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2019

**Half-year Report**  
January 1 – June 30

## RAUTE CORPORATION – HALF-YEAR REPORT JANUARY 1–JUNE 30, 2019

- The Group's net sales, EUR 78.3 million (MEUR 78.9), decreased 0.8% from the comparison period. Order intake was EUR 58 million (MEUR 96).
- Operating profit was EUR 4.9 million (MEUR 5.9), down 16% from the comparison period. The result before taxes was EUR 5.1 million (MEUR 6.0).
- Earnings per share were EUR 0.94 (EUR 1.09), and diluted earnings per share were EUR 0.94 (EUR 1.08).
- Net sales for the second quarter were EUR 37.0 million and operating profit was EUR 2.3 million. Order intake was EUR 26 million. The order book at the end of the reporting period came to EUR 72 million (MEUR 127), a significant proportion of which is scheduled for 2020 and a smaller amount for 2021.
- On June 25, 2019, Raute changed its guidance for 2019. Raute's net sales for 2019 are expected to decrease and operating profit is expected to weaken from the comparison period.

## TAPANI KIISKI, PRESIDENT AND CEO: UNCERTAINTY IN THE MARKETS

In the first six months of the year, we kept pace with last year in terms of net sales. We fell short of our targets, however, which was caused by the scheduling of orders and the postponement of a few expected new orders.

Uncertainty in our customers' markets has increased, causing delays in the start-up of some projects that are in the negotiating phase. Many of our traditional customers are still paying off the investments they made in previous years. Demand right now is focused on major new capacity projects, but also on services and minor improvements. Mid-sized projects account for an exceptionally low share of offers and orders. The low number of these projects is causing fluctuations in our order intake. I consider the volume of our new orders in the second quarter, EUR 26 million, to be a reasonable achievement considering the market situation, and I am pleased with the stable growth in the number of technology service orders and net sales.

In terms of our operating profit, we are roughly a million euros behind last year's corresponding figure. Some of this development

has been a planned effort in order to enable our future success. Some of the poor development of the result in relation to net sales is explained by the extra costs of a few delayed projects.

Our order book at the end of June, EUR 72 million, was still at a historically strong level, despite having decreased consistently for over a year now. The scheduling of our order book now spans an exceptionally long period, giving us the opportunity to plan our operations well into the future. At the same time, we will also be able to respond to the needs of our customers who demand quick deliveries and help them to seize the opportunities offered by their own markets.

Uncertainty in the markets caused delays in order intake and in the delivery of a few of our projects, as a result of which we had to downgrade the projections of our net sales and result for this year. We are nevertheless moving forward with determination and seeking new opportunities to help our customers in their business in order to get as close as we can to last year's record performance.

## SECOND QUARTER OF 2019

### Order intake and order book

The total order intake in the second quarter, EUR 26 million (MEUR 28), was at a good level, considering the market situation and bearing in mind that it did not include major individual new production capacity projects.

Technology services accounted for EUR 15 million (MEUR 13) of the order intake.

The order book declined during the second quarter by EUR 12 million, but nevertheless ended the period at a strong EUR 72 million (MEUR 127).

### Net sales

Second-quarter net sales amounted to EUR 37.0 million (MEUR 43.7). Technology services accounted for 51 percent (30%) of the total net sales and amounted to EUR 19 million (MEUR 13).

### Result and profitability

Operating profit in the second quarter was EUR 2.3 million positive (MEUR 3.2 positive) and accounted for 6.3 percent (7.2%) of net sales. The result was EUR 1.9 million positive (MEUR 2.4 positive), and earnings per share were EUR +0.44 (EUR +0.56).

## RAUTE CORPORATION – HALF-YEAR REPORT JANUARY 1–JUNE 30, 2019

### 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. We estimate that the growth trend in wood construction will create demand for our customers and indirectly for Raute, and will also strengthen growth opportunities in the long term.

The situation in the global economy and the financial markets in early 2019 did not change considerably with respect to Raute. The economic outlook became increasingly uncertain. A few of our customers have informed us that they are experiencing a decline in demand and prices.

Many of Raute's established and traditional customers have invested heavily during the past few years. As demand among this traditional customer base dwindles, the demand for our technology continues to shift towards new and different types of customer accounts. A few of the orders we have received are concrete proof of this shift.

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

Although investment activity among Raute's customers has decreased from what it was in recent years, it remains at least at a reasonable level. Enquiry activity for new capacity projects and larger projects involving replacement and efficiency-boosting investments has remained at a good level, and contracts are being actively negotiated.

