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## RAUTE CORPORATION – INTERIM REPORT JANUARY 1 – MARCH 31, 2019

- The Group's first-quarter net sales, EUR 41.3 million (MEUR 35.3), increased 17% on the comparison period.
- Operating profit amounted to EUR 2.6 million (MEUR 2.8), down 6%. The result before taxes was EUR 2.7 million (MEUR 2.9).
- Earnings per share were EUR 0.50 (EUR 0.53), and diluted earnings per share were EUR 0.50 (EUR 0.53).
- Order intake, at EUR 32 million (MEUR 68), was at a reasonable level. The order book at the end of the reporting period was strong, at EUR 84 million (MEUR 142), with some orders already scheduled for 2020.
- Raute's net sales and operating profit for 2019 are expected to be at the previous year's level.

### TAPANI KIISKI, PRESIDENT AND CEO: STRONG DEMAND CONTINUED

We started the year with a strong order book. It helped us to achieve high net sales that reflected growth of roughly 17 percent compared to the same period last year. The number of new orders was at a reasonable level, especially considering that the new orders did not include major mill-scale orders. Despite the growth in net sales, our operating profit fell slightly short of last year's level. This was due to some exceptional cost items during the period under review that are highlighted further by the positive items that we recorded during the comparison period.

Demand for Raute's technology and services continued to be strong. Demand remained the strongest in the traditional industrialized markets of Europe, Russia and North America. I am particularly confident with respect to Russia where the progress in negotiations on a few projects is quite promising now. The bulk of demand is shifting to the emerging markets, to South America and Asia. Within the industrialized markets, the focal point is shifting to a new customer base, to smaller customers and some that are new to the industry.

The volume of new orders, EUR 32 million, can be considered reasonable, since the orders during the period under review mainly consisted of smaller contracts. In terms of technology services, the volume of orders for basic services, spare parts and maintenance, in particular, grew strongly. Modernization project orders, however, remained at a low level.

Our order book is still historically strong, even though the order book's decline from the record level of last year has continued steadily for a year now. Some of the order book is already scheduled for 2020, which means our future outlook is exceptionally clear. Our current level of orders and capacity allows us to serve our customers according to normal delivery times and thus help them implement their plans.

Thanks to a strong order book and continued active demand, Raute is in a good position to continue the good development that has continued for four years now and reach its targets for this year. We estimate that both Raute's net sales and result will be at last year's level.

## RAUTE CORPORATION – INTERIM REPORT JANUARY 1 – MARCH 31, 2019

### BUSINESS ENVIRONMENT

#### Market situation in customer industries

Raute's customers in the plywood and LVL (Laminated Veneer Lumber) industries are engaged in the manufacture of wood products used in investment projects and are thus highly affected by fluctuations in construction, housing-related consumption, international trade and transportation.

The situation in the global economy and the financial markets in early 2019 did not change considerably with respect to Raute. The economic outlook became increasingly uncertain. A few of our customers have informed us that they are experiencing a decline in demand and prices.

Many of Raute's established and traditional customers have invested heavily during the past few years. In addition, the shift in demand for our technology towards new, and new types of customer accounts has continued. A few of our new orders are concrete proof of this shift.

#### Demand for wood products technology and technology services

Thanks to the continued good economic and market situation, investment activity among Raute's customers has remained at a good level. Enquiry activity for new capacity projects and larger projects involving replacement and efficiency-boosting investments has remained at a good level, and contracts are being actively negotiated.

Demand remains the strongest in industrialized market areas, Europe, North America and Russia. Demand in South America has somewhat picked up. In the emerging markets of Asia, China included, and South America, demand has not been as strong, but it has been brisker in recent months. There is growing interest in Raute's offering in these markets, which presents opportunities to obtain new customers.

Demand for maintenance and spare parts services remained at a good level, which is an indication of the good capacity utilization rates of Raute's customers' production plants.

### ORDER INTAKE AND ORDER BOOK

Raute serves the wood products industry with a full-service concept that is based on technology solutions covering the customer's entire production process and services throughout their life cycle. Raute's business consists of project deliveries and technology services. Project deliveries encompass projects from individual machine or production line deliveries to deliveries of all the machines and equipment belonging to a mill's production process. Additionally, Raute's full-service concept includes comprehensive technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations, as well as consulting, training, reconditioned machinery and digital services.

The increased market uncertainty was reflected in the volume of new orders received by Raute. Order intake during the first quarter, EUR 32 million (MEUR 68), was at a reasonable level. The most significant new order was for the delivery of plywood mill machinery to Russia valued at more than EUR 12 million.

Of new orders, 16 percent came from Europe (55%), 3 percent from Asia-Pacific (29%), 20 percent from North America (11%), 57 percent from Russia (4%) and 4 percent from South America (1%). Sometimes even strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business.

Order intake in technology services amounted to EUR 14 million (MEUR 15), 3 percent down from the comparison period.

The order book weakened during the first quarter by EUR 11 million. The order book at the end of the reporting period was still strong, however, at EUR 84 million (MEUR 142). Part of the order book is scheduled for 2020.

### COMPETITIVE POSITION

Raute's competitive position has remained unchanged and is strong. Raute's solutions help customers in securing their delivery and service capabilities throughout the life cycle of the production process or a part thereof. In such investments, the supplier's overall expertise and extensive and diverse technology and service offering play a key role. The competitive edge provided by Raute plays a major role when customers select their cooperation partners. Raute's strong financial position and long-term dedication to

serving selected customer industries also enhance its credibility and improve its competitive position as a company that carries out long-term investment projects.

### NET SALES

Net sales for the reporting period, EUR 41.3 million (MEUR 35.3), increased 17 percent on the first quarter of 2018. Net sales were in line with the scheduling of the order book.

Of the total net sales for the reporting period, Europe accounted for 45 percent (54%), Russia for 25 percent (22%), North America for 16 percent (16%), South America for 7 percent (5%), and Asia-Pacific for 7 percent (3%).

Technology services accounted for 35 percent (30%) of the Group's total net sales and amounted to EUR 15 million (MEUR 11).

### RESULT AND PROFITABILITY

Operating profit was EUR 2.6 million positive (MEUR 2.8 positive) and accounted for 6.3 percent of net sales (7.8%).

Despite the growth in net sales, Raute's operating profit fell short of the level of the comparison period due to a few exceptional cost items that were recognized during the reporting period and the corresponding positive impact of some items recorded during the comparison period.

The result before taxes for the reporting period was EUR 2.7 million positive (MEUR 2.9 positive). The result for the reporting period was EUR 2.1 million positive (MEUR 2.3 positive). Earnings per share (undiluted) were EUR 0.50 (EUR 0.53).

### CASH FLOW AND BALANCE SHEET

The Group's financial position remained good. At the end of the reporting period, gearing was -10 percent (-105%). Adjusted gearing without right-of-use assets due to the adoption of IFRS 16 standard was -24 percent. At the end of the reporting period, equity ratio was 60 percent (55%). Equity ratio without the impact of the adoption of IFRS 16 standard was 66 percent. Fluctuations in balance sheet working capital items and the key figures based on them are due to differences in the timing of customer payments and the cost accumulation from project deliveries, which is typical of the project business.

