

Q3/2023

Interim report

January-September

Mika Saariaho, President and CEO
Ville Halttunen, CFO
October 26, 2023



Content

- **Highlights and Group performance**
- **Segment performance**
- **Cash flow, financial position and key figures**
- **Outlook 2023**



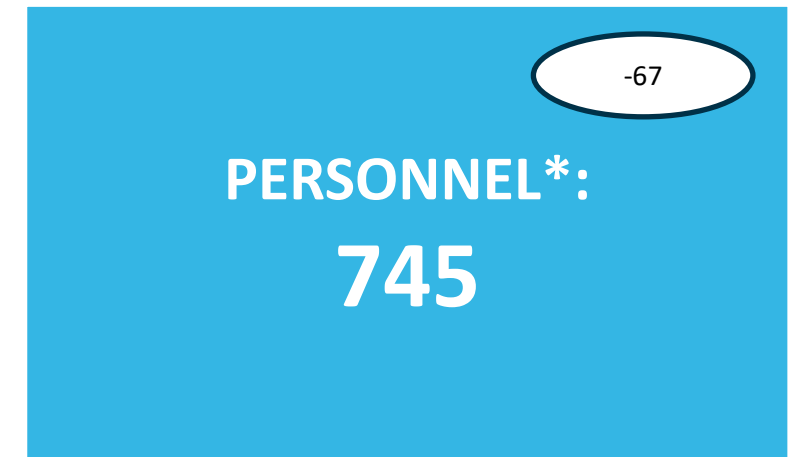
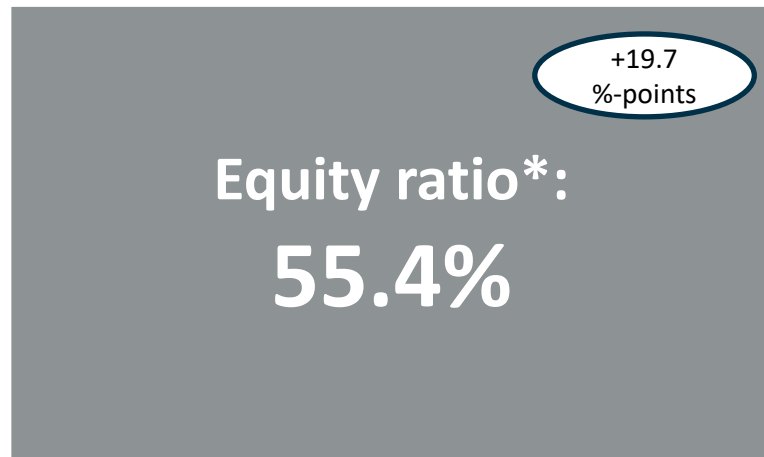
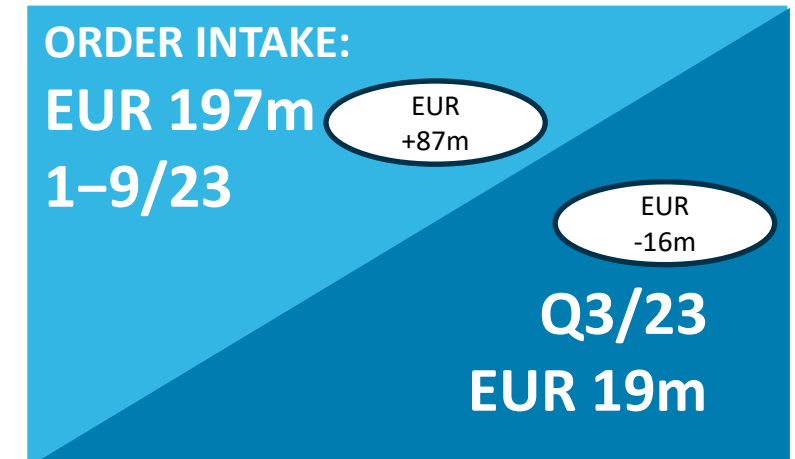
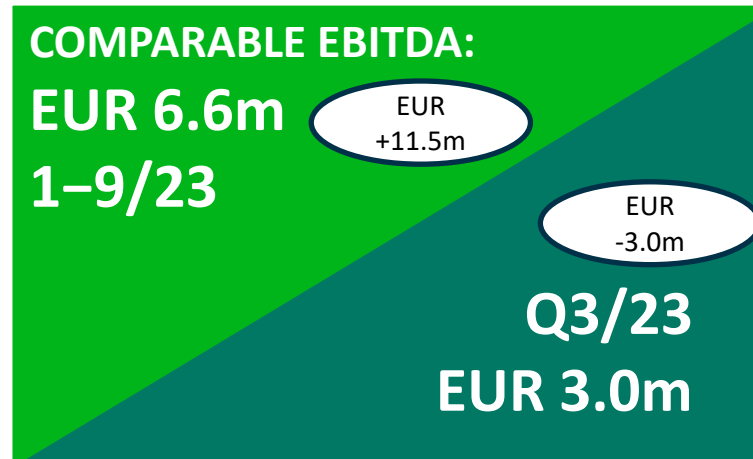
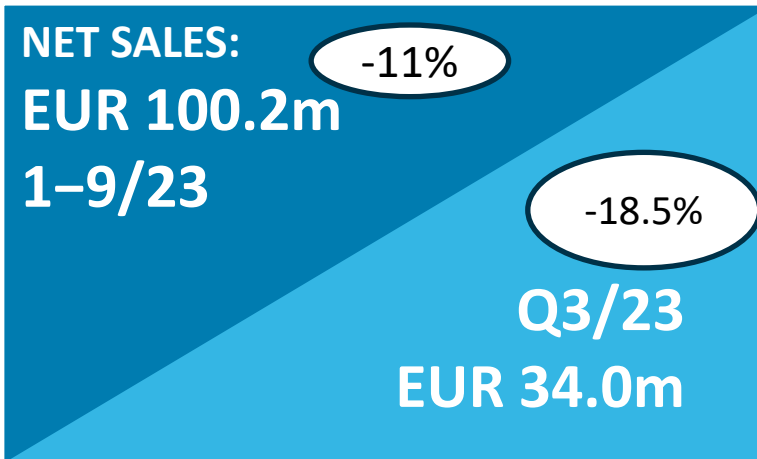
Where are we now

- ✓ Profitability improvement continued in Q3/23
 - Supported by the profit improvement program
- ✓ Near record-high order backlog, slowness in net sales development due to the structure of the order book and implementation of the ERP system
 - Order intake of EUR 19m in Q3/23 and order backlog at EUR 192m, supporting further business development going forward
 - Short-term market uncertainty has increased, impacting the demand for single production lines and spare parts
- ✓ Proceeding with growth strategy implementation at full speed
 - Profitability improvement program on track
 - Driving ESG agenda and expanding portfolio
 - Focus on realizing benefits of the new ERP



