

RAUTE OYJ
Translation

STOCK EXCHANGE RELEASE
October 23, 2003, at 3.40 p.m.

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

The Raute Group posted consolidated net sales of MEUR 55.1 (MEUR 68.5) and an operating loss of MEUR 7.6 (a loss of MEUR 5.3). Loss before extraordinary items came to MEUR 7.4 (a loss of MEUR 5.8). The Group's period-end value of orders, MEUR 63.1 (MEUR 29.0), and the value of orders received during the report period, MEUR 85.7 (MEUR 53.2), improved further third quarter. The results included restructuring costs of MEUR 0.7, due to North American operations.

For 2003 as a whole, it is estimated that consolidated net sales and profit performance will improve markedly from those reported in 2002. However, the Group will make a loss in 2003 as a whole, due to the low volume of orders at the beginning of the year and new contracts taking slower effect than anticipated, as well as weak North American markets.

BUSINESS GROUPS

RAUTE WOOD

Raute Wood reported net sales of MEUR 35.9 (MEUR 47.5) and an operating loss of MEUR 5.7 (a loss of MEUR 3.1). The period-end value of orders amounted to MEUR 46.6 (MEUR 13.2) while the value of new orders received during the period came to MEUR 61.0 (MEUR 28.8), the most significant of which included machinery deliveries to an LVL plant in North America.

Panel-industry investments will continue to focus on smaller-scale modernization projects in pursuit of the more efficient use of raw material and labor, as well as upgraded end-product quality. This is especially evident in Finland and North America.

The plywood industries in Russia and South America are planning investments in expanding production capacity. There are also plans to increase LVL capacity in Oceania. The Southeast Asian parquet industry has a number of investment projects in hand. However, economic uncertainty is still affecting these investment decisions while making related schedules unpredictable.

In response to market changes, Raute Wood will re-deploy its key technology management and manufacture to its Nastola unit. The company aims to achieve annual cost savings of one million euros by cutting back on production capacity at its Canadian unit. The results posted for the period included restructuring costs of MEUR 0.7.

The improvement in order volumes 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, due to the low volume of orders at the beginning of the year and new contracts taking slower effect than anticipated, as well as weak North American markets.

RAUTE PRECISION

Raute Precision recorded net sales of MEUR 19.8 (MEUR 21.8) and an operating loss of MEUR 1.3 (a loss of MEUR 1.6). The period-end value of orders, MEUR 17.2 (MEUR 16.1), went up during the third quarter, while the value of new orders received during the report period, MEUR 25.8 (MEUR 25.3), rose to the previous year's level. The largest project implementations included plaster plants in New Zealand and South Korea; raw material plants for glassworks in Finland, Russia and Turkey; and three raw material plants for plate glassworks in China.

Raute Precision estimates that prospects will become brighter in the glass industry, with negotiations over fairly large investment projects approaching completion in North America, Latin America and Russia. Demand is also expected to remain strong in China. The business group expects to increase its order volume during the fourth 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 11.0 (MEUR 14.7), gearing stood at -8.1 percent (-12.8 percent) and its solvency ratio at 44.0 percent (48.1 percent).

SHARES

January-September share trading volume totaled 68.560, valued at EUR 523,912, the highest and lowest quotation coming to EUR 8.80 and EUR 6.20, respectively. Raute Oyj share closed at EUR 7.88 on September 30, 2003. The period-end number of shareholders totaled 733.

APPOINTMENT

Arja Hakala took over from Risto Tuuri as CFO after he resigned on October 8, 2003.

PROSPECTS

The persistent economic uncertainty is still affecting the investment decisions of the Raute Group's customer industries. In wood-based panel industry, there are several major investment projects under negotiations across Raute Wood's different market areas. The focus of market expectations at Raute Wood will remain on plant upgrading and modernization projects, as well as maintenance services. With the operational focus remaining on glass-industry investments, Raute Precision expects its order volume to increase further during the fourth quarter.

