



# Half-year Report

January 1 – June 30, 2018

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## RAUTE CORPORATION – HALF-YEAR REPORT JANUARY 1–JUNE 30, 2018

- The Group's net sales, EUR 78.9 million (MEUR 71.6), increased 10% on the comparison period. Order intake was EUR 96 million (MEUR 52).
- Operating profit was EUR 5.9 million (MEUR 4.0), showing growth of 48% on the comparison period. The result before taxes was EUR 6.0 million (MEUR 4.1).
- Undiluted earnings per share were EUR 1.09 (EUR 0.69) and diluted earnings per share were EUR 1.08 (EUR 0.69).
- Net sales for the second quarter were EUR 43.7 million and operating profit was EUR 3.2 million. Order intake was EUR 28 million. The order book at the end of the reporting period came to EUR 127 million (MEUR 87), a significant proportion of which is scheduled for 2019 and a smaller fraction for 2020.
- Raute's net sales and operating profit for 2018 are expected to be at the previous year's level.

### TAPANI KIISKI, PRESIDENT AND CEO: Q2 IN LINE WITH EXPECTATIONS

The second quarter was good, in line with our expectations, both for net sales and the operating profit. Net sales came to approximately EUR eight million more than in the first quarter. Our result also improved thanks to net sales, as we predicted. A strong order book and its timing played a part in this development. Even large quarter-on-quarter fluctuations are normal for Raute's project business and we will continue to experience similar movements over the second half of the year.

Demand for our technology and services continues to be strong. Demand is still focused on the traditional industrialized markets and especially on Europe. On the emerging markets, demand is looking up but still clearly leans towards more simple and inexpensive technology.

Our order intake in Q2 was lower than in the first quarter. The EUR 28 million order intake is still quite an achievement considering the lack of mill projects. Our order intake in technology services fell short of our target due to the postponement of some major modernization projects. The good market situation is causing some of our customers to invest in new equipment rather than modernizing their old equipment.

Due to high net sales and a normal order intake level, our order book fell to EUR 127 million. Despite the decline, this is a good level and our order book remains strong. A major proportion of it is scheduled for next year and a small fraction for 2020. We have succeeded in further increasing our production capacity and are able to serve our customers with reasonable delivery times. Strong economic growth in Finland is beginning to manifest itself as cost pressure and increasing challenges in terms of the availability of resources. Our goal is to preemptively minimize any harm that could result for our customers and our business. The uncertainty that has recently spread to global trade policies has not, so far, made its mark on our customers' operations. Even during this period of heavy workload and brisk demand, we will continue to invest in developing new technologies, our service business and our presence and offering on the emerging markets.

H1's realized net sales and operating profit, strong order book and continued active demand reinforce our outlook for the whole year and provide insight into the next year also. We are well on the way to 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.

## SECOND QUARTER OF 2018

### Order intake and order book

The total order intake in the second quarter, EUR 28 million (MEUR 29), was at a good level, bearing in mind that it did not include major individual projects.

Technology services accounted for EUR 13 million (MEUR 15) of the order intake. This decline resulted from the timing of orders related to modernization deals.

The order book declined during the second quarter from a record level by EUR 15 million, but nevertheless ended the period at a strong EUR 127 million (MEUR 87).

### Net sales

Second-quarter net sales amounted to EUR 43.7 million (MEUR 35.1). Technology services accounted for 30 percent (33%) of the total net sales and amounted to EUR 13 million (MEUR 12).

### Result and profitability

Operating profit in the second quarter was EUR 3.2 million positive (MEUR 1.3 positive) and accounted for 7.2 percent (3.8%) of net sales. The result was EUR 2.4 million positive (MEUR 0.8 positive), and earnings per share were EUR +0.56 (EUR +0.19).

## RAUTE CORPORATION – HALF-YEAR REPORT JANUARY 1–JUNE 30, 2018

### 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.

The situation in the global economy and the financial markets in the first half of 2018 did not change considerably with respect to Raute or Raute's customer base. The positive development has continued in

the key market areas, despite the growing political uncertainty and its expansion to global trade policies. Construction activity is continuing to improve in many market areas but the level is still relatively low despite the general economic development.

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

Thanks to the good 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 brisk, 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, and is even focusing more and more on products that use simpler and less expensive technology.

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.

#### ORDER INTAKE AND ORDER BOOK

Raute serves the wood products industry with a full-service concept that is based on technology solutions that cover 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 and reconditioned machinery.

The good market situation is reflected in the volume of new orders Raute has received. The order intake during the review period was at an extremely good level and amounted to EUR 96 million (MEUR 52). The most significant new orders were a EUR 23 million order for an LVL mill expansion in Finland, and a EUR 20 million order for LVL line equipment for North-East Asia.

Of new orders, 51 percent came from Europe (56%), 22 percent from Asia-Pacific (1%), 15 percent from Russia (17%), 10 percent from North America (17%) and 2 percent from South America (9%). Sometimes even strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business. The second quarter accounted for EUR 28 million of the order intake.

Order intake in technology services amounted to EUR 28 million (MEUR 25), increasing 10 percent on the comparison period.

The order book declined during the second quarter by EUR 15 million. The order book at the end of the reporting period amounted to a strong EUR 127 million (MEUR 87), however. A large part of the order book has already been scheduled for 2019 and a small portion for 2020.

#### 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, EUR 78.9 million (MEUR 71.6), were up 10 percent on the comparison period.

Of the total net sales for the reporting period, Europe accounted for 45 percent (49%), Russia for 30 percent (33%), North America for 18 percent (12%), South America for 4 percent (4%), and Asia-Pacific for 3 percent (2%).

Technology services accounted for 30 percent (31%) of the Group's total net sales and amounted to EUR 24 million (MEUR 22).

## RESULT AND PROFITABILITY

During the period under review, operating profit was EUR 5.9 million positive (MEUR 4.0 positive) and accounted for 7.5 percent of net sales (5.6%).

