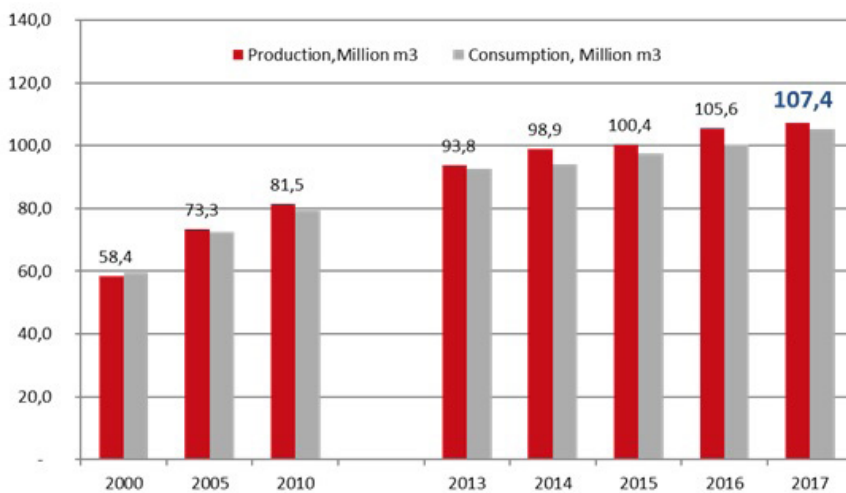


# Investor Newsletter

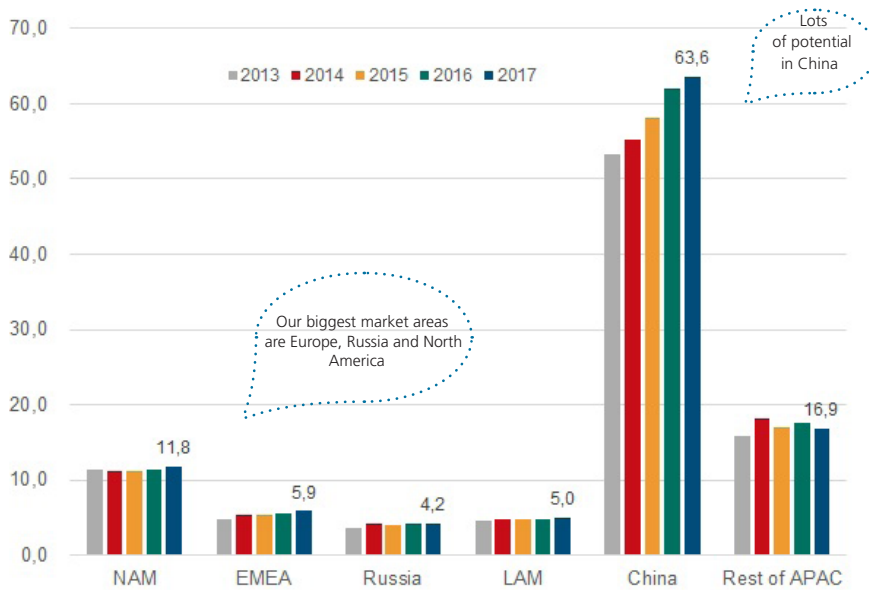
November 12, 2018

## Plywood production up 85% since 2000

Plywood production and consumption (Million m<sup>3</sup>)



Plywood production by market areas (Million m<sup>3</sup>)



Plywood consumption by end-use category	
Construction	38%
Furniture	26%
Packages	9%
Transport vehicles	7%
Flooring	5%
Other	15%

Plywood production and consumption data source: Indufor

## Raute Corporation - Interim report January 1 – September 30, 2018

- The Group's net sales, EUR 126.8 million (MEUR 108.7), increased 17% on the comparison period. Order intake was EUR 138 million (MEUR 94).
- Operating profit was EUR 11.5 million (MEUR 8.1), showing growth of 42% on the comparison period. The result before taxes was EUR 11.5 million (MEUR 8.1).
- Earnings per share were EUR 2.10 (EUR 1.49) and diluted earnings per share were EUR 2.08 (EUR 1.48).
- Third-quarter net sales, at EUR 47.9 million, and operating profit, at EUR 5.6 million, were both at a record-high level. Order intake was EUR 42 million. The order book at the end of the reporting period came to EUR 121 million (MEUR 89), a significant proportion of which is scheduled for 2019 and some even for 2020.
- On September 17, 2018, Raute changed its guidance for 2018. Raute's net sales are expected to increase and its operating profit to improve in 2018 compared to the previous year.

### 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.

The situation in the global economy and the financial markets during 2018 did not change considerably with respect to Raute or Raute's customer base. The good market situation has continued in the key market areas, despite the growing political uncertainty and its expansion to global trade policies. Construction activity continues to improve in many market areas, but the level remains below the pre-financial-crisis level.

### Demand for wood products technology and technology services

Thanks to the economic and market situation, investment activity among Raute's customers has remained high. Enquiry activity for new capacity projects and larger projects involving replacement and efficiency-boosting investments has remained at a good level, and trade is being actively negotiated.

Demand is especially strong in industrialized market areas, Europe, North America and Russia. In the emerging markets of Asia, China included, and in South America, demand has not been as strong. Demand among major South American customers has somewhat picked up. While there is burgeoning interest in Raute's offering also in other emerging markets, there is still a preference for very basic and less expensive technology products.

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.

### EVLI RESEARCH STARTS TO MONITOR RAUTE

The first Raute analysis prepared by Evli Research is available at <https://pankki.evli.com/erp-analysikirjasto?#raute>.

Raute is monitored by Inderes Oy and OP Financial Group, too. In addition, other analyst companies occasionally draw up reports on the company. Raute is not responsible for the estimates presented in the analyses or reports.

### 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, which has recently expanded to global trade policies. During the reporting period, there were no essential changes in the business risks described in the 2017 Board of Directors' Report and Financial Statements.

The most significant risks for Raute in the near term are related to the completion of the high order book, and especially the major mill-scale projects that are in the implementation phase, in accordance with the schedule determined in the contract terms, and the sufficiency and availability of skilled resources.

### OUTLOOK FOR 2018

On September 17, 2018, Raute changed its guidance for 2018 concerning net sales and operating profit, estimating that the company's net sales will increase and operating profit will improve in 2018 compared to the previous year. The new guidance is based on the assumption that no major surprises will arise in the labor market situation in the final quarter of the year.

The company's current situation and outlook for the rest of the year give no cause to change the guidance issued on September 17, 2018. Raute Corporation's net sales will increase and operating profit will improve in 2018 compared to 2017.

### RAUTE CORPORATION'S FINANCIAL INFORMATION IN 2019

Raute Corporation will publish a release of its financial statements for 2018 on Thursday **February 14, 2019**.

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

- Interim report January - March on **Friday May 3, 2019**
- Half-year report January - June on Wednesday **July 31, 2019**
- Interim report January - September on Wednesday **October 30, 2019**.

Raute Corporation's Annual general meeting is planned to be held in Lahti on Tuesday **April 2, 2019**.

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[www.raute.com](http://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 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 2017 were EUR 148.1 million. The Group's headcount at the end of 2017 was 704. More information about the company can be found at [www.raute.com](http://www.raute.com).

