

6949043  
210234  
692312  
76019  
01912  
021941  
294915412  
386928  
3251916



2019

**Interim Report**  
**January 1–September 30**

## RAUTE CORPORATION – INTERIM REPORT JANUARY 1–SEPTEMBER 30, 2019

- The Group's net sales, EUR 112.0 million (MEUR 126.8), decreased 12% from the comparison period. Order intake was EUR 130 million (MEUR 138).
- Operating profit was EUR 6.6 million (MEUR 11.5), down 42% from the comparison period. The result before taxes was EUR 6.7 million (MEUR 11.5).
- Earnings per share were EUR 1.27 (EUR 2.10), and diluted earnings per share were EUR 1.26 (EUR 2.08).
- Third-quarter net sales amounted to EUR 33.7 million and the operating profit was EUR 1.7 million. Order intake was EUR 73 million. The order book at the end of the reporting period came to EUR 109 million (MEUR 121), EUR 78 million of which is scheduled for 2020 or 2021.
- On June 25, 2019, Raute changed its guidance for 2019. Raute's net sales for 2019 are expected to decrease and operating profit is expected to weaken from the previous year.

### Tapani Kiiski, President and CEO: Uncertainty in the markets still on the rise

The impact of the postponement of our customers' project decisions on our order intake during the early year is now reflected in our net sales falling short of last year's level and our targets.

Uncertainty in our customers' markets has further increased, and the start-up of a few projects that have progressed well has been delayed. Some of them have been postponed until the market situation settles. Our demand continues to focus on a customer base that is new to us and less established. We are addressing this in part through the announced organization changes. Demand for strategic, major, long-term projects and minor immediate improvements and maintenance services is at a good level, while demand for repair and improvement investments is weak. This makes it more difficult to forecast order intake and causes larger variations in order intake volumes. Demand for spare parts and maintenance services has remained stable. It indicates that, in spite of the market uncertainty, the utilization rates of customer mills have mostly kept to a good level.

The third-quarter order intake, EUR 73 million, was at an excellent level, taking into consideration the market situation. The dominant role of a single exceptionally large order also reflects the market situation well. The record order received at the end of the third period brought our order book back to a strong level of EUR 109 million. However, this major order will not start generating any major net sales until next year. The project will also be implemented over a rather long period of time. Thus we will be able to serve our other customers with quick and flexible delivery times, despite the large order book.

In terms of operating profit, we are nearly five million euros behind the record result of the corresponding period last year. In terms of the third quarter, the result stayed at the realized level in part due to the above-mentioned delays in new orders and the resulting low net sales. As for the last quarter of the year, our order book enables the realization of the best period of the year. I believe that we will be able to close in on last year's performance to some extent, but unfortunately we will not be able to bridge the gap entirely. Therefore, our estimate that Raute's net sales will decrease and operating profit will weaken in 2019 compared to 2018 remains unchanged.

## THIRD QUARTER OF 2019

### Order intake and order book

The order intake in the third quarter, EUR 73 million (MEUR 42), was at a very good level, owing to an exceptionally large mill-scale order at the end of the period. Without this order, the order intake would have been very low.

At EUR 8 million (MEUR 15), technology services accounted for an exceptionally low share of the order intake due to the low demand for investment-type modernization projects.

The order book grew during the past quarter by EUR 38 million, amounting to a strong EUR 109 million at the end of the period (MEUR 121).

### Net sales

Third-quarter net sales amounted to EUR 33.7 million (MEUR 47.9). Technology services accounted for 51 percent (30%) of the total net sales and amounted to EUR 17 million (MEUR 14).

### Result and profitability

Operating profit in the third quarter was EUR 1.7 million positive (MEUR 5.6 positive) and accounted for 5.1 percent (11.7%) of net sales. The result was EUR 1.4 million positive (MEUR 4.3 positive), and earnings per share were EUR +0.33 (EUR +1.01).

## RAUTE CORPORATION – INTERIM REPORT JANUARY 1–SEPTEMBER 30, 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. We expect that the trend-like growth in wood construction will create demand for our customers and indirectly for Raute, strengthening our long-term growth opportunities.

In the first nine months of 2019, the situation in the global economy and the financial markets deteriorated steadily. The economic outlook continued to deteriorate.

Many of Raute's established and traditional customers have invested heavily during the past few years. As demand among this traditional customer base remains at a lower level than in the past few years, the demand for our technology continues to shift towards new and different types of customer accounts.

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

Although investment activity among Raute's customers has decreased from what it was in recent years, it remains at a reasonable 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.

There is active demand especially in Russia, although forecasting the realization and timing of projects is difficult. In the emerging markets of Asia, China included, demand has continued to pick up. 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 generally 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, which would have been very low, if we had not received a single large order from Russia. The order intake during the review period was, however, at a good level and amounted to EUR 130 million (MEUR 138). The most significant new order was for the delivery of plywood mill machinery to Russia valued at around EUR 58 million. Apart from that, Raute's new orders consisted of smaller contracts.