The result before taxes for the reporting period was EUR 6.0 million positive (MEUR 4.1 positive). The result for the reporting period was EUR 4.6 million positive (MEUR 2.9 positive). Earnings per share (undiluted) were EUR 1.09 (EUR 0.69).

## CASH FLOW AND BALANCE SHEET

The Group's financial position remained good. At the end of the reporting period, gearing was -66 percent (9%) and the equity ratio 61 percent (58%). 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 27.1 million (MEUR 3.1) at the end of the reporting period. Operating cash flow was EUR 3.2 million positive (MEUR 15.1 negative). Cash flow from investment activities was EUR 1.3 million negative (MEUR 4.5 negative). Cash flow from financing activities was EUR 5.5 million negative (MEUR 1.1 negative), including dividend payments of EUR 5.3 million.

Interest-bearing liabilities amounted to EUR 1.3 million (MEUR 6.0) at the end of the reporting period.

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 three Nordic banks totaling EUR 23.0 million. The main covenants for the credit facility are an equity ratio of >30% and gearing of <100%. Of the credit facility, EUR 22.7 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:

January 29, 2018 Raute received orders worth approximately EUR 23 million to Finland

February 9, 2018 Raute receives order worth almost 20 million euros from North-East Asia

March 6, 2018 Disposal of Raute Corporation's own shares

March 22, 2018 Second plan for Raute's top management remuneration system, LTI 2018–2020, takes off

March 22, 2018 Decisions of Raute's Annual General Meeting 2018

March 23, 2018 Changes in Raute Group's Executive Board as of March 27, 2018.

## 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 1.7 million (MEUR 1.8), representing 2.2 percent of net sales (2.5%).

Capital expenditure during the period came to EUR 2.2 million (MEUR 4.8) and accounted for 2.7 percent (6.6%) of net sales.

## PERSONNEL

At the end of the reporting period, the Group's personnel numbered 778 (705). Group companies outside Finland accounted for 32 percent (29%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 705 (652) during the reporting period.

## 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. Raute Corporation has signed a market making agreement with Nordea Bank AB in compliance with the Liquidity Providing (LP) requirements issued by Nasdaq Helsinki Ltd.

The company's market capitalization at the end of the reporting period was EUR 135.1 million (MEUR 96.8), with series K shares valued at the closing price of series A shares on the final closing date June 29, 2018, i.e. EUR 31.70 (EUR 22.92).

## RAUTE CORPORATION'S 2010 STOCK OPTIONS

The subscription period for Raute Corporation's series C 2010 stock options ended on March 31, 2018.

## 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 2018–2020, on March 22, 2018.

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 4,797 at the beginning of the year and 4,722 at the end of the reporting period. Series K shares were held by 55 private individuals (55) at the end of the reporting period. Nominee-registered shares accounted for 6.7 percent (2.7%) 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 260,558 company shares, equaling 6.1 percent (5.9%) of the company shares and 11.6 percent (11.2%) 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:

Tapani Kiiski, President and CEO, Chairman – sales

Arja Hakala, Group Vice President, Strategy – business development

Marko Hjelt, Group Vice President, Human Resources – personnel and competence development

Mika Hyysti, Group Vice President, Technology – technology, products and R&D

Timo Kangas, Group Vice President, EMEA – market area EMEA

Antti Laulainen, Group Vice President, Technology Services and Sales Management – technology services and sales management

Petri Strengell, Group Vice President, Supply Chain – sourcing and production

Olli-Pekka Vanhanen, Group Vice President, Finance, CFO – Finance and administration.

## ANNUAL GENERAL MEETING 2018

Raute Corporation's Annual General Meeting was held on March 22, 2018. More detailed information on the decisions of the Annual General Meeting can be found in the stock exchange release issued on March 22, 2018.

## DISTRIBUTION OF PROFIT FOR THE 2017 FINANCIAL YEAR

The Annual General Meeting held on March 22, 2018 decided to pay a dividend of EUR 1.25 per share for the financial year 2017. The total amount of dividends is EUR 5.3 million, with series A shares accounting for EUR 4,081,522.50 and series K shares for EUR 1,238,951.25. The dividend payment date was April 4, 2018.

## BOARD OF DIRECTORS AND BOARD COMMITTEES

At the General Meeting on March 22, 2018, Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Mr. Mika Mustakallio was elected Vice-Chair, and Mr. Joni Bask, Ms. Laura Raitio, Mr. Pekka Suominen, and Mr. Patrick von Essen were elected as Board members. The Board of Directors' term of office will continue until the 2019 Annual General Meeting.

Based on the evaluation of independence by the Board of Directors, Chairman Mr. Erkki Pehu-Lehtonen and members Mr. Joni Bask, Mr. Patrick von Essen, Ms. Laura Raitio, and Mr. Pekka Suominen 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. The Chairman of the Board (Mr. Erkki Pehu-Lehtonen) and two Board members (Mr. Patrick von Essen and Ms. Laura Raitio) are independent of major shareholders.

Raute Corporation's Board of Directors has an Appointments Committee. The Appointments Committee is chaired by Mr. Erkki Pehu-Lehtonen and its members are Mr. Mika Mustakallio and Mr. Pekka Suominen. The Audit Committee's tasks are handled by the Board of Directors.

## EVENTS AFTER THE REPORTING PERIOD

No significant events took place after the reporting period.

## 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 very 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

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

Raute Corporation's Board of Directors has on July 31, 2018 reviewed the Half-year report for January 1 – June 30, 2018, and approved it to be published.

The figures for the financial year 2017 presented in the figures section of the Half-year report have been audited. The presented interim financial report figures have not been audited. The figures for the comparative Half-year period and the financial year 2017 have been restated as a result of changes in IFRS standards.

