



# Financial Statement Release

January 1 – December 31, 2017

0100101001110100011100101111  
110010010101011001011100101111011100101111  
01111000100111001011110100111000  
01001101111000100101001111000110  
010011110111011100010011001001001  
0111100010010100111010010110100011000110  
010011110110101110100111001111010010  
010011011111010110100010010010001  
01111000100101010011000110  
0100111101101011101001110000110

## RAUTE CORPORATION – FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2017

- The Group's net sales amounted to EUR 148.6 million (MEUR 113.1), up 31% on the comparison period. Order intake, at EUR 155 million (MEUR 162), declined by 5%, but was still at a very good level. The order book at the end of the year, EUR 110 million (MEUR 106), reached a new record-high level.
- Operating profit amounted to EUR 11.6 million (MEUR 8.6), up 35%. The result before taxes was EUR 11.5 million (MEUR 8.2). Profit for the financial year was EUR 9.3 million (MEUR 6.7).
- Undiluted earnings per share were EUR 2.20 (EUR 1.60) and diluted earnings per share were EUR 2.18 (EUR 1.59).
- Fourth-quarter net sales amounted to EUR 39.7 million and the operating result was EUR 3.3 million. Order intake, at EUR 60 million, was very high.
- The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.25 (EUR 1.00) per share be paid for the financial year 2017.
- Raute's net sales and operating profit for 2018 are expected to remain at the level of the preceding year.

### TAPANI KIISKI, PRESIDENT AND CEO: HEADING INTO 110TH YEAR OF OPERATIONS WITH AN ORDER BOOK OF EUR 110 MILLION

Our strong performance also continued for towards the end of the year 2017. In the final quarter of the year, we received new orders worth more than EUR 60 million. When considering without our major new-capacity projects, the fourth quarter of 2017 was one of the best in the company's history. And even as our net sales approached nearly EUR 40 million in the fourth quarter, our order book continued to grow, and we reached a record level of EUR 110 million. Our operating profit of EUR 3.3 million also nicely reflects the level of our operations.

We have reason to be pleased with our full-year performance, too. Thanks to a good opening order book and active market situation, we reached a new record in our net sales, with 31 percent growth. In terms of the amount of orders received, we fell just short of last year's record high, but we can still be pleased with the EUR 155 million we achieved. Our operating profit of EUR 11.6 million in 2017 is Raute's all-time best.

The positive general economic trend that carried throughout 2017 accelerated towards year-end, despite the sustained uncertainty caused by political tensions. The drive to implement investments also grew. For Raute, this was reflected as growth in demand in North America and Russia, and, in Europe, as a stronger relative share for Southern Europe. The strengthening of South America's and Asia's economies towards the end of the year did not yet translate into new orders for us.

Major new-capacity projects again played an important role in our order intake, in both the fourth quarter and the full year. A clearly larger proportion of our orders stemmed from mid-sized replacement and improvement investments and modernizations than before. This shows that our customers' situation and confidence in the future are good. In addition to mill projects, we proved our competitiveness both to our new customers and in smaller-scale projects.

We continued with our strong focus on improving the competitiveness of our products and operations. We complemented our offering in April with the acquisition of Metriguard Inc's veneer and lumber grading technology business. It was Raute's first business acquisition in more than ten years. Alongside these new developments, we increased our investments in product development, our production capacity, quality and our employees' competence. The number of our personnel also increased, this time mainly in Finland.

We can thank our main unit in Nastola, in particular, for our growth in net sales and thus our improved result. Our measures to boost the production capacity were highly successful. Our focus on quality and on developing our operations could be seen not only in our successful delivery capabilities, but also in our ability to carry out start-ups according to plan. The success of our machine vision and measuring technology continued.

Raute turns 110 this year. We will celebrate this major milestone by keeping up the good work. We kicked off the year with a record-high order book, and 2018 already looks promising in terms of new orders. This means we can be confident that our positive development will continue and we will retain the high net sales and operating profit that we have achieved. We will, of course, still target improvements through our development projects and investments. We have scheduled our record-high order book in a way that will enable us to continue to provide competitive delivery schedules to our customers in smaller-scale projects and services. In 2018, we are especially focusing on emerging markets, where we have set our sights on finding a back-up for industrialized markets when demand there begins to level off. In terms of larger new projects, we are already turning our gaze towards 2019.

I would like to express my sincerest thanks for the past year to everyone who made our success possible: to Raute's customers for their invaluable cooperation and trust, to our personnel for their outstanding work and strong commitment to executing major workloads, to our shareholders for their continued confidence in us, and to all our other partners for the part they played in furthering Raute's development and success.

## FOURTH QUARTER OF 2017

### Order intake and order book

Order intake, at EUR 60 million (MEUR 42), was very high. Technology services accounted for EUR 20 million (MEUR 14) of the order intake.

The most significant new order was for a plywood mill expansion in Russia valued at more than EUR 21 million that took effect at the end of October. The order encompasses the main machinery for the plywood process; veneer peeling, drying, composing and patching lines; plywood lay-up, pressing and laminating lines; and machine vision and moisture analyzers. The deliveries will take place in the fall of 2018, and production on the new lines will start up in 2019.

The order book strengthened further during the final quarter by EUR 21 million, reaching a new record-high level of EUR 110 million (MEUR 106). Part of the order book is scheduled for 2019.

### Net sales

Fourth-quarter net sales amounted to EUR 39.7 million (MEUR 36.0). Technology services accounted for EUR 13.0 million and 33 percent (36%) of the quarter's net sales.

### Result and profitability

Operating profit in the fourth quarter was EUR 3.3 million positive (MEUR 4.3 positive) and accounted for 8.3 percent (11.9%) of net sales.

The profit was EUR 2.9 million positive (MEUR 3.6). Undiluted earnings per share were EUR 0.68 (EUR 0.86) and diluted earnings per share were EUR 0.68 (EUR 0.85).

## RAUTE CORPORATION – FINANCIAL STATEMENTS JANUARY 1–DECEMBER 31, 2017

### 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 during 2017 did not change considerably with respect to Raute or Raute's customer base. Positive development continued, however, in Raute's key market areas. Although construction activity increased in many market areas, it remained at a fairly low level in all major market areas.

### Demand for wood products technology and technology services

Thanks to the continued brighter economic and market situation, investment activity among Raute's customers improved and the unravelling of the built-up investment backlog began. Quotation activity for new-capacity projects and larger, project-type undertakings remained brisk throughout the year, and trade negotiations took place actively. Demand shifted from smaller projects and modernizations to projects encompassing individual machine lines.

Many investment decisions were made in Europe, especially concerning mid-sized replacement and upgrade investments. The focus of demand and orders shifted to Southern Europe from Northern and eastern Central Europe, where the focus has been for the previous few years. Italian customers in particular were exceptionally active.

In Russia, the economic and financial situation in general remained weak, although it did strengthen during the year. Preparations for a number of investments remained active. A major birch plywood mill project was started up in Russia.

In North America, plywood and LVL industry production investments were low and mainly targeted the modernization of existing softwood plywood capacity. As an exception to the general situation, a new LVL mill investment started up in the USA.

No significant new investment projects were launched in South America, and replacement investments and modernizations also remained at a low level.

Raute is the first and so far the only Western company to develop modern plywood manufacturing in China. Technological development has not, however, been as fast as expected, and Raute's entry into the markets is still slower than hoped for.

In Southeast Asia, raw material availability, the harvesting limitations on natural forests and problems linked to the quality of plantation wood continued to limit the development of plywood production. In Australia and New Zealand, the plywood and LVL product markets performed well, driven by the improvement in the local economy, construction markets and exports. No new major investments were started up, however.

Demand for maintenance and spare parts services remained at a good level throughout the year, 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 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.

The order intake in 2017 was at a very strong level, amounting to EUR 155 million (MEUR 162). Of the new orders, 39 percent came from Europe (57%), 32 percent from Russia (27%), 23 percent from North America (11%), 5 percent from South America (2%), and 1 percent from Asia-Pacific (3%). Sometimes even strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business.

The order intake for project deliveries stood at EUR 96 million (MEUR 118), which is 19 percent less than the previous year's record level. The largest individual orders were for an LVL lay-up line in the USA valued at EUR 11 million that took effect at the end of July, and an order for main machinery for a plywood mill expansion in Russia that took effect in October and was valued at EUR 21 million.

Order intake in technology services amounted to EUR 58 million (MEUR 44), 33 percent more than in the comparison year. Growth in modernizations stood at 51 percent and in other technology services 6 percent.

At the end of 2017, the order book, EUR 110 million (MEUR 106), stood at a record-high level. Part of the order book is scheduled for 2019.