Demand remains the strongest in industrialized market areas, especially Russia. In the emerging markets of Asia, China included, and South America, demand has not been as strong, but it has been brisker in recent months. There is growing interest in Raute's offering in these markets, which presents opportunities to obtain new customers.

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 covering 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, reconditioned machinery and digital services.

The increased market uncertainty was reflected in the volume of new orders received by Raute. The order intake during the review period was, however, at a good level and amounted to EUR 58 million (MEUR 96). The most significant new order was for the delivery of plywood mill machinery to Russia valued at more than EUR 12 million. Apart from that, Raute's new orders consisted of smaller contracts.

Of new orders, 45 percent came from Russia (15%), 21 percent from North America (10%), 16 percent from Europe (51%), 15 percent from South America (2%), and 3 percent from Asia-Pacific (22%). 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 26 million of the order intake.

Order intake in technology services amounted to EUR 29 million (MEUR 28), increasing 5 percent on the comparison period.

The order book declined during the second quarter by EUR 12 million. The order book at the end of the reporting period was strong, however, at EUR 72 million (MEUR 127). A large part of the order book has already been scheduled for 2020 and a small portion for 2021.

#### 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 totaled EUR 78.3 million (MEUR 78.9), down 0.8 percent from the comparison period.

Of the total net sales for the reporting period, Europe accounted for 44 percent (45%), Russia for 26 percent (30%), North America for 16 percent (18%), South America for 8 percent (4%), and Asia-Pacific for 6 percent (3%).

Technology services accounted for 43 percent (30%) of the Group's total net sales and amounted to EUR 33 million (MEUR 24).

## RESULT AND PROFITABILITY

During the period under review, operating profit was EUR 4.9 million positive (MEUR 5.9 positive) and accounted for 6.3 percent of net sales (7.5%). The decline in profitability can be attributed to investments in future operations and the extra costs of a few delayed projects.

The result before taxes for the reporting period was EUR 5.1 million positive (MEUR 6.0 positive). The result for the reporting period was EUR 4.0 million positive (MEUR 4.6 positive). Earnings per share (undiluted) were EUR 0.94 (EUR 1.09).

## CASH FLOW AND BALANCE SHEET

The Group's financial position remained good. At the end of the reporting period, gearing was -43 percent (-66%). Gearing adjusted without the lease assets arising from the adoption of the IFRS 16 standard was -58 percent. At the end of the reporting period, the equity ratio was 63 percent (61%). The equity ratio, excluding the impacts of the adoption of the IFRS 16 standard, was 70 percent. 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 27.3 million (MEUR 27.1) at the end of the reporting period. Operating cash flow was EUR 21.8 million positive (MEUR 3.2 positive). Cash flow from investment activities was EUR 1.4 million negative (MEUR 1.3 negative). Cash flow from financing activities was EUR 6.5 million negative (MEUR 5.5 negative), including dividend payments of EUR 6.0 million.

Interest-bearing liabilities amounted to EUR 8.1 million (MEUR 1.3) at the end of the reporting period. The increase is entirely due to the recognition of right-of-use assets under IFRS 16.

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 four Nordic banks totaling EUR 23.0 million. The main covenants of the credit facilities are an equity ratio of >30% and gearing of <100%. Of the credit facilities, EUR 22.6 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 concerning the review period:

2 January 2019 Third plan for Raute's top management remuneration system, LTI 2019-2021, takes off

15 January 2019 Positive profit warning: Raute Corporation's 2018 net sales and operating profit will increase clearly compared to 2017

28 March 2019 Raute received orders worth over EUR 12 million to Russia

2 April 2019 Decisions of Raute Corporation's Annual General Meeting 2019

25 June 2019 Raute's profit outlook for 2019 weakened.

## 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 1.8 million (MEUR 1.7), representing 2.4 percent of net sales (2.2%).

Capital expenditure during the period came to EUR 1.3 million (MEUR 2.2) and accounted for 1.7 percent (2.7%) of net sales. Gross capital expenditure during the reporting period, before non-recurring insurance settlements related to investments, amounted to EUR 1.9 million. Gross investments include EUR 0.8 million that was recorded during the reporting period and which is part of a replacement investment, the total amount of which is EUR 1.4 million. The company has received non-recurring insurance settlements for this investment.

## PERSONNEL

At the end of the reporting period, the Group's personnel numbered 810 (778). Group companies outside Finland accounted for 33 percent (32%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 758 (705) during the reporting period. The increase in personnel is the result of a strategic decision to increase the company's resources in order to respond to growing volumes. The change partly reduces the share of high-cost subcontracting, while at the same time ensuring that expertise within the company is maintained and developed.