Highlights of 1–9/23 and Q3/23

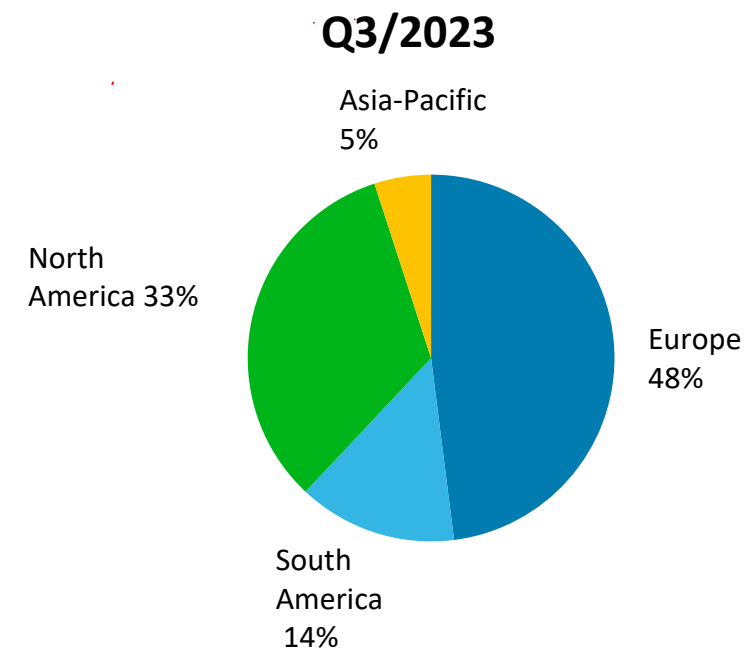
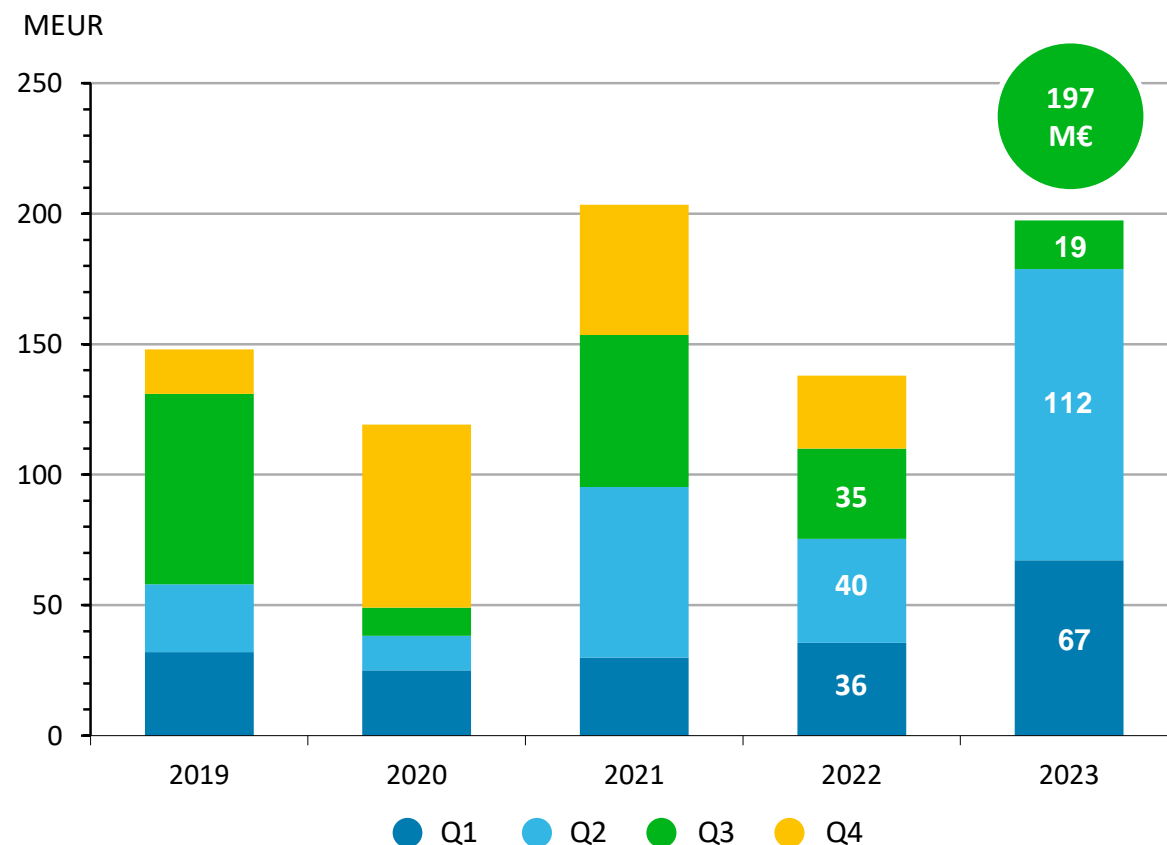
Good profitability development, near record-high order backlog



*at the end of reporting period

Order intake

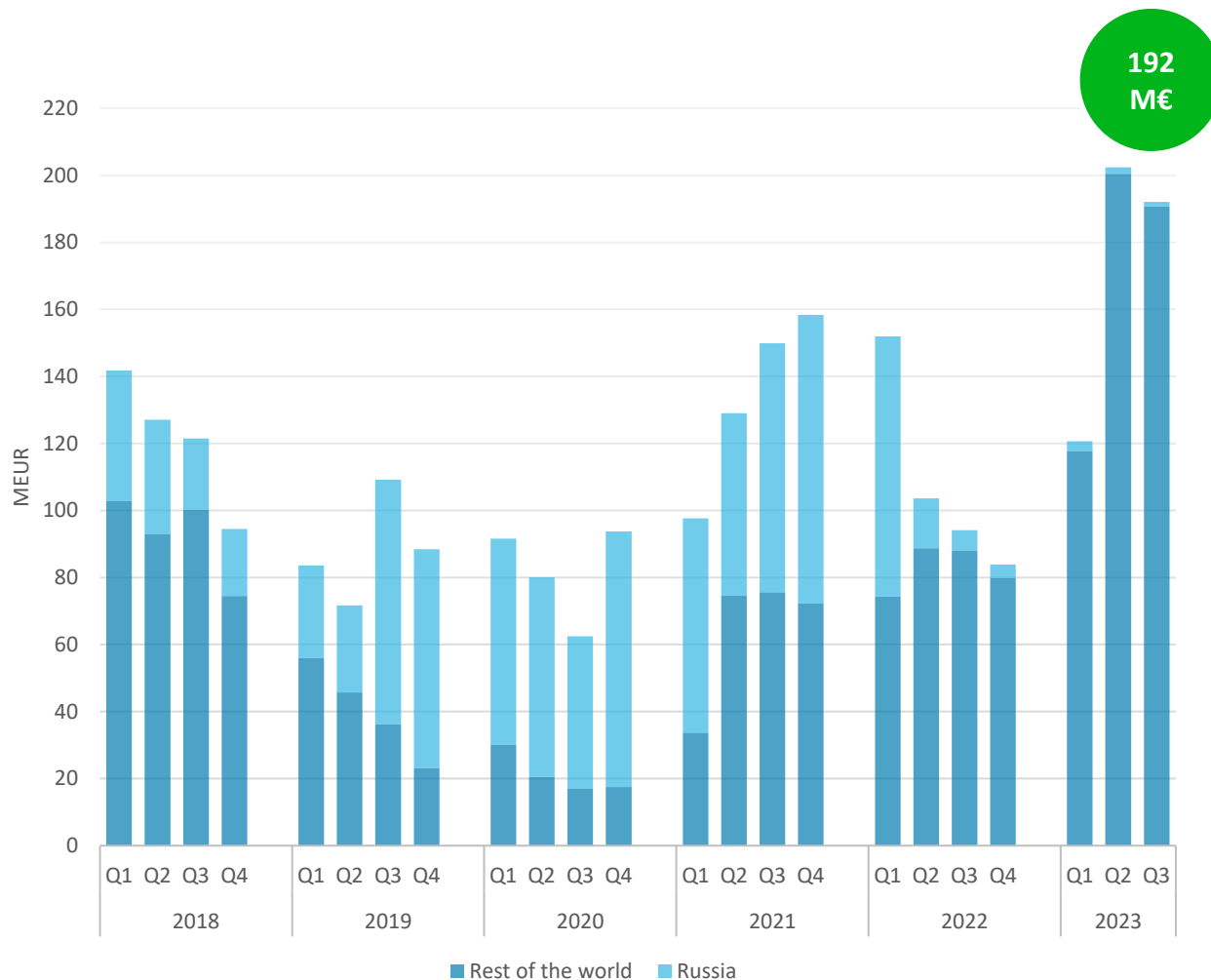
Order intake of EUR 19 million in Q3/23, mainly consisted of after-sales and modernization projects