## CONSOLIDATED STATEMENT OF INCOME

EUR 1 000	1.4.– 30.6.2018	Restated 1.4.– 30.6.2017	1.1.– 30.6.2018	Restated 1.1.– 30.6.2017	Restated 1.1.– 31.12.2017
<b>NET SALES</b>	<b>43 667</b>	<b>35 058</b>	<b>78 939</b>	<b>71 647</b>	<b>148 064</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>1 574</b>	<b>806</b>	<b>2 803</b>	<b>1 298</b>	<b>2 054</b>
<b>Other operating income</b>	<b>293</b>	<b>91</b>	<b>358</b>	<b>119</b>	<b>96</b>
Materials and services	-26 271	-19 405	-44 445	-40 152	-80 721
Employee benefits expense	-11 568	-10 347	-22 814	-20 103	-41 036
Depreciation and amortization	-635	-660	-1 285	-1 277	-2 633
Other operating expenses	-3 903	-4 223	-7 646	-7 534	-14 653
<b>Total operating expenses</b>	<b>-42 377</b>	<b>-34 634</b>	<b>-76 190</b>	<b>-69 067</b>	<b>-139 042</b>
<b>OPERATING PROFIT</b>	<b>3 156</b>	<b>1 320</b>	<b>5 910</b>	<b>3 997</b>	<b>11 171</b>
<b>% of net sales</b>	<b>7,2</b>	<b>3,8</b>	<b>7,5</b>	<b>5,6</b>	<b>7,5</b>
Financial income	72	17	296	335	359
Financial expenses	-107	-145	-172	-250	-411
<b>Financial expenses, net</b>	<b>-36</b>	<b>-127</b>	<b>125</b>	<b>85</b>	<b>-51</b>
<b>PROFIT BEFORE TAX</b>	<b>3 121</b>	<b>1 192</b>	<b>6 035</b>	<b>4 082</b>	<b>11 120</b>
<b>% of net sales</b>	<b>7,1</b>	<b>3,4</b>	<b>7,6</b>	<b>5,7</b>	<b>7,5</b>
Income taxes	-748	-377	-1 407	-1 166	-2 141
<b>PROFIT FOR THE PERIOD</b>	<b>2 372</b>	<b>815</b>	<b>4 628</b>	<b>2 917</b>	<b>8 979</b>
<b>% of net sales</b>	<b>5,4</b>	<b>2,3</b>	<b>5,9</b>	<b>4,1</b>	<b>6,1</b>
<b>Profit for the period attributable to Equity holders of the Parent company</b>	<b>2 372</b>	<b>815</b>	<b>4 628</b>	<b>2 917</b>	<b>8 979</b>
<b>Earnings per share for profit attributable to equity holders of the Parent company, EUR</b>					
Undiluted earnings per share	0,56	0,19	1,09	0,69	2,13
Diluted earnings per share	0,55	0,19	1,08	0,69	2,11

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1 000	1.4.– 30.6.2018	Restated 1.4.– 30.6.2017	1.1.– 30.6.2018	Restated 1.1.– 30.6.2017	Restated 1.1.– 31.12.2017
<b>PROFIT FOR THE PERIOD</b>	<b>2 372</b>	<b>815</b>	<b>4 628</b>	<b>2 917</b>	<b>8 979</b>
<b>Other comprehensive income items: Items that may be subsequently reclassified to profit or loss</b>					
Changes in the fair value of available-for-sale investments	246	-	246	-259	193
Hedge accounting	-79	-180	-39	-180	-31
Exchange differences on translating foreign operations	-4	-62	11	-91	-183
Income taxes related to these items	-3	27	-31	79	-32
<b>Comprehensive income items for the period, net of tax</b>	<b>160</b>	<b>-215</b>	<b>187</b>	<b>-452</b>	<b>-52</b>
<b>COMPREHENSIVE PROFIT FOR THE PERIOD</b>	<b>2 532</b>	<b>600</b>	<b>4 814</b>	<b>2 465</b>	<b>8 927</b>
<b>Comprehensive profit for the period attributable to Equity holders of the Parent company</b>	<b>2 532</b>	<b>600</b>	<b>4 814</b>	<b>2 465</b>	<b>8 927</b>
<b>Shares, 1 000 pcs</b>					
Adjusted average number of shares	4 263	4 225	4 256	4 215	4 225
Adjusted average number of shares diluted	4 284	4 242	4 276	4 232	4 259

# Consolidated balance sheet

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July 31, 2018

## CONSOLIDATED BALANCE SHEET

EUR 1 000	30.6.2018	Restated 30.6.2017	Restated 31.12.2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	1 059	1 054	1 035
Other intangible assets	2 558	2 798	2 548
Property, plant and equipment	10 681	8 991	9 948
Other financial assets	1 169	471	923
Deferred tax assets	20	176	410
<b>Total non-current assets</b>	<b>15 488</b>	<b>13 489</b>	<b>14 865</b>
<b>Current assets</b>			
Inventories	14 652	11 764	11 010
Accounts receivables and other receivables	30 715	43 555	30 363
Income tax receivable	-	50	45
Cash and cash equivalents	27 132	3 070	30 724
<b>Total current assets</b>	<b>72 500</b>	<b>58 439</b>	<b>72 142</b>
<b>TOTAL ASSETS</b>	<b>87 988</b>	<b>71 929</b>	<b>87 006</b>