### 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.

The Metriguard products acquired in April complement Raute's product range. Metriguard's equipment has been integrated into dozens of Raute's deliveries over the years. The active installed equipment base extends from North and South America to Europe, Asia, Africa, Australia and New Zealand.

#### NET SALES

The Group's net sales in 2017 amounted to EUR 148.6 million (MEUR 113.1). Net sales grew 31 percent on 2016. Growth in net sales is attributed to the good opening order book, the large number of orders received during the year, and the acquisition of the Metriguard business at the start of April.

Net sales were generated by project deliveries related to the wood products technology business and by technology services.

Net sales for project deliveries totaled EUR 99 million (MEUR 70), up 42 percent from the previous year. Project deliveries accounted for 67 percent (62%) of total net sales. The plywood industry's share of the net sales of project deliveries was 83 percent (66%), while the LVL industry's share was 17 percent (34%).

At the end of 2017, the order book contained a total of six large mill-scale projects aimed at generating new capacity, in which Raute is the full-scope supplier. Of these projects, two are in the final approval stage, two are in the installation stage and two are in the production stage.

Net sales for technology services totaled EUR 49 million (MEUR 43). Net sales grew 14 percent from the previous year, but its share of total net sales fell to 33 percent (38%), due to the strong growth in project deliveries. Growth was evenly distributed across the different product areas.

Europe's 2017 share of total net sales was 56 percent (60%), Russia's 24 percent (17%), North America's 14 percent (15%), South America's 4 percent (3%), and Asia-Pacific's 2 percent (5%).

#### RESULT AND PROFITABILITY

The Group's operating profit for 2017 was EUR 11.6 million positive (MEUR 8.6 positive) and accounted for 7.8 percent of net sales (7.6%). Operating profit grew 35 percent due to net sales growth.

The Group's financial income and expenses totaled EUR -0.1 million (MEUR -0.3). The Group's profit before taxes was EUR 11.5 million positive (MEUR 8.2) and profit for the financial year was EUR 9.3 million

positive (MEUR 6.7). The Group's comprehensive income was EUR 9.2 million positive (MEUR 7.5).

Undiluted earnings per share were EUR 2.20 (EUR 1.60) and diluted earnings per share were EUR 2.18 (EUR 1.59). Return on investment was 30.4 percent (25.3%) and return on equity 25.2 percent (20.9%).

#### CASH FLOW AND BALANCE SHEET

The Group's financial position remained strong throughout the year. At the end of the financial year, the Group's cash and cash equivalents exceeded interest-bearing liabilities by EUR 29.3 million (MEUR 20.6). At the end of the financial year, gearing was -74 percent (-60%) and the equity ratio was 64 percent (60%).

The Group's cash and cash equivalents amounted to EUR 30.7 million (MEUR 23.8) at the end of 2017. The change in cash and cash equivalents in the financial year was EUR 6.9 million positive (MEUR 17.2 positive). Operating cash flow was EUR 18.4 million positive (MEUR 21.2 positive). Cash flow from investment activities was EUR 5.8 million negative (MEUR 2.9 negative), including the cash consideration of EUR 2.9 million on the purchase price and costs of EUR 0.5 million related to the acquisition of the Metriguard business. Cash flow from financing activities was EUR 5.7 million negative (MEUR 1.2 negative), including dividend payments of EUR 4.2 million and EUR 0.2 million in rights issues.

The Group's balance sheet total at the end of 2017 stood at EUR 86.9 million (MEUR 69.8). 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.

Interest-bearing liabilities amounted to EUR 1.4 million (MEUR 3.1) at the end of 2017.

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 three 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 facilities, EUR 32.7 million remained unused at the end of the financial year.

#### LOANS TO RELATED PARTIES AND OTHER LIABILITIES

Other liabilities are presented in the figures section of this report.

#### EVENTS DURING THE REPORTING PERIOD

Raute Corporation published stock exchange releases on the following events in 2017:

02 January 2017	Market-making for Raute Corporation transferred to Nordea Bank AB (publ)
11 January 2017	Raute Corporation's trading and issuer codes to change as from January 16, 2017
15 February 2017	A new performance and share value based long-term incentive program established for Raute's top management
06 March 2017	Disposal of Raute Corporation's own shares
28 March 2017	Decisions of Raute's Annual General Meeting
31 March 2017	Raute Corporation strengthens its offering in veneer and lumber grading technology by acquiring the business of Metriguard Inc.
27 July 2017	Raute revises its guidance for 2017 net sales and operating profit: Net sales will grow clearly and operating profit will improve clearly
31 July 2017	Raute receives an order worth over EUR 11 million to USA
25 September 2017	Issue of new shares of Raute Corporation without consideration to the company itself
24 October 2017	Raute received an order of over EUR 21 million to Russia.

#### RESEARCH AND DEVELOPMENT

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.

In 2017, the Group's research and development costs totaled EUR 3.2 million (MEUR 2.9) and 2.2 percent of net sales (2.5%).

The most significant product development project in machine technology in 2017 was the renewal of a veneer dryer. The application area of the green veneer composing line that was launched in 2016 was expanded to include 8'-wide softwood. Suitable pilot customers are currently being sought for both above-mentioned projects. In order to expand the solutions of the SmartMill concept, which optimizes the customer's production process, development work on machine vision

and grading solutions, as well as on new digital products, was continued.

## INVESTMENTS

The Group's investments in 2017 totaled EUR 7.0 million (MEUR 3.2). The acquisition of the Metriguard business accounted for EUR 3.4 million of the Group's capital expenditure, including an estimate of the earn-out share to be paid in 2018. The investments include EUR 0.1 million in capitalized development costs (MEUR 0.0). Other investments were related to various replacement and improvement projects targeted at production, premises and IT systems, and to testing equipment manufactured for the needs of product development.

## DEVELOPMENT OF OPERATIONS

In 2017, strategic development projects focused on improving competitiveness, delivery capabilities, and the service business. The Group's main unit in Nastola introduced the LEAN method in production. Use of the LEAN method as a development tool will be expanded to other main processes in 2018.

## HUMAN RESOURCES

The Group's headcount at the end of 2017 was 704 (643). Finnish Group companies accounted for 68 percent (72%) of employees, North American companies for 17 percent (13%), Chinese companies for 11 percent (12%), and other sales and maintenance companies for 4 percent (4%).

Converted to full-time employees ("effective headcount"), the average number of employees during the financial year was 660 (631). Salaries and remunerations paid by the Group totaled EUR 33.6 million (MEUR 30.1). This figure does not include expenses resulting from the stock option and share incentive plans.

The Group continued to develop the competence of its personnel and increase their commitment to the company. 3 percent (3%) of the payroll was invested in personnel training. Personnel development in 2017 focused on selected training programs, including Raute Leader, Service Excellence and Site Operations programs. Targeted competence-development activities were implemented through, among other things, a systematic mentor program. Additionally, a business sustainability development program was initiated. The Raute Academy and Mill Academy online learning systems were introduced as a means of promoting both personnel's training and training directed at customers.

## REMUNERATION

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

## SHARE-BASED INCENTIVE PLANS

A total of EUR 595 thousand (EUR 46 thousand) has been recognized as an expense for the share-based incentive plans. At the end of the financial year, EUR 240 thousand (EUR 129 thousand) from the share plans was allocated to the invested non-restricted equity reserve.

### Share-based incentive plan 2014–2018

The Group has a long-term share-based incentive plan for the Group's senior management for the years 2014 to 2018 based on performance. The plan has two valid share plans, which began in 2015 and 2016. In both plans, a year-long earnings period is followed by a two-year vesting period. The earnings criteria were the financial year's earnings per share and growth in net sales.

The plan beginning in 2015 covers altogether 11 persons belonging to the Group's senior management. The Board of Directors confirmed the amounts of the personal bonuses to be paid for the 2015 earnings period on March 2, 2016. The bonus of altogether EUR 614 thousand was paid out on March 6, 2017. The proportion paid in shares consisted of a total of 14,523 of the company's A shares. The vesting period will end at the beginning of 2018.

The plan beginning in 2016 covers altogether 12 persons belonging to the Group's senior management. The Board of Directors confirmed the amounts of the personal bonuses to be paid for the 2016 earnings period on March 2, 2017; the proportion to be paid in shares is altogether 8,913 series A shares. No shares or cash were issued under the plan. The vesting period will end at the beginning of 2019.

### Share-based incentive plan 2017–2022

In February 2017, the Board of Directors of Raute Corporation resolved to implement a new performance-based, share-value-based, long-term incentive plan for the Group's senior management. The purpose of the plan is to align the objectives of the owners and management in order to develop the company's value, and to commit management to achieving the company's strategic goals by offering a competitive long-term incentive plan.