Of new orders, 66 percent came from Russia (16%), 11 percent from North America (13%), 11 percent from Europe (50%), 7 percent from South America (5%) and 5 percent from Asia-Pacific (16%). Sometimes even strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business. The third quarter accounted for EUR 73 million of the order intake.

Order intake in technology services amounted to EUR 37 million (MEUR 42), 12 percent down from the comparison period, due to the low volume of investment-type modernization projects.

The order book grew by EUR 38 million during the third quarter. The order book at the end of the reporting period amounted to a strong EUR 109 million (MEUR 121). A large part of the order book has already been scheduled for 2020 and a small portion for 2021.

### 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 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 totaled EUR 112.0 million (MEUR 126.8), down 12 percent from the comparison period.

Of the total net sales for the reporting period, Europe accounted for 38 percent (43%), Russia for 30 percent (30%), North America for 18 percent (19%), South America for 8 percent (3%), and Asia-Pacific for 6 percent (5%).

Technology services accounted for 45 percent (30%) of the Group's total net sales and amounted to EUR 51 million (MEUR 38).

## RESULT AND PROFITABILITY

During the period under review, operating profit was EUR 6.6 million positive (MEUR 11.5 positive) and accounted for 5.9 percent of net sales (9.1%). The decline in profitability can be attributed to investments in future operations, the extra costs of a few delayed projects and the decline in net sales on the comparison period.

The result before taxes for the reporting period was EUR 6.7 million positive (MEUR 11.5 positive). The result for the reporting period was EUR 5.4 million positive (MEUR 8.9 positive). Earnings per share (undiluted) were EUR 1.27 (EUR 2.10).

## CASH FLOW AND BALANCE SHEET

The Group's financial position remained good. At the end of the reporting period, gearing was -30 percent (-44%). Gearing adjusted without the lease assets arising from the adoption of the IFRS 16 standard was -46 percent. At the end of the reporting period, the equity ratio was 65 percent (63%). The equity ratio, excluding the impacts of the adoption of the IFRS 16 standard, was 72 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 23.0 million (MEUR 20.0) at the end of the reporting period. Operating cash flow was EUR 19.7 million positive (MEUR 2.8 negative). Cash flow from investment activities was EUR 3.0 million negative (MEUR 2.3 negative). Cash flow from financing activities was EUR 7.0 million negative (MEUR 5.6 negative), including dividend payments of EUR 6.0 million.

Interest-bearing liabilities amounted to EUR 8.5 million (MEUR 1.1) 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 cove-

nants of the credit facilities are an equity ratio of >30% and gearing of <100%. Of the credit facilities, EUR 21.9 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 concerning the review period:

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

2 April 2019 Decisions of Raute Corporation's Annual General Meeting 2019

25 June 2019 Raute's profit outlook for 2019 weakened

7 August 2019 Raute signed an engineering contract for a birch plywood mill to a Russian customer

8 August 2019 Raute to initiate cooperation negotiations

22 August 2019 Cooperation negotiations concluded at Raute

28 August 2019 Raute strengthens its strategy implementation – Changes to Executive Board

1 October 2019 Raute received orders worth approximately EUR 58 million to Russia. The transaction took effect on 30 September 2019 at the end of day.

## 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 3.1 million (MEUR 2.4), representing 2.8 percent of net sales (1.9%).

Capital expenditure during the period came to EUR 2.1 million (MEUR 3.1) and accounted for 1.9 percent (2.5%) of net sales. Gross

capital expenditure during the reporting period, before non-recurring insurance settlements related to investments, amounted to EUR 2.7 million. Gross investments include EUR 0.9 million that was recorded during the reporting period and which is part of a replacement investment, the total amount of which is EUR 1.4 million. The company has received non-recurring insurance settlements for this investment.

## PERSONNEL

At the end of the reporting period, the Group's personnel numbered 783 (755). Group companies outside Finland accounted for 34 percent (34%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 763 (718) during the reporting period. The increase in personnel is the result of a strategic decision to increase the company's resources in order to respond to growing volumes. The change partly reduces the share of subcontracting, while at the same time ensuring that expertise within the company is maintained and developed.

In accordance with the decisions of the cooperation negotiations that were concluded in August, temporary layoffs at the Nastola mill started in September. Their impact on costs during the review period was minor.

## 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 95.9 million (MEUR 118.9), with series K shares valued at the closing price of series A shares on September 30, 2019, i.e. EUR 22.50 (EUR 27.90).

## REMUNERATION

The Group has performance-based bonus 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 5,585 at the end of the reporting period. Series K shares were held by 54 private individuals (54) at the end of the reporting period. Nominee-registered shares accounted for 3.4 percent (6.7%) 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 260,579 company shares, equaling 6.1 percent (6.1%) of the company shares and 11.6 percent (11.6%) 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 as of September 1, 2019:

Tapani Kiiski, President and CEO, Chairman – Sales

Kurt Bossuyt, Group Vice President, Basic Services – Basic Services market

Marko Hjelt, Group Vice President, CHRO – People excellence, safety

Mika Hyysti, Group Vice President, CTO – Innovations, products and services, and R&D

Tarja Järvinen, Group Vice President, CFO – Finance, ICT, other business support

Timo Kangas, Group Vice President, Power – Power market, customer excellence functions

Jani Roivainen, Group Vice President, Metrix – Metrix market

Jukka Siiriäinen, Group Vice President, Grow – Grow market

Petri Strengell, Group Vice President, COO – Supply chain and quality.

