

Earnings multiples remain low

Raute's Q3 figures were encouraging, and even if FY'26 EBITDA would decline more than we estimate the earnings multiples are still low enough to leave margin for upside.

Wood Processing drove another very strong report

Raute's EUR 43.7m Q3 revenue was EUR 5m below our estimate, due to all the segments, but Wood Processing reached a new record—high 15% EBITDA despite the relatively low revenue; the high profitability lifted Raute's EUR 6.5m comparable EBITDA above our EUR 5.8m estimate even when Services was a bit soft. The project margins of Wood Processing have developed perhaps surprisingly strong, but there's nothing extraordinary happening which couldn't be repeated also in the future. We acknowledge Services has demanding comparison figures since it grew almost 30% last year, and this time it also lacked demand for certain upgrade investments, but it should continue to develop stable next year and generate around 15% EBITDA margin. The EUR 38m order intake was a positive surprise, but Raute would need similar or even higher orders in the coming quarters given the already rather long decline in order book.

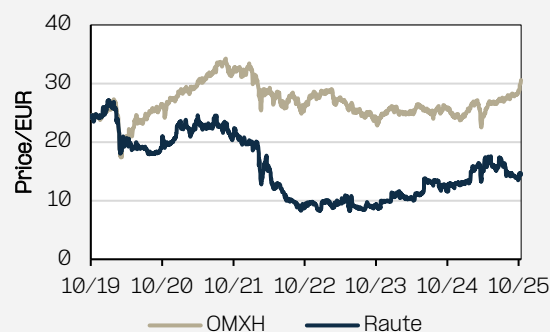
Orders are recovering, and they are also needed soon

Larger mill-sized new orders have been lacking for a while now, so we believe there's a decent chance Raute will book another such project in the coming quarters as the environment seems to be gradually stabilizing. In our view Raute is not yet completely out of the woods when it comes to next year's volume outlook even if European demand in particular is improving; we still expect FY'26 revenue to decline by a double-digit rate due to Wood Processing and hence an EBITDA headwind of some EUR 5m. Raute has taken cost measures which this year's high figures don't yet reflect, so next year's EBITDA is likely to remain at least decent even if it will be hard to continue on the path of earnings growth.

Multiples leave margin for upside even in a soft scenario

We make only small estimate revisions as we still expect Wood Processing FY'26 revenue to decline by roughly 20% and then estimate its EBITDA margin at 11%. The corresponding EUR 20m EBITDA implies Raute is valued about 4.5x EV/EBIT on our FY'26 estimates, which should still be low enough to leave margin even if next year's earnings would decline more than we estimate. We retain our EUR 17.0 TP and BUY rating.

Rating

++ Buy


Share price, EUR (Last trading day's closing price) **15.05**
Target price, EUR 17.0

Latest change in recommendation 04-Feb-25

Latest report on company 16-Oct-25

Research paid by issuer: YES

No. of shares outstanding, '000's 6 040

No. of shares fully diluted, '000's 6 040

Market cap, EURm 91

Free float, % —

Exchange rate —

Reuters code RAUTE.HE

Bloomberg code RAUTE:FH

Average daily volume, EURm 0.1

Next interim report

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++ BUY ++ ACCUMULATE -- REDUCE -- 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
2023	145.4	1.9	1.3%	32.3	0.22	44.7	0.1	10.1	53.6%	0.10
2024	204.6	13.7	6.7%	11.4	1.98	6.6	0.1	2.1	14.2%	0.55
2025E	184.1	17.0	9.2%	-22.3	2.11	7.1	0.4	3.8	-24.6%	0.60
2026E	161.7	14.2	8.8%	6.2	1.95	7.7	0.4	4.4	6.9%	0.70
2027E	169.0	15.2	9.0%	9.6	2.06	7.3	0.3	3.7	10.5%	0.75
Market cap, EURm	91		Gearing 2025E, %		-44.4 %		CAGR EPS 2024-27, %		1.4 %	
Net debt 2025E, EURm	-26		Price/book 2025E		1.5		CAGR Sales 2024-27, %		-6.2 %	
Enterprise value, EURm	65		Dividend yield 2025E, %		4.0 %		ROE 2025E, %		23.5 %	
Total assets 2025E, EURm	134		Tax rate 2025E, %		27.0 %		ROCE 2025E, %		27.7 %	
Goodwill 2025E, EURm	2		Equity ratio 2025E, %		30.7 %		PEG, P/E 25/CAGR		-3.0	

All the important disclosures can be found on the last pages of this report.

