

## Nearing double-digit EBITDA margins

Raute reports Q3 results on Oct 31. The company upgraded guidance as in our view especially Wood Processing margins have developed better than was previously expected.

### Q2 revenue and earnings already hit all-time highs

Raute Q2 revenue hit the all-time high of EUR 57m; from here on growth continues y/y even if the high level of deliveries now means q/q growth might be negative. The high Q2 figures led Raute to upgrade guidance in June, and now in our view especially the progress of Wood Processing has continued better than previously expected so that the company posted another upgrade. We estimate Q3 comparable EBITDA at EUR 5.0m; Raute may not quite top the EUR 5.4m Q2 figure yet as Wood Processing volumes have likely been a bit lower q/q, but we believe the segment's quarterly EBITDA will remain close to EUR 3m at least for now. The recent lack of new smaller equipment orders means top line may face headwinds next year, but change negotiations address the situation as projects' early-stage workload diminishes.

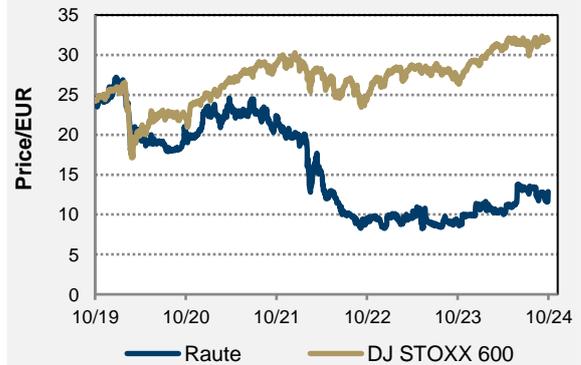
### EBITDA margin should stay around 9% for now

We make only minor revenue estimate revisions, but we upgrade our earnings estimates by around EUR 2m for this year and next. Wood Processing has enough backlog so that next year will not be too bad, although additional growth may be hard to find in the short run. Order intake has been slow this year, apart from the EUR 20m Latvian order, as low demand in e.g. the construction industry has left customers hesitant to place orders. Wood Processing may thus not contribute much more earnings gains next year, but Analyzers has room to improve especially if smaller orders begin to pick up while Services' performance should remain quite steady.

### More long-term potential to above 10% EBITDA margins

We estimate EBITDA to remain around EUR 19m also next year even if revenue may not grow then as the market for smaller equipment orders stays challenging. Raute FY'25 revenue could remain flat or decline a bit, but the relatively modest Q1'24 figures mean the comparison period should still not be too challenging for some further margin expansion. Raute could then be close to hitting 10% EBITDA margin. Raute is valued a bit above 5x EV/EBIT on our FY'24 estimates and below that on our FY'25 estimates. Our new TP is EUR 16.0 (15.0) as we retain BUY rating.

Rating + BUY



Share price, EUR (Last trading day's closing price) 12.90  
Target price, EUR 16.0

Latest change in recommendation 24-Oct-22  
Latest report on company 09-Aug-24  
Research paid by issuer: YES  
No. of shares outstanding, '000's 6,120  
No. of shares fully diluted, '000's 6,120  
Market cap, EURm 79  
Free float, % -  
Exchange rate -  
Reuters code RAUTE.HE  
Bloomberg code RAUTE:FH  
Average daily volume, EURm 0.1  
Next interim report 31-Oct-24  
Web site [www.raute.com/investor](http://www.raute.com/investor)

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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
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	208.1	13.1	6.3%	-29.2	1.88	6.9	0.3	5.1	-36.9	0.20
2025E	204.4	13.7	6.7%	8.8	1.76	7.3	0.3	4.4	11.1	0.40
2026E	210.7	15.1	7.2%	10.3	1.97	6.5	0.2	3.4	13.0	0.70

Market cap, EURm	79	Gearing 2024E, %	-23.6	CAGR EPS 2023-26, %	107.6
Net debt 2024E, EURm	-12	Price/book 2024E	1.6	CAGR sales 2023-26, %	13.2
Enterprise value, EURm	67	Dividend yield 2024E, %	1.6	ROE 2024E, %	26.2
Total assets 2024E, EURm	145	Tax rate 2024E, %	16.7	ROCE 2024E, %	25.3
Goodwill 2024E, EURm	2	Equity ratio 2024E, %	57.5	PEG, P/E 24/CAGR	2.1

