

RAUTE OYJ

STOCK EXCHANGE RELEASE
July 31, 2003 at 2 p.m.

RAUTE OYJ'S INTERIM REPORT FOR JANUARY 1 - JUNE 30, 2003

The Raute Group posted consolidated net sales of MEUR 33.0 (MEUR 45.9) and an operating loss of MEUR 7.4 (a loss of MEUR 4.1). Loss before extraordinary items came to MEUR 7.3 (a loss of MEUR 4.2). The Group's period-end value of orders, MEUR 58.7 (MEUR 35.7), and the value of orders received during the report period, MEUR 59.9 (MEUR 43.0), were markedly higher than a year ago.

For 2003 as a whole, it is estimated that consolidated net sales and profit performance will improve from those reported in 2002. However, the Group's 2003 results will be in the red, due to the low volume of orders at the beginning of the year and new contracts taking effect slower than anticipated.

BUSINESS GROUPS

RAUTE WOOD

Raute Wood reported net sales of MEUR 19.9 (MEUR 30.6) and an operating loss of MEUR 6.0 (a loss of MEUR 3.1). The period-end value of orders, MEUR 48.4 (MEUR 22.4), and the value of new orders received during the report period, MEUR 47.6 (MEUR 24.2), increased considerably over the previous year.

The largest project implementations included main machinery for a plywood mill in Chile, machinery for an LVL plant in Australia, and an automatic veneer patching line in Finland. In addition to the orders already received, negotiations on delivering production equipment to an LVL plant are nearing completion, as evidenced by the conclusion of a preliminary contract and the manufacturing process underway for critical components.

Economic uncertainty is still affecting panel-industry investment decisions in all market areas, with the focus being on smaller modernization projects and maintenance services. Several fairly large-scale investment projects are also in hand in different market areas, but their schedules are unpredictable.

The improvement in order volumes during the second quarter will provide good opportunities for higher net sales and a better profit performance in 2003. However, it is estimated that the business group will show a loss.

RAUTE PRECISION

Raute Precision recorded net sales of MEUR 13.5 (MEUR 16.0) and an operating loss of MEUR 1.1 (a loss of MEUR 0.7). The value of

orders, MEUR 10.4 (MEUR 13.7), and the value of new orders received during the report period, MEUR 12.7 (MEUR 19.5), began to increase slightly during the second quarter, but were still lower than a year ago.

The largest project implementations included a batch plant for the fiberglass industry in Slovakia, alloying element system modernization for a steel works in Sweden, and a conveyor system for a paper mill in China.

Raute Precision estimates that its market prospects will be brighter. Negotiations over a number of investment projects are approaching completion, for example in Russia and North America. Negotiations over projects in China are about to resume after a hiatus. The volume of orders is expected to increase during the third quarter.

Raute Precision is expected to maintain its net sales for the current year at the previous year's level, and to improve its operating results.

FINANCIAL POSITION

The Group's liquid assets totaled MEUR 14.0 (MEUR 11.9), gearing stood at -19.1 percent (-4.4 percent) and its solvency ratio at 40.5 percent (48.8 percent).

SHARES

January-June share trading volume totaled 47,040, valued at EUR 363,067, the highest and lowest quotation coming to EUR 8.80 and EUR 6.20, respectively. Raute Oyj share closed at EUR 7.30 on June 30, 2003. The period-end number of shareholders totaled 724.

NOTIFICATION OF SUBSIDIARY MERGER REGISTRATION

The merger of Jymet-Engineering Oy, Raute Oyj's wholly owned subsidiary, with Raute Oyj was registered on June 30, 2003, as forecast earlier.

PROSPECTS

The current economic uncertainty is still affecting the investment decisions of the Raute Group's customer industries. Although there are several major investment projects in hand in different market areas, the focus will remain on plant upgrading and modernization projects, as well as maintenance services.

For 2003 as a whole, it is estimated that consolidated net sales and profit performance will improve from those reported in 2002. However, the Group's 2003 results will be in the red, due to the

low volume of orders at the beginning of the year and new contracts taking effect slower than anticipated.