Estimates and peer valuation

Raute EURm	2021	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e
Order intake	203	139	316	36	20	15	50	121	15	12	38	41	106
Europe	69	65	204	28	10	6	38	81	7	5	21	20	53
Russia	79	3	0	0	0	0	0	0	0	0	0	0	0
North America	37	51	48	4	7	6	5	22	6	4	14	13	37
Latin America	8	8	58	3	1	2	6	11	2	2	2	5	11
Asia-Pacific	10	11	5	2	2	1	2	7	1	1	1	3	5
Order book	158	84	266	259	223	188	184	184	146	115	108	104	104
Revenue	142	158	145	45	57	46	56	205	52	44	44	45	184
Wood Processing	97	108	92	32	42	32	41	147	38	30	32	31	131
Services	30	36	33	10	11	10	12	42	10	10	9	10	39
Analyzers	15	15	20	3	5	4	4	15	4	4	4	4	14
Europe	35	68	56	17	26	28	42	114	39	33	32	31	134
Russia	70	33	15	0	0	0	0	0	0	0	0	0	0
North America	20	38	44	11	14	12	9	46	10	7	6	7	29
Latin America	8	10	21	14	16	5	3	38	2	3	4	5	13
Asia-Pacific	10	9	9	1	1	1	3	6	2	1	2	2	8
Comparable EBITDA	3	-2	9	3	5	6	5	20	7	7	7	6	26
Wood Processing	-5	-10	0	1	3	4	3	11	6	4	5	4	18
Services	5	6	5	2	2	2	1	7	2	2	1	1	6
Analyzers	4	2	5	0	1	1	1	2	0	0	1	1	2
EBIT	-2	-15	2	1	4	5	3	14	6	2	5	4	17
<i>EBIT margin</i>	-1.6 %	-9.3 %	1.3 %	3 %	7 %	10 %	6 %	6.7 %	11 %	4 %	12 %	9 %	9.2 %

Source: Evli Research

RAUTE PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E		
		25	26	27	25	26	27	25	26	27
Biesse	160	4.7x	3.9x	3.2x	6434.4x	19.4x	12.0x		31.9x	19.5x
Duerr	1388	6.7x	5.3x	4.7x	12.6x	8.3x	7.1x	10.8x	8.2x	6.9x
Glaston	49	4.9x	3.9x	3.5x	11.4x	7.4x	6.0x	9.1x	8.2x	6.4x
Kesla	10		13.6x	6.8x		432.2x	12.4x			11.5x
Konecranes	6725	9.8x	9.3x	8.7x	12.1x	11.2x	10.4x	16.8x	15.2x	13.9x
Ponsse	703	9.5x	8.3x	7.5x	17.0x	13.5x	11.3x	21.7x	17.9x	14.8x
Robit	23	7.2x	5.3x	4.4x	21.6x	10.2x	7.5x	124.0x	12.5x	7.6x
Sandvik	33083	14.3x	12.8x	11.8x	19.1x	16.6x	15.1x	24.1x	20.5x	18.4x
Valmet	5110	8.5x	7.6x	7.1x	11.4x	9.7x	9.0x	13.2x	11.2x	10.2x
Wartsila	16353	15.7x	14.7x	13.4x	18.7x	16.9x	15.3x	27.2x	24.9x	22.5x
Peer Group Average	6360	9.0x	8.5x	7.1x	728.7x	54.6x	10.6x	30.9x	16.7x	13.2x
Peer Group Median	1045	8.5x	7.9x	7.0x	17.0x	12.4x	10.8x	19.2x	15.2x	12.7x
Raute (Evli est.)	91	2.7x	3.1x	2.7x	3.8x	4.4x	3.7x	7.1x	7.7x	7.3x