The Performance Share Plan is made up of three three-year plans that begin every year. A single plan may consist of either a three-year earnings period or a one-year earnings period and the subsequent two-year vesting period. The possible bonus earned by virtue of a single plan shall be paid at the end of the three-year plan in question. Any potential bonus will be paid either in Raute's listed A shares or in cash.

The company's Board of Directors decides separately on when each

plan commences, the length of its earnings period, the performance targets, the persons entitled to participate in the plan and the earnings potential.

LTI Plan 2017–2019 commenced at the start of 2017. The plan consists of a one-year earnings period and the subsequent two-year vesting period. The bonuses will be paid in spring 2020. The plan covers 12 persons belonging to the Group's senior management. The performance targets are earnings per share (EPS) and growth in net sales. The earnings opportunity is limited such that the value of the bonus, at the time of payment, to be paid to a participant based on a single three-year plan can be no more than double the value of the maximum earnings opportunity allocated to him/her when the plan commenced.

## SOCIETY AND THE ENVIRONMENT

Responsibility is one of the values that guide Raute's operations. Raute aims to systematically develop its products and services to be environmentally sound while also reducing the environmental impacts of its own operations. The Group abides by the principles of good corporate citizenship, taking into consideration nature and its protection, and how society as a whole operates, while respecting local cultures and valuing diversity. Raute's Board of Directors has presented to the company the Code of Conduct which guides the personnel to act responsibly in accordance with Raute's values.

Raute delivers technology for the wood products industry, which uses renewable raw materials. Most of the products manufactured using Raute's machinery have a long life, and the carbon stored in wood products has a positive impact on the achievement of climate targets. An increase in the use of sustainably produced wood, for example, in construction is among the most important means of achieving climate targets. Raute's product development focuses on improving the resource efficiency of the machinery in order to reduce the overall environmental impacts of the production chain. Raute's machinery typically has a very long life, and the majority of emissions arise during the operational phase of the machines.

Raute focuses particularly on developing the occupational safety of its products.

In Raute's own operations, environmental matters and occupational safety are managed according to the principles of continuous improvement. The main production unit in Nastola is certified according to the ISO 14001 (environmental management system) and ISO 9001 (quality management system) standards. The operations and ethical principles

of the partner and subcontractor network are also subjected to systematic inspection.

Raute aims to continuously improve occupational safety, reduce energy consumption, decrease the volume of waste, and develop the working environment.

### SEASONAL FLUCTUATIONS IN BUSINESS

The Group's net sales and working capital fluctuate every quarter due to different types of project deliveries and their schedules. Business operations do not involve regular seasonal changes.

### RISKS AND RISK MANAGEMENT

The Group's identified key risk areas relate to the nature of the business, the business environment, financing, damage or loss and information security. The fluctuations in demand resulting from economic cycles and delivery and technology risks have been identified as the Group's most significant 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. The most significant risks for Raute in the near term are related to the very high order book, and especially to 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.

The Group has no ongoing legal proceedings or other disputes in progress that might materially affect the continuity of business operations, nor is the Board of Directors aware of any other legal risks related to the Group's operations that might have such an effect.

### Business risks

#### Impact of economic cycles on business operations

Raute's business operations are characterized by the sensitivity of investment demand to fluctuations in the global economy and the financing markets, and the cyclical nature of project business. The impact of changes in demand on the Group's result is reduced by increasing the share of technology services, increasing operations in market areas with a small current market share, developing products for customer segments in which the Group has a weaker market position, and developing the partner network.

### Deliveries and technology

The bulk of Raute's business operations consists of project deliveries, which expose the company to risks caused by customer-specific solutions related to each customer's end product, production methods or raw materials. At the quotation and negotiation phase, the company has to take risks relating to the promised performance figures and make estimates of implementation costs.

Raute invests heavily in product development. The developmental phase for new technologies involves the risk that the project will not lead to a technologically or commercially acceptable solution. The functionality and capacity of new solutions produced as a result of development work cannot be fully verified until the solutions can be tested under production conditions in conjunction with the first customer deliveries.

Contract, product liability, implementation, cost and capacity risks are managed using project management procedures that comply with the company's ISO-certified quality system. Technology risks are reduced by the conditions of delivery contracts and by restricting the number of simultaneous first deliveries.

### Emerging markets

Raute's objective is to increase its local business, for example, in China and Russia, where, besides opportunities, companies face risks typical to emerging markets.

### The company's reputation

Raute is at risk of being part of a business chain that involves corruption, bribery or money laundering without its knowledge. The realization of these risks may result in legal consequences, and the company's reputation and financial position may suffer.

It is possible that players who do not respect Raute's principles related to human rights or the basic rights of employees operate in the international supply chain. Such cases may damage the company's reputation and interrupt the supply chain if the infraction is severe enough to warrant an end to the co-operation.

### Payment fraud

Raute is repeatedly exposed to the risk of payment fraud. The company faces the risk of a fraud attempt bypassing the payment transaction control points and damaging the company financially.

### Data security

Information security risks are managed according to a defined information security policy.

### Human resources

Competence retention and development and good management of the sufficiency of human resources are particularly important in cyclical business. Continuity is ensured by monitoring the development of the age structure, implementing systematic human resources management and investing in well-being at work.

### Financing risks

The most significant financing risks in the Group's international business operations are default risks and currency risks related to counterparties. The Group is also exposed to liquidity, refinancing, interest rate and price risks.

The default risk relating to customers' solvency is managed through payment terms and by covering the unpaid sum with bank guarantees, letters of credit or other suitable securities. The Group's liquid assets are mainly held in banks in the Nordic countries. The credit losses recognized during the 2017 financial year amounted to EUR 3 thousand (EUR 168 thousand).

The Group's main currency is the euro. The most significant currency risks result from the following currencies: Chinese yuan (CNY), Russian ruble (RUB), Canadian dollar (CAD) and US dollar (USD). The main hedging instruments used are foreign currency forward contracts. Currency clauses are included in quotations to hedge against currency risks during the quotation period. Depending on the case, currency risks related to preliminary sales contracts are hedged with currency option contracts.

The Group has prepared for fluctuating working capital requirements and possible disturbances in the availability of money through long-term credit facility agreements with three Nordic banks.

### Risks of damage or loss

Raute's most significant single risks concerning material damage and business interruption loss are a fire, a serious machine breakdown and an IT system breakdown or malfunction at the Nastola main production unit, where the production, planning, financial, and ERP systems serving the Group's key technologies are centrally located. Precautions against such risks have been taken by means of back-up systems and

insurance policies, but the serious realization of such a risk would cause significant damage to Raute's operations.

Other risks of damage or loss include occupational safety risks, which are managed by means of active risk-prevention measures, such as continuous personnel training and investigation of all near-miss situations. Occupational safety and ergonomics are under continuous development.

Raute's production operations do not have significant direct environmental impacts. The main production unit in Nastola is situated in a groundwater zone. A chemical or fuel leak in a groundwater zone could cause environmental damage, financial costs and disturbances in production. The Nastola main unit has an ISO-certified environmental system in place, and special attention has been paid to chemical safety. Other units also aim to adhere to the principles of the environmental system.

The Group hedges against risks of damage or loss by assessing its facilities and processes in terms of risk management and by maintaining emergency plans.

Global and local insurance programs are checked regularly as part of overall risk management. The objective is to use insurance policies to sufficiently hedge against all risks that are reasonable to handle through insurance due to economical or other reasons.

### Organization of risk management

Raute's risk management policy is approved by the Board of Directors. The Board is responsible for organizing internal control and risk management, and for monitoring their efficiency.

The Executive Team defines the Group's general risk management principles and operating policies and defines the boundaries of the organization's powers. The President and CEO and the CFO regularly report significant risks to the Board.

The Group's President and CEO controls the implementation of the risk management principles in the entire Group, while the Presidents of the Group companies are responsible for risk management in their respective companies. The members of the Group's Executive Board are responsible for their own areas of responsibility across company boundaries.

Raute has no separate internal auditing organization. The Controller function oversees the annual internal control plan, develops internal control and risk management procedures together with the operative

leadership, and monitors compliance with risk management principles, operational policies and powers.

### SHAREHOLDERS

The number of shareholders totaled 3,625 at the beginning of the year and 4,797 at the end of the financial year. Series K shares were held by 55 private individuals (50) at the end of the financial year. Nominee-registered shares accounted for 4.0 percent (2.1%) of shares. The company did not receive any flagging notifications in 2017.