- Some orders postponed to Q4/23
- Three mill-sized orders YTD 2023

Order book

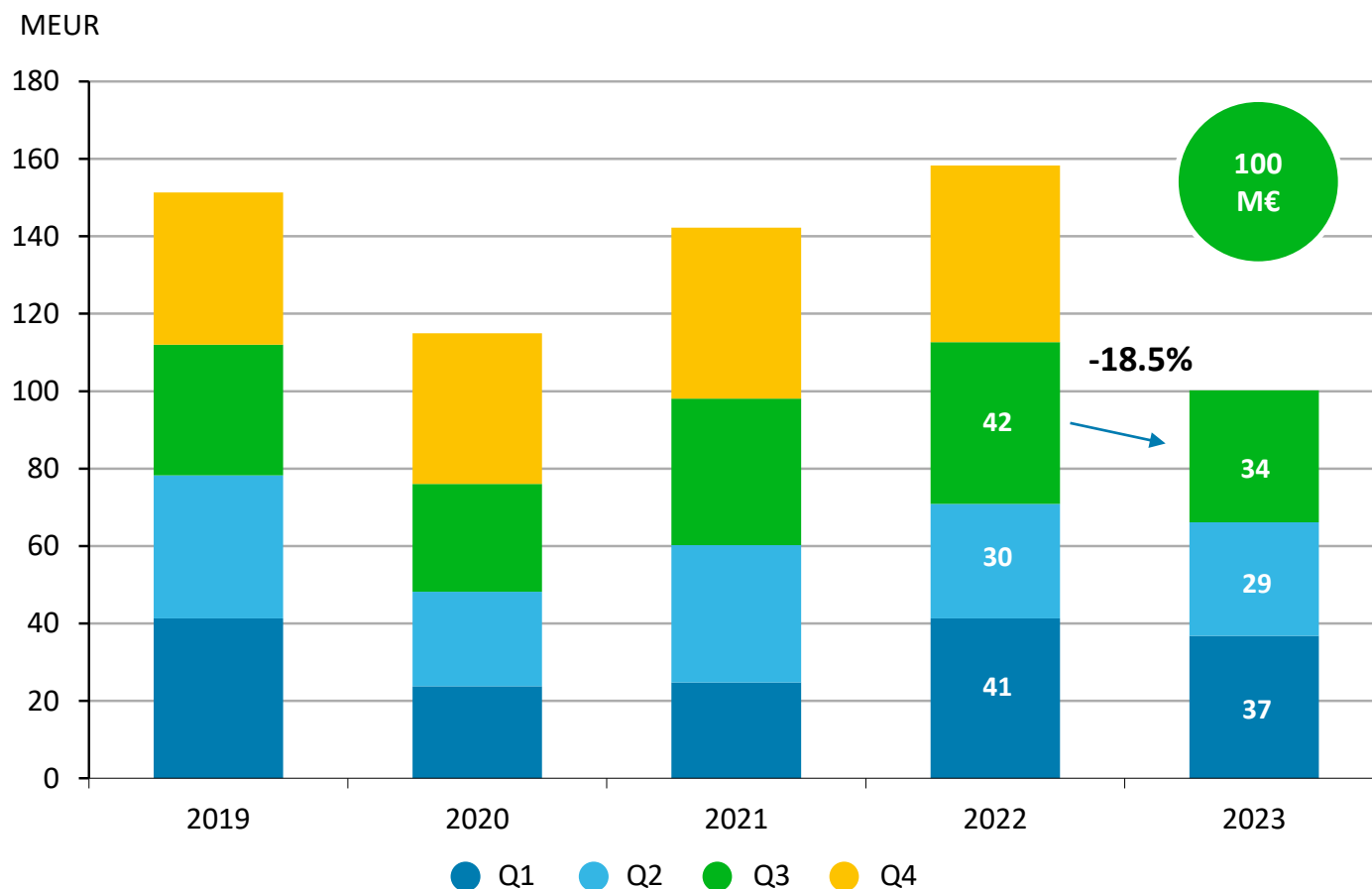
Near record-high order book of EUR 192m at the end of Q3/23



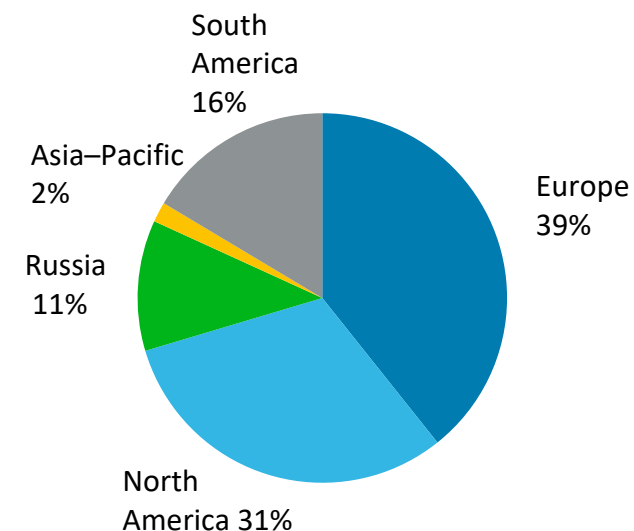
- Three mill-sized orders received during 1–9/23: Lumin, Latvias Finiers and Thebault
- Slowdown in the construction industry reducing demand for softwood and hardwood plywood
- Market uncertainty impacting demand for single production lines and for spare parts
- Continued interest in Raute's technology for mill-sized projects and modernizations
- Remaining order book from Russia EUR 1.4 (6) million

Net sales

Net sales EUR 34m in Q3/23, down 18.5% y-o-y, impacted by the structure of the order book



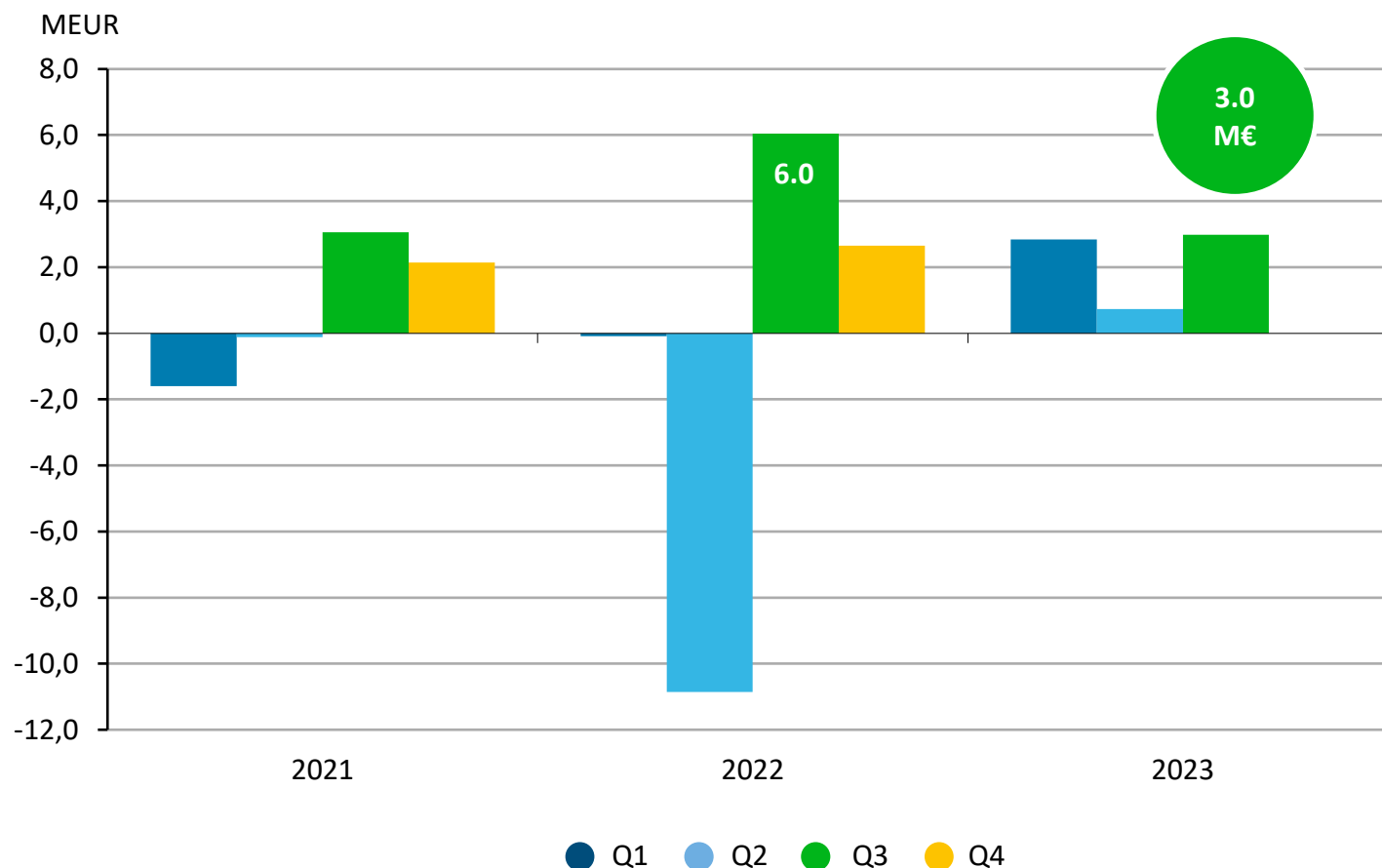
Q3/2023



- Structure of the order backlog weighted towards mill-sized delivery projects, resulting in revenue recognition taking place later than in equipment deliveries and service business
- Inefficiencies caused by the implementation of the new ERP system