## Estimates and valuation

Raute	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e
<b>Order intake</b>	203	139	67	112	19	118	316	36	20	26	28	110
Europe	69	65	11	84	9	100	204	28	10	10	12	59
Russia	79	3	0	0	0	0	0	0	0	0	0	0
North America	37	51	3	25	6	14	48	4	7	11	12	34
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
<b>Order book</b>	158	84	121	202	192	266	266	259	223	196	171	171
<b>Revenue</b>	142	158	37	29	34	45	145	45	57	53	53	208
Wood Processing	97	108	24	17	22	29	92	32	42	38	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	5	16
Europe	35	68	18	10	13	15	56	17	26	25	26	95
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
<b>Comparable EBITDA</b>	3	-2	3	1	3	3	9	3	5	5	5	19
Wood Processing	-5	-10	1	-2	1	0	0	1	3	3	3	10
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
<b>EBIT</b>	-2	-15	1	-1	1	1	2	1	4	4	4	13
<i>EBIT margin</i>	-1.6 %	-9.3 %	2 %	-3 %	4 %	1 %	1.3 %	3 %	7 %	7 %	8 %	6.3 %

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	16862	15.0x	15.4x	14.0x	18.6x	18.4x	16.5x	15.0 %	16.0 %	16.7 %
Cargotec	3163	5.8x	9.6x	9.1x	7.4x	11.1x	11.0x	10.6 %	11.7 %	11.8 %
Glaston	69	4.2x			6.4x			5.2 %	5.3 %	6.0 %
Kone	27108	14.8x	16.5x	15.3x	17.8x	20.0x	18.3x	11.4 %	12.0 %	12.6 %
Konecranes	5117	6.9x	8.9x	8.7x	8.6x	10.7x	10.5x	10.7 %	12.5 %	12.8 %
Ponsse	652	8.7x	12.1x	8.0x	14.4x	30.8x	13.0x	5.7 %	3.1 %	7.0 %
Sandvik	23079	10.4x	11.2x	10.0x	14.0x	16.7x	13.0x	17.7 %	15.1 %	18.5 %
Valmet	4385	8.1x	7.5x	7.0x	10.9x	10.2x	9.2x	9.7 %	10.0 %	11.0 %
Wartsila	11664	11.9x	13.5x	11.7x	15.7x	16.5x	14.1x	8.3 %	10.5 %	11.0 %
Duerr	1428	6.1x	5.6x	4.9x	7.3x	8.1x	7.0x	6.1 %	5.6 %	6.2 %
Biesse	225	3.3x	3.8x	3.8x	7.8x	10.9x	10.6x	4.1 %	2.7 %	2.9 %
<b>Peer Group Average</b>	8523	<b>8.7x</b>	<b>10.4x</b>	<b>9.3x</b>	<b>11.7x</b>	<b>15.4x</b>	<b>12.3x</b>	<b>9.5 %</b>	<b>9.5 %</b>	<b>10.6 %</b>
<b>Peer Group Median</b>	4385	<b>8.1x</b>	<b>10.4x</b>	<b>8.9x</b>	<b>10.9x</b>	<b>13.8x</b>	<b>12.0x</b>	<b>9.7 %</b>	<b>10.5 %</b>	<b>11.0 %</b>
<b>Raute (Evli est.)</b>	<b>79</b>	<b>2.8x</b>	<b>3.7x</b>	<b>3.2x</b>	<b>10.1x</b>	<b>5.1x</b>	<b>4.4x</b>	<b>1.3 %</b>	<b>6.3 %</b>	<b>6.7 %</b>