## CONSOLIDATED BALANCE SHEET

EUR 1 000	30.6.2018	Restated 30.6.2017	Restated 31.12.2017
<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	7 684	6 435	7 156
Exchange differences	670	751	659
Retained earnings	17 876	14 322	14 321
Profit for the period	4 628	2 916	8 979
<b>Total equity</b>	<b>39 114</b>	<b>32 680</b>	<b>39 372</b>
<b>Non-current liabilities</b>			
Provisions	553	595	707
Deferred tax liability	29	38	86
<b>Total non-current liabilities</b>	<b>582</b>	<b>632</b>	<b>793</b>
<b>Current liabilities</b>			
Provisions	1 633	1 039	1 378
Current interest-bearing liabilities	1 269	5 994	1 413
Current advance payments received	24 356	15 166	25 739
Income tax liability	280	513	829
Trade payables and other liabilities	20 754	15 904	17 481
<b>Total current liabilities</b>	<b>48 292</b>	<b>38 616</b>	<b>46 841</b>
<b>Total liabilities</b>	<b>48 874</b>	<b>39 249</b>	<b>47 634</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>87 988</b>	<b>71 929</b>	<b>87 006</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	1.1.– 30.6.2018	1.1.– 30.6.2017	1.1.– 31.12.2017
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from customers	82 912	60 021	167 370
Other operating income	354	16	50
Payments to suppliers and employees	-78 423	-72 737	-145 131
<b>Cash flow before financial items and taxes</b>	<b>4 843</b>	<b>-12 700</b>	<b>22 289</b>
Interest paid from operating activities	-69	-146	-277
Dividends received from operating activities	249	120	120
Interest received from operating activities	9	3	7
Other financing items from operating activities	-244	-169	-298
Income taxes paid from operating activities	-1 597	-2 235	-3 408
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>3 191</b>	<b>-15 127</b>	<b>18 432</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	-1 488	-1 333	-2 874
Business transaction	-	-3 371	-3 193
Proceeds from sale of property, plant and equipment and intangible assets	156	29	117
Proceeds from sale of investments	-	182	182
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-1 331</b>	<b>-4 492</b>	<b>-5 768</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	59	130	207
Proceeds from current borrowings	-	3 000	4 413
Repayments of current borrowings	-192	-	-6 136
Dividends paid	-5 320	-4 220	-4 220
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-5 454</b>	<b>-1 090</b>	<b>-5 736</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>-3 594</b>	<b>-20 709</b>	<b>6 928</b>
increase (+)/decrease (-)			
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*</b>	<b>30 724</b>	<b>23 769</b>	<b>23 769</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-3 594</b>	<b>-20 709</b>	<b>6 928</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	<b>3</b>	<b>12</b>	<b>27</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>	<b>27 132</b>	<b>3 070</b>	<b>30 724</b>
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*</b>			
Cash and cash equivalents	27 132	3 070	30 724
<b>TOTAL</b>	<b>27 132</b>	<b>3 070</b>	<b>30 724</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

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July 31, 2018

## 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, 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>
Changes in accounting principles, IFRS 15	-	-	-	-	-322	-322	-322
Changes in accounting principles, IFRS 9	-	-	-	-	-104	-104	-104
Changes in accounting principles, IFRS 2	-	-	117	-	-	117	117
<b>RESTATED EQUITY at Jan. 1, 2018</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	-	-	-	-	4 628	4 628	4 628
Other comprehensive income items:							
Changes in the fair value of available-for-sale investments	-	-	246	-	-	246	246
Hedging reserve	-	-	-39	-	-	-39	-39
Exchange differences on translating foreign operations	-	-	-	11	-	11	11
Income taxes related to these items	-	-	-31	-	-	-31	-31
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>11</b>	<b>4 628</b>	<b>4 814</b>	<b>4 814</b>
<b>Transactions with equity holders</b>							
Share-options exercised	-	59	-	-	-	59	59
Equity-settled share-based transactions	-	-	177	-	-	177	177
Dividends	-	-	-	-	-5 320	-5 320	-5 320
<b>Total transactions with equity holders</b>	<b>0</b>	<b>59</b>	<b>177</b>	<b>0</b>	<b>-5 320</b>	<b>-5 085</b>	<b>-5 085</b>
<b>EQUITY at June 30, 2018</b>	<b>8 256</b>	<b>5 711</b>	<b>1 973</b>	<b>670</b>	<b>22 505</b>	<b>39 114</b>	<b>39 114</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, 2017</b>	<b>8 256</b>	<b>5 445</b>	<b>1 132</b>	<b>842</b>	<b>18 543</b>	<b>34 217</b>	<b>34 217</b>
Changes in accounting principles	-	-	-	-	-	0	0
<b>RESTATED EQUITY at Jan. 1, 2017</b>	<b>8 256</b>	<b>5 445</b>	<b>1 132</b>	<b>842</b>	<b>18 543</b>	<b>34 217</b>	<b>34 217</b>
<b>Comprehensive profit for the period</b>							
Profit for the period, restated	-	-	-	-	2 917	2 917	2 917
Other comprehensive income items:							
Changes in the fair value of available-for-sale investments	-	-	-259	-	-	-259	-259
Hedging reserve	-	-	-180	-	-	-180	-180
Exchange differences on translating foreign operations	-	-	-	-91	-	-91	-91
Income taxes related to these items	-	-	79	-	-	79	79
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>-360</b>	<b>-91</b>	<b>2 917</b>	<b>2 465</b>	<b>2 465</b>
<b>Transactions with equity holders</b>							
Share-options exercised	-	130	-	-	-	130	130
Equity-settled share-based transactions	-	-	88	-	-	88	88
Dividends	-	-	-	-	-4 220	-4 220	-4 220
<b>Total transactions with equity holders</b>	<b>0</b>	<b>130</b>	<b>88</b>	<b>0</b>	<b>-4 220</b>	<b>-4 002</b>	<b>-4 002</b>
<b>EQUITY at June 30, 2017</b>	<b>8 256</b>	<b>5 575</b>	<b>860</b>	<b>751</b>	<b>17 239</b>	<b>32 680</b>	<b>32 680</b>

## NOTES TO THE HALF-YEAR 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.

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 Half-year 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 Half-year report for January 1 – June 30, 2018 has been prepared in accordance with standard IAS 34 Interim Financial Reporting.