Raute prem./disc. to peer median

-68 % -61 % -61 % -78 % -65 % -66 % -63 % -49 % -43 %

RAUTE PEER GROUP	Sales 24	Sales gr.			EBIT-%			Div. yield		
		25	26	27	25	26	27	25	26	27
Biesse	822	-18.3%	4.5%	5.8%	0.0 %	1.4 %	2.1 %	0.3 %	0.9 %	0.7 %
Duerr	4314	-1.2%	2.6%	4.4%	3.8 %	5.6 %	6.3 %	3.5 %	4.6 %	5.6 %
Glaston	213	-2.5%	-2.0%	5.7%	3.1 %	4.9 %	5.7 %	6.0 %	6.9 %	8.2 %
Kesla	46	-17.2%	7.9%	12.9%	-4.0 %	0.1 %	3.7 %		1.7 %	3.5 %
Konecranes	3365	25.5%	5.0%	4.8%	13.1 %	13.4 %	13.9 %	2.1 %	2.3 %	2.5 %
Ponsse	755	-4.2%	3.3%	6.6%	6.0 %	7.3 %	8.1 %	2.6 %	2.9 %	3.2 %
Robit	112	-28.2%	6.5%	6.5%	2.4 %	4.7 %	6.0 %		2.7 %	3.6 %
Sandvik	10062	9.4%	7.6%	6.4%	17.6 %	18.8 %	19.5 %	2.1 %	2.3 %	2.5 %
Valmet	5074	3.5%	6.9%	4.4%	10.2 %	11.2 %	11.5 %	5.0 %	5.2 %	5.6 %
Wartsila	5842	19.1%	6.9%	7.3%	11.8 %	12.2 %	12.6 %	1.8 %	2.0 %	2.2 %
Peer Group Average	3061	-1.4%	4.9%	6.5%	6.4 %	8.0 %	9.0 %	2.9 %	3.2 %	3.8 %
Peer Group Median	2094	-1.8%	5.7%	6.1%	4.9 %	6.4 %	7.2 %	2.4 %	2.5 %	3.3 %
Raute (Evli est.)	205	-10.0%	-12.2%	4.5%	9.2 %	8.8 %	9.0 %	4.0 %	4.7 %	5.0 %

Source FactSet, Evli Research

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	15.05 PV of Free Cash Flow	39 Long-term growth, %	2.0 % Risk-free interest rate, %	2.25 %
DCF share value	21.10 PV of Horizon value	37 WACC, %	9.2 % Market risk premium, %	5.8 %
Share price potential, %	40.2 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %	2.8 %
Maximum value	22.1 Marketable securities	58 Minimum WACC, %	8.7 % Equity beta coefficient	1.25
Minimum value	20.2 Debt – dividend	–6 Maximum WACC, %	9.7 % Target debt ratio, %	20 %
Horizon value, %	48.8 % Value of stock	127 No. of shares, Mn	6.0 Effective tax rate, %	18 %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	205	184	162	169	175	178	182	187	191	195	199	203
Sales growth (%)	40.7%	10.0%	–12.2%	4.5%	3.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.0%	2.0%
Operating income (EBIT)	14	17	14	15	15	16	16	17	17	18	18	18
Operating income margin %	6.7%	9.2%	8.8%	9.0%	8.5%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
+ Depreciation+amort.	5	7	6	6	6	6	6	5	4	3	3	
EBITDA	19	24	20	21	21	22	23	21	21	21	21	
– Paid taxes	0	–5	–3	–3	–3	–3	–3	–3	–3	–4	–4	
– Change in NWC	–6	–40	–2	–2	–1	–1	–1	–1	–1	–1	–1	
NWC / Sales, %	–15.6%	4.5%	6.3%	7.1%	7.6%	8.0%	8.4%	8.8%	9.1%	9.5%	9.8%	
+ Change in other liabs	0											
– Operative CAPEX	–3	–2	–10	–6	–6	–6	–3	–3	–3	–3	–11	
opCAPEX / Sales, %	1.3%	0.8%	5.8%	3.9%	3.8%	3.7%	1.8%	1.8%	1.7%	1.7%	5.5%	
– Acquisitions												
+ Divestments												
– Other items												
= FCFF	9	–23	5	10	10	11	15	14	13	13	6	82
= Discounted FCFF		–23	4	8	7	8	10	8	7	6	3	37
= DFCF min WACC		–23	5	8	8	8	10	8	7	7	3	41
= DFCF max WACC		–23	4	8	7	8	9	8	7	6	2	33

Sensitivity analysis, EUR

		Terminal WACC				
		7.17 %	8.17 %	9.17 %	10.17 %	11.17 %
Terminal EBIT–%	7.00 %	19.11	17.88	16.90	16.09	15.40
	8.00 %	22.55	20.53	19.00	17.79	16.79
	9.00 %	25.99	23.18	21.10	19.48	18.18
	10.00 %	29.44	25.83	23.19	21.17	19.56
	11.00 %	32.88	28.48	25.29	22.86	20.95