Raute prem./disc. to peer median

-66 % -65 % -64 % -7 % -63 % -64 % -87 % -40 % -39 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	12.90 PV of Free Cash Flow	51 Long-term growth, %	2.0 Risk-free interest rate, %	2.25
DCF share value	24.69 PV of Horizon value	59 WACC, %	9.2 Market risk premium, %	5.8
Share price potential, %	91.4 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	2.8
Maximum value	26.1 Marketable securities	48 Minimum WACC, %	8.7 Equity beta coefficient	1.25
Minimum value	23.4 Debt - dividend	-7 Maximum WACC, %	9.7 Target debt ratio, %	20
Horizon value, %	53.4 Value of stock	151 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	204	211	216	221	226	231	236	241	246	251
<i>Sales growth, %</i>	-8.2	43.1	-1.8	3.1	2.5	2.3	2.3	2.3	2.3	2.3	2.0	2.0
Operating income (EBIT)	2	13	14	15	16	19	20	21	21	22	22	23
<i>Operating income margin, %</i>	1.3	6.3	6.7	7.2	7.3	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	18	19	21	22	25	26	27	26	26	26	
- Paid taxes	-1	-2	-3	-3	-3	-4	-4	-4	-4	-4	-4	
- Change in NWC	30	-28	-3	-1	-1	0	0	-1	-1	-1	0	
<i>NWC / Sales, %</i>	-25.9	-4.5	-3.3	-2.9	-2.6	-2.3	-2.0	-1.8	-1.5	-1.3	-1.0	
+ Change in other liabs	0	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-4	-15	-5	-6	-7	-7	-7	-3	-3	-3	-12	
<i>opCAPEX / Sales, %</i>	2.4	8.6	2.2	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	-27	9	11	11	14	15	19	18	18	9	131
= Discounted FCFF		-26	8	9	9	10	10	11	10	9	4	59
= DFCF min WACC		-27	8	9	9	10	10	11	10	9	4	66
= DFCF max WACC		-26	8	9	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	53.1	53.2	208.1	204.4	210.7
EBITDA	2.0	0.1	2.7	2.0	6.8	2.9	5.3	4.9	5.4	18.4	18.9	20.7
<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>9.2</i>	<i>10.2</i>	<i>8.9</i>	<i>9.2</i>	<i>9.8</i>
EBIT	0.9	-1.0	1.4	0.7	1.9	1.5	3.9	3.6	4.1	13.1	13.7	15.1
<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>6.8</i>	<i>7.7</i>	<i>6.3</i>	<i>6.7</i>	<i>7.2</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	3.6	4.1	13.8	13.5	15.1
Tax	-0.3	0.4	-0.6	0.2	-0.4	-0.4	-1.1	-0.4	-0.4	-2.3	-2.7	-3.0
<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>11.3</i>	<i>9.9</i>	<i>16.7</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	3.2	3.7	11.5	10.8	12.1
EPS	0.07	-0.13	0.17	0.11	0.22	0.21	0.56	0.51	0.60	1.88	1.76	1.97
EPS adjusted (diluted no. of shares)	0.07	-0.13	0.17	0.11	0.22	0.21	0.56	0.51	0.60	1.88	1.76	1.97
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
<b>SALES, EURm</b>												
Wood Processing	24.4	17.4	21.5	29.1	92.4	32.0	41.8	37.7	38.9	150.4	145.1	149.5
Services	8.3	6.5	7.9	10.3	33.0	9.8	10.8	11.1	9.8	41.5	41.9	43.0
Analyzers	4.1	5.5	4.6	5.8	20.0	2.9	4.5	4.3	4.5	16.2	17.3	18.2
Total	36.8	29.4	34.0	45.2	145.4	44.7	57.1	53.1	53.2	208.1	204.4	210.7
<b>SALES GROWTH, Y/Y %</b>												
<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>75.3</i>	<i>33.7</i>	<i>62.8</i>	<i>-3.5</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>40.5</i>	<i>-4.9</i>	<i>25.8</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>-6.5</i>	<i>-22.4</i>	<i>-19.0</i>	<i>7.0</i>	<i>5.0</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>56.2</i>	<i>17.7</i>	<i>43.1</i>	<i>-1.8</i>	<i>3.1</i>
<b>EBIT, EURm</b>												
Total	0.9	-1.0	1.4	0.7	1.9	1.5	3.9	3.6	4.1	13.1	13.7	15.1
Total	0.9	-1.0	1.4	0.7	1.9	1.5	3.9	3.6	4.1	13.1	13.7	15.1
<b>EBIT margin, %</b>												
<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>6.8</i>	<i>7.7</i>	<i>6.3</i>	<i>6.7</i>	<i>7.2</i>