## 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.

The company's market capitalization at the end of the reporting period was EUR 96.8 million (MEUR 135.1), with series K shares val-

ued at the closing price of series A shares on the final closing date June 28, 2019, i.e. EUR 22.70 (EUR 31.70).

## 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 2019-2021, on January 2, 2019.

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 5,046 at the beginning of the year and 5,535 at the end of the reporting period. Series K shares were held by 54 private individuals (55) at the end of the reporting period. Nominee-registered shares accounted for 3.4 percent (6.7%) 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 259,558 company shares, equaling 6.1 percent (6.1%) of the company shares and 11.6 percent (11.6%) 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, technology services

Arja Hakala, Group Vice President, Strategy – business development

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

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

Tarja Järvinen, Group Vice President, CFO – finance and administration

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

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

## ANNUAL GENERAL MEETING 2019

Raute Corporation's Annual General Meeting was held on April 2, 2019. More detailed information on the decisions of the Annual General Meeting can be found in the stock exchange release issued on April 2, 2019.

## DISTRIBUTION OF PROFIT FOR THE 2018 FINANCIAL YEAR

The Annual General Meeting held on April 2, 2019 decided to pay a dividend of EUR 1.40 per share for the financial year 2018. The total amount of dividends is EUR 6.0 million, with series A shares accounting for EUR 4,580,846.20 and series K shares for EUR 1,387,625.40. The dividend payment date was April 11, 2019.

## BOARD OF DIRECTORS AND BOARD COMMITTEES

At the Annual General Meeting held on April 2, 2019, Ms. Laura Raitio was elected Chair of the Board, Mr. Mika Mustakallio was elected Vice-Chair, and Mr. Joni Bask, Mr. Ari Harmaala, Mr. Pekka Suominen, and Mr. Patrick von Essen were elected as Board members. The Board of Directors' term of office will continue until the 2020 Annual General Meeting.

Based on the evaluation of independence by the Board of Directors, Chair of the Board Ms. Laura Raitio and members Mr. Joni Bask, Mr. Ari Harmaala, Mr. Pekka Suominen and Mr. Patrick von Essen 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. Chair of the Board Laura Raitio and two Board members, Mr. Ari Harmaala and Mr. Patrick von Essen, are independent of major shareholders.

Raute Corporation's Board of Directors has an Appointments Committee. The Appointments Committee is chaired by Ms. Laura Raitio 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. During the reporting period, there were no essential changes in the business risks described in the 2018 Board of Directors' Report and Financial Statements.

The most significant risks for Raute in the near term are related to the development of the market situation and to the completion of major mill-scale projects that are in the implementation phase, in accordance with the schedule determined in the contract terms.

## OUTLOOK FOR 2019

On June 25, 2019, Raute changed its guidance for 2019 concerning net sales and operating profit, estimating that the company's net sales will decrease and operating profit will weaken in 2019 compared to the record figures of the previous year. The revised guidance was based on scheduling delays concerning a few projects that were in the implementation phase, as well as the related costs, and to the postponement from previous estimates of a few major new orders that are in the negotiation phase.

The company's current situation and outlook for the rest of the year give no cause to change the guidance issued on June 25, 2019. Raute's net sales will decrease and operating profit will weaken in 2019 compared to 2018.

Raute Corporation's Board of Directors has approved this Half-year financial report for January 1 – June 30 2019 to be published.

The figures for the financial year 2018 presented in the figures section of the Half-year financial report have been audited. The presented interim financial report figures have not been audited.