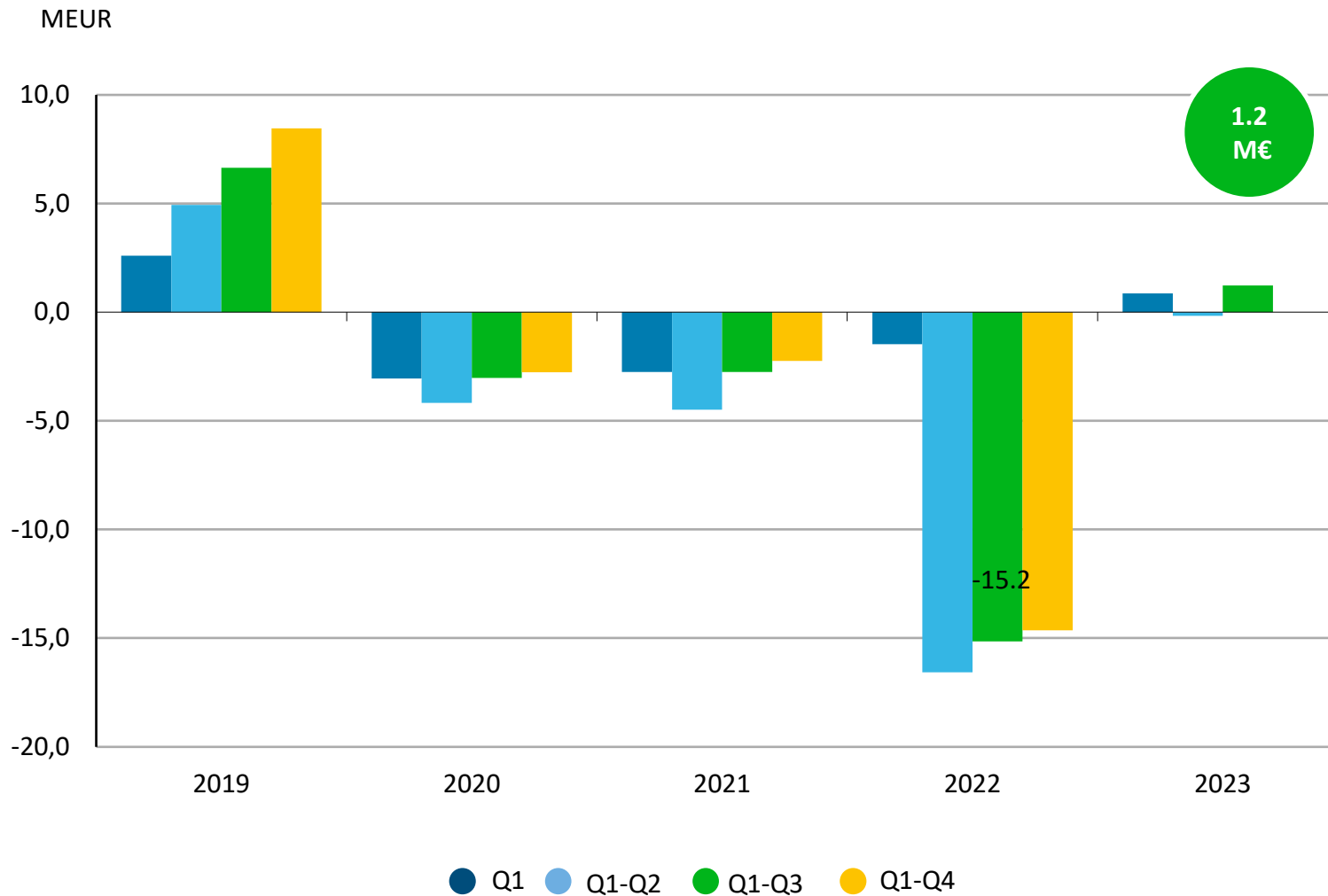
Comparable EBITDA

Comparable EBITDA EUR 3.0m in Q3/23, supported by the profit improvement program



- Comparable EBITDA EUR 3.0m (6.0) and margin 8.8% in Q3/23
 - Supported by the savings from the profit improvement program
 - The comparison figure positively impacted by the release of some provisions related to the winding down of the Russian operations
- Items affecting comparability (IACs) amounted to EUR -0.3m
 - Costs related to the new ERP

Operating profit (YTD)

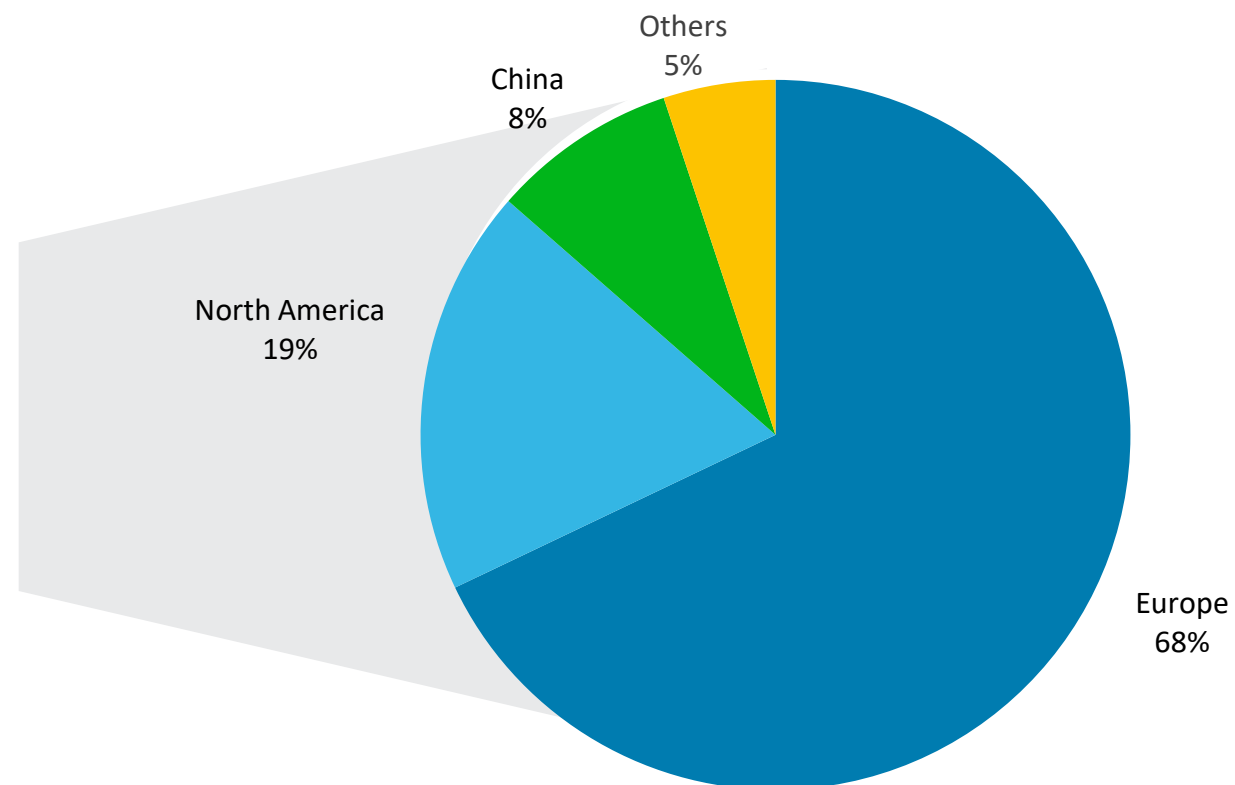
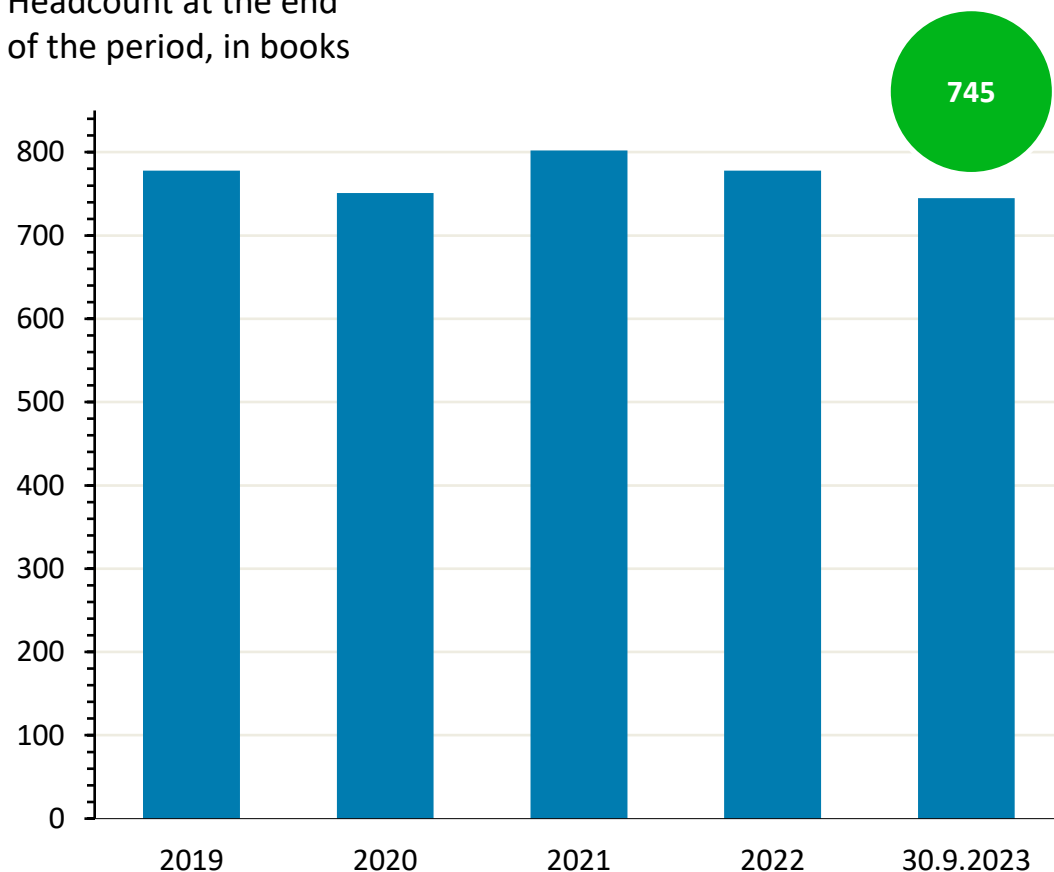