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	151.3	115.0	142.2	158.3	145.4	208.1	204.4	210.7
<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>43.1</i>	<i>-1.8</i>	<i>3.1</i>
EBITDA	12.3	1.2	2.1	-9.6	6.8	18.4	18.9	20.7
<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>8.9</i>	<i>9.2</i>	<i>9.8</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	13.1	13.7	15.1
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	13.1	13.7	15.1
<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>6.3</i>	<i>6.7</i>	<i>7.2</i>
Reported EBIT	8.4	-2.8	-2.2	-14.6	1.9	13.1	13.7	15.1
<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>6.3</i>	<i>6.7</i>	<i>7.2</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	13.8	13.5	15.1
Taxes	-1.6	0.6	0.0	2.3	-0.4	-2.3	-2.7	-3.0
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	11.5	10.8	12.1
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>								
Assets								
Fixed assets	16	17	19	22	21	31	31	31
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	37	37	38
Receivables	32	34	32	32	26	39	41	42
Liquid funds	22	12	24	8	48	21	28	36
Total assets	91	86	111	92	135	145	153	165
Liabilities								
Shareholder's equity	50	40	34	23	38	49	59	68
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	57	59
Other interest-free debt	3	16	27	22	27	27	27	27
Total liabilities	91	86	111	92	135	145	153	165
<b>CASH FLOW, EURm</b>								
+ EBITDA	12	1	2	-10	7	18	19	21
- Net financial items	1	0	0	1	0	1	0	0
- Taxes	-1	-1	-1	-1	-1	-2	-3	-3
- Increase in Net Working Capital	10	1	21	-5	30	-28	-3	-1
+/- Other	0	0	0	0	0	0	0	0
= Cash flow from operations	21	2	23	-14	36	-11	13	17
- Capex	-3	-3	-10	-4	-4	-18	-4	-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	-29	9	10
+/- 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	-27	7	8

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	96	84	35	60	79	79	79
Net debt (excl. convertibles)	-5	-14	5	-41	-12	-19	-27
Enterprise value	91	70	40	19	67	60	52
Sales	115	142	158	145	208	204	211
EBITDA	1	2	-10	7	18	19	21
EBIT	-3	-2	-15	2	13	14	15
Pre-tax	-2	-2	-14	2	14	14	15
Earnings	-2	-2	-11	1	11	11	12
Equity book value (excl. minorities)	40	34	23	38	49	59	68
<b>Valuation multiples</b>							
EV/sales	0.8	0.5	0.3	0.1	0.3	0.3	0.2
EV/EBITDA	73.6	33.3	-4.2	2.8	3.7	3.2	2.5
EV/EBITA	-32.6	-32.0	-2.8	10.1	5.1	4.4	3.4
EV/EBIT	-32.6	-32.0	-2.8	10.1	5.1	4.4	3.4
EV/OCF	48.2	3.0	-2.9	0.5	-5.9	4.5	3.1
EV/FCFF	-30.2	4.2	-1.9	0.6	-2.5	6.8	4.9
P/FCFE	-60.7	6.5	-1.9	1.9	-2.7	9.0	7.7
P/E	-52.2	-48.7	-3.1	44.7	6.9	7.3	6.5
P/B	2.4	2.5	1.5	1.6	1.6	1.3	1.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	4.7	4.2	3.4
Target EV/EBIT	0.0	0.0	0.0	0.0	6.6	5.7	4.7
Target EV/FCF	0.0	0.0	0.0	0.0	-3.0	9.0	6.9
Target P/B	0.0	0.0	0.0	0.0	2.0	1.7	1.4
Target P/E	0.0	0.0	0.0	0.0	8.5	9.1	8.1
<b>Per share measures</b>							
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	1.88	1.76	1.97
Operating cash flow per share	0.45	5.50	-3.30	5.86	-1.85	2.17	2.78
Free cash flow per share	-0.37	3.04	-4.24	5.28	-4.77	1.43	1.68
Book value per share	9.52	8.02	5.39	6.27	8.05	9.62	11.19
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	10.6	22.7	35.5
Dividend yield, %	3.5	0.0	0.0	0.8	1.6	3.1	5.4
FCF yield, %	-1.6	15.4	-51.4	53.5	-36.9	11.1	13.0
<b>Efficiency measures</b>							
ROE	-4.1	-4.6	-40.3	4.4	26.2	20.0	19.0
ROCE	-5.4	-4.8	-36.3	4.6	25.3	21.0	20.7
<b>Financial ratios</b>							
Inventories as % of sales	13.1	15.5	10.6	18.1	18.0	18.0	18.0
Receivables as % of sales	29.2	22.3	20.2	17.7	18.5	20.0	20.0
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	-4.5	-3.3	-2.9
Operative CAPEX/sales, %	3.0	7.3	2.5	2.4	8.6	2.2	3.2
CAPEX/sales (incl. acquisitions), %	3.0	7.3	2.5	2.4	8.6	2.2	3.2
FCFF/EBITDA	-2.4	7.9	2.2	4.7	-1.5	0.5	0.5
Net debt/EBITDA, book-weighted	-4.2	-6.5	-0.6	-6.1	-0.6	-1.0	-1.3
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	57.5	62.5	64.8
Gearing, %	-13.0	-40.5	23.6	-108.1	-23.6	-32.6	-39.4

