

RAUTE OYJ**STOCK EXCHANGE RELEASE
February 7, 2003, at 9:00 a.m.****RAUTE OYJ'S FINANCIAL STATEMENTS FOR JANUARY 1 - DECEMBER 31, 2002**

The Raute Group posted consolidated net sales of MEUR 88.9 (MEUR 136.1) and an operating loss of MEUR 8.3 (a profit of MEUR 7.5). Loss before extraordinary items came to MEUR 9.0 (a profit of MEUR 7.8). The Group's year-end value of orders amounted to MEUR 25.4 (MEUR 34.6). The orders received during the report period were valued at MEUR 68.0 (MEUR 90.5).

Earnings per share came to EUR -1.92 (EUR 1.41).

The Board of Directors proposes to the Annual General Meeting that a per-share dividend of EUR 0.50 be paid.

RAUTE GROUP

The Raute Group's consolidated net sales in 2002 totaled MEUR 88.9 (MEUR 136.1) and its operating loss amounted to MEUR 8.3 (a profit of MEUR 7.5). The Group's financial items amounted to MEUR -0.7 (MEUR 0.3). Loss before extraordinary items was MEUR 9.0 (a profit of MEUR 7.8). The result in 2001 included capital gains of MEUR 2.8 on shares sold.

RAUTE WOOD BUSINESS GROUP

The Raute Wood business group's net sales of MEUR 60.9 (MEUR 98.0) declined by more than a third year-on-year. Net sales of the spare parts and maintenance services business increased by 12 percent, accounting for 21 percent of net sales. The weak project sales were hit, in addition to low investment activity, by the postponement of investment decisions on plant projects under negotiations in North America and Oceania. The difficult market situation led to personnel reductions.

The business group made an operating loss of MEUR 5.1 (a profit of MEUR 6.7). The North American business was heavily unprofitable. Its results were eroded by non-recurring expenses of MEUR 0.5 resulting from adjustment measures and the restructuring of the OSB business. Also the operations in Finland showed an operating loss.

Raute has maintained its market position as a supplier of complete solutions for the veneer and plywood industries. Project postponements slowed down growth in Russia and demand remained low in North America, whereas investment activity rebounded in Europe towards the end of the year. In Finland, investment activity fell under a normal level from the peak year of 2001.

Investment demand in the OSB industry remained mild in North America and Europe. The business of reconditioned machines and consulting services was focused on Europe.

Major project implementations included an LVL plant and a peeling and drying line in Russia, peeling and drying lines in Finland, a veneer patching line in France, a drying and stacking line, and a lathe in North America.

The reported value of new orders received fell to MEUR 40.7 (MEUR 59.2). The year-end value of orders came to MEUR 14.3 (MEUR 22.7). The most significant orders included peeling, drying and pressing lines, as well as peeling and drying lines in Russia, veneer plant machinery in France, and a lathe and the modernization of a drying line in North America.

Near-term Prospects

Panel industry investment projects are still characterized by uncertain mood. Market prospects look the most promising in Russia. North American investments will focus on modernization and maintenance projects.

Although panel industry investments will continue in Finland, no major investment projects are on the horizon. Investment activity is expected to remain at a normal level in the rest of Europe where Raute has strengthened its competitive position in hardwood veneer handling. Modernization investments are gradually rebounding in Southeast Asia.

The veneer-based panel industry will shift its investment focus towards improvements in raw-material recovery, quality and productivity. Thanks to Raute's constant product development, its position as a supplier of complete plant projects will remain robust. The company will further shift its business focus towards plant modernization and upgrading projects. Through investment in its core expertise in production and product development in Finland, the business group expects its performance and profitability to improve in the cyclical North American market, too.

Early 2003 has been characterized by low order volumes, and the profit performance for the first quarter is expected to be weak. The order volume is expected to increase during the next six months. Net sales for 2003 as a whole are expected to improve and operating profit to rise markedly over the previous year.

RAUTE PRECISION BUSINESS GROUP

Due to the low investment demand that prevailed throughout the year, the business group was faced with a troublesome market situation in most of its main product and market areas. The business group's net sales of MEUR 29.4 (MEUR 40.8) decreased by around a quarter. Operating results deteriorated year-on-year, showing a loss of MEUR 2.2 (a profit of MEUR 1.2). The business development and restructuring measures launched during the report period were not in time to contribute to any marked degree to the 2002 profit.