## ANNUAL GENERAL MEETING 2019

Raute Corporation's Annual General Meeting was held on April 2, 2019. 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.

## BOARD OF DIRECTORS AND BOARD COMMITTEES

At the Annual General Meeting held on April 2, 2019, 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 Board of Directors' term of office will continue until the 2020 Annual General 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 development of the market situation and to the completion of major mill-scale projects that are in the implementation phase, in accordance with the schedule determined in the contract terms.

## OUTLOOK FOR 2019

On June 25, 2019, Raute changed its guidance for 2019 concerning net sales and operating profit, estimating that the company's net sales will decrease and operating profit will weaken in 2019 compared to the record figures of the previous year. The revised guidance was based on scheduling delays concerning a few projects that were in the implementation phase, as well as the related costs, and to the postponement from previous estimates of a few major new orders that are in the negotiation phase.

The company's current situation and outlook for the rest of the year give no cause to change the guidance issued on June 25, 2019. Raute's net sales will decrease and operating profit will weaken in 2019 compared to 2018.

Raute Corporation's Board of Directors has approved this Interim financial report for January 1 – September 30, 2019 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	1.7.– 30.9.2019	1.7.– 30.9.2018	1.1.– 30.9.2019	1.1.– 30.9.2018	1.1.– 31.12.2018
<b>NET SALES</b>	<b>33 749</b>	<b>47 888</b>	<b>112 040</b>	<b>126 827</b>	<b>180 993</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>-1 310</b>	<b>600</b>	<b>-2 238</b>	<b>3 404</b>	<b>3 069</b>
<b>Other operating income</b>	<b>-47</b>	<b>137</b>	<b>173</b>	<b>495</b>	<b>692</b>
Materials and services	-15 166	-27 339	-55 229	-71 785	-103 781
Employee benefits expense	-10 751	-11 316	-33 621	-34 131	-46 944
Depreciation and amortization	-952	-617	-2 831	-1 902	-2 487
Impairments	11	-	-134	-	-38
Other operating expenses	-3 824	-3 751	-11 513	-11 397	-16 582
<b>Total operating expenses</b>	<b>-30 682</b>	<b>-43 024</b>	<b>-103 328</b>	<b>-119 214</b>	<b>-169 832</b>
<b>OPERATING PROFIT</b>	<b>1 709</b>	<b>5 602</b>	<b>6 647</b>	<b>11 512</b>	<b>14 922</b>
<b>% of net sales</b>	<b>5,1</b>	<b>11,7</b>	<b>5,9</b>	<b>9,1</b>	<b>8,2</b>
Financial income	6	9	322	306	346
Financial expenses	-47	-109	-242	-280	-356
<b>Financial expenses, net</b>	<b>-41</b>	<b>-100</b>	<b>80</b>	<b>25</b>	<b>-10</b>
<b>PROFIT BEFORE TAX</b>	<b>1 668</b>	<b>5 502</b>	<b>6 727</b>	<b>11 537</b>	<b>14 912</b>
<b>% of net sales</b>	<b>4,9</b>	<b>11,5</b>	<b>6,0</b>	<b>9,1</b>	<b>8,2</b>
Income taxes	-263	-1 189	-1 299	-2 596	-3 076
<b>PROFIT FOR THE PERIOD</b>	<b>1 405</b>	<b>4 313</b>	<b>5 427</b>	<b>8 941</b>	<b>11 836</b>
<b>% of net sales</b>	<b>4,2</b>	<b>9,0</b>	<b>4,8</b>	<b>7,0</b>	<b>6,5</b>
<b>Profit for the period attributable to</b>					
Equity holders of the Parent company	1 405	4 313	5 427	8 941	11 836
<b>Earnings per share for profit attributable to equity holders of the Parent company, EUR</b>					
Undiluted earnings per share	0,33	1,01	1,27	2,10	2,78
Diluted earnings per share	0,33	1,01	1,26	2,08	2,76