The Board of Directors, the President and CEO as well as the Executive Board held altogether 253,893 company shares, equaling 6.0 percent (5.9%) of the company shares and 11.6 percent (11.2%) of the votes on December 31, 2017.

### AUDITORS

At Raute Corporation's Annual General Meeting on March 28, 2017, the authorized public accounting company PricewaterhouseCoopers was chosen as auditor with Authorized Public Accountant Markku Lounis as the principal auditor.

### CORPORATE GOVERNANCE

Raute Corporation's Corporate Governance Statement and the company's remuneration statement will be published at the same time as the financial statements.

### CORPORATE GOVERNANCE STATEMENT

Raute Corporation's Board of Directors has reviewed Raute Corporation's Corporate Governance Statement for 2017 according to chapter 7, section 7 of the Finnish Securities Markets Act and the Finnish Corporate Governance Code 2015 for listed companies issued by the Securities Market Association on October 1, 2015. The statement has been drawn up separately from the Report of the Board of Directors.

### NON-FINANCIAL STATEMENT

Raute Corporation's Board of Directors has addressed Raute Corporation's non-financial statement for 2017 (in accordance with Directive 2014/95/EU of the European Parliament and Council) as a statement separate from the Report of the Board of Directors.

### BOARD OF DIRECTORS AND PRESIDENT AND CEO

The Annual General Meeting elects the Chairman and Vice-Chairman for the Board of Directors, and 3–5 Board members.

At the Annual General Meeting held on March 28, 2017, Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board of Raute Corporation,

Mr. Mika Mustakallio Vice-Chair, and Mr. Joni Bask, Ms. Laura Raitio, Mr. Pekka Suominen, and Mr. Patrick von Essen were elected as Board members.

The Board of Directors appoints the President and CEO and confirms the terms of his or her employment, including fringe benefits.

Mr. Tapani Kiiski, Licentiate in Technology, continued as Raute Corporation's President and CEO. He was appointed as Raute Corporation's President and CEO on March 16, 2004. As agreed in the executive contract, the term of notice is six months, and the severance pay equals twelve months' salary.

Raute Corporation's Articles of Association do not grant any unusual authorizations to the Board of Directors, or to the President and CEO.

Any decisions on changes to the Articles of Association or an increase in share capital are made in compliance with the regulations of the effective Companies Act.

### EXECUTIVE BOARD

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

Tapani Kiiski, President and CEO, Chairman – Sales

Arja Hakala, Group Vice President, Finance, CFO – Finance and administration

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

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

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

Antti Laulainen, Group Vice President, Technology Services and Sales Management – Technology services and sales management

Petri Strengell, Group Vice President, Supply Chain – Sourcing and production

### SHARES

During 2017, a total of 33,873 new series A shares (80,231 shares) were subscribed for under the 2010 series B and 2010 series C stock option rights.

The number of Raute Corporation's shares at the end of 2017 totaled 4,249,248 (4,206,462), of which 991,161 (991,161) were series K shares (ordinary share, 20 votes/share) and 3,258,087 (3,215,301) 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. In this kind of situation other holders of series K shares have the right to redeem the series K 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. In 2017, 845,672 shares were traded (987,608) worth altogether EUR 19.2 million (MEUR 14.3). The number of shares traded represents 26 percent (31%) of all listed series A shares. The average price of a series A share was EUR 22.40 (EUR 14.50). The highest closing price of the year was EUR 30.52 and the lowest EUR 16.84.

The company's market capitalization at the end of 2017 totaled EUR 123.2 million (MEUR 70.2), with series K shares valued at the closing price of series A shares, EUR 29.00 (EUR 16.70), on the last listing day December 29, 2017.

Raute Corporation has signed a market making agreement with Nordea Bank Ab (publ) in compliance with the Liquidity Providing (LP) requirements issued by Nasdaq Helsinki Ltd.

On September 25, 2017, the company resolved on the issuance of new shares to the company itself without consideration so that, in spring 2018, it will have own shares held by the company available for the payment of the share rewards payable based on the company's share incentive plan 2016–2018. The 8,913 new series A shares were entered in the Trade Register on October 17, 2017 and admitted to public trading on October 18, 2017.

Other share-related information is presented in the figures section of this report.

#### **RAUTE CORPORATION'S 2010 A, 2010 B AND 2010 C STOCK OPTIONS**

In 2017, altogether 16,449 series A shares were subscribed for with Raute's series B 2010 stock options and 17,424 with series C stock options.

Raute Corporation's series C 2010 stock options are listed on Nasdaq Helsinki Ltd under the trading code RAUTEW310. The subscription period for series C stock options ends on March 31, 2018. The subscrip-

tion period for series A stock options ended on March 31, 2016 and for series B stock options on March 31, 2017.

At the end of 2017, altogether 13,446 series C stock options had not been exercised. The subscription price for series C stock options was EUR 5.00 at the end of the year, and the closing price was EUR 20.50.

#### **RAUTE'S DIVIDEND POLICY**

Raute exercises an active dividend policy. Its aim is to ensure competitive returns for its investors. Dividend payment takes into account future investment needs and the goal of maintaining a solid equity ratio. Due to the nature of the project business, the dividend is not directly tied to the annual result.

#### **DISTRIBUTION OF PROFIT FOR THE 2016 FINANCIAL YEAR**

The Annual General Meeting held on March 28, 2017 decided to pay a dividend of EUR 1.00 per share for the financial year 2016. The total amount of dividends is EUR 4.2 million, with series A shares accounting for EUR 3,228,550.00 and series K shares for EUR 991,161.00. The dividend payment date was April 6, 2017.

#### **AUTHORIZATION OF REPURCHASE AND DISPOSAL OF OWN SHARES**

The Annual General Meeting held on March 28, 2017 authorized the company's Board of Directors to decide on the repurchase of Raute Corporation series A shares with assets from the company's non-restricted equity and to decide on a directed issue of a maximum of 400,000 shares.

On September 25, 2017, Raute Corporation's Board of Directors resolved on the issuance of 8,913 new series A shares to the company itself without consideration, in accordance with Chapter 9, section 20 of the Companies Act. At the end of the financial year, the company controlled 8,913 of its own shares.

#### **EVENTS AFTER THE FINANCIAL YEAR**

Raute Corporation published stock exchange releases on the following events in 2018:

25 January 2018	Changes in Raute Group's Executive Board
29 January 2018	Raute received orders worth approximately EUR 23 million to Finland
09 February 2018	Raute receives order worth almost 20 million euros from North-East Asia.

#### **PUBLICATION OF THE FINANCIAL STATEMENTS AND ANNUAL REPORT 2017**

Raute Corporation's consolidated financial statements 2017 will be published on February 15, 2018. Raute Corporation's Annual Report 2017 will be published during the week 9.

#### **ANNUAL GENERAL MEETING 2018**

Raute Corporation's Annual General Meeting will be held at Lahti's Sibelius Hall on Thursday, March 22, 2018 at 6:00 p.m. A shareholder who wishes to include an issue in Raute Corporation's Annual General Meeting's agenda shall notify the company thereof in writing no later than February 20, 2018.

#### **BOARD OF DIRECTORS' PROPOSAL CONCERNING PROFIT DISTRIBUTION, DIVIDEND EUR 1.25 PER SHARE**

On December 31, 2017, the parent company's distributable assets totaled EUR 29,525 thousand, of which EUR 9,162 thousand represents the profit for the financial year 2017.

The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on March 22, 2018, that a dividend of EUR 1.25 per share be paid to holders of series A and K shares for the financial year 2017, and that the remainder of distributable assets be transferred to equity.

On the date of the profit distribution proposal, the number of shares entitling to a dividend is 4,249,248 shares, which would amount to total dividends of EUR 5,312 thousand. Shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date for dividend payment, March 26, 2018, are entitled to dividends. The dividend payment date would be April 4, 2018.

No essential changes have taken place in the company's financial position since the end of the financial year. The company has good liquidity, and in the Board of Directors' view, the proposed dividend does not pose a risk to solvency.

#### **OUTLOOK FOR 2018**

For 2018, due to the record-high order book and sustained brisk demand, we estimate that both Raute's net sales and operating profit will remain at the level of the preceding year.



# Consolidated statement of income

Financial Statements 2017  
February 15, 2018

Raute Corporation's Board of Directors has on February 15, 2018 reviewed the financial statements bulletin for January 1 - December 31, 2017, and approved it to be published. According to the Finnish Companies Act, shareholders may approve or reject the financial statements at the Annual General Meeting arranged after the statements have been issued. The Annual General Meeting also has the opportunity to make changes to the financial statements.