The Group's cash and cash equivalents amounted to EUR 13.3 million (MEUR 39.4) at the end of the reporting period. Operating cash flow was EUR 0.6 million positive (MEUR 9.8 positive). Cash flow from investment activities totaled EUR 0.8 million negative (MEUR 1.1 negative). Cash flow from financing activities was EUR 0.1 million positive (MEUR 0.1 positive).

Interest-bearing liabilities amounted to EUR 8.6 million (MEUR 1.4) at the end of the reporting period. The increase is entirely due to the recognition of right-of-use assets under IFRS 16.

The parent company Raute Corporation has a EUR 10 million commercial paper program, which allows the company to issue commercial papers maturing in less than one year.

The parent company Raute Corporation is prepared for future working capital needs and has long-term credit facility agreements with four Nordic banks totaling EUR 23.0 million. The main covenants of the credit facilities are an equity ratio of >30% and gearing of <100%. Of the credit facility, EUR 22.6 million remained unused at the end of the reporting period.

#### EVENTS DURING THE REPORTING PERIOD

Raute Corporation published stock exchange releases on the following events:

2 January 2019 Third plan for Raute's top management remuneration system, LTI 2019-2021, takes off

15 January 2019 Positive profit warning: Raute Corporation's 2018 net sales and operating profit will increase clearly compared to 2017

28 March 2019 Raute received orders worth over EUR 12 million to Russia.

#### RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

Raute is a leading technology supplier for the plywood and LVL industries and focuses strongly on the development of increasingly efficient, productive, safe and environmentally friendly manufacturing technology and supporting measurement and machine vision applications. Opportunities provided by digitalization are also an essential part of R&D activities.

Research and development costs in the reporting period amounted to EUR 1.0 million (MEUR 0.8), representing 2.4 percent of net sales (2.2%).

Capital expenditure during the period came to EUR 0.6 million (MEUR 1.0) and accounted for 1.4 percent (2.7%) of net sales.

#### PERSONNEL

At the end of the reporting period, the Group's personnel numbered 776 (716). Group companies outside Finland accounted for 34 percent (32%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 754 (692) during the reporting period.

#### SHARES

The number of Raute Corporation's shares at the end of the reporting period totaled 4,263,194, of which 991,161 were series K shares (ordinary share, 20 votes/share) and 3,272,033 were series A shares (1 vote/share). Series K and A shares confer equal rights to dividends and company assets.

Series K shares can be converted to series A shares under the terms set out in section 3 of the Articles of Association. If an ordinary share is transferred to a new owner who has not previously held series K shares, the new owner must notify the Board of Directors of this in writing and without delay. Other holders of series K shares have the right to redeem the share under the terms specified in Article 4 of the Articles of Association.

Raute Corporation's series A shares are listed on Nasdaq Helsinki Ltd. The trading code is RAUTE.

The company's market capitalization at the end of the reporting period was EUR 120.2 million (MEUR 130.2), with series K shares valued at the closing price of series A shares on the final closing date March 29, 2019, i.e. EUR 28.20 (EUR 30.60).

#### REMUNERATION

The Group has remuneration systems in place that cover the entire personnel.

#### Share-based incentive plans

The Group has valid long-term share-based incentive plans based on performance.

The company decided to launch a new performance-based, share-value-based, long-term incentive plan, LTI Plan 2019-2021, on January 2, 2019.

The terms and conditions of the incentive plans are available on the company's website. More detailed and up-to-date information is presented in the Remuneration Statement on the company's website.

#### SHAREHOLDERS

The number of shareholders totaled 5,046 at the beginning of the year and 5,382 at the end of the reporting period. Series K shares were held by 54 private individuals (55) at the end of the reporting period. Nominee-registered shares accounted for 4.1 percent (6.3%) of shares. The company did not receive any flagging notifications during the reporting period.

The Board of Directors, the President and CEO as well as the Executive Board held altogether 260,558 company shares, equaling 6.1 percent (6.1%) of the company shares and 11.6 percent (11.7%) of the votes at the end of the reporting period.

#### CORPORATE GOVERNANCE

As of January 1, 2016, Raute Corporation complies with the Finnish Corporate Governance Code 2015 for listed companies issued by the Securities Market Association on October 1, 2015.

#### EXECUTIVE BOARD

Raute Group's Executive Board and the members' areas of responsibility:

Tapani Kiiski, President and CEO, Chairman – sales, technology services

Arja Hakala, Group Vice President, Strategy – business development

Marko Hjelt, Group Vice President, Human Resources – human resources and competence development

Mika Hyysti, Group Vice President, Technology – technology, products and R&D

Tarja Järvinen, Group Vice President, CFO – finance and administration

Timo Kangas, Group Vice President, EMEA – market area EMEA

Petri Strengell, Group Vice President, Supply Chain – sourcing and production.

### ANNUAL GENERAL MEETING 2019

Raute Corporation's Annual General Meeting was held on April 2, 2019. The Annual General Meeting adopted the financial statements for 2018, discharged those accountable from liability and resolved to distribute a dividend of EUR 1.40 per share.

The Annual General Meeting elected the company's Board of Directors for a term that expires at the end of the Annual General Meeting of 2020. Ms. Laura Raitio was elected Chair of the Board, Mr. Mika Mustakallio was elected Vice-Chair, and Mr. Joni Bask, Mr. Ari Harmaala, Mr. Pekka Suominen, and Mr. Patrick von Essen were elected as Board members.

The authorized public accounting company PricewaterhouseCoopers was chosen as the auditor, with Authorized Public Accountant Markku Launis as the principal auditor.

The Annual General Meeting decided that the remuneration paid to the Chairman of the Board will be EUR 48,000 and to the Vice-Chairman of the Board and Board members EUR 24,000 for the term of office and that the Board members' traveling expenses will be compensated in accordance with the company's travel policy. The auditors' remuneration will be paid on the basis of reasonable invoicing as approved by the company.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's series A shares with assets from the company's non-restricted equity and an issue of a maximum of 400,000 of these shares.

More detailed information on the decisions of the Annual General Meeting can be found in the stock exchange release issued on April 2, 2019.

### DISTRIBUTION OF PROFIT FOR THE 2018 FINANCIAL YEAR

The Annual General Meeting held on April 2, 2019 decided to pay a dividend of EUR 1.40 per share for the financial year 2018. The total amount of dividends is EUR 6.0 million, with series A shares accounting for EUR 4,580,846.20 and series K shares for EUR 1,387,625.40. The dividend payment date was April 11, 2019.

### EVENTS AFTER THE REPORTING PERIOD

#### Board of Directors and Board Committees

The Board of Directors elected by Raute Corporation's Annual General Meeting on April 2, 2019 has held a constitutive meeting.

Based on the evaluation of independence by the Board of Directors, Chair of the Board Ms. Laura Raitio and members Mr. Joni Bask, Mr. Ari Harmaala, Mr. Pekka Suominen and Mr. Patrick von Essen are independent of the company. Vice Chair of the Board of Directors Mr. Mika Mustakallio is not estimated to be independent of the company, as he has served on the Board of Directors for more than ten years. Chair of the Board Laura Raitio and two Board members, Mr. Ari Harmaala and Mr. Patrick von Essen, are independent of major shareholders.