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Net sales	44.7	57.1	46.3	56.5	204.6	51.9	43.8	43.6	44.8	184.1	161.7	169.0
EBITDA	2.9	5.3	6.2	4.8	19.1	7.3	4.5	6.3	5.5	23.5	19.8	20.7
EBITDA margin (%)	6.4%	9.2%	13.4%	8.5%	9.4%	14.0%	10.2%	14.4%	12.3%	12.8%	12.2%	12.3%
EBIT	1.5	3.9	4.8	3.5	13.7	5.9	1.9	5.1	4.1	17.0	14.2	15.2
EBIT margin (%)	3.3%	6.9%	10.4%	6.2%	6.7%	11.3%	4.4%	11.7%	9.2%	9.2%	8.8%	9.0%
Net financial items	0.2	0.6	0.4	0.3	1.4	-0.1	0.4	0.0	0.2	0.5	0.8	
Pre-tax profit	1.6	4.6	5.2	3.8	15.1	5.8	2.3	5.1	4.3	17.5	15.0	15.2
Tax	-0.4	-1.1	-0.7	-0.8	-3.0	-1.5	-1.1	-1.2	-0.9	-4.7	-3.2	-2.7
Tax rate (%)	21.7%	25.1%	13.9%	21.5%	20.0%	26.8%	47.9%	22.9%	20.9%	27.0%	21.3%	18.0%
Net profit	1.3	3.4	4.5	3.0	12.1	4.2	1.2	3.9	3.4	12.8	11.8	12.5
EPS	0.21	0.56	0.73	0.48	1.98	0.70	0.20	0.65	0.56	2.11	1.95	2.06
EPS adj. (diluted)	0.21	0.56	0.73	0.48	1.98	0.70	0.20	0.65	0.56	2.11	1.95	2.06
Dividend per share					0.55					0.60	0.70	0.75
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Wood Processing	32.0	41.8	32.2	41.2	147.2	37.9	30.4	31.6	30.8	130.7	107.2	112.5
Services	9.8	10.8	9.9	11.6	42.1	10.3	9.9	8.5	10.3	39.0	39.8	41.0
Analyzers	2.9	4.5	4.2	3.7	15.3	3.7	3.5	3.5	3.7	14.4	14.8	15.5
Total	44.7	57.1	46.3	56.5	204.6	51.9	43.8	43.6	44.8	184.1	161.7	169.0
SALES GROWTH, Y/Y%	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Wood Processing	31.2%	140.2%	49.8%	41.6%	59.3%	18.4%	-27.3%	-1.9%	-25.2%	-11.2%	-18.0%	5.0%
Services	18.1%	66.1%	25.3%	12.6%	27.6%	5.1%	-8.3%	-14.1%	-11.2%	-7.4%	2.0%	3.0%
Analyzers	-29.3%	-18.2%	-8.7%	-36.2%	-23.5%	27.6%	-22.2%	-16.7%		-5.9%	2.5%	5.0%
Total	21.5%	94.2%	36.2%	25.0%	40.7%	16.1%	-23.3%	-5.8%	-20.7%	-10.0%	-12.2%	4.5%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Total	1.5	3.9	4.8	3.5	13.7	5.9	1.9	5.1	4.1	17.0	14.2	15.2
Total	1.5	3.9	4.8	3.5	13.7	5.9	1.9	5.1	4.1	17.0	14.2	15.2
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total	3.3%	6.9%	10.4%	6.2%	6.7%	11.3%	4.4%	11.7%	9.2%	9.2%	8.8%	9.0%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	115.0	142.2	158.3	145.4	204.6	184.1	161.7	169.0
<i>Sales growth (%)</i>	-24.0%	23.7%	11.3%	-8.2%	40.7%	-10.0%	-12.2%	4.5%
EBITDA	1.2	2.1	-9.6	6.8	19.1	23.5	19.8	20.7
<i>EBITDA margin (%)</i>	1.1%	1.5%	-6.1%	4.7%	9.4%	12.8%	12.2%	12.3%
Depreciation	-4.0	-4.3	-5.0	-4.9	-5.4	-6.5	-5.6	-5.5
EBITA	-2.8	-2.2	-14.6	1.9	13.7	17.0	14.2	15.2
Goodwill amortization / writedown								
EBIT	-2.8	-2.2	-14.6	1.9	13.7	17.0	14.2	15.2
<i>EBIT margin (%)</i>	-2.4%	-1.6%	-9.2%	1.3%	6.7%	9.2%	8.8%	9.0%
Reported EBIT	-2.8	-2.2	-14.6	1.9	13.7	17.0	14.2	15.2
<i>EBIT margin (reported) (%)</i>	-2.4%	-1.6%	-9.2%	1.3%	6.7%	9.2%	8.8%	9.0%
Net financials	0.3	0.5	0.8	-0.1	1.4	0.5	0.8	
Pre-tax profit	-2.5	-1.7	-13.8	1.8	15.1	17.5	15.0	15.2
Taxes	0.6		2.3	-0.4	-3.0	-4.7	-3.2	-2.7
Minority shares								
Net profit	-1.8	-1.7	-11.5	1.4	12.1	12.8	11.8	12.5
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	17	19	22	21	19	15	19	20
Goodwill	2	2	2	2	2	2	2	2
Right of use assets	6	10	7	6	6	5	5	5
Inventory	15	22	17	26	24	31	34	35
Receivables	34	32	32	26	25	46	40	42
Liquid funds	12	24	8	48	58	31	33	39
Total assets	86	111	92	135	136	134	137	147
Liabilities								
Shareholders' equity	40	34	23	38	50	59	67	76
Minority interest								
Convertibles								
Lease liabilities	4	8	6	7	6	5	5	5
Deferred taxes			0	0	0	0	0	0
Interest bearing debt	2	2	7					
Non-interest bearing current liabilities	23	39	34	63	50	39	34	35
Other interest-free debt	16	27	22	27	30	30	30	30
Total liabilities	86	111	92	135	136	134	137	147
CASH FLOW, EURm								
+ EBITDA	1	2	-10	7	19	24	20	21
- Net financial items	0	0	1	0	1	0	1	
- Taxes	-1	-1	-1	-1	-1	-5	-3	-3
- Increase in Net Working Capital	1	21	-5	30	-6	-40	-2	-2
+/- Other								
= Cash flow from operations	2	23	-14	36	14	-21	16	16
- Capex	-3	-10	-4	-4	-3	-1	-9	-7
- Acquisitions								
+ Divestments								
= Free cash flow	-2	13	-18	32	11	-22	6	10
+/- New issues/buybacks	-1	-1	0	14	0			
- Paid dividend	3			1	3	4	4	5
+/- Other	-2	5	1	-6	-1	0	-1	0
Change in cash	-11	13	-17	40	9	-26	2	6