The figures for the financial year 2017 and 2016 presented in the tables section of the financial statements bulletin have been audited. The presented interim report figures have not been audited.

## CONSOLIDATED STATEMENT OF INCOME

(EUR 1 000)	1.10.- 31.12.2017	1.10.- 31.12.2016	1.1.- 31.12.2017	1.1.- 31.12.2016
<b>NET SALES</b>	<b>39 659</b>	<b>36 043</b>	<b>148 615</b>	<b>113 130</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>891</b>	<b>-894</b>	<b>1 905</b>	<b>150</b>
<b>Other operating income</b>	<b>-190</b>	<b>24</b>	<b>96</b>	<b>1 103</b>
Materials and services	-21 183	-17 041	-80 721	-54 849
Employee benefits expense	-11 437	-9 882	-41 036	-36 606
Depreciation and amortization	-702	-646	-2 633	-2 340
Other operating expenses	-3 738	-3 313	-14 653	-12 030
<b>Total operating expenses</b>	<b>-37 060</b>	<b>-30 881</b>	<b>-139 042</b>	<b>-105 825</b>
<b>OPERATING PROFIT</b>	<b>3 300</b>	<b>4 292</b>	<b>11 573</b>	<b>8 558</b>
<b>% of net sales</b>	<b>8,3</b>	<b>11,9</b>	<b>7,8</b>	<b>7,6</b>
Financial income	5	152	359	123
Financial expenses	-39	-139	-411	-461
<b>Financial expenses, net</b>	<b>-34</b>	<b>13</b>	<b>-51</b>	<b>-338</b>
<b>PROFIT BEFORE TAX</b>	<b>3 266</b>	<b>4 304</b>	<b>11 522</b>	<b>8 220</b>
<b>% of net sales</b>	<b>8,2</b>	<b>11,9</b>	<b>7,8</b>	<b>7,3</b>
Income taxes	-376	-689	-2 222	-1 536
<b>PROFIT FOR THE PERIOD</b>	<b>2 890</b>	<b>3 615</b>	<b>9 300</b>	<b>6 684</b>
<b>% of net sales</b>	<b>7,3</b>	<b>10,0</b>	<b>6,3</b>	<b>5,9</b>
<b>Profit for the period attributable to Equity holders of the Parent company</b>	<b>2 890</b>	<b>3 615</b>	<b>9 300</b>	<b>6 684</b>
<b>Earnings per share for profit attributable to Equity holders of the Parent company, EUR</b>				
Undiluted earnings per share	0,68	0,86	2,20	1,60
Diluted earnings per share	0,68	0,85	2,18	1,59

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1 000)	1.10.- 31.12.2017	1.10.- 31.12.2016	1.1.- 31.12.2017	1.1.- 31.12.2016
<b>PROFIT FOR THE PERIOD</b>	<b>2 890</b>	<b>3 615</b>	<b>9 300</b>	<b>6 684</b>
<b>Other comprehensive income items: Items that will not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Items that may be subsequently reclassified to profit or loss</b>				
Changes in the fair value of available-for-sale investments	452	259	193	259
Hedge accounting	189	66	-31	66
Exchange differences on translating foreign operations	-6	273	-183	534
Income taxes related to these items	-129	-60	-32	-60
<b>Comprehensive income items for the period, net of tax</b>	<b>507</b>	<b>538</b>	<b>-52</b>	<b>799</b>
<b>COMPREHENSIVE PROFIT FOR THE PERIOD</b>	<b>3 397</b>	<b>4 153</b>	<b>9 250</b>	<b>7 483</b>
<b>Comprehensive profit for the period attributable to Equity holders of the Parent company</b>	<b>3 397</b>	<b>4 153</b>	<b>9 250</b>	<b>7 483</b>
<b>Shares, 1 000 pcs</b>				
Adjusted average number of shares	4 240	4 191	4 225	4 167
Adjusted average number of shares diluted	4 274	4 235	4 259	4 210

## CONSOLIDATED BALANCE SHEET

(EUR 1 000)	31.12.2017	31.12.2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	1 035	-
Other intangible assets	2 548	1 353
Property, plant and equipment	9 948	9 580
Other financial assets	923	748
Deferred tax assets	410	167
<b>Total non-current assets</b>	<b>14 865</b>	11 848
<b>Current assets</b>		
Inventories	10 861	9 674
Accounts receivables and other receivables	30 363	24 435
Income tax receivable	45	40
Cash and cash equivalents	30 724	23 769
<b>Total current assets</b>	<b>71 992</b>	57 918
<b>TOTAL ASSETS</b>	<b>86 857</b>	69 767

## CONSOLIDATED BALANCE SHEET

(EUR 1 000)	31.12.2017	31.12.2016
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Equity holders of the Parent company</b>		
Share capital	8 256	8 256
Fair value reserve and other reserves	7 156	6 577
Exchange differences	659	842
Retained earnings	14 321	11 859
Profit for the financial year	9 300	6 684
<b>Total equity</b>	<b>39 694</b>	34 217
<b>Non-current liabilities</b>		
Provisions	707	462
Deferred tax liability	166	192
<b>Total non-current liabilities</b>	<b>874</b>	653
<b>Current liabilities</b>		
Provisions	1 378	1 156
Current interest-bearing liabilities	1 413	3 136
Current advance payments received	25 188	13 069
Income tax liability	829	1 131
Trade payables and other liabilities	17 481	16 404
<b>Total current liabilities</b>	<b>46 290</b>	34 896
<b>Total liabilities</b>	<b>47 163</b>	35 549
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>86 857</b>	69 767

# Consolidated statement of cash flows

Financial Statements 2017  
February 15, 2018

## CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1 000)	1.1.–31.12.2017	1.1.–31.12.2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Proceeds from customers	167 370	123 974
Other operating income	50	1 103
Payments to suppliers and employees	-145 131	-103 221
<b>Cash flow before financial items and taxes</b>	<b>22 289</b>	<b>21 856</b>
Interest paid from operating activities	-277	-111
Dividends received from operating activities	120	114
Interest received from operating activities	7	3
Other financing items from operating activities	-298	-251
Income taxes paid from operating activities	-3 408	-374
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>18 432</b>	<b>21 237</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangible assets	-2 874	-3 019
Business transaction	-3 193	-
Proceeds from sale of property, plant and equipment and intangible assets	117	94
Proceeds from sale of investments	182	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-5 768</b>	<b>-2 925</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	207	528
Proceeds from current borrowings	4 413	6 410
Repayments of current borrowings	-6 136	-4 794
Dividends paid	-4 220	-3 303
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-5 736</b>	<b>-1 158</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>6 928</b>	<b>17 154</b>
increase (+)/decrease (-)		
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*</b>	<b>23 769</b>	<b>6 538</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>6 928</b>	<b>17 154</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	<b>27</b>	<b>77</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>	<b>30 724</b>	<b>23 769</b>
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*</b>		
Cash and cash equivalents	30 724	23 769
<b>TOTAL</b>	<b>30 724</b>	<b>23 769</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

(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, 2017</b>	<b>8 256</b>	<b>5 445</b>	<b>1 132</b>	<b>842</b>	<b>18 543</b>	<b>34 217</b>	<b>34 217</b>
<b>Comprehensive profit for the financial year</b>							
Profit for the financial year	-	-	-	-	9 300	9 300	9 300
Other comprehensive income items:							
Changes in the fair value of available-for-sale investments	-	-	193	-	-	193	193
Hedging reserve	-	-	-31	-	-	-31	-31
Exchange differences on translating foreign operations	-	-	-	-183	-	-183	-183
Income taxes related to these items	-	-	-32	-	-	-32	-32
<b>Total comprehensive profit for the financial year</b>	<b>-</b>	<b>-</b>	<b>131</b>	<b>-183</b>	<b>9 300</b>	<b>9 250</b>	<b>9 250</b>
<b>Transactions with owners</b>							
Share-options exercised	-	207	-	-	-	207	207
Equity-settled share-based transactions	-	-	240	-	-	240	240
Dividends	-	-	-	-	-4 220	-4 220	-4 220
<b>Total transactions with owners</b>	<b>0</b>	<b>207</b>	<b>240</b>	<b>0</b>	<b>-4 220</b>	<b>-3 773</b>	<b>-3 773</b>
<b>EQUITY at Dec. 31, 2017</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>