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	1.7.– 30.9.2019	1.7.– 30.9.2018	1.1.– 30.9.2019	1.1.– 30.9.2018	1.1.– 31.12.2018
<b>PROFIT FOR THE PERIOD</b>	<b>1 405</b>	<b>4 313</b>	<b>5 427</b>	<b>8 941</b>	<b>11 836</b>
<b>Other comprehensive income items:</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Changes in the fair value of available-for-sale investments	1 565	-	1 565	246	-
Hedge accounting	134	85	347	46	-73
Exchange differences on translating foreign operations	-101	-68	8	-58	356
Income taxes related to these items	-157	-27	-178	-58	10
<b>Comprehensive income items for the period, net of tax</b>	<b>1 441</b>	<b>-11</b>	<b>1 742</b>	<b>175</b>	<b>293</b>
<b>COMPREHENSIVE PROFIT FOR THE PERIOD</b>	<b>2 846</b>	<b>4 302</b>	<b>7 170</b>	<b>9 117</b>	<b>12 129</b>
<b>Comprehensive profit for the period attributable to</b>					
Equity holders of the Parent company	2 846	4 302	7 170	9 117	12 129
<b>Shares, 1 000 pcs</b>					
Adjusted average number of shares	4 263	4 263	4 263	4 258	4 260
Adjusted average number of shares diluted	4 300	4 290	4 300	4 290	4 290

# Consolidated balance sheet

Interim report January 1–September 30, 2019  
October 30, 2019

## CONSOLIDATED BALANCE SHEET

EUR 1 000	30.9.2019	30.9.2018	31.12.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	1 035	1 058	1 035
Other intangible assets	2 377	2 429	2 500
Property, plant and equipment	11 925	11 089	11 612
Right-of-use assets	7 373	-	-
Other financial assets	2 750	1 169	1 185
Deferred tax assets	7	222	35
<b>Total non-current assets</b>	<b>25 467</b>	<b>15 967</b>	<b>16 368</b>
<b>Current assets</b>			
Inventories	13 706	15 260	14 583
Accounts receivables and other receivables	27 165	40 435	52 256
Income tax receivable	948	9	-
Cash and cash equivalents	23 043	20 038	13 375
<b>Total current assets</b>	<b>64 862</b>	<b>75 743</b>	<b>80 214</b>
<b>TOTAL ASSETS</b>	<b>90 329</b>	<b>91 710</b>	<b>96 382</b>

## CONSOLIDATED BALANCE SHEET

EUR 1 000	30.9.2019	30.9.2018	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	9 097	7 779	7 164
Exchange differences	1 024	602	1 015
Retained earnings	24 106	17 875	18 239
Profit for the period	5 427	8 941	11 836
<b>Total equity</b>	<b>47 910</b>	<b>43 454</b>	<b>46 509</b>
<b>Non-current liabilities</b>			
Provisions	593	589	605
Non-current interest-bearing liabilities	5 918	-	-
Deferred tax liability	33	-	-
<b>Total non-current liabilities</b>	<b>6 545</b>	<b>589</b>	<b>605</b>
<b>Current liabilities</b>			
Provisions	1 825	1 396	1 595
Current interest-bearing liabilities	2 548	1 063	1 079
Current advance payments received	16 232	22 888	21 006
Income tax liability	469	1 204	992
Trade payables and other liabilities	14 801	21 116	24 595
<b>Total current liabilities</b>	<b>35 875</b>	<b>47 667</b>	<b>49 268</b>
<b>Total liabilities</b>	<b>42 419</b>	<b>48 256</b>	<b>49 872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>90 329</b>	<b>91 710</b>	<b>96 382</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	1.1.–30.9.2019	1.1.–30.9.2018	1.1.–31.12.2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from customers	130 094	127 784	164 339
Other operating income	169	475	611
Payments to suppliers and employees	-107 886	-129 019	-170 127
<b>Cash flow before financial items and taxes</b>	<b>22 377</b>	<b>-761</b>	<b>-5 177</b>
Interest paid from operating activities	-37	-100	-119
Dividends received from operating activities	293	249	249
Interest received from operating activities	18	13	20
Other financing items from operating activities	-89	-93	48
Income taxes paid from operating activities	-2 894	-2 071	-2 584
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>19 668</b>	<b>-2 762</b>	<b>-7 562</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	-3 091	-2 521	-3 612
Business transaction	-	-	-769
Proceeds from sale of property, plant and equipment and intangible assets	59	215	230
Proceeds from sale of investments	-	-	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-3 032</b>	<b>-2 306</b>	<b>-4 151</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	-	59	59
Proceeds from current borrowings	-	1 093	1 093
Repayments of current borrowings	-	-1 418	-1 427
Repayments of lease liabilities	-1 031	-	-
Dividends paid	-5 968	-5 320	-5 320
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-7 000</b>	<b>-5 587</b>	<b>-5 595</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>9 636</b>	<b>-10 656</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>9 636</b>	<b>-10 656</b>	<b>-17 309</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	<b>32</b>	<b>-29</b>	<b>-40</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>	<b>23 043</b>	<b>20 038</b>	<b>13 375</b>
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*</b>			
Cash and cash equivalents	23 043	20 038	13 375
<b>TOTAL</b>	<b>23 043</b>	<b>20 038</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–September 30, 2019  
October 30, 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	-	-	-	-	5 427	5 427	5 427
Other comprehensive income items:							
Changes in the fair value of available-for sale investments	-	-	1 565	-	-	1 565	1 565
Hedging reserve	-	-	347	-	-	347	347
Exchange differences on translating foreign operations	-	-	-	8	-	8	8
Income taxes related to these items	-	-	-178	-	-	-178	-178
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>1 734</b>	<b>8</b>	<b>5 427</b>	<b>7 170</b>	<b>7 170</b>
<b>Transactions with equity holders</b>							
Equity-settled share-based transactions	-	-	199	-	-	199	199
Dividends	-	-	-	-	-5 968	-5 968	-5 968
<b>Total transactions with equity holders</b>	<b>0</b>	<b>0</b>	<b>199</b>	<b>0</b>	<b>-5 968</b>	<b>-5 770</b>	<b>-5 770</b>
<b>EQUITY at September 30, 2019</b>	<b>8 256</b>	<b>5 711</b>	<b>3 386</b>	<b>1 024</b>	<b>29 534</b>	<b>47 910</b>	<b>47 910</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	-	-	-	-	8 941	8 941	8 941
Other comprehensive income items:							
Changes in the fair value of available-for sale investments	-	-	246	-	-	246	246
Hedging reserve	-	-	46	-	-	46	46
Exchange differences on translating foreign operations	-	-	-	-58	-	-58	-58
Income taxes related to these items	-	-	-58	-	-	-58	-58
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>233</b>	<b>-58</b>	<b>8 941</b>	<b>9 117</b>	<b>9 117</b>
<b>Transactions with equity holders</b>							
Share-options exercised	-	59	-	-	-	59	59
Equity-settled share-based transactions	-	-	214	-	-	214	214
Dividends	-	-	-	-	-5 320	-5 320	-5 320
<b>Total transactions with equity holders</b>	<b>0</b>	<b>59</b>	<b>214</b>	<b>0</b>	<b>-5 320</b>	<b>-5 047</b>	<b>-5 047</b>
<b>EQUITY at September 30, 2018</b>	<b>8 256</b>	<b>5 711</b>	<b>2 068</b>	<b>602</b>	<b>26 818</b>	<b>43 454</b>	<b>43 454</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 – September 30, 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 – September 30, 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.