The Half-year report does not contain full notes and other information presented in the financial statements, and therefore the Half-year report should be read in conjunction with the Financial statements published for 2017. Raute Corporation's consolidated financial statements information is available online at [www.raute.com](http://www.raute.com) and at the head office of the Parent company, Rautetie 2, FI-15550 Nastola.

Raute Corporation's Half-year report for January 1 – June 30, 2018 has been prepared in accordance with the International Financial Reporting Standards, IFRS, accepted for application in the European Union, including related interpretations. The Half-year report has been drawn up according to the same accounting principles as in the consolidated financial statements for 2017, except for the adoption of standards effective as of January 1, 2018 or later.

IFRS 15 Revenue from contracts with customers, has been effective as of January 1, 2018. Raute Group has presented on March 23, 2018, with a separate bulletin the restated comparative figures for the financial year 2018 and the restated income statement and balance sheet as well as restated key figures due to the adoption of the new IFRS 15 standard. Of Raute's products and services, performance obligations to be satisfied over time under the IFRS 15 standard include, as a general rule, project deliveries and modernizations that are treated as long-term projects and recognized based on the percentage of completion method, designed and tailored to the needs of the customer. These performance obligations do not have the alternative use referred to in the IFRS 15 standard and they still form one performance obligation.

The company applies to performance obligations to be satisfied over time the same principle as in the percentage of completion method (proportion of costs incurred to the estimated costs of the project). An exception to the above-mentioned general rule are the individual long-term projects recognized based on the percentage of completion method in which the customer has not committed to paying the incurred costs and a sufficient margin in situations where the customer unilaterally interrupts the performance of the contract or when the

customer is unable to meet its contractual obligations. Going forward, these individual projects will be treated as performance obligations to be satisfied at a point in time. Based on current estimates, the number of these projects has been and will be limited.

IFRS 9 Financial instruments, has been effective as of January 1, 2018. The Group has adopted the standard non-retrospectively applying the simplified approach of the standard. The standard includes hedge accounting requirements, but these do not have significant effects on presenting the financial instruments nor on the Half-year report. The standard includes also changes in the recognition of impairments. An expected credit loss has been estimated on financial receivables. Credit losses are based on the expected credit loss share, which has been measured based on the total outstanding amount of sales receivables, credit losses realized during previous interim periods and the Group's estimate of the future development of economic conditions. The expected credit loss provision amount of EUR 0.1 million has been recognized as an adjustment to the opening balance of equity at January 1, 2018. During the interim period the change in the expected credit loss was EUR -68 thousand. The deferred tax related to this item has been recognized during the interim period.

IFRS 2 Share-based payments, has been adopted non-retrospectively applying the simplified approach of the standard. The standard includes guidance on the basis of preparation when a share-based payment plan has a net settlement payment and Raute Group has an obligation to withhold a tax from the payment. The bonuses of this share reward have been recognized entirely as an equity-settled share-based payment at January 1, 2018. An expense adjustment related to these share-based payments has increased the Group's opening balance sheet equity by EUR 0.1 million. The corresponding item decreased the item Trade and other payables in the liabilities by EUR 0.1 million.

When preparing the Half-year 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 estimate.

## 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.

Large mill or production line scale delivery projects can temporarily increase the share of an individual customer of the Group's net sales to more than 10 percent. At the end of the interim period, the Group had two customers (2), whose customized share of the Group's net sales temporarily exceeded ten percent.

	1.1.– 30.6.2018	%	Restated 1.1.– 30.6.2017	%	Restated 1.1.– 31.12.2017	%
<b>Net sales by market area</b>						
EMEA (Europe and Africa)	35 302	45	34 838	49	81 952	56
CIS (Russia)	23 521	30	23 370	33	35 365	24
NAM (North America)	14 545	18	8 957	12	21 115	14
LAM (South America)	2 813	4	2 664	4	6 202	4
APAC (Asia-Pacific)	2 757	3	1 817	2	3 429	2
<b>TOTAL</b>	<b>78 939</b>	<b>100</b>	<b>71 647</b>	<b>100</b>	<b>148 064</b>	<b>100</b>

Finland accounted for 11 percent (15 %) of net sales.

	30.6.2018	Restated 30.6.2017	Restated 31.12.2017
<b>Long-term projects</b>			
<b>Specification of net sales</b>			
Net sales by percentage of completion	65 324	57 790	118 115
Other net sales	13 615	13 857	29 949
<b>TOTAL</b>	<b>78 939</b>	<b>71 647</b>	<b>148 064</b>
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	160 140	147 817	135 322
Amount of long-term project revenues not yet entered as income (order book)	121 776	83 261	104 728
<b>Balance sheet items of undelivered long-term 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	108 971	125 080	88 318
- advance payments received	89 247	91 776	67 913
<b>Gross amount due from customers</b>	<b>19 723</b>	<b>33 304</b>	<b>20 405</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	50 998	22 711	46 388
- advance payments received	72 165	36 785	68 846
<b>Gross amount due to customers</b>	<b>21 166</b>	<b>14 074</b>	<b>22 458</b>
<b>Advance payments included in current liabilities in the balance sheet</b>			
Gross amount due to customers	21 166	14 074	22 458
Other advance payments received, not under percentage of completion	3 190	1 092	3 281
<b>Total</b>	<b>24 356</b>	<b>15 166</b>	<b>25 739</b>
<b>Advance payments of long-term projects included in inventories in the balance sheet</b>			
Advance payments paid for long-term projects	1 145	876	659
<b>Total</b>	<b>1 145</b>	<b>876</b>	<b>659</b>

	30.6.2018	30.6.2017	31.12.2017
<b>Number of personnel</b>			
Effective, on average, persons	705	652	660
On average, persons	732	671	682
In books at the end of the period, persons	778	705	704
Personnel working abroad at the end of the period	250	205	222
Personnel working abroad, %	32,1	29,1	31,5