- 1-9/23 operating profit EUR 1.2m (-15.2)
- Comparison period heavily impacted by the wind-down of the Russian operations

Personnel

Decline due to the personnel reductions carried out in late 2022 as part of the profit improvement program

Headcount at the end
of the period, in books



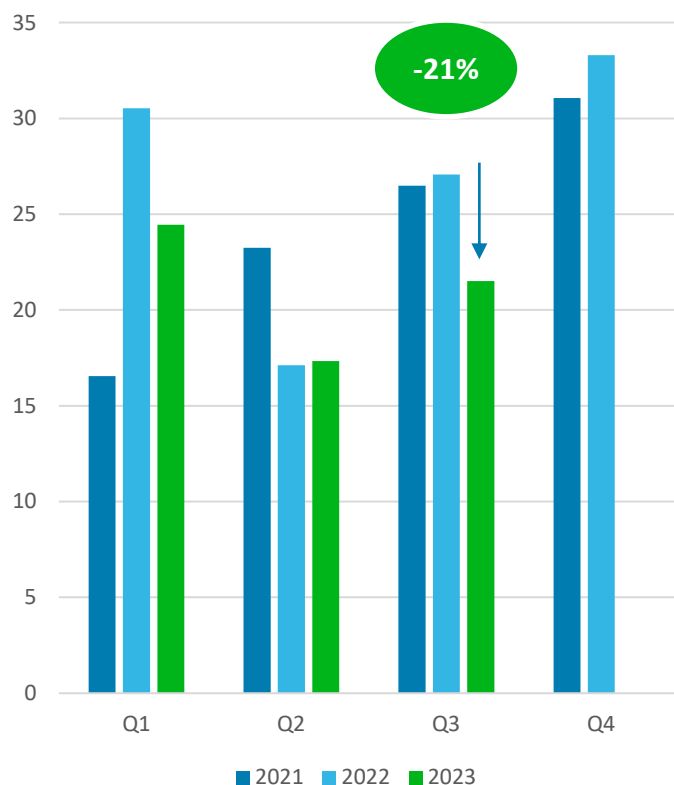
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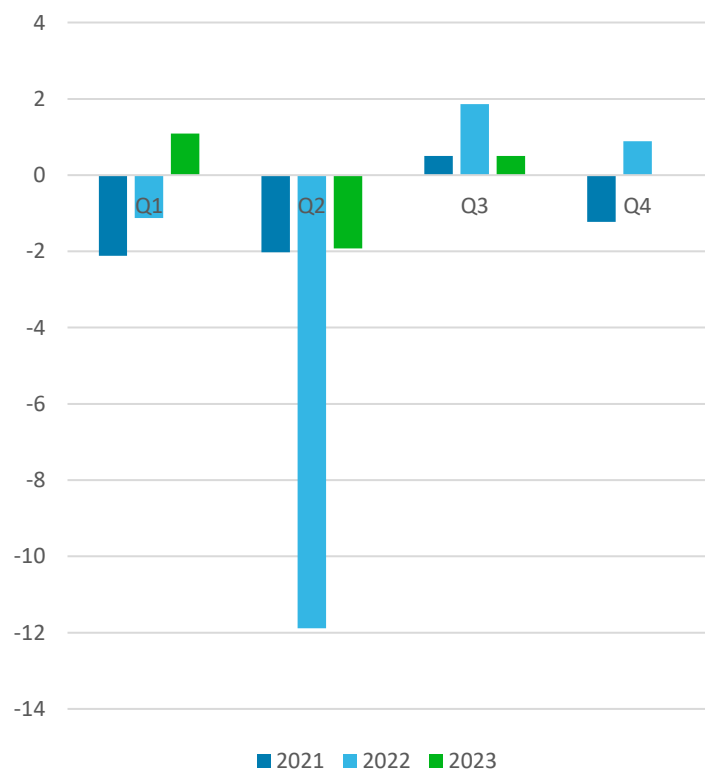


Wood processing

Net Sales



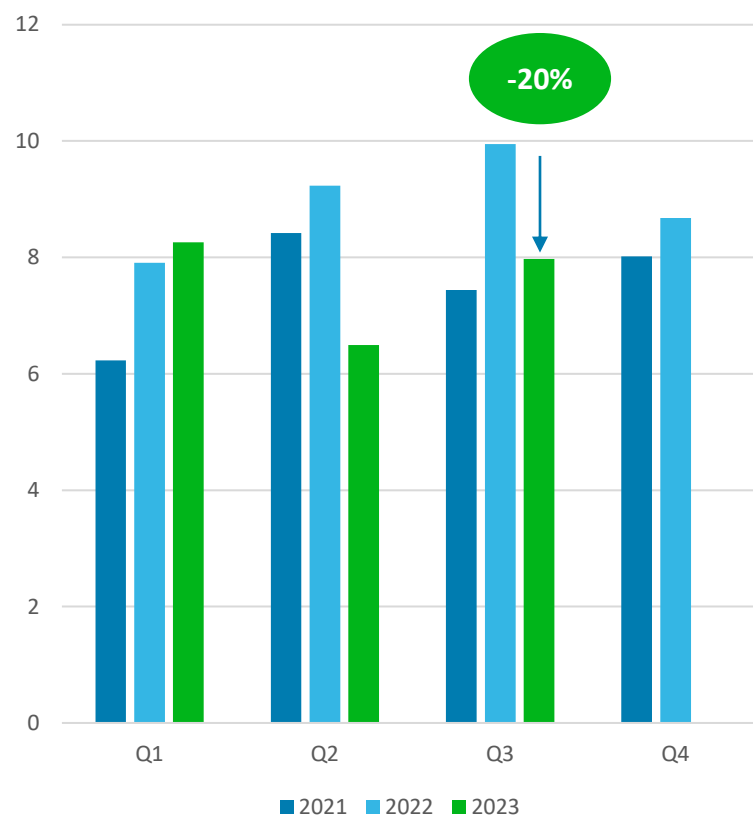
Comparable EBITDA



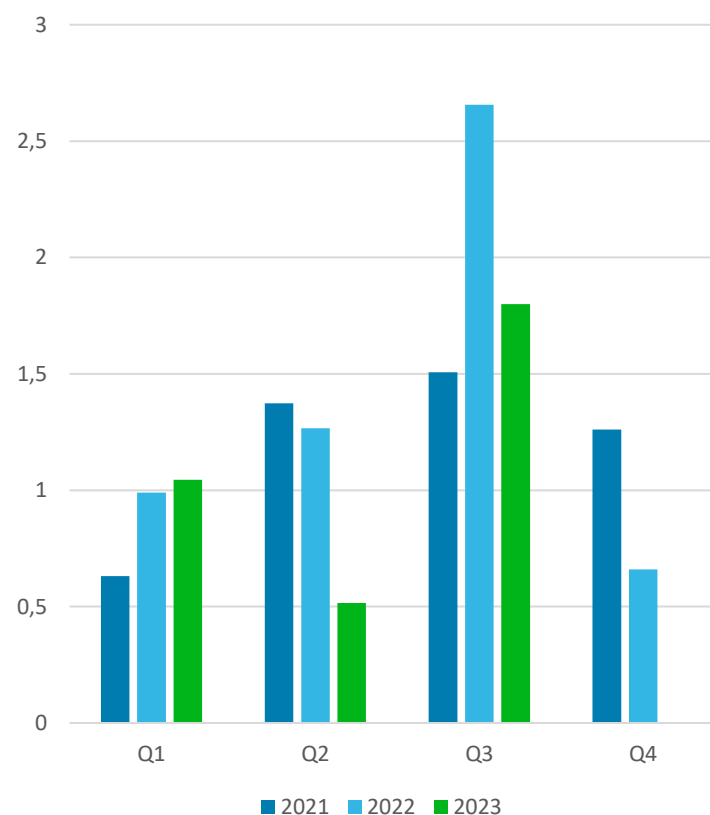
- Net sales EUR 21.5m in Q3/23, down by 20.6% y-o-y
 - Structure of the order backlog weighted towards mill-sized delivery projects, resulting in revenue recognition taking place later than in equipment deliveries and service business
 - Implementation of the new ERP system had a negative impact on sales volumes
- Comparable EBITDA EUR 0.5m (1.9)
 - Mainly due to lower sales
 - The comparison figure positively impacted by the release of some provisions related to the winding down of the Russian operations