Raute Corporation's Board of Directors has an Appointments Committee. The Appointments Committee is chaired by Ms. Laura Raitio and its members are Mr. Mika Mustakallio and Mr. Pekka Suominen. The Audit Committee's tasks are handled by the Board of Directors.

### BUSINESS RISKS

Risks in the near term continue to be driven by the uncertainty relating to the global economic situation and the development of the financial markets, as well as by international political instability. During the reporting period, there were no essential changes in the business risks described in the 2018 Board of Directors' Report and Financial Statements.

The most significant risks for Raute in the near term are related to the completion of the high order book, and especially the major mill-scale projects that are in the implementation phase, in accordance with the schedule determined in the contract terms, and the sufficiency and availability of skilled resources.

### OUTLOOK FOR 2019

Due to the high order book and sustained brisk demand, we estimate that both Raute's net sales and operating profit in 2019 will remain at the level of the preceding year.

Raute Corporation's Board of Directors has on May 3, 2019 reviewed the Interim financial report for January 1 – March 31, 2019, and approved it to be published.

The figures for the financial year 2018 presented in the figures section of the Interim financial report have been audited. The presented interim financial report figures have not been audited.

## CONSOLIDATED STATEMENT OF INCOME

EUR 1 000	1.1.– 31.3.2019	1.1.– 31.3.2018	1.1.– 31.12.2018
<b>NET SALES</b>	<b>41 309</b>	<b>35 272</b>	<b>180 993</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>890</b>	<b>1 230</b>	<b>3 069</b>
<b>Other operating income</b>	<b>112</b>	<b>65</b>	<b>692</b>
Materials and services	-23 163	-18 174	-103 781
Employee benefits expense	-11 718	-11 246	-46 944
Depreciation and amortization	-940	-650	-2 487
Impairments	-49	-	-38
Other operating expenses	-3 842	-3 743	-16 582
<b>Total operating expenses</b>	<b>-39 712</b>	<b>-33 813</b>	<b>-169 832</b>
<b>OPERATING PROFIT</b>	<b>2 599</b>	<b>2 754</b>	<b>14 922</b>
<b>% of net sales</b>	<b>6,3</b>	<b>7,8</b>	<b>8,2</b>
Financial income	206	225	346
Financial expenses	-58	-64	-356
<b>Financial expenses, net</b>	<b>148</b>	<b>160</b>	<b>-10</b>
<b>PROFIT BEFORE TAX</b>	<b>2 747</b>	<b>2 914</b>	<b>14 912</b>
<b>% of net sales</b>	<b>6,6</b>	<b>8,3</b>	<b>8,2</b>
Income taxes	-612	-659	-3 076
<b>PROFIT FOR THE PERIOD</b>	<b>2 135</b>	<b>2 256</b>	<b>11 836</b>
<b>% of net sales</b>	<b>5,2</b>	<b>6,4</b>	<b>6,5</b>
<b>Profit for the period attributable to</b>			
Equity holders of the Parent company	2 135	2 256	11 836
<b>Earnings per share for profit attributable to equity holders of the Parent company, EUR</b>			
Undiluted earnings per share	0,50	0,53	2,78
Diluted earnings per share	0,50	0,53	2,76

## CONSOLIDATED STATEMENT OF INCOME

EUR 1 000	1.1.– 31.3.2019	1.1.– 31.3.2018	1.1.– 31.12.2018
<b>PROFIT FOR THE PERIOD</b>	<b>2 135</b>	<b>2 256</b>	<b>11 836</b>
<b>Other comprehensive income items:</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Hedge accounting	148	40	-73
Exchange differences on translating foreign operations	113	15	219
Income taxes related to these items	0	-28	-129
<b>Comprehensive income items for the period, net of tax</b>	<b>261</b>	<b>27</b>	<b>17</b>
<b>COMPREHENSIVE PROFIT FOR THE PERIOD</b>	<b>2 395</b>	<b>2 283</b>	<b>11 854</b>
<b>Comprehensive profit for the period attributable to</b>			
Equity holders of the Parent company	2 395	2 283	11 854
<b>Shares, 1 000 pcs</b>			
Adjusted average number of shares	4 263	4 248	4 260
Adjusted average number of shares diluted	4 292	4 267	4 299

# Consolidated balance sheet

Interim Report January 1 – March 31, 2019  
May 3, 2019

## CONSOLIDATED BALANCE SHEET

EUR 1 000	31.3.2019	31.3.2018	31.12.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	1 035	1 036	1 035
Other intangible assets	2 402	2 496	2 500
Property, plant and equipment	11 711	10 283	11 612
Right-of-use assets	7 234	-	-
Other financial assets	1 185	923	1 185
Deferred tax assets	105	247	35
<b>Total non-current assets</b>	<b>23 673</b>	<b>14 985</b>	<b>16 368</b>
<b>Current assets</b>			
Inventories	15 027	12 865	14 583
Accounts receivables and other receivables	51 410	27 083	52 256
Income tax receivable	330	81	-
Cash and cash equivalents	13 306	39 441	13 375
<b>Total current assets</b>	<b>80 074</b>	<b>79 470</b>	<b>80 214</b>
<b>TOTAL ASSETS</b>	<b>103 747</b>	<b>94 455</b>	<b>96 382</b>

## CONSOLIDATED BALANCE SHEET

EUR 1 000	31.3.2019	31.3.2018	31.12.2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Parent company</b>			
Share capital	8 256	8 256	8 256
Fair value reserve and other reserves	7 374	7 390	7 663
Exchange differences	1 128	674	878
Retained earnings	30 075	17 876	17 877
Profit for the period	2 135	2 256	11 836
<b>Total equity</b>	<b>48 966</b>	<b>36 451</b>	<b>46 509</b>
<b>Non-current liabilities</b>			
Provisions	362	838	605
Non-current interest-bearing liabilities	5 827	-	-
Deferred tax liability	-	43	-
<b>Total non-current liabilities</b>	<b>6 189</b>	<b>881</b>	<b>605</b>
<b>Current liabilities</b>			
Provisions	2 204	1 632	1 595
Current interest-bearing liabilities	2 793	1 365	1 079
Current advance payments received	22 322	28 338	21 006
Income tax liability	568	238	992
Trade payables and other liabilities	20 704	25 551	24 595
<b>Total current liabilities</b>	<b>48 592</b>	<b>57 123</b>	<b>49 268</b>
<b>Total liabilities</b>	<b>54 781</b>	<b>58 004</b>	<b>49 872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>103 747</b>	<b>94 455</b>	<b>96 382</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	1.1.–31.3.2019	1.1.–31.3.2018	1.1.–31.12.2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from customers	42 896	42 048	164 339
Other operating income	108	65	611
Payments to suppliers and employees	-41 080	-31 403	-170 127
<b>Cash flow before financial items and taxes</b>	<b>1 925</b>	<b>10 709</b>	<b>-5 177</b>
Interest paid from operating activities	-16	-24	-119
Dividends received from operating activities	174	162	249
Interest received from operating activities	7	4	20
Other financing items from operating activities	98	72	48
Income taxes paid from operating activities	-1 572	-1 127	-2 584
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>616</b>	<b>9 796</b>	<b>-7 562</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	-824	-1 141	-3 612
Business transaction	-	-	-769
Proceeds from sale of property, plant and equipment and intangible assets	3	8	230
Proceeds from sale of investments	-	-	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-820</b>	<b>-1 133</b>	<b>-4 151</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	-	59	59
Proceeds from current borrowings	254	-	1 093
Repayments of current borrowings	-	-	-1 427
Repayments of lease liabilities	-157	-	-
Dividends paid	-	-	-5 320
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>98</b>	<b>59</b>	<b>-5 595</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>-107</b>	<b>8 722</b>	<b>-17 309</b>
increase (+)/decrease (-)			
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*</b>	<b>13 375</b>	<b>30 724</b>	<b>30 724</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-107</b>	<b>8 722</b>	<b>-17 309</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	<b>39</b>	<b>-4</b>	<b>-40</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>	<b>13 306</b>	<b>39 441</b>	<b>13 375</b>
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*</b>			
<b>Cash and cash equivalents</b>	<b>13 306</b>	<b>39 441</b>	<b>13 375</b>
<b>TOTAL</b>	<b>13 306</b>	<b>39 441</b>	<b>13 375</b>