## COMPARISON YEAR

(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, 2016</b>	<b>8 223</b>	<b>4 950</b>	<b>1 058</b>	<b>308</b>	<b>15 161</b>	<b>29 700</b>	<b>29 700</b>
<b>Comprehensive profit for the financial year</b>							
Profit for the financial year	-	-	-	-	6 684	6 684	6 684
Other comprehensive income items:							
Changes in the fair value of available-for-sale investments	-	-	259	-	-	259	259
Hedging reserve	-	-	66	-	-	66	66
Exchange differences on translating foreign operations	-	-	-	534	-	534	534
Income taxes related to these items	-	-	-60	-	-	-60	-60
<b>Total comprehensive profit for the financial year</b>	<b>-</b>	<b>-</b>	<b>265</b>	<b>534</b>	<b>6 684</b>	<b>7 483</b>	<b>7 483</b>
<b>Transactions with owners</b>							
Share-options exercised	33	495	-	-	-	528	528
Equity-settled share-based transactions	-	-	-191	-	-	-191	-191
Dividends	-	-	-	-	-3 303	-3 303	-3 303
<b>Total transactions with owners</b>	<b>33</b>	<b>495</b>	<b>-191</b>	<b>0</b>	<b>-3 303</b>	<b>-2 966</b>	<b>-2 966</b>
<b>EQUITY at Dec. 31, 2016</b>	<b>8 256</b>	<b>5 445</b>	<b>1 132</b>	<b>842</b>	<b>18 543</b>	<b>34 217</b>	<b>34 217</b>

## NOTES

### General information

Raute Group is a globally operating technology and service company 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. Its technology offering covers machinery and equipment of 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.

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.

### Basis of preparation

Raute Corporation's financial statements bulletin for January 1 - December 31, 2017 has been prepared in accordance with standard IAS 34 Interim Financial Reporting. The financial statements bulletin does not contain full notes and other information presented in the financial statements. Raute Corporation's financial statements with full notes will be published on February 15, 2018.

Raute Corporation's financial statements bulletin for January 1 - December 31, 2017 has been prepared in accordance with the International Financial Reporting Standards, IFRS, accepted for application in the European Union. Preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on December 31, 2017. The notes to the financial statements bulletin also comply with Finnish accounting and corporate legislation.

IFRS 15 standard Revenue from contracts with customers will be effective starting on January 1, 2018. Raute Group will adopt the IFRS 15 standard in the first required effective period starting on January 1, 2018. Raute will present estimates of the impacts of the IFRS 15 standard in the financial statements, which will be published on February 15, 2018. The Group presents the numerical data of the impact of IFRS 15 standard during the first quarter of the financial year 2018.

All of the figures presented in the financial statements bulletin 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.

When preparing the financial statements bulletin 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.

Raute Corporation's consolidated financial statements information is available online at [www.raute.com](http://www.raute.com) and at the head office of the Parent company, Rautetie 2, 15550 Nastola.

### Net sales

The main part of the net sales is comprised of project deliveries and modernizations, which have been treated as long-term projects. The rest of the net sales is comprised of technology services provided to the wood products industry such as spare parts and maintenance services as well as services provided to the development of customers' business.

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.

Large delivery projects can temporarily increase the shares of various customers of the Group's net sales to more than ten percent. At the end of the period, the Group had two customers (2), whose customized share of the Group's net sales temporarily exceeded ten percent. The sales share of the customers was 36 percent.

(EUR 1 000)	2017	%	2016	%
<b>Net sales by market area</b>				
EMEA (Europe and Africa)	81 952	56	67 186	60
CIS (Russia)	35 917	24	19 928	17
NAM (North America)	21 115	14	16 829	15
LAM (South America)	6 202	4	3 826	3
APAC (Asia-Pacific)	3 429	2	5 361	5
<b>TOTAL</b>	<b>148 615</b>	<b>100</b>	113 130	100

Finland accounted for 17 percent (22 %) of net sales.

(EUR 1 000)	2017	2016
<b>Long-term projects</b>		
<b>Specification of net sales</b>		
Net sales by percentage of completion	118 666	89 231
Other net sales	29 949	23 899
<b>TOTAL</b>	<b>148 615</b>	113 130
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	135 874	114 461
Amount of long-term project revenues not yet entered as income (order book)	104 916	105 684
<b>Balance sheet items of undelivered long-term 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	88 318	90 806
- advance payments received	67 913	74 065
Gross amount due from customers	20 405	16 741
Projects in which advance payments invoiced exceed the value by percentage of completion		
- aggregate amount of costs incurred and recognized profits less recognized losses	46 940	23 641
- advance payments received	69 533	35 980
Gross amount due to customers	22 593	12 339
<b>Advance payments included in the current liabilities in the balance sheet</b>		
Gross amount due to customers	22 593	12 339
Other advance payments received, not under percentage of completion	2 595	730
Total	25 188	13 069
<b>Advance payments of the long-term projects included in inventories in the balance sheet</b>		
Advance payments paid for long-term projects	659	847
Total	659	847

	2017	2016
<b>Number of personnel</b>		
Effective, on average, persons	660	631
On average, persons	682	642
In books at Dec. 31, persons	704	643
Personnel working abroad at the end of the period	222	183
Personnel working abroad, %	31,5	28,5

**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.

(EUR 1 000)	2017	2016
<b>Research and development costs</b>		
Research and development costs for the period	-3 237	-2 863
Amortization of previously capitalized development costs	-223	-227
Development costs recognized as an asset in the balance sheet	123	-
Research and development costs recognized as an expense for the period	<b>-3 338</b>	-3 090

(EUR 1 000)	2017	2016
<b>Other intangible assets</b>		
Acquisition cost at the beginning of the period	13 391	14 035
Exchange rate differences	-48	-28
Additions	1 750	108
Reclassification between items	-295	-724
<b>Acquisition cost at the end of the period</b>	<b>14 799</b>	13 391
Accumulated depreciation and amortization at the beginning of the period	-12 038	-12 426
Exchange rate differences	42	18
Accumulated depreciation and amortization of disposals and reclassifications	565	1 020
Depreciation and amortization for the period	-820	-650
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-12 250</b>	-12 038
<b>Book value of other intangible assets, at the beginning of the period</b>	<b>1 353</b>	1 609
<b>Book value of other intangible assets, at the end of the period</b>	<b>2 548</b>	1 353
<b>Property, plant and equipment</b>		
Acquisition cost at the beginning of the period	48 657	45 463
Exchange rate differences	-596	445
Additions	2 623	3 116
Disposals	-97	-66
Reclassification between items	-452	-301
<b>Acquisition cost at the end of the period</b>	<b>50 134</b>	48 657
Accumulated depreciation and amortization at the beginning of the period	-39 077	-36 934
Exchange rate differences	520	-458
Accumulated depreciation and amortization of disposals and reclassifications	183	5
Depreciation and amortization for the period	-1 813	-1 690
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-40 186</b>	-39 077
<b>Book value of Property, plant and equipment, at the beginning of the period</b>	<b>9 580</b>	8 529
<b>Book value of Property, plant and equipment, at the end of the period</b>	<b>9 948</b>	9 580

#### Business transaction Metriguard Technologies, Inc.

On April 3, 2017, Raute Corporation acquired the business of Metriguard Inc. in the USA. Metriguard sells and maintains measuring equipment for the veneer and plywood industry and for sawmills on a global scale. The production of the company has been centralized in Pullman, Washington. Metriguard's business will be continued under Raute's new US subsidiary, Metriguard Technologies, Inc., whose financial information will be reported as part of Raute's wood products technology segment.

The acquisition has been implemented as an asset purchase, including Metriguard's intangible assets, working capital and fixed assets, except real estate. Metriguard Inc.'s personnel transferred in the business transaction. The purchase price is paid in two installments. A base purchase price of USD 3.1 million has been paid at closing. The additional earn-out payment based on net sales for a 12-month period following closing of the transaction will be paid in the summer 2018. The fair values of the balance sheet items recognized from the acquisition are preliminary.

<b>Fair values of the acquisition, thousand euros</b>	<b>3.4.2017</b>
Intangible assets	1 407
Tangible assets	94
Inventory	1 368
Sales receivables and other receivables	310
Trade payables and other payables	-178
<b>Net identifiable assets acquired</b>	<b>3 002</b>
<b>Goodwill</b>	<b>1 035</b>
<b>Net assets acquired</b>	<b>4 037</b>
<hr/>	
<b>Purchase consideration, thousand euros</b>	<b>3.4.2017</b>
Cash paid	2 911
Contingent consideration	1 126
<b>Total purchase consideration</b>	<b>4 037</b>

The cash flow effect of the business transaction at the acquisition date was EUR 3,371 thousand.

The Group has recognized acquisition related expenses in the amount of EUR 0.5 million. The expenses are included in Other operating expenses of the consolidated statement of income.