For 2003 as a whole, it is estimated that consolidated net sales and profit performance will improve markedly from those reported in 2002. However, the Group will make a loss in 2003 as a whole, due to the low volume of orders at the beginning of the year and new contracts taking slower effect than anticipated, as well as weak North American markets.

RAUTE GROUP

(The figures have not been audited)

	1.1.- 30.9.2003	1.1.- 30.9.2002	1.1.- 31.12.2002
	1 000	1 000	1 000
INCOME STATEMENT	EUR	EUR	EUR
NET SALES	55 138	68 471	88 908
Operating expenses	-59 911	-71 090	-93 617
Depreciation according to plan	-2 794	-2 655	-3 590
OPERATING PROFIT/LOSS AFTER DEPRECIATION	-7 567	-5 274	-8 299
% net sales	-14 %	-8 %	-9 %
Financial items	161	-550	-652
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS	-7 405	-5 824	-8 951

% net sales	-13 %	-9 %	-10 %
Extraordinary items	0	0	0
PROFIT/LOSS BEFORE			
TAXES	-7 405	-5 824	-8 951
% net sales	-13 %	-9 %	-10 %
Income taxes *)	1 671	797	1 599
Minority interests	0	35	23
PROFIT/LOSS FOR			
THE PERIOD	-5 735	-4 992	-7 329
% net sales	-10 %	-7 %	-8 %

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

	1.1.-		1.1.-		1.1.-	
	30.9.2003		30.9.2002		31.12.2002	
	1 000		1 000		1 000	
BY BUSINESS						
SECTOR	EUR	%	EUR	%	EUR	%
Raute Wood	35 863	65	47 506	68	60 922	69
Raute Precision	19 756	36	21 837	32	29 390	33
Other and internal	-481	-1	-872	-1	-1 404	-2
Total	55 138 100		68 471 100		88 908 100	

	1.1.-		1.1.-		1.1.-	
	30.9.2003		30.9.2002		31.12.2002	
	1 000		1 000		1 000	
BY BUSINESS						
SECTOR	EUR	%	EUR	%	EUR	%
Raute Wood	-5 721	76	-3 098	59	-5 124	62
Raute Precision	-1 347	18	-1 594	30	-2 154	26
Others and internal	-499	6	-582	11	-1 021	12
Total	-7 567 100		-5 274 100		-8 299 100	

	30.9.2003		30.9.2002		31.12.2002	
NET SALES	1 000		1 000		1 000	
BY MARKET AREA	EUR	%	EUR	%	EUR	%
Finland	8 498	15	11 428	17	15 200	17
Other European Countries	11 584	21	16 281	24	19 942	22
North America	13 437	24	14 696	21	16 679	19
South America	8 018	15	2 534	4	3 789	4
Asia	8 374	15	8 616	13	13 145	15
Russia	4 825	9	14 249	22	19 379	22
Other	401	1	667	0	774	1
Total	55 138 100		68 471 100		88 908 100	

	30.9.2003		30.9.2002		31.12.2002	
GROUP	1 000		1 000		1 000	
BALANCE SHEET	EUR		EUR		EUR	
ASSETS						
Fixed assets						
-Intangible	1 696		1 528		1 846	
-Tangible	17 664		20 231		19 527	
-Investments	2 702		3 150		2 963	
Current assets						
-Inventories	6 122		5 583		4 715	
-Receivables	16 300		18 329		15 379	
-Current assets in marketable securities	10 036		10 742		10 844	
-Cash in hand and banks	997		3 989		3 629	
TOTAL	55 517		63 552		58 903	
LIABILITIES						
Shareholders' equity	19 838		29 063		27 376	
Minority interest		0		0		0

Obligatory provisions	1 594	2 900	2 447
Liabilities			
Long-term liabilities	781	2 219	1 588
Advances received	10 435	3 187	4 224
Short-term liabilities	22 869	26 183	23 268