\*Cash and cash equivalents comprise cash and bank receivables, which will be due within the following three months' period.



# Consolidated statement of changes in shareholders' equity

Interim Report January 1 – March 31, 2019  
May 3, 2019

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1 000	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the equity holders of the Parent company	TOTAL EQUITY
<b>EQUITY at Jan. 1, 2019</b>	<b>8 256</b>	<b>5 711</b>	<b>1 453</b>	<b>1 015</b>	<b>30 075</b>	<b>46 509</b>	<b>46 509</b>
<b>Comprehensive profit for the period</b>							
Profit for the period	-	-	-	-	2 135	2 135	2 135
Other comprehensive income items:							
Hedging reserve	-	-	148	-	-	148	148
Exchange differences on translating foreign operations	-	-	-	113	-	113	113
Income taxes related to these items	-	-	0	-	-	0	0
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>148</b>	<b>113</b>	<b>2 135</b>	<b>2 395</b>	<b>2 395</b>
<b>Transactions with equity holders</b>							
Share-options exercised	-	-	-	-	-	-	-
Equity-settled share-based transactions	-	-	61	-	-	61	61
Dividends	-	-	-	-	-	-	-
<b>Total transactions with equity holders</b>	<b>0</b>	<b>0</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>61</b>	<b>61</b>
<b>EQUITY at March 31, 2019</b>	<b>8 256</b>	<b>5 711</b>	<b>1 662</b>	<b>1 128</b>	<b>31 848</b>	<b>48 966</b>	<b>48 966</b>

## COMPARISON PERIOD, RESTATED

EUR 1 000	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the equity holders of the Parent company	TOTAL EQUITY
<b>EQUITY at Jan. 1, 2018</b>	<b>8 256</b>	<b>5 652</b>	<b>1 504</b>	<b>659</b>	<b>23 623</b>	<b>39 694</b>	<b>39 694</b>
<b>Changes in accounting principles, IFRS 15</b>	-	-	-	-	-322	-322	-322
<b>Changes in accounting principles, IFRS 9</b>	-	-	-	-	-104	-104	-104
<b>Changes in accounting principles, IFRS 2</b>	-	-	117	-	-	117	117
<b>EQUITY at Jan. 1, 2018, RESTATED</b>	<b>8 256</b>	<b>5 652</b>	<b>1 621</b>	<b>659</b>	<b>23 197</b>	<b>39 385</b>	<b>39 385</b>
<b>Comprehensive profit for the period</b>							
Profit for the period	-	-	-	-	2 256	2 256	2 256
Other comprehensive income items:							
Hedging reserve	-	-	40	-	-	40	40
Exchange differences on translating foreign operations	-	-	-	15	-	15	15
Income taxes related to these items	-	-	-28	-	-	-28	-28
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>15</b>	<b>2 256</b>	<b>2 282</b>	<b>2 282</b>
<b>Transactions with equity holders</b>							
Share-options exercised	-	59	-	-	-	59	59
Equity-settled share-based transactions	-	-	46	-	-	46	46
Dividends	-	-	-	-	-5 320	-5 320	-5 320
<b>Total transactions with equity holders</b>	<b>0</b>	<b>59</b>	<b>46</b>	<b>0</b>	<b>-5 320</b>	<b>-5 215</b>	<b>-5 215</b>
<b>EQUITY at March 31, 2018</b>	<b>8 256</b>	<b>5 711</b>	<b>1 679</b>	<b>674</b>	<b>20 132</b>	<b>36 451</b>	<b>36 451</b>

## NOTES TO THE INTERIM FINANCIAL REPORT

### General information

Raute Group is a globally operating technology and service company serving the wood products industry, with core competence in selected wood products manufacturing processes. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood, LVL and sawn timber.

Raute's full-service concept is based on product life-cycle management and includes project deliveries and technology services. Raute's technology offering covers machinery and equipment for the customer's entire production process. In addition to a broad range of machines and equipment, Raute's solutions cover technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations as well as consulting, training, reconditioned machinery and digital services.

Raute Group's Parent company, Raute Corporation, is a Finnish public limited liability company established in accordance with Finnish law (Business ID FI01490726). Its series A shares are quoted on Nasdaq Helsinki Ltd, under Industrials. Raute Corporation is domiciled in Lahti. The address of its registered office is Rautetie 2, FI-15550 Nastola, and its postal address is P.O. Box 69, FI-15551 Nastola.

All of the figures presented in the Interim financial report are in thousand euro, unless otherwise stated. Due to the rounding of the figures in the financial statement tables, the sums of figures may deviate from the sum total presented in the table. Figures in parentheses refer to the corresponding figures in the comparison period.

### Basis of preparation

Raute Corporation's Interim financial report for January 1 – March 31, 2019 has been prepared in accordance with standard IAS 34 Interim Financial Reporting.

The Interim financial report does not contain full notes and other information presented in the financial statements, and therefore the Interim financial report should be read in conjunction with the Financial statements published for 2018.

Raute Corporation's Interim financial report for January 1 – March 31, 2019 has been prepared in accordance with the International Financial Reporting Standards, IFRS, accepted for application in the European Union, including related interpretations. The Interim financial report has been drawn up according to the same accounting principles as in the consolidated financial statements for 2018, except for the adoption of IFRIC interpretations and a new standard IFRS 16 Leases, effective as of January 1, 2019.

When preparing the Interim financial report in compliance with International Financial Reporting Standards, the company management has made estimates and assumptions. In addition, the management has exercised its judgment in selecting and applying the accounting policies. The forward-looking estimates and assumptions have been based on management's best knowledge at the reporting date, and they comprise risks and uncertainties, therefore actual results may differ from these estimates.

**IFRS 16 Leases**

Raute Group has adopted the standard IFRS 16 Leases as of January 1, 2019. The transition has been adopted by applying the simplified approach and comparative information has not been restated.