Glass industry investments fell markedly year-on-year, and investment decisions were put off. The business group reported a sharp decline in net sales, while showing an operating loss. Despite the troubled markets, Raute Precision was successful in maintaining its strong market position in the glass industry. Demand remained at a healthy level in China, while strengthening in the Middle East.

Investment activity in the plaster and mortar industry was higher than in the glass industry. It became the largest business area within Raute Precision. In addition to a plant delivery, the report year saw sales growth in product technology and chemicals for plaster and mortar production. Due to low margins and a substantial credit loss accrued for the period, the business area made an operating loss. Demand picked up in Europe and the Middle East. Demand for maintenance services remained at a brisk level. With a healthy profitability, the business area's net sales rose by around 10 percent over the previous year.

The value of reported orders at MEUR 28.3 (MEUR 33.1) was lower than in the previous year. The report period also saw the largest single order in the company's history, i.e. a float glass batch plant and a cullet handling system to be delivered to Brazil. The year-end orders, valued at MEUR 11.2 (MEUR 12.2), remained almost at the previous year's level.

Near-term Prospects

The overall economic uncertainty is also expected to have its impact on the prospects for Raute Precision's business areas in 2003. Prospects look the most promising in the glass industry in which Raute Precision holds a strong market position and a higher order volume than in the previous year. Investments are expected to remain healthy in China and gather momentum in Russia and Europe.

Greater emphasis on customer service and cost-efficiency in the plaster and mortar industry will provide solid foundations for an ever-stronger market position. Europe and China boast the greatest number of investment projects in hand.

Raute Precision expects its net sales to remain at the previous year's level and its operating results to improve. The most crucial measures to improve profitability will involve dedicated efforts to intensify sales operations, upgrade project management processes and improve cost-efficiency.

ESSENTIAL BUSINESS CHANGES

Raute Oyj has decided to merge Jymet-Engineering Oy, its wholly owned subsidiary, into Raute Oyj. The estimated date for the registration of the merger will be June 30, 2003.

As part of the restructuring of Raute Wood's European Sales, Raute Oyj has decided to discontinue Raute GmbH, its wholly owned sales company.

GROUP FINANCING

The Group's financial position remained healthy. Its liquid assets amounted to MEUR 14.5 (MEUR 17.6) and gearing was at -16 percent (-17 percent) and solvency ratio at 50 percent (51 percent). The balance sheet total was valued at MEUR 58.9 (MEUR 80.4). Repayments of the Group's long-term interest-bearing loans totaled MEUR 0.8 (MEUR 2.3).

INVESTMENT AND R&D EXPENDITURE

The Group's gross investment expenditure totaled MEUR 2.8 (MEUR 5.2). R&D expenditure of MEUR 3.6 (MEUR 4.5) accounted for 4 percent of consolidated net sales.

SHARES

January-December share trading volume totaled 844,893, valued at EUR 7,754,707, the highest and lowest quotation coming to EUR 10.30 and EUR 7.80, respectively. Raute Oyj share closed at EUR 7.80 on December 31, 2002. The number of K shares converted into A shares in January 2003 totaled 44,539.

BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL GENERAL MEETING

The Board of Directors proposes to the Annual General Meeting on March 18, 2003 that a per-share dividend of EUR 0.50 be paid, totaling MEUR 1.9.

PROSPECTS FOR 2003

Investment prospects for the Raute Group's customer industries still look unpredictable. The investment activities of the panel industry in Russia are estimated to remain on good level unlike prevailing development. Investments in the glass industry are estimated to continue in China and the activities to rise in Russia. Demand is expected to improve for modernization projects and maintenance services.

Raute holds a robust position in the market for panel industry plant projects. The fruits of the related product development - new products and technological solutions - will boost competitiveness.

Raute holds a good position in the market for glass industry solutions, as evidenced by the year-on-year higher order volumes. The Group expects to improve its competitiveness in the plaster and mortar industry through its measures to restructure its project management operations and enhance cost-efficiency.

The first half of 2003 will probably see a weakish profit performance. Current negotiations on plant projects are expected to grow the Group's order book larger. Raute estimates that its consolidated net sales will start improving during 2003 and its operating profit will rise markedly from the previous year's level.