Services

Net Sales



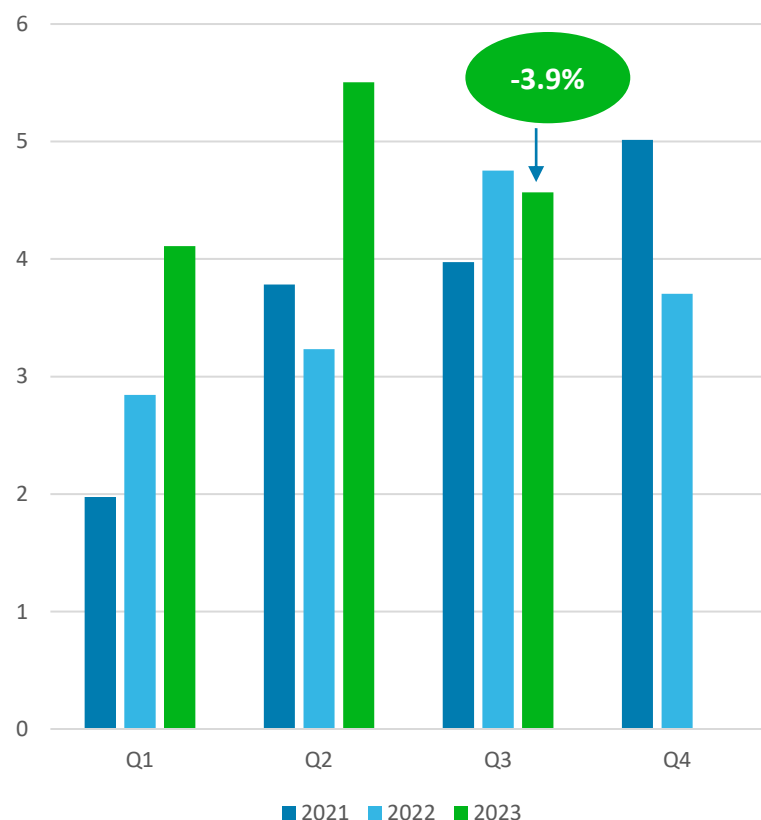
Comparable EBITDA



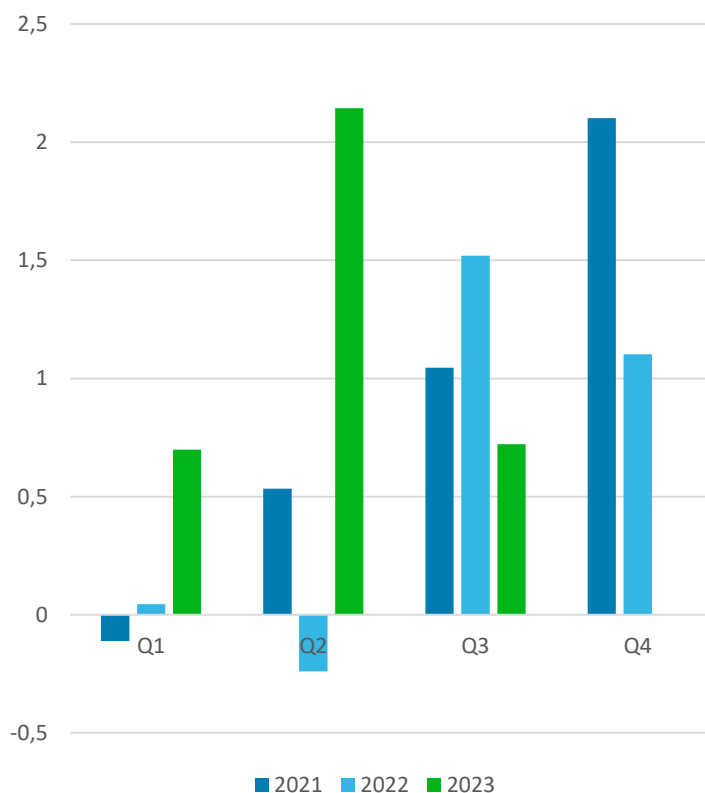
- Net sales EUR 8.0m in Q3/23, down by 19.9% y-o-y
 - Lower demand and some delays in deliveries caused by the ERP implementation
- Comparable EBITDA EUR 1.8m (2.7)
 - Profitability negatively impacted by lower sales

Analyzers

Net Sales



Comparable EBITDA



- Net sales EUR 4.6m in Q3/23, down by 3.9% y-o-y
 - Slight decline after record-high net sales in Q2/23
 - Demand good in EMEA and good activity continued also in North America
- Comparable EBITDA EUR 0.7m (1.5)
 - Partially due to product mix variations
 - The comparison figure positively impacted by the release of some provisions related to the winding down of the Russian operations

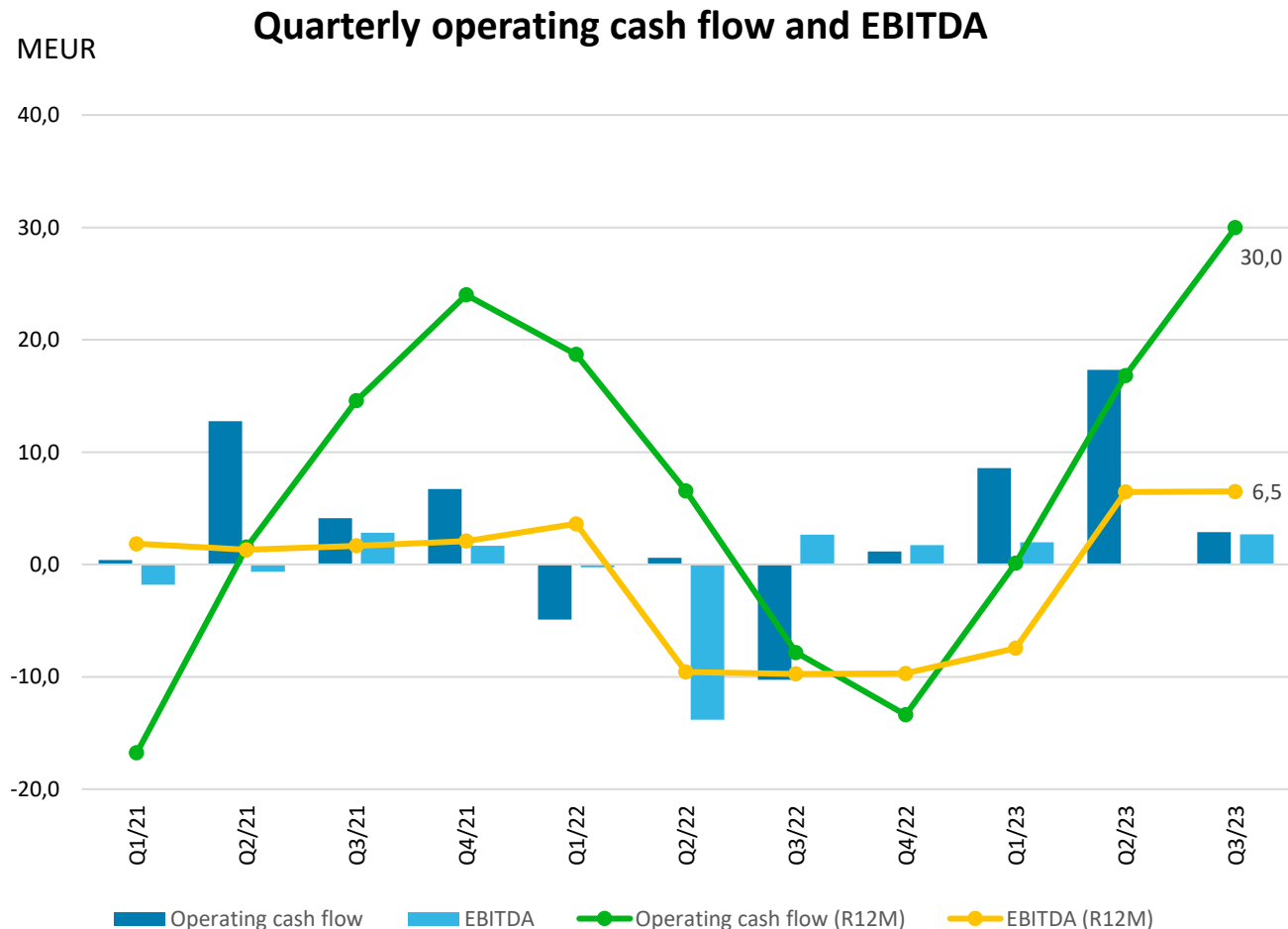
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Quarterly cash flow and EBITDA