Raute Group has rented warehouses and production facilities for business use. As a result of the implementation of the standard change, part of the leases of business premises and production facilities leased by Raute Group has been recognized in the balance sheet. The leases that include the right-of-use of the leased asset have been recognized in the item Right-of-use asset in the balance sheet. An asset has been recognized to the consolidated balance sheet based on the right-of use of the asset and a lease liability based on the obligation to pay a lease rent. The lease liability has been recognized based on the present value of those rents which are to be paid in the future according to the contract, but which has not been paid at the recognition date. The incremental loan rate has been used as a discount rate which was 1 percent on the date of transition. The interest expense on the lease liability has been recognized in the income statement item financial expenses. The lease liability has been included in the item Interest-bearing liabilities in the consolidated balance sheet. The fixed asset items related to the lease contracts shall be depreciated during the rental period. If the lease contract is valid for the time being, the contract time has been determined by contract.

If the existing lease contract changes or the assumptions to be used in the calculation of the lease contract liability and the right-of-use asset, the fixed asset and the lease liability shall be revaluated with the discount rate at the time of calculation. If the provided contract rent has been tied to the index, the lease contract and the fixed asset item shall be revaluated again at the time of the lease change.

Raute Group has applied the exemptions of the standard at the time of the adoption, for the short-term leases and low-value assets. The short-term lease contracts with expected lease period no longer than 12 months, has been accounted for as off-balance sheet leases and the rent expenses of these contracts have been recognized in the income statement as incurred according to the rental period. Lease contracts in which the lease assets are of low value have been accounted for as off-balance sheet leases, regardless of whether the contract is a non-current or current. The rent expenses of these contracts have been recognized as an expense to the income statement according to the rental period.

The amount of the Group's interest-bearing liabilities grew EUR 7,234 thousand due to the adoption of the standard IFRS 16. The adoption of the standard did not have a significant impact on the operating profit and the profit for the financial period. The depreciations grew EUR 345 thousand during the interim period due to the adoption of the standard and correspondingly rent expenses decreased EUR 353 thousand. IFRS 16 standard improved the operating profit EUR 8 thousand during the interim period. The comparative information has not been restated.

The adoption of the IFRS 16 standard has no impact on the contracts where Raute Group operates as a lessor. The rental income is recognized in the income statement according to the rental period.

EUR 1 000	<b>31.3.2019</b>
<b>Reconciliation calculation of lease liabilities</b>	
Operating lease commitments of right-of-use contracts on December 31, 2018	4 143
Short-term lease contracts	-135
Low value lease contracts	-92
Currency differences and other changes	192
Increases under IFRS 16 implementation on January 1, 2019	3 283
<b>LEASE LIABILITY ON JANUARY 1, 2019</b>	<b>7 390</b>

### Net sales

Raute serves the wood products industry with a full-service concept based on service that encompasses the entire life cycle of the delivered equipment. Raute's business consists of project deliveries and technology services. Project deliveries encompass projects from individual machine or production line deliveries to deliveries of all the machines and equipment belonging to a mill's production process.

Additionally, Raute's full-service concept includes comprehensive technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations, as well as consulting, training and reconditioned machinery. Project deliveries and modernizations related to technology services include both product and service sales, making it impossible to give a reliable presentation of the breakdown of the Group's net sales into purely product and service sales.

EUR 1 000	1.1.- 31.3.2019	%	1.1.- 31.3.2018	%	1.1.- 31.12.2018	%
<b>Net sales by market area</b>						
EMEA (Europe and Africa)	18 695	45	19 334	54	76 968	43
CIS (Russia)	10 500	25	7 654	22	47 757	26
NAM (North America)	6 551	16	5 646	16	32 168	18
LAM (South America)	2 839	7	1 663	5	5 662	3
APAC (Asia-Pacific)	2 725	7	974	3	18 438	10
<b>TOTAL</b>	<b>41 309</b>	<b>100</b>	<b>35 272</b>	<b>100</b>	<b>180 993</b>	<b>100</b>

Finland accounted for 12 percent (11 %) of net sales.

EUR 1 000	31.3.2019	31.3.2018	31.12.2018
<b>Specification of net sales</b>			
Performance obligations to be satisfied over time	34 046	29 203	118 115
Performance obligations to be satisfied at a point in time	7 263	6 068	29 949
<b>TOTAL</b>	<b>41 309</b>	<b>35 272</b>	<b>148 064</b>
<b>Balance sheet items of undelivered projects</b>			
Project revenues entered as income from performance obligations to be satisfied over time currently undelivered	164 804	133 546	135 322
Amount of performance obligations to be satisfied over time not yet entered as income (order book)	76 070	136 286	104 728
<b>Balance sheet items of undelivered projects</b>			
Projects in which the value by percentage of completion exceeds advance payments invoiced			
- aggregate amount of costs incurred and recognized profits less recognized losses	133 694	86 865	88 318
- advance payments received	93 756	71 201	67 913
<b>Current customer contract assets</b>	<b>39 938</b>	<b>15 664</b>	<b>20 405</b>
Projects in which advance payments invoiced exceed the value by percentage of completion			
- aggregate amount of costs incurred and recognized profits less recognized losses	29 915	46 664	46 388
- advance payments received	48 820	73 355	68 846
<b>Current customer contract liabilities</b>	<b>18 905</b>	<b>26 691</b>	<b>22 458</b>
<b>Advance payments included in current liabilities in the balance sheet</b>			
Current customer contract assets	18 905	26 691	22 458
Current customer contract liabilities	3 417	1 647	3 281
<b>Total</b>	<b>22 322</b>	<b>28 338</b>	<b>25 739</b>
<b>Advance payments of the customer contracts included in inventories in the balance sheet</b>			
Advance payments paid	823	754	659
<b>Total</b>	<b>823</b>	<b>754</b>	<b>659</b>

EUR 1 000	31.3.2019	31.3.2018	31.12.2018
<b>Research and development costs</b>			
Research and development costs for the period	-1 001	-769	-3 735
Amortization of previously capitalized development costs	-	-47	-125
Development costs recognized as an asset in the balance sheet	49	78	275
Research and development costs recognized as an expense before impairments for the period	-952	-738	-3 585
Impairments of capitalized development costs	-49	-	-38
Research and development costs recognized as an expense for the period	-1 001	-738	-3 623
<b>Other intangible assets</b>			
Acquisition cost at the beginning of the period	15 384	14 799	14 799
Exchange rate differences	8	0	-1
Additions	58	114	468
Disposals	-2	-	-
Reclassification between items	-5 660	-	119
<b>Acquisition cost at the end of the period</b>	<b>9 790</b>	<b>14 913</b>	<b>15 384</b>
Accumulated depreciation and amortization at the beginning of the period	-12 884	-12 250	-12 250
Exchange rate differences	-6	0	1
Accumulated depreciation and amortization of disposals and reclassifications	5 662	-	-
Impairments	-49	-	-38
Depreciation and amortization for the period	-109	-166	-597
Accumulated depreciation and amortization at the end of the period	-7 386	-12 417	-12 884
<b>Book value of Other intangible assets, at the beginning of the period</b>	<b>2 500</b>	<b>2 548</b>	<b>2 548</b>
<b>Book value of Other intangible assets, at the end of the period</b>	<b>2 402</b>	<b>2 496</b>	<b>2 500</b>

