

Investor Newsletter

March 6, 2018

Raute Corporation – Financial Statements January 1 – December 31, 2017

(Published on February 15, 2018)

- 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 continued also 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.

Read the Financial statement bulletin as a whole at www.raute.com.



Raute received orders worth approximately EUR 23 million to Finland

(Stock exchange release on January 29, 2018)

Raute Corporation has received orders worth approximately EUR 23 million from Metsä Wood, the Wood Products Business Area of Metsä Group. The orders consist of machinery and equipment to be delivered for the expansion of Metsä Wood's LVL mill in Punkaharju. The deal includes peeling, drying, LVL lay-up, pre-pressing and pressing lines, and also services related to the installation and commissioning. The installation and commissioning of the production processes for the expansion of the LVL mill in Punkaharju will start in the beginning of 2019.

The cooperation between Raute and Metsä Wood has continued for a long period. The production processes in Metsä Wood's plywood and LVL mills have mostly been implemented by machinery and equipment delivered by Raute. Raute's strong expertise in the entire production processes of LVL and plywood can be seen in the wide scope of orders received by Raute. Raute estimates that its previous successfully completed deliveries to Metsä Wood and other operators in the LVL and plywood industries were the convincing factors, resulting in Raute to receive the orders.

Changes in Raute Executive Board

(Stock exchange release January 25, 2018)

Raute Corporation's Board of Directors has appointed M.Sc. (Econ.) Olli-Pekka Vanhanen (53) Group Vice President, CFO of Raute Group. He will also become a member of Raute Group's Executive Board, reporting to President and CEO Tapani Kiiski. Mr. Vanhanen will assume the position by May 1, 2018 at the latest.

Mr. Vanhanen has versatile experience in financial administration and management among others in Wärtsilä, Cargotec, Elcoteq and most recently in Maillefer Oy. He will join Raute from the position of CFO in Maillefer Oy. Olli-Pekka Vanhanen does not own any Raute shares.

Raute Corporation's Board of Directors has appointed M.Sc. (Econ.), MBA Arja Hakala (60) Group Vice President, Strategy of Raute Group. She will transfer to this position from the role as Raute's Chief Financial Officer at the same time as Olli-Pekka Vanhanen will take over his role as Chief Financial Officer, by May 1, 2018 at the latest. Ms. Hakala will continue as a member of Raute Group's Executive Board, reporting to President and CEO Tapani Kiiski. She will also continue as Deputy to President and CEO and Secretary of the Board of Directors. Arja Hakala has been Raute Group's Chief Financial Officer for 14 years. Prior to that she has held other management positions in Raute Group since 1990.

The position of Group Vice President, Strategy is new in Raute. The responsibility area of the Group Vice President, Strategy includes coordination of strategic development projects, responsibility management and its development, and also internal audit tasks assigned by the Board of Directors.

Arja Hakala owns 3,104 Raute's series A shares.

Raute receives order worth almost 20 million euros from North-East Asia

(Stock exchange release on February 9, 2018)

Raute Corporation has received an order for LVL lay-up and pressing lines worth almost EUR 20 million from a North-East Asian customer. The customer's name will not be released due to the customer's request.

The machinery and equipment will be designed and manufactured at Raute's Nastola and Shanghai plants. The deal also includes modern veneer grading equipment to be installed on the veneer drying line to be delivered by a local supplier. The equipment will be supplied by Raute's Kajaani (Mecano) and Pullman (Metriguard, USA) units.

The plant where the lines will be installed uses local softwood as its raw material. Timber-frame construction has increased in some North-East Asian developed areas and this investment will significantly increase the structural long LVL production capacity for the area.

The previous major LVL technology delivery from Raute to North-East Asia was in 1998, so this can be seen as an opening of a new door. This project is a major reference for Raute.

One factor impacting the selection of Raute as the supplier of the LVL lay-up and pressing lines was the ability of the technology developed by Raute to produce LVL reliably and with a good raw material utilization ratio, in accordance with the demanding local standard. Raute's extensive experience and, in particular references, set Raute's technology apart from local competitors and confirmed Raute's leading position in LVL production technology.

Raute's Annual report 2017 published

Raute's Annual Report 2017 has been published on the company's website at www.raute.com on February 28, 2018.

The printed Annual Report will be mailed to the 200 largest shareholders and to others by request during the week starting March 12. The Annual Report can be ordered in print by email from ir@raute.com.

Raute's Annual General Meeting will be held on March 22, 2018

Raute Corporation's shareholders are invited to attend the company's Annual General Meeting, which will be held on Thursday, March 22, 2018, at 6 p.m. at Sibelius Hall, Ankkurikatu 7, Lahti, Finland.

To be entitled to attend the Annual General Meeting, shareholders must be registered in the shareholders' register maintained by Euroclear Finland Ltd on March 12, 2018. Shareholders who wish to participate in the Annual General Meeting should register for the meeting by no later than 4:00 p.m. on Monday, March 19, 2018.

Registration for the meeting can take place in writing to Raute Corporation, P.O. Box 69, FI-15551 Nastola, Finland; by email to eija.salminen@raute.com; by fax to +358 3 829 3200 or by calling Eija Salminen at +358 3 829 3302.

The invitation to the AGM is available at our website www.raute.com.



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.