### 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.– 30.9.2019	%	1.1.– 30.9.2018	%	1.1.– 31.12.2018	%
<b>Net sales by market area</b>						
EMEA (Europe and Africa)	42 787	38	54 417	43	76 968	43
CIS (Russia)	34 059	30	38 234	30	47 757	26
NAM (North America)	19 567	18	23 830	19	32 168	18
LAM (South America)	9 273	8	3 903	3	5 662	3
APAC (Asia-Pacific)	6 353	6	6 443	5	18 438	10
<b>TOTAL</b>	<b>112 040</b>	<b>100</b>	<b>126 827</b>	<b>100</b>	<b>180 993</b>	<b>100</b>

Finland accounted for 13 percent (14 %) of net sales.

EUR 1 000	30.9.2019	30.9.2018	31.12.2018
<b>Specification of net sales</b>			
Performance obligations to be satisfied over time	83 430	105 749	149 460
Performance obligations to be satisfied at a point in time	28 610	21 078	31 533
<b>TOTAL</b>	<b>112 040</b>	<b>126 827</b>	<b>180 993</b>
Project revenues entered as income from performance obligations to be satisfied over time currently undelivered	160 654	185 857	202 848
Amount of performance obligations to be satisfied over time not yet entered as income (order book)	104 392	114 799	88 037
<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	102 469	124 709	140 536
- advance payments received	85 447	94 839	99 313
<b>Current customer contract assets</b>	<b>17 023</b>	<b>29 870</b>	<b>41 223</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	58 303	67 708	60 676
- advance payments received	68 878	86 490	78 602
<b>Current customer contract liabilities</b>	<b>10 575</b>	<b>18 782</b>	<b>17 926</b>
<b>Advance payments included in current liabilities in the balance sheet</b>			
Current customer contract assets	10 575	18 782	17 926
Current customer contract liabilities	5 657	4 106	3 080
<b>Total</b>	<b>16 232</b>	<b>22 888</b>	<b>21 006</b>
<b>Advance payments of the customer contracts included in inventories in the balance sheet</b>			
Advance payments paid	1 014	1 479	1 017
<b>Total</b>	<b>1 014</b>	<b>1 479</b>	<b>1 017</b>

EUR 1 000	30.9.2019	30.9.2018	31.12.2018
<b>Research and development costs</b>			
Research and development costs for the period	-3 131	-2 417	-3 735
Amortization of previously capitalized development costs	-342	-125	-125
Development costs recognized as an asset in the balance sheet	134	166	275
Research and development costs recognized as an expense before impairments for the period	-3 339	-2 375	-3 585
Impairments of capitalized development costs	-134	-	-38