RAUTE GROUP

(The figures have not been audited)

	1.1.- 30.6.2003 1 000 EUR	1.1.- 30.6.2002 1 000 EUR	1.1.- 31.12.2002 1 000 EUR
INCOME STATEMENT			
NET SALES	33 044	45 895	88 908
Operating expenses	-38 751	-48 239	-93 617
Depreciation according to plan	-1 738	-1 772	-3 590
OPERATING PROFIT/LOSS AFTER DEPRECIATION	-7 445	-4 116	-8 299
% net sales	-23 %	-9 %	-9 %
Financial items	101	-125	-652
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS	-7 344	-4 241	-8 951
% net sales	-22 %	-9 %	-10 %
Extraordinary items	0	0	0
PROFIT/LOSS BEFORE TAXES	-7 344	-4 241	-8 951
% net sales	-22 %	-9 %	-10 %
Income taxes *)	1 260	710	1 599
Minority interests	-29	23	23
PROFIT/LOSS FOR THE PERIOD	-6 113	-3 508	-7 329
% net sales	-18 %	-8 %	-8 %

*) Income taxes include the tax liability estimated for the report period.

	1.1.-		1.1.-		1.1.-	
NET SALES	30.6.2003		30.6.2002		31.12.2002	
BY BUSINESS	1 000		1 000		1 000	
SECTOR	EUR	%	EUR	%	EUR	%
Raute Wood	19 918	60	30 568	66	60 922	69
Raute Precision	13 454	41	15 960	35	29 390	33
Other and internal	-328	-1	-633	-1	-1 404	-2
Total	33 044	100	45 895	100	88 908	100

	1.1.-		1.1.-		1.1.-	
OPERATING PROFIT/LOSS	30.6.2003		30.6.2002		31.12.2002	
AFTER DEPRECIATION	1 000		1 000		1 000	
BY BUSINESS	1 000		1 000		1 000	
SECTOR	EUR	%	EUR	%	EUR	%
Raute Wood	-5 958	80	-3 050	74	-5 124	62
Raute Precision	-1 149	15	-650	16	-2 154	26
Others and internal	-338	5	-416	10	-1 021	12
Total	-7 445	100	-4 116	100	-8 299	100

	30.6.2003		30.6.2002		31.12.2002	
NET SALES	1 000		1 000		1 000	
BY MARKET AREA	EUR	%	EUR	%	EUR	%
Finland	5 928	18	6 975	15	15 200	17
Other European countries	7 829	24	12 389	27	19 942	22
North America	6 587	20	9 752	21	16 679	19
South America	4 835	15	1 124	2	3 789	4
Asia	3 692	11	6 877	15	13 145	15
Russia	4 032	12	8 685	20	19 379	22
Other	141	0	93	0	774	1
Total	33 044	100	45 895	100	88 908	100

	30.6.2003	30.6.2002	31.12.2002
GROUP	1 000	1 000	1 000
BALANCE SHEET	EUR	EUR	EUR
ASSETS			
Fixed assets			
-Intangible	1 849	1 571	1 846
-Tangible	18 362	20 781	19 527
-Investments	2 685	3 174	2 963
Current assets			
-Inventories	5 556	6 497	4 715
-Receivables	16 209	23 179	15 379
-Current assets in marketable securities	10 007	11 048	10 844
-Cash in hand and banks	3 977	848	3 629
TOTAL	58 646	67 098	58 903
LIABILITIES			
Shareholders' equity	19 218	30 448	27 376
Minority interest	0	12	0
Obligatory provisions	1 829	2 531	2 447
Liabilities			
Long-term liabilities	780	3 117	1 588
Advances received	11 165	4 700	4 224
Short-term liabilities	25 653	26 290	23 268
TOTAL	58 645	67 098	58 903
Liquid assets	13 984	11 896	14 473
Interest bearing liabilities	10 314	10 568	10 023