EUR 1 000	31.3.2019	31.3.2018	31.12.2018
<b>Property, plant and equipment</b>			
Acquisition cost at the beginning of the period	53 391	50 134	50 134
Exchange rate differences	419	-457	-316
Additions	520	853	3 916
Disposals	-18	0	-225
Reclassification between items	-	-	-119
<b>Acquisition cost at the end of the period</b>	<b>54 311</b>	<b>50 530</b>	<b>53 391</b>
Accumulated depreciation and amortization at the beginning of the period	-41 778	-40 186	-40 186
Exchange rate differences	-354	422	294
Accumulated depreciation and amortization of disposals and reclassifications	18	0	4
Depreciation and amortization for the period	-486	-482	-1 890
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-42 600</b>	<b>-40 248</b>	<b>-41 778</b>
<b>Book value of Property, plant and equipment, at the beginning of the period</b>	<b>11 612</b>	<b>9 948</b>	<b>9 948</b>
<b>Book value of Property, plant and equipment, at the end of the period</b>	<b>11 711</b>	<b>10 283</b>	<b>11 612</b>
EUR 1 000	<b>1.1.- 31.3.2019</b>	<b>1.1.- 31.3.2018</b>	<b>1.1.- 31.12.2018</b>
<b>Right-of-use assets</b>			
Book value, at the beginning of the period	7 391	-	-
Exchange rate differences	188	-	-
Increases	-	-	-
Depreciation for the period	-345	-	-
<b>Book value, at the end of the period</b>	<b>7 234</b>	<b>-</b>	<b>-</b>

### Financial assets

At the end of the period March 31, 2019, the fair value of the financial assets categorized at fair value hierarchy level 3 was EUR 1,185 thousand. The item includes the investments in unquoted shares which have been classified as financial assets at fair value through other comprehensive income. Derivative contracts have been classified as financial assets and liabilities at fair value through profit or loss. The fair value of these derivative contracts is based on the price available from the market data, but instruments are not traded in an active market. At the end of the period March 31, 2019, the fair value of the derivative contracts classified as financial assets was EUR 130 thousand and the fair value of the derivative contracts classified as financial liability EUR 239 thousand.

EUR 1 000	31.3.2019	31.3.2018	31.12.2018
<b>Financial liabilities</b>			
<b>Non-current interest-bearing liabilities</b>			
Lease liabilities	5 827	-	-
<b>TOTAL</b>	<b>5 827</b>	-	-
<b>Current interest-bearing liabilities</b>			
Partial payments of financial loans	1 386	1 365	1 079
Lease liabilities	1 407	-	-
<b>TOTAL</b>	<b>2 793</b>	1 365	1 079

EUR 1 000	31.3.2019	31.3.2018	31.12.2018
<b>Derivatives</b>			
<b>Nominal values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	801	893	961
- Related to the hedging of net sales	9 398	4 722	7 369
Hedge accounting			
- Related to the hedging of net sales	3 066	12 556	5 723
<b>Fair values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	-6	-7	-35
- Related to the hedging of net sales	-148	61	-120
Hedge accounting			
- Related to the hedging of net sales	-162	-96	-200

EUR 1 000	31.3.2019	31.3.2018	31.12.2018
<b>Pledged assets and contingent liabilities</b>			
<b>On behalf of the Parent company</b>			
Business mortgages	-	8 525	-
<b>Mortgage agreements on behalf of subsidiaries</b>			
Financial loans	1 386	1 365	1 079
Other obligations	383	374	116
Business mortgages	-	1 738	-
Other credit guarantee arrangements	-	-	1 195
<b>Commercial bank guarantees on behalf of the Parent company and subsidiaries</b>			
	25 720	23 441	25 925
<b>Off-balance sheet leases</b>			
Rental liabilities maturing within one year	245	1 282	1 513
Rental liabilities maturing in one to five years	273	2 238	2 629
Rental liabilities maturing later	-	39	-
<b>Total</b>	<b>518</b>	<b>3 560</b>	<b>4 143</b>

### Share-based payments

An expense of EUR 61 thousand was recognized for the share rewards to the income statement during the reporting period.

No share rewards have been paid based on the long-term performance share-based incentive plan 2014-2018 for the Group's senior management during the financial year.

The company decided to launch a new performance-based, share-value-based, long-term incentive plan, LTI Plan 2019-2021, on January 2, 2019.

### Distribution of the profit for the financial year 2018

Raute Corporation's Annual General Meeting was held on April 2, 2019. The Annual General Meeting decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 1.40 per share to be paid for series A and K shares, a total of EUR 5,968 thousand. The dividend payment date was April 11, 2019.

### Segment information

Continuing operations of Raute Group belong to the wood products technology segment. Raute Corporation's Board of Directors is the chief operating decision maker that is responsible for assigning resources to the operating segment and assessing its result.

Due to Raute's business model, operational nature and administrative structure, the operational segment to be reported as wood products technology segment is comprised of the whole Group and the information on the segment is consistent with that of the Group. Segment reporting follows the principles of presentation of the consolidated financial statements.

EUR 1 000	31.3.2019	31.3.2018	31.12.2018
<b>Wood products technology</b>			
Net sales	41 309	35 272	180 993
Operating profit	2 599	2 754	14 922
Assets	103 747	94 455	96 382
Liabilities	54 781	58 004	49 872
Capital expenditure	578	967	4 384

EUR 1 000	31.3.2019	%	31.3.2018	%	31.12.2018	%
<b>Assets of the wood products technology segment by geographical location</b>						
Finland	91 723	88	85 066	90	83 494	87
North America	7 731	7	5 537	6	7 850	8
China	2 576	2	2 526	3	3 635	4
Russia	1 315	1	1 045	1	1 038	1
South America	241	0	149	0	224	0
Other	161	0	132	0	141	0
<b>TOTAL</b>	<b>103 747</b>	<b>100</b>	<b>94 455</b>	<b>100</b>	<b>96 382</b>	<b>100</b>

EUR 1 000	31.3.2019	%	31.3.2018	%	31.12.2018	%
<b>Capital expenditure of the wood products technology segment by geographical location</b>						
Finland	524	91	891	92	3 508	80
North America	35	6	66	7	707	16
China	15	3	1	0	99	2
Russia	3	1	9	1	46	1
South America	-	-	-	-	22	1
Other	1	0	-	-	2	0
<b>TOTAL</b>	<b>578</b>	<b>100</b>	<b>967</b>	<b>100</b>	<b>4 384</b>	<b>100</b>

	31.3.2019	31.3.2018	31.12.2018
<b>Number of personnel</b>			
Effective, on average, persons	754	692	725
On average, persons	774	711	748
In books at the end of the period, persons	776	716	772
Personnel working abroad at the end of the period	269	226	267
Personnel working abroad, %	34,7	31,6	34,6

#### Pledges on behalf of the company's management

No loans have been granted to the company's management.

No pledges have been given or other commitments made on behalf of the company's management and shareholders.

