

Investor Newsletter

May 22, 2019

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.

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.

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.

This is a summary of Raute's Interim report January 1 - March 31, 2019. The full interim report is a PDF file attachment to this stock exchange release and is also available on the company's website at www.raute.com.

[Read Raute's Annual Report 2018 here>>](http://www.ruutupaperi.fi/Raute_Oyj/Annual_Report_2018/) or at the address
http://www.ruutupaperi.fi/Raute_Oyj/Annual_Report_2018/

Calendar 2019

July 31, 2019

Half-year report January 1– June 30, 2019



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LIGNA 2019
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Hall 26, Stand F24.**

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