EUR 1 000	30.9.2019	30.9.2018	31.12.2018
<b>Other intangible assets</b>			
Acquisition cost at the beginning of the period	15 384	14 799	14 799
Exchange rate differences	3	-3	-1
Additions	334	252	468
Reclassification between items	-5 772	119	119
<b>Acquisition cost at the end of the period</b>	<b>9 948</b>	<b>15 167</b>	<b>15 384</b>
Accumulated depreciation and amortization at the beginning of the period	-12 884	-12 250	-12 250
Exchange rate differences	-2	3	1
Accumulated depreciation and amortization of disposals and reclassifications	5 772	-	-
Impairments	-134	-	-38
Depreciation and amortization for the period	-324	-489	-597
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-7 571</b>	<b>-12 737</b>	<b>-12 884</b>
<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>2 377</b>	<b>2 429</b>	<b>2 500</b>

EUR 1 000	30.9.2019	30.9.2018	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	-18	-44	-316
Additions	1 751	2 898	3 916
Disposals	-69	-210	-225
Reclassification between items	2	-119	-119
<b>Acquisition cost at the end of the period</b>	<b>55 059</b>	<b>52 659</b>	<b>53 391</b>

Accumulated depreciation and amortization at the beginning of the period	-41 778	-40 186	-40 186
Exchange rate differences	96	28	294
Accumulated depreciation and amortization of disposals and reclassifications	14	1	4
Depreciation and amortization for the period	-1 466	-1 413	-1 890
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-43 133</b>	<b>-41 570</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>11 925</b>	<b>11 089</b>	<b>11 612</b>

EUR 1 000	1.1.– 30.9.2019	1.1.– 30.9.2018	1.1.– 31.12.2018
<b>Right-of-use assets</b>			
Book value, at the beginning of the period	7 391	-	-
Exchange rate differences	271	-	-
Increases	752	-	-
Depreciation for the period	-1 041	-	-
<b>Book value, at the end of the period</b>	<b>7 373</b>	<b>-</b>	<b>-</b>

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. Detailed information on the adoption of the IFRS standard has been presented in the Interim financial report published on May 3, 2019.

### Financial assets

At the end of the period September 30, 2019, the fair value of the financial assets categorized at fair value hierarchy level 3 was EUR 2,750 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 September 30, 2019, the fair value of the derivative contracts classified as financial assets was EUR 42 thousand and the fair value of the derivative contracts classified as financial liability EUR 155 thousand.

EUR 1 000	30.9.2019	30.9.2018	31.12.2018
<b>Financial liabilities</b>			
<b>Non-current interest-bearing liabilities</b>			
Lease liabilities	5 918	-	-
<b>TOTAL</b>	<b>5 918</b>	-	-
<b>Current interest-bearing liabilities</b>			
Partial payments of financial loans	1 093	1 063	1 079
Lease liabilities	1 455	-	-
<b>TOTAL</b>	<b>2 548</b>	1 063	1 079

EUR 1 000	30.9.2019	30.9.2018	31.12.2018
<b>Derivatives</b>			
<b>Nominal values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	827	950	961
- Related to the hedging of net sales	8 213	6 858	7 369
Hedge accounting			
- Related to the hedging of net sales	2 836	8 409	5 723
<b>Fair values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	-2	-15	-35
- Related to the hedging of net sales	-86	-90	-120
Hedge accounting			
- Related to the hedging of net sales	-19	-216	-200

EUR 1 000	30.9.2019	30.9.2018	31.12.2018
<b>Pledged assets and contingent liabilities</b>			
<b>Mortgage agreements on behalf of subsidiaries</b>			
Financial loans	1 079	1 063	1 079
Other obligations	159	415	116
Other credit guarantee arrangements	-	1 478	1 195
<b>Commercial bank guarantees on behalf of the Parent company and subsidiaries</b>	8 357	31 566	25 925
<b>Off-balance sheet leases</b>			
Rental liabilities maturing within one year	107	1 460	1 513
Rental liabilities maturing in one to five years	71	2 843	2 629
Rental liabilities maturing later	-	63	-
<b>Total</b>	<b>177</b>	<b>4 366</b>	<b>4 143</b>

### Share-based payments

An expense of EUR 199 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 period.

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	30.9.2019	30.9.2018	31.12.2018
<b>Wood products technology</b>			
Net sales	112 040	126 827	180 993
Operating profit	6 647	11 512	14 922
Assets	90 329	91 710	96 382
Liabilities	42 419	48 256	49 872
Capital expenditure	2 084	3 149	4 384

EUR 1 000	30.9.2019	%	30.9.2018	%	31.12.2018	%
<b>Assets of the wood products technology segment by geographical location</b>						
Finland	75 635	84	79 292	86	83 494	87
North America	8 954	10	7 396	8	7 850	8
China	3 882	4	3 270	4	3 635	4
Russia	1 460	2	1 399	2	1 038	1
South America	238	0	200	0	224	0
Other	159	0	153	0	141	0
<b>TOTAL</b>	<b>90 329</b>	<b>100</b>	<b>91 710</b>	<b>100</b>	<b>96 382</b>	<b>100</b>