#### Exchange rates used in the consolidation of subsidiaries

	1.1.– 31.3.2019	1.1.– 31.3.2018	1.1.– 31.12.2018
<b>Income statement, euros</b>			
CNY (Chinese yuan)	7,6619	7,8149	7,8074
RUB (Russian rouble)	74,8842	69,9464	74,0551
CAD (Canadian dollar)	1,5098	1,5545	1,5302
USD (US dollar)	1,1356	1,2295	1,1815
SGD (Singapore dollar)	1,5386	1,6213	1,5928
CLP (Chilean peso)	758,0920	740,1695	757,0688
<b>Balance sheet, euros</b>	<b>31.3.2019</b>	<b>31.3.2018</b>	<b>31.12.2018</b>
CNY (Chinese yuan)	7,5397	7,7982	7,8751
RUB (Russian rouble)	72,8564	70,8897	79,7153
CAD (Canadian dollar)	1,5000	1,5895	1,5605
USD (US dollar)	1,1235	1,2321	1,1450
SGD (Singapore dollar)	1,5214	1,6158	1,5591
CLP (Chilean peso)	765,2700	745,4177	795,4900



# Financial development

Interim Report January 1 – March 31, 2019  
May 3, 2019

## FINANCIAL DEVELOPMENT

	31.3.2019	31.3.2018	31.12.2018
Change in net sales, %	17,1	-3,6	22,2
Exported portion of net sales, %	88,1	88,9	84,6
Operating profit, % of net sales	6,3	7,8	8,2
Return on investment, (ROI), %	21,3	30,3	34,6
Return on equity, (ROE), %	17,9	23,8	27,6
Interest-bearing net liabilities, EUR million*	-4,7	-38,1	-12,3
Gearing, %*	-9,6	-104,5	-26,4
Equity ratio, %*	60,1	55,1	61,7
Gross capital expenditure, EUR million	0,6	1,0	4,4
% of net sales	1,4	2,7	2,4
Research and development costs, EUR million	1,0	0,8	3,7
% of net sales	2,4	2,2	2,1
Order book, EUR million	84	142	95
Order intake, EUR million	32	68	167

\*The adoption of IFRS 16 standard has had an impact on the key ratios for the interim reporting period 2019. The figures for the comparison periods have not been restated.

In addition to IFRS Key ratios, Raute Group publishes some commonly used financial key ratios (alternative performance measures). Calculation of key ratios has been presented in the annual financial statements 2018.

## SHARE-RELATED DATA

	31.3.2019	31.3.2018	31.12.2018
Earnings per share, (EPS), undiluted, EUR	<b>0,50</b>	0,53	2,78
Earnings per share, (EPS), diluted, EUR	<b>0,50</b>	0,53	2,76
Equity to share, EUR	<b>11,49</b>	8,56	10,82
Dividend per series A share, EUR	-	-	1,40
Dividend per series K share, EUR	-	-	1,40
Dividend per profit, %	-	-	50,4
Effective dividend return, %	-	-	6,6
Price/earnings ratio (P/E ratio)	-	-	7,67
<b>Development in share price (series A shares)</b>			
Lowest share price for the period, EUR	<b>22,10</b>	27,40	20,50
Highest share price for the period, EUR	<b>28,70</b>	34,90	34,90
Average share price for the period, EUR	<b>25,96</b>	30,84	28,58
Share price at the end of the period, EUR	<b>28,20</b>	30,60	21,30
<b>Market value of capital stock</b>			
- Series K shares, EUR million*	<b>28,0</b>	30,3	21,1
- Series A shares, EUR million	<b>92,3</b>	99,9	69,7
Total, EUR million	<b>120,2</b>	130,2	90,8
<i>*Series K shares valued at the value of series A shares.</i>			
<b>Trading of the company's shares (series A shares)</b>			
Trading of shares, pcs	<b>178 991</b>	326 669	879 655
Trading of shares, EUR million	<b>4,6</b>	10,1	25,1
<b>Number of shares</b>			
- Series K shares, ordinary shares (20 votes/share)	<b>991 161</b>	991 161	991 161
- Series A shares (1 vote/share)	<b>3 272 033</b>	3 265 218	3 272 033
Total	<b>4 263 194</b>	4 256 379	4 263 194
Number of shares, weighted average, 1 000 pcs	<b>4 263</b>	4 248	4 260
Number of shares, diluted, 1 000 pcs	<b>4 292</b>	4 267	4 290
<b>Number of shareholders</b>	<b>5 382</b>	4 761	5 046

### DEVELOPMENT OF QUARTERLY RESULTS

EUR 1 000	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Rolling 1.4.2018– 31.3.2019	Rolling 1.4.2017– 31.3.2018
<b>NET SALES</b>	<b>43 667</b>	<b>47 888</b>	<b>54 166</b>	<b>41 309</b>	<b>187 030</b>	<b>146 747</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>1 574</b>	<b>600</b>	<b>-335</b>	<b>890</b>	<b>2 729</b>	<b>2 791</b>
<b>Other operating income</b>	<b>293</b>	<b>137</b>	<b>197</b>	<b>112</b>	<b>739</b>	<b>132</b>
Materials and services	-26 271	-27 339	-31 996	-23 163	-108 770	-78 148
Employee benefits expense	-11 568	-11 316	-12 813	-11 718	-47 416	-42 525
Depreciation and amortization	-635	-617	-585	-940	-2 777	-2 665
Impairments	-	-	-38	-49	-87	-
Other operating expenses	-3 903	-3 751	-5 185	-3 842	-16 681	-15 085
<b>Total operating expenses</b>	<b>-42 377</b>	<b>-43 024</b>	<b>-50 617</b>	<b>-39 712</b>	<b>-175 731</b>	<b>-138 423</b>
<b>OPERATING PROFIT</b>	<b>3 156</b>	<b>5 602</b>	<b>3 410</b>	<b>2 599</b>	<b>14 767</b>	<b>11 247</b>
<b>% of net sales</b>	<b>7,2</b>	<b>11,7</b>	<b>6,3</b>	<b>6,3</b>	<b>7,9</b>	<b>7,7</b>
Financial income	72	9	40	206	327	266
Financial expenses	-107	-109	-75	-58	-350	-369
<b>Financial expenses, net</b>	<b>-36</b>	<b>-100</b>	<b>-35</b>	<b>148</b>	<b>-9</b>	<b>-103</b>
<b>PROFIT BEFORE TAX</b>	<b>3 121</b>	<b>5 502</b>	<b>3 375</b>	<b>2 747</b>	<b>14 745</b>	<b>11 144</b>
<b>% of net sales</b>	<b>7,1</b>	<b>11,5</b>	<b>6,2</b>	<b>6,6</b>	<b>7,9</b>	<b>7,6</b>
Income taxes	-748	-1 189	-480	-612	-3 029	-2 011
<b>PROFIT FOR THE PERIOD</b>	<b>2 372</b>	<b>4 313</b>	<b>2 895</b>	<b>2 135</b>	<b>11 716</b>	<b>9 133</b>
<b>% of net sales</b>	<b>5,4</b>	<b>9,0</b>	<b>5,3</b>	<b>5,2</b>	<b>6,3</b>	<b>6,2</b>
<b>Attributable to</b>						
Equity holders of the Parent company	2 372	4 313	2 895	2 135	11 716	9 133
<b>Earnings per share, EUR</b>						
Undiluted earnings per share	0,56	1,01	0,68	0,50	2,75	2,15
Diluted earnings per share	0,55	1,01	0,67	0,50	2,73	2,14
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares	4 263	4 263	4 263	4 233	4 260	4 248
Adjusted average number of shares, diluted	4 284	4 290	4 294	4 262	4 299	4 267
<b>FINANCIAL DEVELOPMENT QUARTERLY</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Rolling 1.4.2018– 31.3.2019</b>	<b>Rolling 1.4.2017– 31.3.2018</b>
Order intake during the period, EUR million	28	42	28	32	131	199
Order book at the end of the period, EUR million	127	121	95	84	84	142