### Financial assets

At the end of the reporting period December 31, 2017, the fair value of the financial assets categorized at fair value on hierarchy level 3 was EUR 923 thousand.

The methods of fair value determination correspond with the valuation principles presented in the Annual financial statements for 2017.

There were no transfers between the hierarchy levels 1 and 2 during the reporting period.

(EUR 1 000)	31.12.2017	31.12.2016
<b>Current interest-bearing liabilities</b>		
Partial payments of financial loans	1 413	3 136
<b>TOTAL</b>	<b>1 413</b>	<b>3 136</b>

### Maturities of the interest-bearing financial liabilities at December 31, 2017

	Current	Non-current	Total
Financial loans	1 413	-	1 413
<b>TOTAL</b>	<b>1 413</b>	<b>-</b>	<b>1 413</b>

(EUR 1 000)	31.12.2017	31.12.2016
-------------	------------	------------

### Derivatives

#### Nominal values of forward contracts in foreign currency

Economic hedging		
- Related to financing	492	-
- Related to the hedging of net sales	3 228	6 084
Hedge accounting		
- Related to the hedging of net sales	12 716	2 556

#### Fair values of forward contracts in foreign currency

Economic hedging		
- Related to financing	52	-
- Related to the hedging of net sales	27	-41
Hedge accounting		
- Related to the hedging of net sales	-18	-75

(EUR 1 000)	31.12.2017	31.12.2016
<b>Pledged assets and contingent liabilities</b>		
<b>On behalf of the Parent company</b>		
Business mortgages	8 274	6 623
<b>Mortgage agreements on behalf of subsidiaries</b>		
Financial loans	1 413	3 136
Other obligations	313	189
Business mortgages	1 726	3 377
<b>Commercial bank guarantees on behalf of the Parent company and subsidiaries</b>	<b>25 728</b>	<b>17 793</b>
<b>Other own obligations</b>		
Rental liabilities maturing within one year	1 297	926
Rental liabilities maturing in one to five years	2 773	756
Rental liabilities maturing later	-	1
<b>Total</b>	<b>4 070</b>	<b>1 684</b>

### Share-based payments

A total of 33,873 Raute's series A shares have been subscribed for with Raute's stock options 2010 B and 2010 C during the reporting period. The new shares have been registered in the Trade Register on February 23, 2017, May 9, 2017, August 9, 2017 and November 8, 2017.

On December 31, 2017 the company's share capital is EUR 8,256,316 and the number of company's shares 4,249,248 pieces.

An expense of EUR 595 thousand was recognized for the share rewards to the income statement during the reporting period.

During the interim period, no share rewards were delivered based on the long-term share-based incentive program 2014-2018 directed to the top management.

### Distribution of the profit for the financial year 2016

Raute Corporation's Annual General Meeting held on March 28, 2017, decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 1.00 per share for series A and K shares, a total of EUR 4,220 thousand. The dividend payment date was April 6, 2017.

### 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)	31.12.2017	31.12.2016
<b>Wood products technology</b>		
Net sales	148 615	113 130
Operating profit	11 573	8 558
Assets	86 857	69 767
Liabilities	47 163	35 549
Capital expenditure	6 962	3 224

(EUR 1 000)	31.12.2017	%	31.12.2016	%
<b>Assets of the wood products technology segment by geographical location</b>				
Finland	77 392	89	58 993	85
North America	5 693	7	4 077	6
China	2 511	3	5 357	8
Russia	1 007	1	990	1
South America	128	0	189	0
Other	127	0	161	0
<b>TOTAL</b>	<b>86 857</b>	<b>100</b>	69 767	100

(EUR 1 000)	31.12.2017	%	31.12.2016	%
<b>Capital expenditure of the wood products technology segment by geographical location</b>				
Finland	4 283	62	2 925	91
North America	2 663	38	181	6
China	-	-	104	3
Russia	13	0	9	0
South America	1	0	1	0
Other	1	0	4	0
<b>TOTAL</b>	<b>6 962</b>	<b>100</b>	3 224	100

#### Exchange rates used

<b>Income statement, euros</b>	<b>1.1.-31.12.2017</b>	1.1.-31.12.2016
CNY (Chinese yuan)	7,6266	7,3594
RUB (Russian rouble)	65,8806	74,2224
CAD (Canadian dollar)	1,4644	1,4664
USD (US dollar)	1,1292	1,1066
SGD (Singapore dollar)	1,5583	1,5278
CLP (Chilean peso)	732,3058	748,7723
<b>Balance sheet, euros</b>	<b>31.12.2017</b>	31.12.2016
CNY (Chinese yuan)	7,8073	7,2983
RUB (Russian rouble)	69,3920	64,3000
CAD (Canadian dollar)	1,5039	1,4188
USD (US dollar)	1,1993	1,0541
SGD (Singapore dollar)	1,6024	1,5234
CLP (Chilean peso)	751,8129	702,2261

#### The Board of Directors' proposal for dividend distribution and measures concerning the result of 2017

The Board of Directors will propose to Raute Corporation's Annual General Meeting 2018, to be held on March 22, 2018, that a dividend of EUR 1.25 per share be paid for the financial year 2017, and that the remainder of distributable funds be transferred to equity.

At the date of the proposal for profit distribution, there is a total of 4,249,248 shares entitled for the dividend, i.e. the total amount of dividends would be EUR 5,312 thousand.

<b>FINANCIAL DEVELOPMENT</b>	<b>31.12.2017</b>	31.12.2016
Change in net sales, %	<b>31,4</b>	-11,1
Exported portion of net sales, %	<b>82,6</b>	78,3
Operating profit, % of net sales	<b>7,8</b>	7,6
Return on investment, (ROI), %	<b>30,4</b>	25,3
Return on equity, (ROE), %	<b>25,2</b>	20,9
Interest-bearing net liabilities, EUR million	<b>-29,3</b>	-20,6
Gearing, %	<b>-73,8</b>	-60,3
Equity ratio, %	<b>64,4</b>	60,4
Gross capital expenditure, EUR million	<b>7,0</b>	3,2
% of net sales	<b>4,7</b>	2,8
Research and development costs, EUR million	<b>3,2</b>	2,9
% of net sales	<b>2,2</b>	2,5
Order book, EUR million	<b>110</b>	106
Order intake, EUR million	<b>155</b>	162

<b>SHARE-RELATED DATA</b>	<b>2017</b>	2016
Earnings per share, (EPS), undiluted, EUR	<b>2,20</b>	1,60
Earnings per share, (EPS), diluted, EUR	<b>2,18</b>	1,59
Equity to share, EUR	<b>9,34</b>	8,13
Dividend per series A share, EUR	<b>1,25*</b>	1,00
Dividend per series K share, EUR	<b>1,25*</b>	1,00
Dividend per profit, %	<b>56,8*</b>	62,3
Effective dividend return, %	<b>4,3*</b>	6,0
Price per earnings ratio, (P/E ratio)	<b>13,17</b>	10,41
<i>*The Board of Directors' proposal to the Annual General Meeting.</i>		
<b>Development in share price (series A shares)</b>		
Lowest share price for the period, EUR	<b>16,84</b>	12,06
Highest share price for the period, EUR	<b>30,52</b>	17,98
Average share price for the period, EUR	<b>22,70</b>	14,50
Share price at the end of the period, EUR	<b>29,00</b>	16,70
<b>Market value of capital stock at Dec. 31</b>		
- Series K shares, EUR million*	<b>28,7</b>	16,6
- Series A shares, EUR million	<b>94,5</b>	53,7
Total, EUR million	<b>123,2</b>	70,2
<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>845 672</b>	987 608
Trading of shares, EUR million	<b>19,2</b>	14,3
<b>Number of shares</b>		
- Series K shares, ordinary shares (20 votes/share)	<b>991 161</b>	991 161
- Series A shares (1 vote/share)	<b>3 258 087</b>	3 215 301
Total	<b>4 249 248</b>	4 206 462
Number of shares, weighted average, 1 000 pcs	<b>4 225</b>	4 167
Number of shares, diluted, 1 000 pcs	<b>4 259</b>	4 210
<b>Number of shareholders</b>	<b>4 797</b>	3 625

