2	-3.8
Operative CAPEX/sales, %	3.0	7.3	2.5	2.4	8.5	2.4	3.2
CAPEX/sales (incl. acquisitions), %	3.0	7.3	2.5	2.4	8.5	2.4	3.2
FCFF/EBITDA	-2.4	7.9	2.2	4.7	-1.8	0.5	0.5
Net debt/EBITDA, book-weighted	-4.2	-6.5	-0.6	-6.1	-0.6	-1.0	-1.2
Debt/equity, market-weighted	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Equity ratio, book-weighted	46.9	30.8	36.6	50.2	56.4	60.5	62.5
Gearing, %	-13.0	-40.5	23.6	-108.1	-20.3	-30.7	-36.9

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	10.247	12.4%
Laakkonen Mikko Kalervo	172,225	2.334	2.8%
eQ Finland Investment Fund	134,368	1.821	2.2%
Mandatum Life Insurance Company Ltd.	132,574	1.796	2.2%
Stephen Industries Inc Oy	129,687	1.757	2.1%
Suominen Pekka Matias	117,329	1.590	1.9%
Siivonen Osku Pekka	106,901	1.449	1.7%
eQ Nordic Small Cap Mutual Fund	106,000	1.436	1.7%
Kirimo Kaisa Marketta	105,421	1.428	1.7%
Mustakallio Mika Tapani	103,678	1.405	1.7%
Ten largest	1,864,433	25.263	30%
Residual	4,255,567	57.663	70%
Total	6,120,000	82.926	100%

EARNINGS CALENDAR

October 31, 2024

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

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

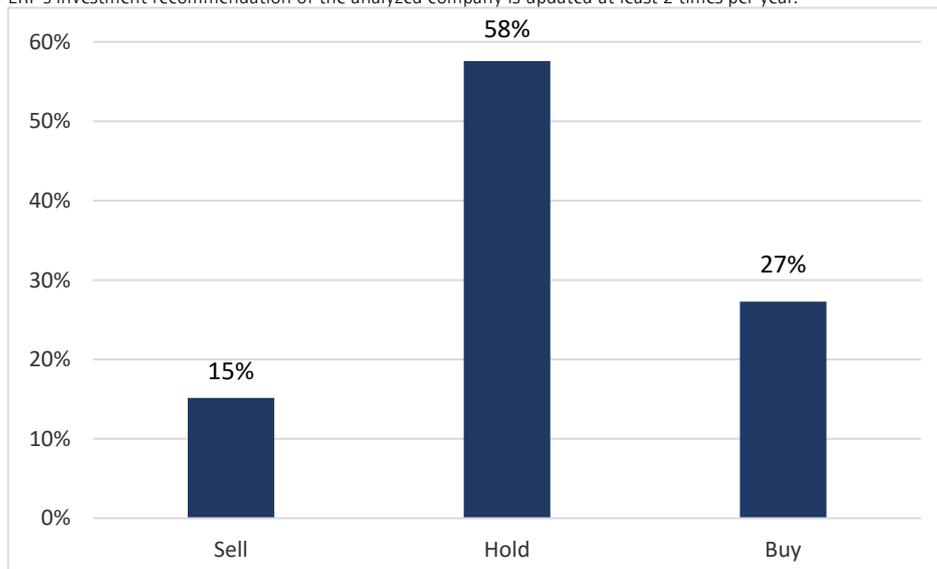
Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

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

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on [9.8.2024, 9:00]. This report has been published on [9.8.2024, 9:20].

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making or liquidity providing services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions or other services performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity, ETF and Derivatives Sales**

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lijja +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

Atte Jortikka +358 40 054 3725
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205

EVLI

EVLI PLC

Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**

Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000