#### 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.

	30.6.2018	30.6.2017	31.12.2017
<b>Research and development costs</b>			
Research and development costs for the period	-1 704	-1 758	-3 237
Amortization of previously capitalized development costs	-94	-113	-223
Development costs recognized as an asset in the balance sheet	151	54	123
Research and development costs entered as expense for the period	-1 646	-1 816	-3 338

	30.6.2018	30.6.2017	31.12.2017
<b>Other intangible assets</b>			
Acquisition cost at the beginning of the period	14 799	13 391	13 391
Exchange rate differences	4	-33	-48
Additions	221	2 587	1 750
Reclassification between items	115	252	-295
<b>Acquisition cost at the end of the period</b>	<b>15 139</b>	<b>16 197</b>	<b>14 799</b>
Accumulated depreciation and amortization at the beginning of the period	-12 250	-12 038	-12 038
Exchange rate differences	-3	29	42
Accumulated depreciation and amortization of disposals and reclassifications	-	-	565
Depreciation and amortization for the period	-326	-370	-820
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-12 580</b>	<b>-13 399</b>	<b>-12 250</b>
<b>Book value of Other intangible assets, at the beginning of the period</b>	<b>2 548</b>	<b>1 353</b>	<b>1 353</b>
<b>Book value of Other intangible assets, at the end of the period</b>	<b>2 558</b>	<b>2 798</b>	<b>2 548</b>
<b>Property, plant and equipment</b>			
Acquisition cost at the beginning of the period	50 134	48 657	48 657
Exchange rate differences	-173	-424	-596
Additions	1 947	649	2 623
Disposals	-146	-23	-97
Reclassification between items	-115	-252	-452
<b>Acquisition cost at the end of the period</b>	<b>51 648</b>	<b>48 607</b>	<b>50 134</b>
Accumulated depreciation and amortization at the beginning of the period	-40 186	-39 077	-39 077
Exchange rate differences	179	368	520
Accumulated depreciation and amortization of disposals and reclassifications	-	0	183
Depreciation and amortization for the period	-959	-907	-1 813
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-40 966</b>	<b>-39 615</b>	<b>-40 186</b>
<b>Book value of Property, plant and equipment, at the beginning of the period</b>	<b>9 948</b>	<b>9 580</b>	<b>9 580</b>
<b>Book value of Property, plant and equipment, at the end of the period</b>	<b>10 681</b>	<b>8 991</b>	<b>9 948</b>

### Financial assets

At the end of the reporting period June 30, 2018, the fair value of the financial assets categorized at fair value on hierarchy level 3 was EUR 1 169 thousand.

There were no transfers between the hierarchy levels 1 and 2 during the reporting period.

	30.6.2018	30.6.2017	31.12.2017
<b>Current interest-bearing liabilities</b>			
Partial payments of financial loans	1 269	5 994	1 413
<b>TOTAL</b>	<b>1 269</b>	<b>5 994</b>	<b>1 413</b>

### Maturities of the interest-bearing financial liabilities at June 30, 2018

	Current	Non-current	Total
Financial loans			
Partial payments of financial loans	1 269	-	1 269
<b>TOTAL</b>	<b>1 269</b>	<b>-</b>	<b>1 269</b>

	30.6.2018	30.6.2017	31.12.2017
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### Derivatives

#### Nominal values of forward contracts in foreign currency

Economic hedging			
- Related to financing	86	517	492
- Related to the hedging of net sales	6 950	5 065	3 228
Hedge accounting			
- Related to the hedging of net sales	11 385	2 694	12 716

#### Fair values of forward contracts in foreign currency

Economic hedging			
- Related to financing	-61	32	52
- Related to the hedging of net sales	-48	111	27
Hedge accounting			
- Related to the hedging of net sales	-458	102	-18

	30.6.2018	30.6.2017	31.12.2017
<b>Pledged assets and contingent liabilities</b>			
<b>On behalf of the Parent company</b>			
Business mortgages	8 525	2 609	8 274
Financial loans	-	3 000	-
Business mortgages	-	3 000	-
<b>Mortgage agreements on behalf of subsidiaries</b>			
Financial loans	1 269	2 994	1 413
Other obligations	439	1 186	313
Business mortgages	1 708	4 391	1 726
<b>Commercial bank guarantees on behalf of the Parent company and subsidiaries</b>	<b>33 895</b>	<b>15 195</b>	<b>25 728</b>
<b>Other own obligations</b>			
Rental liabilities maturing within one year	1 430	1 123	1 297
Rental liabilities maturing in one to five years	3 197	1 439	2 773
Rental liabilities maturing later	126	-	-
<b>Total</b>	<b>4 754</b>	<b>2 562</b>	<b>4 070</b>

### Share-based payments

The subscription period for Raute Corporation's 2010 C stock options has ended on March 31, 2018.

A total of 13,946 Raute's series A shares have been subscribed for with Raute's stock options 2010 C during the reporting period. The new shares have been registered in the Trade Register on February 26, 2018 and May 8, 2018.

On June 30, 2018 the company's share capital is EUR 8,256,316 and the number of company's shares 4,263,194 pieces.

An expense of EUR 213 thousand was recognized for the share rewards to the income statement during the reporting period.

### Distribution of the profit for the financial year 2017

Raute Corporation's Annual General Meeting held on March 22, 2018, decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 1.25 per share to be paid for series A and K shares, a total of EUR 5,320 thousand. The dividend payment date was April 4, 2018.