GROUP	1-6/2003	1-6/2002	1-12/2002
CASH FLOW STATEMENT	1 000	1 000	1 000
	EUR	EUR	EUR
Cash flows			
from operating activities:			
Cash receipts from customers	40 321	50 634	99 100
Cash receipts from other operating income	58	106	176
Cash paid to suppliers and employees	-39 682	-50 614	-96 440
Interest paid	-183	-302	-956
Interest received	197	112	208
Dividends received	169	118	170
Income taxes paid	240	-946	10
Net cash from operating activities	1 120	-892	2 268
Cash flows from investing activities:			
Purchase of tangible and intangible assets	-381	-1 728	-2 381
Acquisition of subsidiaries	-104	0	-397
Proceeds from sale of tangible and intangible assets	81	473	495
Proceeds from sale of investments	481	248	457
Net cash used in investing activities	77	-1 007	-1 826
Cash flows from financing activities:			
Proceeds from short-term loans	485	439	862
Repayment of long-term loans	-277	-586	-766
Proceeds from long-term and short-term receivables	13	181	174
Dividends paid	-1 907	-3 815	-3 815
Net cash			

used in financing activities	-1 686	-3 781	-3 545
Net increase/decrease in cash and cash equivalents	-489	-5 680	-3 103
Cash and cash equivalents:			
at beginning of period	14 473	17 576	17 576
at end of period	13 984	11 896	14 473

KEY RATIOS	30.6.2003	30.6.2002	31.12.2002
Return on investment %, ROI	-42,7%	-17,4%	-18,5%
Return on equity %, ROE	-52,2%	-20,9%	-22,8%
Quick ratio	1,2	1,3	1,3
Gearing %	-19,1	-4,4	-16,3
Solvency ratio %	40,5%	48,8%	50,1%
Volume of orders in hand EUR million	59	36	25
Overseas sales, % of net sales	82,1%	84,8%	82,9%
Gross investments in fixed assets EUR million	0,5	1,7	2,8
Gross investments in fixed assets % of net sales	1,5 %	3,8 %	3,1 %
Personnel			
- in books average	788	844	835
- effective average	708	825	798

Earnings per share, EUR	-1,60	-0,92	-1,92
Equity to share, EUR	5,04	7,98	7,18
Issue-adjusted number of shares, 1,000	3 815	3 815	3 815
Issue-adjusted number of shares, at the end of the period 1,000	3 815	3 815	3 815

The group's profit development by quarters:

1.000 EUR	4 - 6 2003	1 - 3 2003	10 - 12 2002	7 - 9 2002
Net sales				
- Raute Wood	9 985	9 933	13 416	16 938
- Raute Precision	7 645	5 809	7 553	5 877
- Others and internal	-40	-288	-532	-239
Total	17 590	15 454	20 437	22 576
Operating profit/loss after depreciation	-3 782	-2 176	-2 044	-48
- Raute Wood	-647	-502	-560	-944
- Raute Precision	-21	-317	-421	-166
- Others and internal	-4 450	-2 995	-3 025	-1 158
Total				
% net sales	-25,3 %	-19,4 %	-14,8 %	-5,1 %
Financial items	230	-129	-102	-426
Profit/loss before extraordinary items	-4 220	-3 124	-3 127	-1 583
% net sales	-24,0 %	-20,2 %	-15,3 %	-7,0 %

	30.6.2003	30.6.2002	31.12.2002
OFF BALANCE SHEET	1 000	1 000	1 000
COMMITMENTS	EUR	EUR	EUR

Security for own debts

Pledged	123	94	123
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Mortgages	10 926	10 674	10 926
Security for groups' liabilities			
Guarantees	3 357	1 436	2 391
Other own liabilities			
Leasing- and rents liabilities			
-for the current accounting period	354	346	569
-for the following accounting periods	1 513	2 632	1 874
Forward rate agreements *)	6 685	1 151	493
Other own liabilities	448	576	576

*) Project deliveries in foreign currencies are protected by forward foreign exchange contracts.

No loans or pledges given or other commitments made on behalf of the company's management, shareholders or associated companies.

RAUTE OYJ

Board of Directors

DISTRIBUTION

HEX Helsinki Exchange

FURTHER DETAILS

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