

Investor Newsletter

August 12, 2020

Raute Corporation – Half-Year Report January 1–June 30, 2020

- The Group's net sales, EUR 48.2 million (MEUR 78.3), decreased 38.5% from the comparison period. Order intake was EUR 38 million (MEUR 58).
- Operating result amounted to EUR -4.0 million (MEUR 4.9), down 182% on the comparison period. The result before taxes was EUR -3.6 million (MEUR 5.1).
- Earnings per share were EUR -0.73 (EUR 0.94), and diluted earnings per share were EUR -0.73 (EUR 0.94).
- Net sales for the second quarter were EUR 24.4 million and operating result was EUR -0.9 million. Order intake was EUR 13 million in the second quarter. The order book at the end of the reporting period stood at EUR 80 million (MEUR 72).
- Raute's net sales for 2020 are expected to decrease compared to 2019 and operating profit is expected to weaken clearly year-on-year.

Tapani Kiiski, President and CEO: Focus unchanged despite of pandemic

Net sales for the first half of the year remained low and the result was negative. The decline in our net sales and the consequent weakened result were expected due to the timing of the order book. The impacts of the corona pandemic showed most dramatically in the second quarter in the order intake. Our Canadian, US and China locations were forced to shut down for several weeks. Our field operations were largely prevented due to the travel restrictions.

Our order book is still strong. Q1's relatively good order intake included orders that had, for the most part, been negotiated almost fully before the start of the corona crisis. In Q2, many of our customers put off their plans and orders, based on the uncertainty of their market situations. Very few actual cancellations took place, however, so when the situation settles, I anticipate that the postponed projects may restart, perhaps even at short notice.

The restrictions put in place due to the coronavirus pandemic countermeasures and the resulting increased uncertainty impacted our business in full force in the second quarter. China was the only market area in which development took a turn for the normal again. There, our plant's operations returned to normal and our customers' projects resumed. We received an order from China that gained us a foothold in the Chinese markets. In our North American locations, we were forced to restrict our operations due to the official guidelines. As we have consolidated in our main locations the kind of expertise that is often required for special maintenance, project installation supervision and commissioning, the travel restrictions inconvenienced us and our customers globally. The impact of the coronavirus pandemic on our net sales and operating profit can be described as significant.

The impact of the corona pandemic on the outlook highlights the importance of our strategic goals – growing the emerging market share, developing the technology service business and investing in digitalization. We will thus continue to focus on product development, marketing and digitalization. Buying the majority of Hiottu Oy was one of these measures. We also initiated a significant system investment during Q2, which will improve our operations and our technical capabilities to serve our customers. Our strong balance sheet, market position and long-standing customer accounts are important competitive advantages and enablers of this type of long-term work. We will succeed when our personnel, customers and other partners work together and we will come out of this crisis as a stronger and more agile Raute.

It is clear that our original targets and predictions for net sales and operating profit for this year will not be met. We would like to repeat our estimate given on April 24th: our net sales will fall and operating profit will weaken clearly year-on-year.

Outlook for 2020

Regardless of the strong order book, we forecast that Raute's net sales will fall in 2020 from the previous year's level as a result of uncertainty in demand and the order intake for the remainder of the year. We expect the operating profit to clearly weaken from last year, as disclosed earlier, due to a shift in the markets and the costs for adapting to this, and due to investments in marketing, product development and digitalization and falling net sales.

Next interim report

October 29, 2020

Interim report January 1–September 30, 2020

Raute invests in solar energy – A power plant onto the roof of Nastola factory hall

The roof of Raute Nastola factory hall, which has been renovated in recent years, offers a good and unobstructed place for the installation of solar panels. This summer a 180kWp solar power plant with a circular area of 1000 m² was constructed onto that roof.

On a sunny day, a solar power plant produces about 30% of our average everyday electricity consumption. The power plant has a long life cycle, at least 25 years. Even then, the power plant's power guarantee is still 80%.

The power plant can be expanded in the coming years - there is enough roof area at the factory!



Solar energy is a renewable, emission-free energy source and a green choice of values.

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