# Development of results

Financial Statements 2017  
February 15, 2018

## DEVELOPMENT OF QUARTERLY RESULTS

(EUR 1 000)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Rolling 1.1.2017- 31.12.2017	Rolling 1.1.2016- 31.12.2016
<b>NET SALES</b>	<b>36 595</b>	<b>35 209</b>	<b>37 152</b>	<b>39 659</b>	<b>148 615</b>	<b>113 130</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>489</b>	<b>748</b>	<b>-224</b>	<b>891</b>	<b>1 905</b>	<b>150</b>
<b>Other operating income</b>	<b>28</b>	<b>91</b>	<b>167</b>	<b>-190</b>	<b>96</b>	<b>1 103</b>
Materials and services	-20 747	-19 405	-19 386	-21 183	-80 721	-54 849
Employee benefits expense	-9 756	-10 347	-9 495	-11 437	-41 036	-36 606
Depreciation and amortization	-618	-660	-654	-702	-2 633	-2 340
Other operating expenses	-3 311	-4 223	-3 381	-3 738	-14 653	-12 030
<b>Total operating expenses</b>	<b>-34 432</b>	<b>-34 634</b>	<b>-32 916</b>	<b>-37 060</b>	<b>-139 042</b>	<b>-105 825</b>
<b>OPERATING PROFIT</b>	<b>2 681</b>	<b>1 413</b>	<b>4 179</b>	<b>3 300</b>	<b>11 573</b>	<b>8 558</b>
<b>% of net sales</b>	<b>7,3</b>	<b>4,0</b>	<b>11,2</b>	<b>8,3</b>	<b>7,8</b>	<b>7,6</b>
Financial income	318	17	19	5	359	123
Financial expenses	-105	-145	-121	-39	-411	-461
<b>Financial expenses, net</b>	<b>212</b>	<b>-127</b>	<b>-102</b>	<b>-34</b>	<b>-51</b>	<b>-338</b>
<b>PROFIT BEFORE TAX</b>	<b>2 894</b>	<b>1 286</b>	<b>4 077</b>	<b>3 266</b>	<b>11 522</b>	<b>8 220</b>
<b>% of net sales</b>	<b>7,9</b>	<b>3,7</b>	<b>11,0</b>	<b>8,2</b>	<b>7,8</b>	<b>7,3</b>
Income taxes	-790	-396	-660	-376	-2 222	-1 536
<b>PROFIT FOR THE PERIOD</b>	<b>2 104</b>	<b>890</b>	<b>3 417</b>	<b>2 890</b>	<b>9 300</b>	<b>6 684</b>
<b>% of net sales</b>	<b>5,7</b>	<b>2,5</b>	<b>9,2</b>	<b>7,3</b>	<b>6,3</b>	<b>5,9</b>
<b>Attributable to</b>						
Equity holders of the Parent company	2 104	890	3 417	2 890	9 300	6 684
<b>Earnings per share, EUR</b>						
Undiluted earnings per share	0,50	0,21	0,81	0,68	2,20	1,60
Diluted earnings per share	0,50	0,21	0,80	0,68	2,18	1,59
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares	4 205	4 225	4 229	4 240	4 225	4 167
Adjusted average number of shares diluted	4 249	4 242	4 259	4 274	4 259	4 210
	<b>Q1 2017</b>	<b>Q2 2017</b>	<b>Q3 2017</b>	<b>Q4 2017</b>	<b>Rolling 1.1.2017- 31.12.2017</b>	<b>Rolling 1.1.2016- 31.12.2016</b>
<b>FINANCIAL DEVELOPMENT QUARTERLY</b>						
Order intake during the period, EUR million	24	29	42	60	155	162
Order book at the end of the period, EUR million	93	86	89	110	110	106

## 20 LARGEST SHAREHOLDERS AT DECEMBER 31, 2017 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	-	509 557	509 557	12,0	509 557	2,2
2. Mandatum Life Unit-Linked	-	131 396	131 396	3,1	131 396	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	2,5	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	53 356	101 356	2,4	1 013 356	4,4
8. Keskiäho 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. Särkijärvi Timo Juha	12 000	43 256	55 256	1,3	283 256	1,2
14. Särkijärvi Anu Riitta	12 000	43 256	55 256	1,3	283 256	1,2
15. Suominen Jukka Matias	24 960	27 964	52 924	1,2	527 164	2,3
16. Keskinäinen työeläkevakuutus-yhtiö Varma	-	51 950	51 950	1,2	51 950	0,2
17. Relander Pär-Gustaf	-	51 000	51 000	1,2	51 000	0,2
18. Suominen Jussi	48 000	-	48 000	1,1	960 000	4,2
19. Mustakallio Ulla Sinikka	47 740	-	47 740	1,1	954 800	4,1
20. Keskiäho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
<b>Total</b>	<b>635 200</b>	<b>1 322 399</b>	<b>1 957 599</b>	<b>46,1</b>	<b>14 026 399</b>	<b>60,8</b>

## 20 LARGEST SHAREHOLDERS AT DECEMBER 31, 2017 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	2,5	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	53 356	101 356	2,4	1 013 356	4,4
8. Suominen Jussi	48 000	-	48 000	1,1	960 000	4,2
9. Mustakallio Ulla Sinikka	47 740	-	47 740	1,1	954 800	4,1
10. Mustakallio Marja Helena	46 740	12 547	59 287	1,4	947 347	4,1
11. Mustakallio Risto Knut kuolinsä	42 240	-	42 240	1,0	844 800	3,7
12. Keskiäho Kaija Leena	33 600	51 116	84 716	2,0	723 116	3,1
13. Keskiäho Vesa Heikki	29 680	-	29 680	0,7	593 600	2,6
14. Keskiäho Juha-Pekka	27 880	5 716	33 596	0,8	563 316	2,4
15. Suominen Jukka Matias	24 960	27 964	52 924	1,2	527 164	2,3
16. Keskiäho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
17. Sundholm Göran	-	509 557	509 557	12,0	509 557	2,2
18. Kirmo Lasse	22 525	2 967	25 492	0,6	453 467	2,0
19. Kultanen Leea Annikka	21 595	8 031	29 626	0,7	439 931	1,9
20. Molander Sole	20 160	-	20 160	0,5	403 200	1,7
<b>Total</b>	<b>775 280</b>	<b>898 336</b>	<b>1 673 616</b>	<b>39,4</b>	<b>16 403 936</b>	<b>71,1</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 December 31, 2017</b>						
The Board of Directors, The Group's President and CEO and Executive Board*	127 890	126 003	253 893	6,0	2 683 803	11,6
<b>TOTAL</b>	<b>127 890</b>	<b>126 003</b>	<b>253 893</b>	<b>6,0</b>	<b>2 683 803</b>	<b>11,6</b>

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

<b>Nominee-registered shares at December 31, 2017</b>						
	-	171 465	171 465	4,0	171 465	0,7

RAUTE CORPORATION  
Board of Directors

BRIEFING ON FEBRUARY 15, 2018 AT 2 P.M.:

A briefing will be organized for analysts, investors and the media on February 15, 2018 at 2 p.m. at Scandic Simonkenttä Hotel, Tapiola cabinet, Simonkatu 9, Helsinki. The financial statements will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Arja Hakala, CFO.

FINANCIAL RELEASES IN 2018:

Raute's half-year report and two interim reports will be published as follows:

- Interim report January–March on Friday, April 27, 2018
- Half-year report January–June on Tuesday, July 31, 2018
- Interim report January–September on Wednesday, October 31, 2018

Raute Corporation's consolidated financial statements will be published on February 15, 2018. Raute Corporation's Annual Report 2017 will be published during the week 9.

Raute Corporation's Annual General Meeting will be held in Lahti, at Sibelius Hall on Thursday, March 22, 2018 at 6:00 p.m.

FURTHER INFORMATION:

Mr. Tapani Kiiski, President and CEO, Raute Corporation, mobile phone +358 400 814 148  
Ms. Arja Hakala, CFO, Raute Corporation, mobile phone +358 400 710 387

DISTRIBUTION:

Nasdaq Helsinki Ltd, main media, [www.raute.com](http://www.raute.com)

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 lumber. The technology offering covers the entire production process of veneer, plywood and LVL and special measurement equipment for lumber. 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. Its other production plants are in Kajaani, Finland, the Vancouver area of Canada, in the Shanghai area of China and in Pullman, WA, USA. Raute's net sales in 2017 were EUR 148.6 million. The Group's headcount at the end of 2017 was 704. More information on the company can be found at [www.raute.com](http://www.raute.com).*



RAUTE CORPORATION  
Rautetie 2  
P.O. BOX 69, FI-15551 Nastola  
Tel. +358 3 829 11  
ir@raute.com

Follow us online:  
[www.raute.com](http://www.raute.com)  
Twitter: @rautemachinery, @RauteOyj  
LinkedIn: Raute Oyj  
Youtube: [www.youtube.com/RauteMachinery](http://www.youtube.com/RauteMachinery)  
Facebook: Raute Corporation  
Instagram: @raute\_corporation