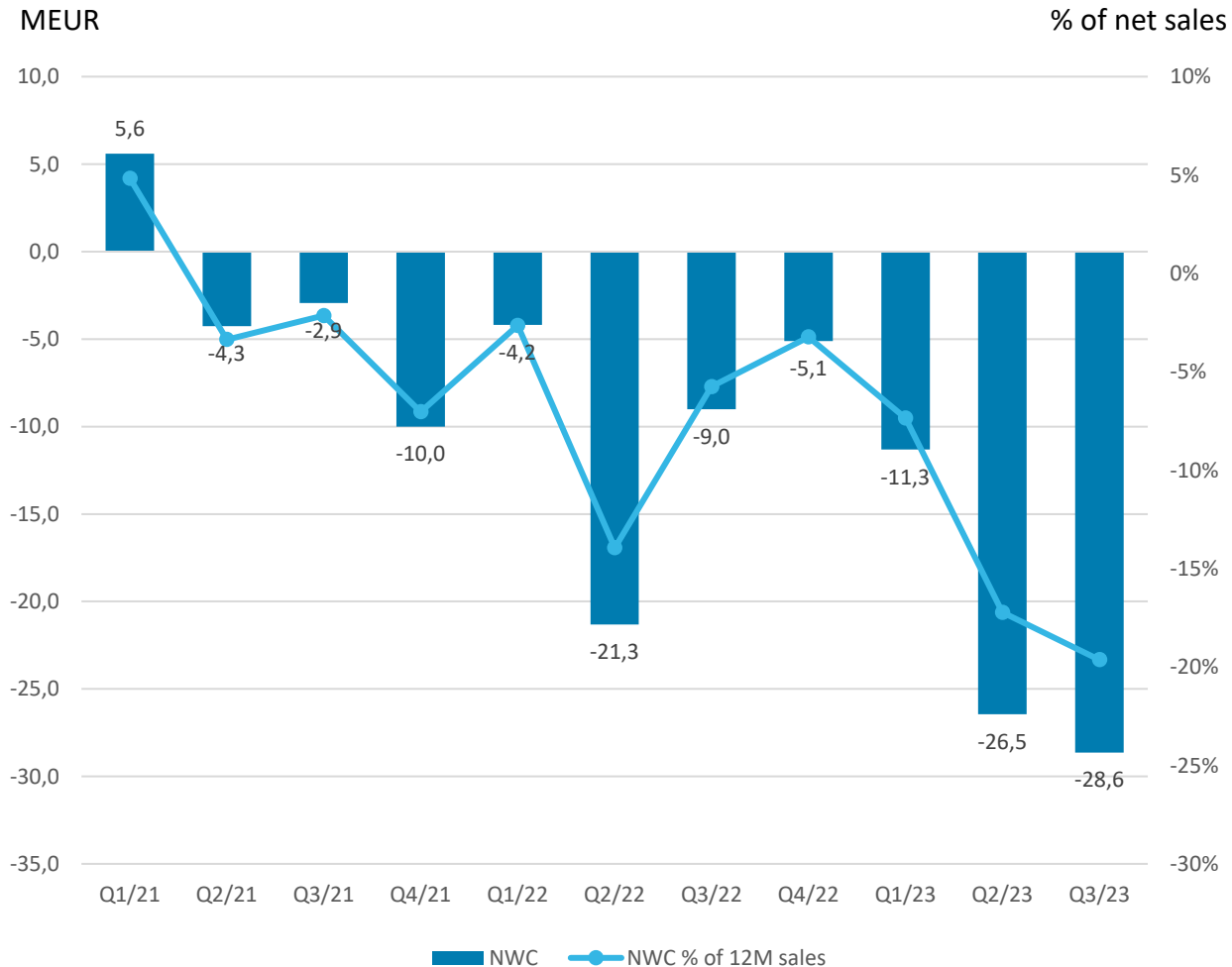
Strong operating cash flow EUR 28.8m in 1–9/23, supported by new orders



- Q3/23 operating cash flow EUR 2.9m (-10.2) in Q3/23
 - EBITDA amounted to EUR 2.7m (2.6)
 - During the comparison period net working capital tied more capital
- 1–9/23 operating cash flow EUR 28.8m (-14.5)
 - EBITDA amounted to EUR 4.8m (-11.1)
 - Supported by prepayments related to orders received
- R12M operating cash flow EUR 30.0m
 - EBITDA EUR 6.5m

Net working capital

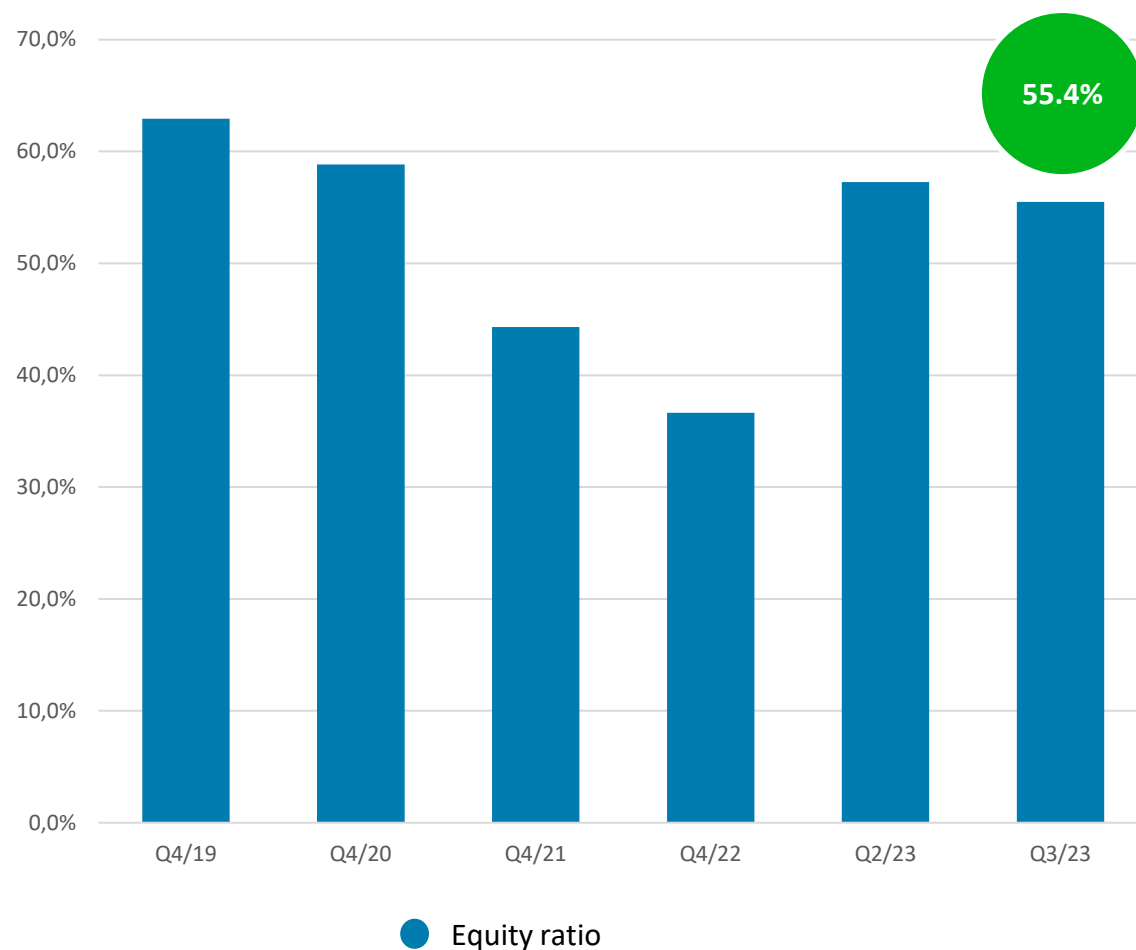
Net working capital at EUR -28.6m at the end of Q3/23



- Net working capital EUR -28.6m (-21.3) at the end of Q3/23
 - NWC change during Q3/23 EUR -2.1m (12.3)
 - NWC improved EUR 23.5m during 1–9/23
 - Customer prepayments related to orders received during 1–9 improving NWC