**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	9.756	12.4%
Laakkonen Mikko Kalervo	172,225	2.222	2.8%
eQ Finland Investment Fund	134,368	1.733	2.2%
Mandatum Life Insurance Company Ltd.	132,574	1.710	2.2%
Stephen Industries Inc Oy	129,687	1.673	2.1%
Suominen Pekka Matias	117,329	1.514	1.9%
Siivonen Osku Pekka	106,901	1.379	1.7%
eQ Nordic Small Cap Mutual Fund	106,000	1.367	1.7%
Kirmo Kaisa Marketta	105,421	1.360	1.7%
Mustakallio Mika Tapani	103,678	1.337	1.7%
Ten largest	1,864,433	24.051	30%
Residual	4,255,567	54.897	70%
Total	6,120,000	78.948	100%

#### EARNINGS CALENDAR

October 31, 2024

Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

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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> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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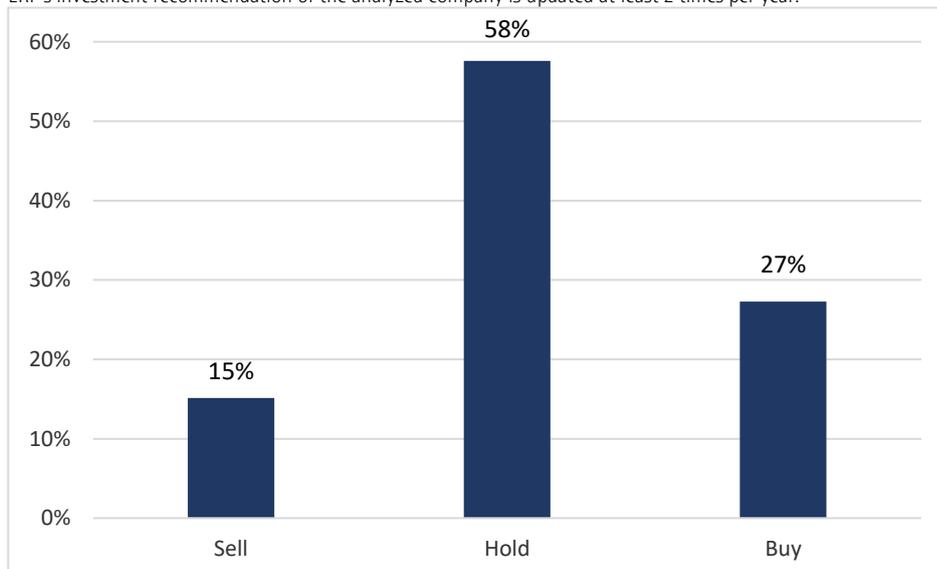
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Investment recommendations are defined as follows:

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

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

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