EUR 1 000	30.9.2019	%	30.9.2018	%	31.12.2018	%
<b>Capital expenditure of the wood products technology segment by geographical location</b>						
Finland	1 962	94	2 737	87	3 508	80
North America	66	3	376	12	707	16
China	31	1	2	0	99	2
Russia	24	1	34	1	46	1
South America	-	-	-	-	22	1
Other	-	-	-	-	2	0
<b>TOTAL</b>	<b>2 084</b>	<b>100</b>	<b>3 149</b>	<b>100</b>	<b>4 384</b>	<b>100</b>

	30.9.2019	30.9.2018	31.12.2018
<b>Number of personnel</b>			
Effective, on average, persons	763	718	725
On average, persons	785	742	748
In books at the end of the period, persons	783	755	772
Personnel working abroad at the end of the period	267	254	267
Personnel working abroad, %	34,1	33,6	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.– 30.9.2019	1.1.– 30.9.2018	1.1.– 31.12.2018
<b>Income statement, euros</b>			
CNY (Chinese yuan)	7,7119	7,7792	7,8074
RUB (Russian rouble)	73,0958	73,4244	74,0551
CAD (Canadian dollar)	1,4938	1,5379	1,5302
USD (US dollar)	1,1237	1,1949	1,1815
SGD (Singapore dollar)	1,5332	1,6008	1,5928
CLP (Chilean peso)	770,0110	751,0095	757,0688
<b>Balance sheet, euros</b>	<b>30.9.2019</b>	<b>30.9.2018</b>	<b>31.12.2018</b>
CNY (Chinese yuan)	7,7784	7,9930	7,8751
RUB (Russian rouble)	70,7557	76,1422	79,7153
CAD (Canadian dollar)	1,4426	1,5064	1,5605
USD (US dollar)	1,0889	1,1576	1,1450
SGD (Singapore dollar)	1,5060	1,5839	1,5591
CLP (Chilean peso)	794,3100	792,8949	795,4900

### FINANCIAL DEVELOPMENT

	30.9.2019	30.9.2018	31.12.2018
Change in net sales, %	<b>-11,7</b>	16,7	22,2
Exported portion of net sales, %	<b>86,9</b>	86,0	84,6
Operating profit, % of net sales	<b>5,9</b>	9,1	8,2
Return on investment, (ROI), %	<b>17,9</b>	36,9	34,6
Return on equity, (ROE), %	<b>15,3</b>	28,8	27,6
Interest-bearing net liabilities, EUR million*	<b>-14,6</b>	-19,0	-12,3
Gearing, %*	<b>-30,4</b>	-43,7	-26,4
Equity ratio, %*	<b>64,7</b>	63,1	61,7
Gross capital expenditure, EUR million	<b>2,1</b>	3,1	4,4
% of net sales	<b>1,9</b>	2,5	2,4
Research and development costs, EUR million	<b>3,1</b>	2,4	3,7
% of net sales	<b>2,8</b>	1,9	2,1
Order book, EUR million	<b>109</b>	121	95
Order intake, EUR million	<b>130</b>	138	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

	30.9.2019	30.9.2018	31.12.2018
Earnings per share, (EPS), undiluted, EUR	<b>1,27</b>	2,10	2,78
Earnings per share, (EPS), diluted, EUR	<b>1,26</b>	2,08	2,76
Equity to share, EUR	<b>11,24</b>	10,19	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>20,00</b>	26,00	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>24,80</b>	30,23	28,58
Share price at the end of the period, EUR	<b>22,50</b>	27,90	21,30
<b>Market value of capital stock</b>			
- Series K shares, EUR million*	<b>22,3</b>	27,7	21,1
- Series A shares, EUR million	<b>73,6</b>	91,3	69,7
<b>Total, EUR million</b>	<b>95,9</b>	118,9	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>398 415</b>	603 654	879 655
Trading of shares, EUR million	<b>9,9</b>	18,3	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>	3 272 033	3 272 033
<b>Total</b>	<b>4 263 194</b>	4 263 194	4 263 194
Number of shares, weighted average, 1 000 pcs	<b>4 263</b>	4 258	4 260
Number of shares, diluted, 1 000 pcs	<b>4 300</b>	4 290	4 290
<b>Number of shareholders</b>	<b>5 585</b>	4 782	5 046