TOTAL	55 517	63 552	58 903
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Liquid assets	11 033	14 731	14 473
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Interest bearing liabilities	9 421	10 998	10 023
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GROUP	1-9/2003	1-9/2002	1-12/2002
CASH FLOW STATEMENT	1 000	1 000	1 000
	EUR	EUR	EUR

Cash flows

from operating activities:

Cash receipts from customers	61 123	75 061	99 100
Cash receipts from other operating income	93	138	176
Cash paid to suppliers and Employees	-63 005	-72 678	-96 440
Interest paid	-279	-745	-956
Interest received	362	105	208
Dividends received	169	153	170
Income taxes paid	705	-438	10

Net cash

from operating activities	-832	1 596	2 268
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Cash flows

from investing activities:

Purchase of tangible and intangible assets	-701	-2 242	-2 381
Acquisition of subsidiaries	-104	0	-397
Proceeds from sale of tangible			

and intangible assets	77	482	495
Proceeds from sale of investments	613	336	457
Net cash used in investing activities	-115	-1 424	-1 826
Cash flows from financing activities:			
Change in short-term loans	-276	948	862
Repayment of long-term loans	-277	-334	-766
Change in long-term and short-term receivables	-33	184	174
Dividends paid	-1 907	-3 815	-3 815
Net cash used in financing activities	-2 493	-3 017	-3 545
Net increase/decrease in cash and cash equivalents	-3 440	-2 845	-3 103
Cash and cash equivalents:			
at beginning of period	14 473	17 576	17 576
at end of period	11 033	14 731	14 473

KEY RATIOS	30.9.2003	30.9.2002	31.12.2002
Return on investment %, ROI	-28,4%	-15,2%	-18,5%
Return on equity %, ROE	-32,4%	-20,2%	-22,8%
Quick ratio	1,2	1,3	1,3
Gearing %	-8,1	-12,8	-16,3
Solvency ratio %	44,0%	48,1%	50,1%

Volume of orders in hand EUR million	63	29	25
Overseas sales, % of net sales	84,6%	83,3%	82,9%
Gross investments in fixed assets EUR million	0,8	2,2	2,8
Gross investments in fixed assets % of net sales	1,5 %	3,3 %	3,1 %
Personnel			
- in books average	774	842	835
- effective average	707	816	798
Earnings per Share, EUR	-1,50	-1,31	-1,92
Equity to Share, EUR	5,20	7,62	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	7 - 9 2003	4 - 6 2003	1 - 3 2003	10 - 12 2002
Net sales				
- Raute Wood	15 945	9 985	9 933	13 416
- Raute Precision	6 302	7 645	5 809	7 553
- Others and internal	-153	-40	-288	-532
Total	22 094	17 590	15 454	20 437

**Operating profit/loss after
depreciation**

- Raute Wood	237	-3 782	-2 176	-2 044
- Raute Precision	-198	-647	-502	-560
- Others and internal	-161	-21	-317	-421
Total	-122	-4 450	-2 995	-3 025
% net sales	-0,6 %	-25,3 %	-19,4 %	-14,8 %

Financial items	60	230	-129	-102
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Profit/loss before

extraordinary items	-61	-4 220	-3 124	-3 127
% net sales	-0,3 %	-24,0 %	-20,2 %	-15,3 %

	30.9.2003	30.9.2002	31.12.2002
OFF BALANCE SHEET	1 000	1 000	1 000
COMMITMENTS	EUR	EUR	EUR

Security for own debts

Pledged	123	94	123
Mortgages	10 926	10 674	10 926

**Security for
groups' liabilities**

Guarantees	2 485	1 473	2 391
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Other own liabilities

Leasing- and rents
liabilities

-for the current accounting period	453	220	569
-for the following accounting periods	1 493	2 641	1 874

Forward foreign exchange
Agreements *)

- value of the underlying value	4 462	943	493
- current value	4 473	912	467

Other own liabilities	448	576	576
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*) 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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