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	84	35	60	80	91	91	91
Net debt (excl. convertibles)	-14	5	-41	-52	-26	-29	-34
Enterprise value	70	40	19	28	65	62	57
Sales	142	158	145	205	184	162	169
EBITDA	2	-10	7	19	24	20	21
EBIT	-2	-15	2	14	17	14	15
Pre-tax	-2	-14	2	15	17	15	15
Earnings	-2	-11	1	12	13	12	12
Equity book value (excl. minorities)	34	23	38	50	59	67	76

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	0.5	0.3	0.1	0.1	0.4	0.4	0.3
EV/EBITDA	33.3	-4.2	2.8	1.5	2.7	3.1	2.7
EV/EBITA	-32.0	-2.8	10.1	2.1	3.8	4.4	3.7
EV/EBIT	-32.0	-2.8	10.1	2.1	3.8	4.4	3.7
EV/OCF	3.0	-2.9	0.5	2.0	-3.1	4.0	3.5
EV/FCF	4.2	-1.9	0.6	3.0	-2.8	12.5	5.8
P/FCFR	6.5	-1.9	1.9	7.0	-4.1	14.6	9.5
P/E	-48.7	-3.1	44.7	6.6	7.1	7.7	7.3
P/BV	2.5	1.5	1.6	1.6	1.5	1.4	1.2
Target EV/EBITDA					3.3	3.7	3.3
Target EV/EBIT					4.5	5.2	4.5
Target EV/FCFF					-3.4	11.9	7.2
Target P/BV					1.7	1.5	1.4
Target P/E, diluted	-50.8	-3.8	35.2	7.2	8.0	8.7	8.2

Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)	4.25	4.25	6.12	6.12	6.04	6.04	6.04
Number of shares (diluted, million)	4.25	4.25	6.12	6.12	6.04	6.04	6.04
EPS	-0.41	-2.70	0.22	1.98	2.11	1.95	2.06
Operating cash flow per share	5.50	-3.30	5.86	2.31	-3.46	2.59	2.68
Free cash flow per share	3.04	-4.24	5.28	1.87	-3.70	1.03	1.58
Book value per share	8.02	5.39	6.27	8.12	9.78	11.14	12.50
Dividend per share			0.10	0.55	0.60	0.70	0.75
Dividend payout ratio, %			45.3%	27.8%	28.4%	35.8%	36.3%
Dividend yield, %			1.0%	3.7%	4.0%	4.7%	5.0%
FCF yield, %	15.4%	-51.4%	53.6%	14.2%	-24.6%	6.9%	10.5%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	-4.6%	-40.3%	4.4%	27.5%	23.5%	18.7%	17.5%
ROCE	-4.8%	-36.3%	4.6%	27.4%	27.7%	20.9%	20.0%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	15.5%	10.6%	18.1%	11.5%	17.0%	21.0%	21.0%
Receivables as % of sales	22.3%	20.2%	17.8%	12.2%	25.0%	25.0%	25.0%
Non-int. bearing liabilities as % of sales	27.1%	21.4%	43.1%	24.4%	21.0%	21.0%	21.0%
NWC/sales, %	-8.3%	-4.6%	-25.9%	-15.6%	4.5%	6.3%	7.1%
Operative CAPEX/Sales, %	7.4%	2.5%	2.4%	1.3%	0.8%	5.8%	3.9%
CAPEX/sales (incl. acquisitions), %	7.4%	2.5%	2.4%	1.3%	0.8%	5.8%	3.9%
FCFF/EBITDA	7.9	2.2	4.7	0.5	-1.0	0.3	0.5
Net Debt/EBITDA, book-weighted	-6.5	-0.6	-6.1	-2.7	-1.1	-1.5	-1.6
Debt/equity, market-weighted	0.0	0.2					
Equity ratio, book-weighted	0.3	0.4	0.5	0.6	0.8	0.9	0.9
Gearing, %	-40.5%	23.6%	-108.1%	-104.4%	-44.4%	-42.8%	-45.2%

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	11.382	12.5 %
Laakkonen Mikko Kalervo	172 225	2.592	2.9 %
eQ Finland Investment Fund	134 368	2.022	2.2 %
Mandatum Life Insurance Company Ltd.	132 574	1.995	2.2 %
Stephen Industries Inc Oy	129 687	1.952	2.1 %
Suominen Pekka Matias	117 329	1.766	1.9 %
Siivonen Osku Pekka	106 901	1.609	1.8 %
eQ Nordic Small Cap Mutual Fund	106 000	1.595	1.8 %
Kirmo Kaisa Marketta	105 421	1.587	1.7 %
Mustakallio Mika Tapani	103 678	1.560	1.7 %
Ten largest	1 864 433	28.060	30.9 %
Residual	4 175 567	62.842	69.1 %
Total	6 040 000	90.902	100%

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Mika Saariaho
CFO: Ville Halttunen
IR:

Rautatie 2, FI-15550 Nastola
Tel: +358 3 82911

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 $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	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 rate per year
ROE, % $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

Important Disclosures

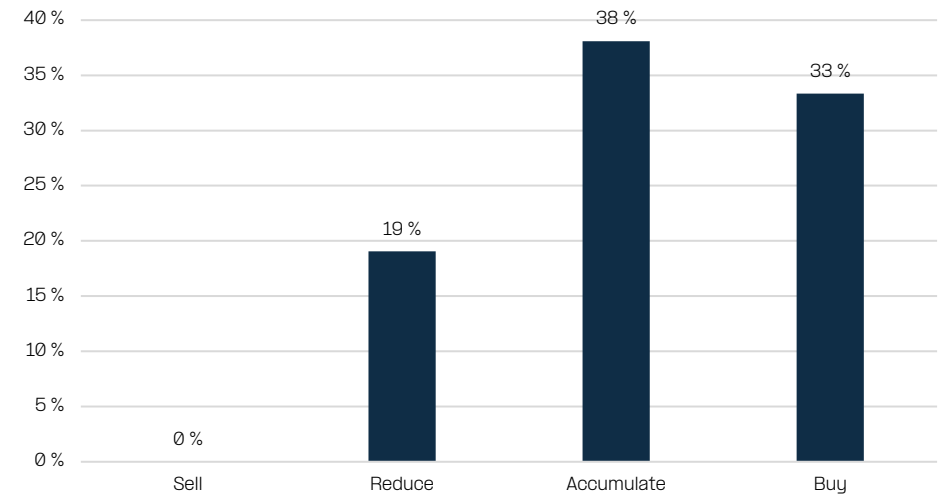
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 - 0 %	RECUDE
0 - (+10) %	ACCUMULATE
> 10 %	BUY

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

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