

Investor Newsletter

May 15, 2018

Raute Corporation – Interim report January 1 – March 31, 2018

- The Group's first-quarter net sales, EUR 35.3 million (MEUR 36.6), declined 4% on the comparison period.
- Operating profit amounted to EUR 2.8 million (MEUR 2.7), up 3%. The result before taxes was EUR 2.9 million (MEUR 2.9).
- Undiluted earnings per share were EUR 0.53 (EUR 0.50) and diluted earnings per share were EUR 0.53 (EUR 0.49).
- Order intake, at EUR 68 million (MEUR 24), was at a very good level. The order book at the end of the reporting period came to a record EUR 142 million (MEUR 93), a significant proportion of which is scheduled for 2019.
- Raute's net sales and operating profit for 2018 are expected to be at the previous year's level.

President and CEO Tapani Kiiski: First quarter as expected, order intake particularly pleasing

The start of the year was in line with our expectations. Net sales in the first quarter fell slightly short of the result of the comparison period, due to the scheduling of the order book, but operating profit improved somewhat. Even larger variations between quarters are the norm for Raute's business, and we expect to see the same this year, too.

Demand for our technology and services continues to be strong. The greatest demand in the first quarter was seen in the traditional industrialized markets, and especially in Europe the brisk demand continued. In emerging markets, demand has been more subdued and more focused on simple technology than before.

Active demand also materialized into orders. Two mill-scale orders, both LVL mill projects, raised the volume of our new orders to an excellent level. Even without these mill-scale orders, our volume of new orders was at a sustainable level. It is also pleasing to note that, for the first time in a while, one of these major orders was received from Asia. The first steps, considered to be of minor value at this stage, but important for the future, were a significant cooperation contract concluded with a Russian customer encompassing extensive maintenance services for several mills, and the first service contract based on Raute's IoT technology concluded with a European customer.

Our order book reached a new record of EUR 142 million. A significant proportion of the work is also scheduled for 2019. We have further increased our overall capacity and scheduled our deliveries in a way that allows us to serve our customers with reasonable delivery times also in the near future. A strong order book gives us the opportunity to focus on developing, within the framework of our resources, new technologies and customer relationships in emerging markets, where we have not managed to secure a position that is in line with our goals.

Our historically strong order book and continued brisk demand already secure this year's outlook and provide a glimpse into next year. We are enjoying good momentum in reaching our goals for this year. Raute's net sales and operating profit for 2018 are expected to be at the previous year's level.



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.

Raute improves its competitive position, in particular, through knowledge-intensive services. Two examples of this during the reporting period are the extensive maintenance contract concluded with a Russian customer, and the first expert service contract based on Raute's IoT solutions concluded with a European customer.

OUTLOOK FOR 2018

Due to the scheduling of the record-high order book, Raute's net sales and operating profit for 2018 are expected to be at the previous year's level.

Read the interim report as a whole at www.raute.com.