Equity ratio

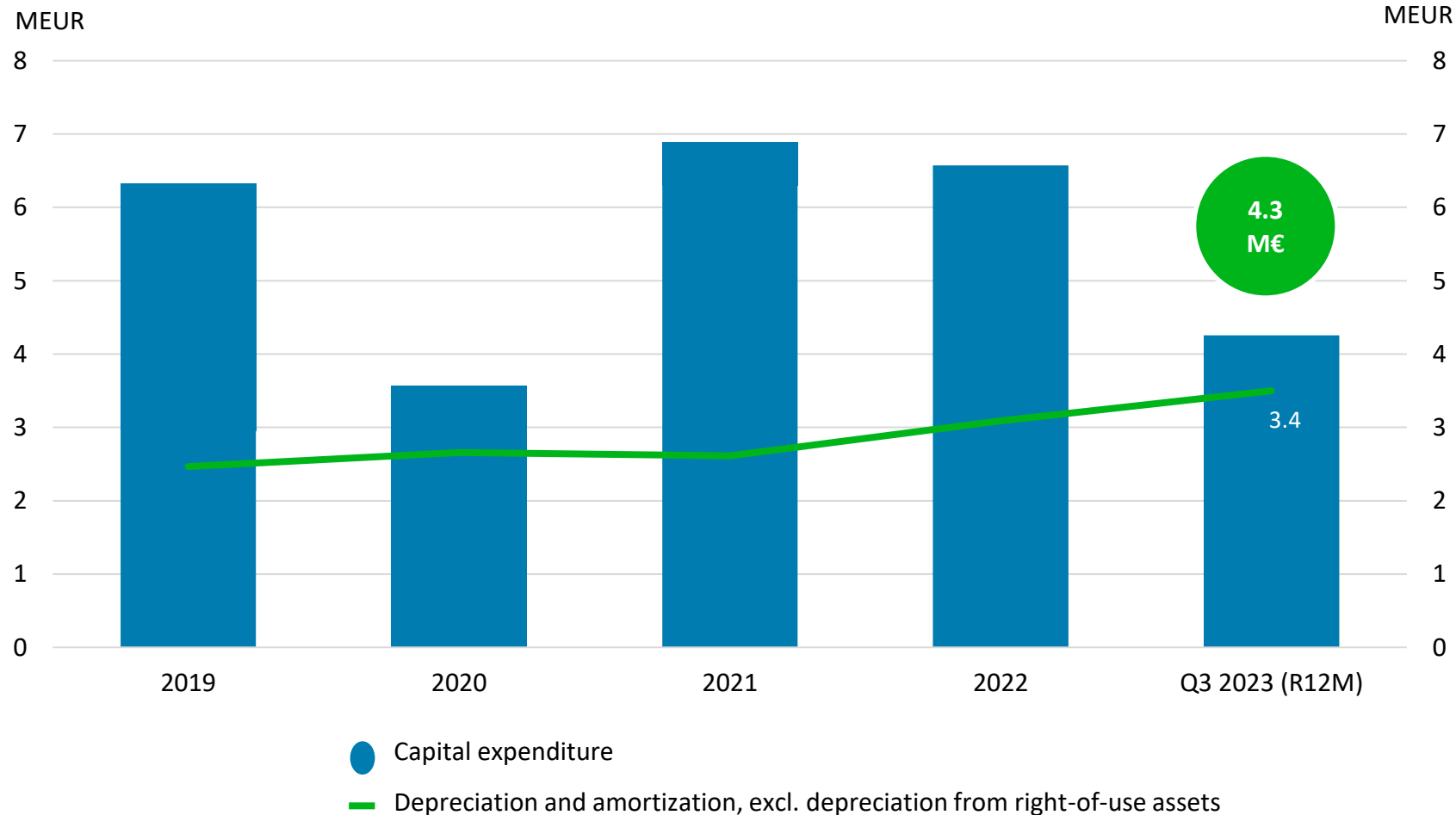
Equity ratio increased to 55.4% as a result of the new equity raised



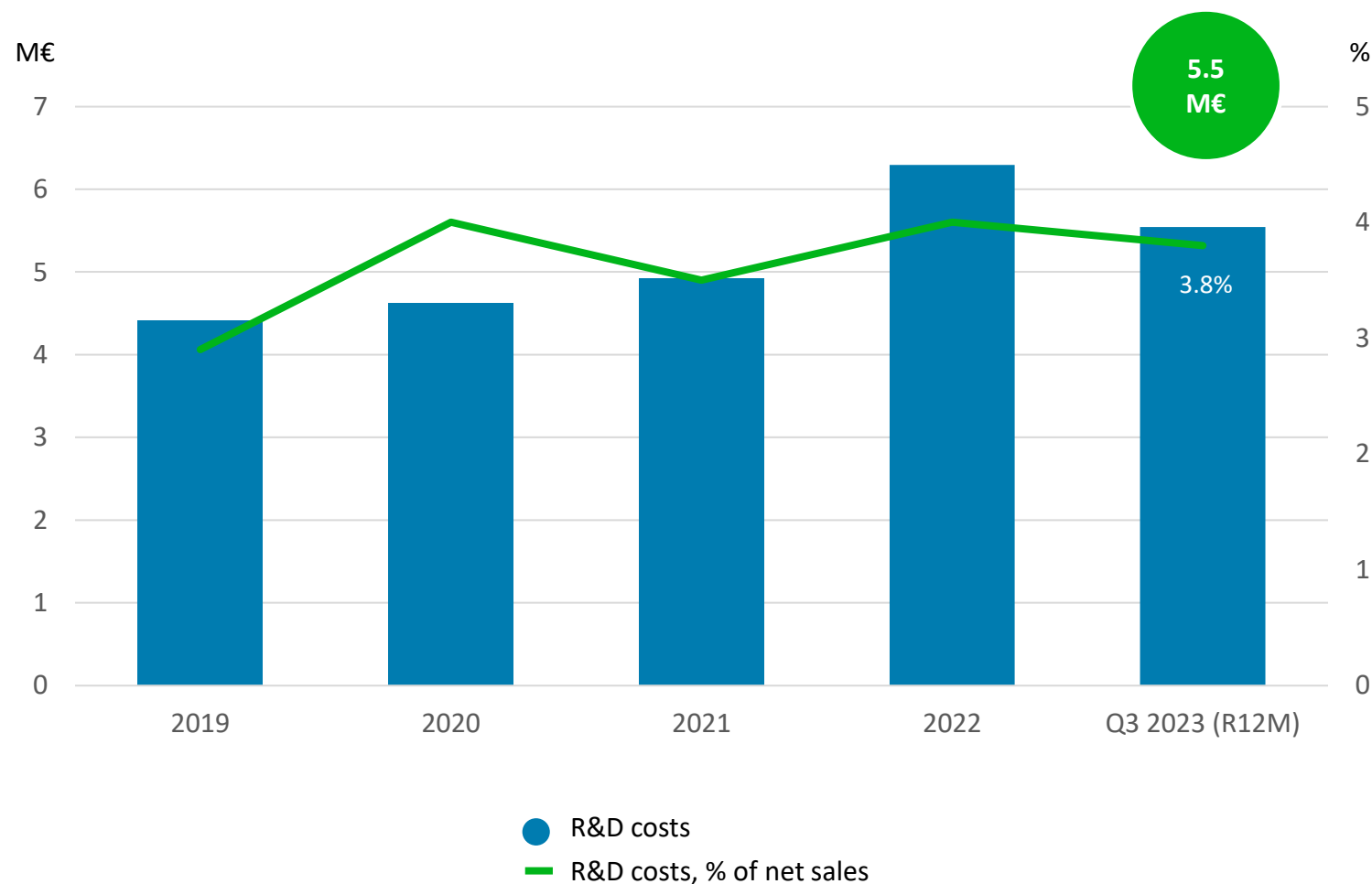
- Net new equity was raised EUR 15.5 million during the second quarter according to plan
- Rights issue and directed share issue net new equity of EUR 12.5 million
- Junior convertible loans of EUR 3 million
- Strong balance sheet that enable the execution of growth strategy

Capex and depreciation and amortization

Key capital expenditure items include the ERP renewal



Research and Development



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Outlook for 2023

Business environment

- The global economy has remained uncertain; the slowdown of the construction industry has reduced the demand for softwood plywood, and lately also for hardwood plywood
- The increased uncertainty has been reflected in the demand for single production lines and spare parts
- Customer activity and interest in Raute's technology for mill-sized projects and modernizations have continued to be active. This trend is supported by customers' long-term capacity planning horizon, regardless of the current market situation

Raute

- **Guidance for 2023: Raute's 2023 net sales are expected to be in the range of EUR 140-150m and comparable EBITDA margin to be above 6%**
- Profit improvement program has developed well, slowness in revenue recognition
- Key focus is on realizing the full potential of the new ERP-system
- Our target is to finalize exit from Russia as soon as possible

Further information

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your interest!



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