**20 LARGEST SHAREHOLDERS AT MARCH 31, 2019 BY NUMBER OF SHARES**

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
1. Sundholm Göran	-	500 000	500 000	11,7	500 000	2,2
2. Mandatum Life Unit-Linked	-	131 896	131 896	3,1	131 896	0,6
3. Laakkonen Mikko Kalervo	-	119 919	119 919	2,8	119 919	0,5
4. Suominen Pekka	48 000	62 429	110 429	2,6	1 022 429	4,4
5. Siivonen Osku Pekka	50 640	53 539	104 179	2,4	1 066 339	4,6
6. Kirmo Kaisa Marketta	55 680	48 341	104 021	2,4	1 161 941	5,0
7. Suominen Tiina Sini-Maria	48 000	52 856	100 856	2,4	1 012 856	4,4
8. Keskiaho Kaija Leena	33 600	51 116	84 716	2,0	723 116	3,1
9. Mustakallio Mika Tapani	62 100	21 170	83 270	2,0	1 263 170	5,5
10. Särkijärvi Anna Riitta	60 480	22 009	82 489	1,9	1 231 609	5,3
11. Mustakallio Kari Pauli	60 480	500	60 980	1,4	1 210 100	5,2
12. Mustakallio Marja Helena	46 740	12 547	59 287	1,4	947 347	4,1
13. Mustakallio Ulla Sinikka	47 740	10 730	58 470	1,4	965 530	4,2
14. Särkijärvi Anu Riitta	12 000	43 256	55 256	1,3	283 256	1,2
15. Särkijärvi Timo Juha	12 000	43 256	55 256	1,3	283 256	1,2
16. Suominen Jukka Matias	24 960	27 964	52 924	1,2	527 164	2,3
17. Keskinäinen työeläke- vakuutusyhtiö Varma	-	51 950	51 950	1,2	51 950	0,2
18. Relander Pär-Gustaf	-	51 000	51 000	1,2	51 000	0,2
19. Suominen Jussi	48 000	-	48 000	1,1	960 000	4,2
20. Keskiaho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
<b>Total</b>	<b>635 200</b>	<b>1 323 572</b>	<b>1 958 772</b>	<b>45,9</b>	<b>14 027 572</b>	<b>60,7</b>

**20 LARGEST SHAREHOLDERS AT MARCH 31, 2019 BY NUMBER OF VOTES**

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
1. Mustakallio Mika Tapani	62 100	21 170	83 270	2,0	1 263 170	5,5
2. Särkijärvi Anna Riitta	60 480	22 009	82 489	1,9	1 231 609	5,3
3. Mustakallio Kari Pauli	60 480	500	60 980	1,4	1 210 100	5,2
4. Kirmo Kaisa Marketta	55 680	48 341	104 021	2,4	1 161 941	5,0
5. Siivonen Osku Pekka	50 640	53 539	104 179	2,4	1 066 339	4,6
6. Suominen Pekka	48 000	62 429	110 429	2,6	1 022 429	4,4
7. Suominen Tiina Sini-Maria	48 000	52 856	100 856	2,4	1 012 856	4,4
8. Mustakallio Ulla Sinikka	47 740	10 730	58 470	1,4	965 530	4,2
9. Suominen Jussi	48 000	-	48 000	1,1	960 000	4,2
10. Mustakallio Marja Helena	46 740	12 547	59 287	1,4	947 347	4,1
11. Keskiaho Kaija Leena	33 600	51 116	84 716	2,0	723 116	3,1
12. Mustakallio Hanna Leena	32 975	5 565	38 540	0,9	665 065	2,9
13. Mustakallio Jukka Jeremias	32 975	-	32 975	0,8	659 500	2,9
14. Keskiaho Vesa Heikki	29 680	-	29 680	0,7	593 600	2,6
15. Keskiaho Juha-Pekka	27 880	5 716	33 596	0,8	563 316	2,4
16. Suominen Jukka Matias	24 960	27 964	52 924	1,2	527 164	2,3
17. Keskiaho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
18. Sundholm Göran	-	500 000	500 000	11,7	500 000	2,2
19. Kultanen Leea Annikka	21 595	8 031	29 626	0,7	439 931	1,9
20. Piik Ari	20 855	418	21 273	0,5	417 518	1,8
<b>Total</b>	<b>777 160</b>	<b>902 025</b>	<b>1 679 185</b>	<b>39,4</b>	<b>16 445 225</b>	<b>71,2</b>

**MANAGEMENT'S SHAREHOLDING AND NOMINEE-REGISTERED SHARES**

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
<b>Management's holding at March 31, 2019</b>						
The Board of Directors, The Group's President and CEO and Executive Board*	127 890	132 668	260 558	6,1	2 690 468	11,6
<b>Total</b>	<b>127 890</b>	<b>132 668</b>	<b>260 558</b>	<b>6,1</b>	<b>2 690 468</b>	<b>11,6</b>

\*The figures include the holdings of their own, minor children and control entities.

<b>Nominee-registered shares at March 31, 2019</b>	-	<b>176 305</b>	<b>176 305</b>	<b>4,1</b>	<b>176 305</b>	<b>0,8</b>
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RAUTE CORPORATION  
Board of Directors

**BRIEFING ON MAY 3, 2019, AT 2 P.M.:**

A briefing will be organized for analysts, investors and the media on May 3, 2019 at 2 p.m. at Scandic Simonkenttä Hotel, Balsa-Freda cabinet, Simonkatu 9, Helsinki. The interim report will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Tarja Järvinen, CFO.

**NEXT INTERIM REPORT:**

Raute Corporation's half-year report (January 1–June 30, 2019) will be published on Wednesday, July 31, 2019.

**FURTHER INFORMATION:**

Mr. Tapani Kiiski, President and CEO, Raute Corporation, mobile phone +358 400 814 148

Ms. Tarja Järvinen, Group Vice President, Finance, CFO, Raute Corporation, mobile phone +358 40 658 3562

**DISTRIBUTION:**

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**RAUTE IN BRIEF:**

*Raute is a technology and service company that operates worldwide. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood, LVL (Laminated Veneer Lumber) and sawn timber. Its technology offering covers the entire production process for veneer, plywood and LVL and special measurement equipment for sawn timber. As a supplier of mill-scale projects, Raute is a global market leader both in the plywood and LVL industries. Additionally, Raute's full-service concept includes technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in the Nastola area of Lahti, Finland. The company's other production plants are located in Kajaani, Finland, the Vancouver area of Canada, the Shanghai area of China and in Pullman, Washington, USA. Raute's net sales in 2018 were EUR 181.0 million. The Group's headcount at the end of 2018 was 772. More information about the company can be found at [www.raute.com](http://www.raute.com).*



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