## Development of quarterly results

Interim report January 1–September 30, 2019  
October 30, 2019

### DEVELOPMENT OF QUARTERLY RESULTS

EUR 1 000	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Rolling 1.10.2018– 30.9.2019	Rolling adjusted 1.10.2017– 30.9.2018
<b>NET SALES</b>	<b>54 166</b>	<b>41 309</b>	<b>36 981</b>	<b>33 749</b>	<b>166 205</b>	<b>166 195</b>
Change in inventories of finished goods and work in progress	-335	890	-1 818	-1 310	-2 574	4 347
<b>Other operating income</b>	<b>197</b>	<b>112</b>	<b>109</b>	<b>-47</b>	<b>370</b>	<b>305</b>
Materials and services	-31 996	-23 163	-16 900	-15 166	-87 225	-92 968
Employee benefits expense	-12 813	-11 718	-11 152	-10 751	-46 460	-45 567
Depreciation and amortization	-585	-940	-938	-952	-3 366	-2 604
Impairments	-38	-49	-96	11	-172	-
Other operating expenses	-5 185	-3 842	-3 848	-3 824	-16 643	-15 135
<b>Total operating expenses</b>	<b>-50 617</b>	<b>-39 712</b>	<b>-32 933</b>	<b>-30 682</b>	<b>-153 867</b>	<b>-156 274</b>
<b>OPERATING PROFIT</b>	<b>3 410</b>	<b>2 599</b>	<b>2 338</b>	<b>1 709</b>	<b>10 135</b>	<b>14 573</b>
<b>% of net sales</b>	<b>6,3</b>	<b>6,3</b>	<b>6,3</b>	<b>5,1</b>	<b>6,1</b>	<b>8,8</b>
Financial income	40	206	109	6	362	311
Financial expenses	-75	-58	-136	-47	-317	-319
<b>Financial expenses, net</b>	<b>-35</b>	<b>148</b>	<b>-27</b>	<b>-41</b>	<b>45</b>	<b>-9</b>
<b>PROFIT BEFORE TAX</b>	<b>3 375</b>	<b>2 747</b>	<b>2 311</b>	<b>1 668</b>	<b>10 180</b>	<b>14 563</b>
<b>% of net sales</b>	<b>6,2</b>	<b>6,6</b>	<b>6,3</b>	<b>4,9</b>	<b>6,1</b>	<b>8,8</b>
Income taxes	-480	-612	-424	-263	-1 790	-2 924
<b>PROFIT FOR THE PERIOD</b>	<b>2 895</b>	<b>2 135</b>	<b>1 887</b>	<b>1 405</b>	<b>8 390</b>	<b>11 640</b>
<b>% of net sales</b>	<b>5,3</b>	<b>5,2</b>	<b>5,1</b>	<b>4,2</b>	<b>5,0</b>	<b>7,0</b>
<b>Attributable to</b>						
Equity holders of the Parent company	2 895	2 135	1 887	1 405	8 390	11 640
<b>Earnings per share, EUR</b>						
Undiluted earnings per share	0,68	0,50	0,44	0,33	1,97	2,73
Diluted earnings per share	0,67	0,50	0,44	0,33	1,95	2,71
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares	4 263	4 233	4 263	4 263	4 263	4 258
Adjusted average number of shares, diluted	4 294	4 262	4 299	4 300	4 300	4 290
	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Rolling 1.7.2018– 30.9.2019</b>	<b>Rolling adjusted 1.7.2017– 30.9.2018</b>
<b>FINANCIAL DEVELOPMENT QUARTERLY</b>						
Order intake during the period, EUR million	28	32	26	73	159	199
Order book at the end of the period, EUR million	95	84	72	109	109	121

## 20 LARGEST SHAREHOLDERS AT SEPTEMBER 30, 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 Henkivakuutus-osakeyhtiö	-	138 617	138 617	3,3	138 617	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 työeläkevakuutusyhtiö 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>1 330 293</b>	<b>1 965 493</b>	<b>46,1</b>	<b>14 034 293</b>	<b>60,8</b>

## 20 LARGEST SHAREHOLDERS AT SEPTEMBER 30, 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 September 30, 2019</b>						
The Board of Directors, The Group's President and CEO and Executive Board*						
	127 890	132 689	260 579	6,1	2 690 489	11,6
<b>Total</b>	<b>127 890</b>	<b>132 689</b>	<b>260 579</b>	<b>6,1</b>	<b>2 690 489</b>	<b>11,6</b>

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

## Nominee-registered shares at September 30, 2019

	-	143 217	143 217	3,4	143 217	0,6
--	---	---------	---------	-----	---------	-----



RAUTE OYJ  
Hallitus

**BRIEFING ON OCTOBER 30, 2019 AT 2 P.M.:**

A briefing will be organized for analysts, investors and the media on October 30, 2019 at 2 p.m. at Scandic Simonkenttä Hotel, Tapiola cabinet, Simonkatu 9, Helsinki. The interim report will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Tarja Järvinen, CFO.

**FINANCIAL RELEASES IN 2020:**

Raute Corporation will publish a release on its financial statements for 2019 on Thursday, February 13, 2020.

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

- Interim report January–March on Wednesday, April 29, 2020
- Half-year report January–June on Thursday, July 23, 2020
- Interim report January–September on Thursday, October 29, 2020

Raute Corporation's Annual General Meeting is scheduled to be held in Lahti on Tuesday, March 31, 2020.

**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:**

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 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).*



RAUTE CORPORATION

Rautetie 2

P.O. Box 69, FI-15551 Nastola, Finland

Tel. +358 3 829 11

Fax +358 3 829 3200

ir@raute.com

Follow us online:

[www.raute.com](http://www.raute.com)

Twitter: @rautemachinery, @RauteCorp

LinkedIn: Raute Oyj

Youtube: [www.youtube.com/RauteMachinery](http://www.youtube.com/RauteMachinery)

Facebook: Raute Corporation

Instagram: @rautecorporation