### 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.

	30.6.2018	Restated 30.6.2017	Restated 31.12.2017
<b>Wood products technology</b>			
Net sales	78 939	71 647	148 064
Operating profit	5 910	3 997	11 171
Assets	87 988	71 929	87 006
Liabilities	48 874	39 249	47 634
Capital expenditure	2 168	4 761	6 962

	30.6.2018	%	Restated 30.6.2017	%	Restated 31.12.2017	%
<b>Assets of the wood products technology segment by geographical location</b>						
Finland	77 358	88	61 124	85	77 541	89
North America	5 847	7	5 692	8	5 693	7
China	3 409	4	4 002	6	2 511	3
Russia	1 067	1	805	1	1 007	1
South America	185	0	169	0	128	0
Other	121	0	137	0	127	0
<b>TOTAL</b>	<b>87 988</b>	<b>100</b>	<b>71 929</b>	<b>100</b>	<b>87 006</b>	<b>100</b>

	30.6.2018	%	30.6.2017	%	31.12.2017	%
<b>Capital expenditure of the wood products technology segment by geographical location</b>						
Finland	2 079	96	3 238	68	4 283	62
North America	70	3	1 517	32	2 663	38
China	2	0	-	-	-	-
Russia	17	1	6	0	13	0
South America	-	-	-	-	1	0
Other	-	-	-	-	1	0
<b>TOTAL</b>	<b>2 168</b>	<b>100</b>	<b>4 761</b>	<b>100</b>	<b>6 962</b>	<b>100</b>

**Exchange rates used in the consolidation of subsidiaries**

	<b>1.1.– 30.6.2018</b>	<b>1.1.– 30.6.2017</b>	<b>1.1.– 31.12.2017</b>
<b>Income statement, euros</b>			
CNY (Chinese yuan)	7,7100	7,4418	7,6266
RUB (Russian rouble)	71,9802	62,7349	65,8806
CAD (Canadian dollar)	1,5464	1,4445	1,4644
USD (US dollar)	1,2108	1,0825	1,1292
SGD (Singapore dollar)	1,6058	1,5201	1,5583
CLP (Chilean peso)	740,4894	714,3828	732,3058
<b>Balance sheet, euros</b>	<b>30.6.2018</b>	<b>30.6.2017</b>	<b>31.12.2017</b>
CNY (Chinese yuan)	7,5512	7,6459	7,8073
RUB (Russian rouble)	73,1582	67,5449	69,3920
CAD (Canadian dollar)	1,5442	1,4785	1,5039
USD (US dollar)	1,1658	1,1412	1,1993
SGD (Singapore dollar)	1,5896	1,5710	1,6024
CLP (Chilean peso)	743,9823	747,2473	751,8129

FINANCIAL DEVELOPMENT	30.6.2018	Restated 30.6.2017	Restated 31.12.2017	SHARE-RELATED DATA	30.6.2018	Restated 30.6.2017	Restated 31.12.2017
Change in net sales, %	10,2	33,3	30,9	Earnings per share, (EPS), undiluted, EUR	1,09	0,69	2,13
Exported portion of net sales, %	88,8	85,2	82,6	Earnings per share, (EPS), diluted, EUR	1,08	0,69	2,11
Operating profit, % of net sales	7,5	4,0	7,5	Equity to share, EUR	9,17	7,73	9,27
Return on investment, (ROI), %	30,6	22,8	29,5	Dividend per series A share, EUR	-	-	1,25
Return on equity, (ROE), %	23,6	17,4	24,4	Dividend per series K share, EUR	-	-	1,25
Interest-bearing net liabilities, EUR million	-25,9	2,9	-29,3	Dividend per profit, %	-	-	58,8
Gearing, %	-66,1	8,9	-74,4	Effective dividend return, %	-	-	4,3
Equity ratio, %	61,5	57,6	64,3	Price/earnings ratio (P/E ratio)	-	-	13,65
Gross capital expenditure, EUR million	2,2	4,8	7,0	<b>Development in share price (series A shares)</b>			
% of net sales	2,7	6,6	4,7	Lowest share price for the period, EUR	26,00	16,84	16,84
Research and development costs, EUR million	1,7	1,8	3,2	Highest share price for the period, EUR	34,90	24,15	30,52
% of net sales	2,2	2,5	2,2	Average share price for the period, EUR	30,35	20,59	22,70
Order book, EUR million	127	87	110	Share price at the end of the period, EUR	31,70	22,92	29,00
Order intake, EUR million	96	52	155	<b>Market value of capital stock</b>			
				- Series K shares, EUR million*	31,4	22,7	28,7
				- Series A shares, EUR million	103,7	74,1	94,5
				Total, EUR million	135,1	96,8	123,2
				<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	467 647	383 187	845 672
				Trading of shares, EUR million	14,2	7,9	19,2
				<b>Number of shares</b>			
				- Series K shares, ordinary shares (20 votes/share)	991 161	991 161	991 161
				- Series A shares (1 vote/share)	3 272 033	3 234 150	3 258 087
				Total	4 263 194	4 225 311	4 249 248
				Number of shares, weighted average, 1 000 pcs	4 256	4 215	4 225
				Number of shares, diluted, 1 000 pcs	4 276	4 232	4 259
				<b>Number of shareholders</b>	4 722	4 093	4 797



# Development of quarterly results

Half-Year Report January 1 – June 30, 2018  
July 31, 2018

## DEVELOPMENT OF QUARTERLY RESULTS

EUR 1 000	Restated Q3 2017	Restated Q4 2017	Q1 2018	Q2 2018	Rolling restated 1.7.2017– 30.6.2018	Rolling restated 1.7.2016– 30.6.2017
<b>NET SALES</b>	<b>37 049</b>	<b>39 367</b>	<b>35 272</b>	<b>43 667</b>	<b>155 355</b>	<b>131 045</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>-187</b>	<b>943</b>	<b>1 230</b>	<b>1 574</b>	<b>3 559</b>	<b>471</b>
<b>Other operating income</b>	<b>167</b>	<b>-190</b>	<b>65</b>	<b>293</b>	<b>335</b>	<b>189</b>
Materials and services	-19 386	-21 183	-18 174	-26 271	-85 014	-67 225
Employee benefits expense	-9 495	-11 437	-11 246	-11 568	-43 746	-38 612
Depreciation and amortization	-654	-702	-650	-635	-2 640	-2 529
Other operating expenses	-3 381	-3 738	-3 743	-3 903	-14 765	-13 685
<b>Total operating expenses</b>	<b>-32 916</b>	<b>-37 060</b>	<b>-33 813</b>	<b>-42 377</b>	<b>-146 166</b>	<b>-122 050</b>
<b>OPERATING PROFIT</b>	<b>4 113</b>	<b>3 060</b>	<b>2 754</b>	<b>3 156</b>	<b>13 084</b>	<b>9 654</b>
<b>% of net sales</b>	<b>11,1</b>	<b>7,8</b>	<b>7,8</b>	<b>7,2</b>	<b>8,4</b>	<b>7,4</b>
Financial income	19	5	225	72	321	417
Financial expenses	-121	-39	-64	-107	-332	-523
<b>Financial expenses, net</b>	<b>-102</b>	<b>-34</b>	<b>160</b>	<b>-36</b>	<b>-11</b>	<b>-106</b>
<b>PROFIT BEFORE TAX</b>	<b>4 011</b>	<b>3 026</b>	<b>2 914</b>	<b>3 121</b>	<b>13 072</b>	<b>9 545</b>
<b>% of net sales</b>	<b>10,8</b>	<b>7,7</b>	<b>8,3</b>	<b>7,1</b>	<b>8,4</b>	<b>7,3</b>
Income taxes	-647	-328	-659	-748	-2 382	-2 074
<b>PROFIT FOR THE PERIOD</b>	<b>3 364</b>	<b>2 698</b>	<b>2 256</b>	<b>2 372</b>	<b>10 690</b>	<b>7 471</b>
<b>% of net sales</b>	<b>9,1</b>	<b>6,9</b>	<b>6,4</b>	<b>5,4</b>	<b>6,9</b>	<b>5,7</b>
<b>Attributable to</b>						
Equity holders of the Parent company	3 364	2 698	2 256	2 372	10 690	7 471
<b>Earnings per share, EUR</b>						
Undiluted earnings per share	0,80	0,64	0,53	0,56	2,51	1,77
Diluted earnings per share	0,79	0,63	0,53	0,55	2,50	1,76
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares	4 229	4 240	4 248	4 263	4 256	4 215
Adjusted average number of shares, diluted	4 259	4 274	4 267	4 284	4 276	4 232
	<b>Restated Q3 2017</b>	<b>Restated Q4 2017</b>	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Rolling restated 1.7.2017– 30.6.2018</b>	<b>Rolling restated 1.7.2016– 30.6.2017</b>
<b>FINANCIAL DEVELOPMENT QUARTERLY</b>						
Order intake during the period, EUR million	42	60	68	28	198	187
Order book at the end of the period, EUR million	89	110	142	127	127	87

## 20 LARGEST SHAREHOLDERS AT JUNE 30, 2018 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 Life Unit-Linked	-	131 396	131 396	3,1	131 396	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	53 356	101 356	2,4	1 013 356	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>1 323 572</b>	<b>1 958 772</b>	<b>45,9</b>	<b>14 027 572</b>	<b>60,7</b>

## 20 LARGEST SHAREHOLDERS AT JUNE 30, 2018 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	53 356	101 356	2,4	1 013 356	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. Keskiaho Vesa Heikki	29 680	-	29 680	0,7	593 600	2,6
13. Keskiaho Juha-Pekka	27 880	5 716	33 596	0,8	563 316	2,4
14. Suominen Jukka Matias	24 960	27 964	52 924	1,2	527 164	2,3
15. Keskiaho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
16. Sundholm Göran	-	500 000	500 000	11,7	500 000	2,2
17. Kultanen Leea Annikka	21 595	8 031	29 626	0,7	439 931	1,9
18. Mustakallio Risto Knut kuolinpesä	21 120	-	21 120	0,5	422 400	1,8
19. Molander Sole	20 160	-	20 160	0,5	403 200	1,7
20. Kirmo Lasse	19 025	2 964	21 989	0,5	383 464	1,7
<b>Total</b>	<b>750 660</b>	<b>899 506</b>	<b>1 650 166</b>	<b>38,7</b>	<b>15 912 706</b>	<b>68,9</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 June 30, 2018</b>						
The Board of Directors, The Group's President and CEO and Executive Board*						
	127 890	132 668	260 558	6,1	2 690 468	11,6
<b>Total</b>	<b>127 890</b>	<b>132 668</b>	<b>260 558</b>	<b>6,1</b>	<b>2 690 468</b>	<b>11,6</b>

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

<b>Nominee-registered shares at June 30, 2018</b>						
	-	286 963	286 963	6,7	286 963	1,2

RAUTE CORPORATION

Board of Directors

BRIEFING ON JULY 31, 2018 AT 2 P.M.:

A briefing will be organized for analysts, investors and the media on July 31, 2018 at 2 p.m. at Scandic Simonkenttå Hotel, Roba cabinet, Simonkatu 9, Helsinki. The half-year report will be presented by Mr. Tapani Kiiski, President and CEO, and Mr. Olli-Pekka Vanhanen, CFO.

NEXT INTERIM REPORT:

Raute Corporation's interim report January 1–September 30, 2018 will be published on Wednesday, October 31, 2018.

FINANCIAL RELEASES IN 2019:

Raute Corporation will publish a release on 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 scheduled to be held in Lahti on Tuesday, April 2, 2019.

FURTHER INFORMATION:

Mr. Tapani Kiiski, President and CEO, Raute Corporation, mobile phone +358 400 814 148

Mr. Olli-Pekka Vanhanen, CFO, Raute Corporation, mobile phone +358 40 505 7515

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 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).*



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