## CONSOLIDATED STATEMENT OF INCOME

EUR 1 000	1.4.– 30.6.2019	1.4.– 30.6.2018	1.1.– 30.6.2019	1.1.– 30.6.2018	1.1.– 31.12.2018
<b>NET SALES</b>	<b>36 981</b>	<b>43 667</b>	<b>78 291</b>	<b>78 939</b>	<b>180 993</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>-1 818</b>	<b>1 574</b>	<b>-928</b>	<b>2 803</b>	<b>3 069</b>
<b>Other operating income</b>	<b>109</b>	<b>293</b>	<b>221</b>	<b>358</b>	<b>692</b>
Materials and services	-16 900	-26 271	-40 063	-44 445	-103 781
Employee benefits expense	-11 152	-11 568	-22 870	-22 814	-46 944
Depreciation and amortization	-938	-635	-1 878	-1 285	-2 487
Impairments	-96	-	-145	-	-38
Other operating expenses	-3 848	-3 903	-7 689	-7 646	-16 582
<b>Total operating expenses</b>	<b>-32 933</b>	<b>-42 377</b>	<b>-72 645</b>	<b>-76 190</b>	<b>-169 832</b>
<b>OPERATING PROFIT</b>	<b>2 338</b>	<b>3 156</b>	<b>4 938</b>	<b>5 910</b>	<b>14 922</b>
<b>% of net sales</b>	<b>6,3</b>	<b>7,2</b>	<b>6,3</b>	<b>7,5</b>	<b>8,2</b>
Financial income	109	72	315	296	346
Financial expenses	-136	-107	-194	-172	-356
<b>Financial expenses, net</b>	<b>-27</b>	<b>-36</b>	<b>121</b>	<b>125</b>	<b>-10</b>
<b>PROFIT BEFORE TAX</b>	<b>2 311</b>	<b>3 121</b>	<b>5 058</b>	<b>6 035</b>	<b>14 912</b>
<b>% of net sales</b>	<b>6,3</b>	<b>7,1</b>	<b>6,5</b>	<b>7,6</b>	<b>8,2</b>
Income taxes	-424	-748	-1 036	-1 407	-3 076
<b>PROFIT FOR THE PERIOD</b>	<b>1 887</b>	<b>2 372</b>	<b>4 022</b>	<b>4 628</b>	<b>11 836</b>
<b>% of net sales</b>	<b>5,1</b>	<b>5,4</b>	<b>5,1</b>	<b>5,9</b>	<b>6,5</b>
<b>Profit for the period attributable to</b>					
Equity holders of the Parent company	1 887	2 372	4 022	4 628	11 836
<b>Earnings per share for profit attributable to equity holders of the Parent company, EUR</b>					
Undiluted earnings per share	0,44	0,56	0,94	1,09	2,78
Diluted earnings per share	0,44	0,55	0,94	1,08	2,76

## CONSOLIDATED STATEMENT OF INCOME

EUR 1 000	1.4.– 30.6.2019	1.4.– 30.6.2018	1.1.– 30.6.2019	1.1.– 30.6.2018	1.1.– 31.12.2018
<b>PROFIT FOR THE PERIOD</b>	<b>1 887</b>	<b>2 372</b>	<b>4 022</b>	<b>4 628</b>	<b>11 836</b>
<b>Other comprehensive income items:</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Changes in the fair value of available-for sale investments	-	246	-	246	-
Hedge accounting	65	-79	213	-39	-73
Exchange differences on translating foreign operations	-2	-4	109	11	356
Income taxes related to these items	-21	-3	-21	-31	10
<b>Comprehensive income items for the period, net of tax</b>	<b>40</b>	<b>160</b>	<b>301</b>	<b>187</b>	<b>293</b>
<b>COMPREHENSIVE PROFIT FOR THE PERIOD</b>	<b>1 929</b>	<b>2 532</b>	<b>4 324</b>	<b>4 814</b>	<b>12 129</b>
<b>Comprehensive profit for the period ttributable to</b>					
Equity holders of the Parent company	1 929	2 532	4 324	4 814	12 129
<b>Shares, 1 000 pcs</b>					
Adjusted average number of shares	4 263	4 263	4 263	4 256	4 260
Adjusted average number of shares diluted	4 299	4 284	4 299	4 276	4 290

# Consolidated balance sheet

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July 31, 2019

## CONSOLIDATED BALANCE SHEET

EUR 1 000	30.6.2019	30.6.2018	31.12.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	1 035	1 059	1 035
Other intangible assets	2 440	2 558	2 500
Property, plant and equipment	11 662	10 681	11 612
Right-of-use assets	6 828	-	-
Other financial assets	1 185	1 169	1 185
Deferred tax assets	27	20	35
<b>Total non-current assets</b>	<b>23 177</b>	<b>15 488</b>	<b>16 368</b>
<b>Current assets</b>			
Inventories	13 059	14 652	14 383
Accounts receivables and other receivables	27 883	30 715	52 256
Income tax receivable	509	-	-
Cash and cash equivalents	27 350	27 132	13 375
<b>Total current assets</b>	<b>68 800</b>	<b>72 500</b>	<b>80 014</b>
<b>TOTAL ASSETS</b>	<b>91 977</b>	<b>87 988</b>	<b>96 382</b>

## CONSOLIDATED BALANCE SHEET

EUR 1 000	30.6.2019	30.6.2018	31.12.2018
<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	7 487	7 684	7 164
Exchange differences	1 125	670	1 015
Retained earnings	24 106	17 876	18 239
Profit for the period	4 022	4 628	11 836
<b>Total equity</b>	<b>44 995</b>	<b>39 114</b>	<b>46 509</b>
<b>Non-current liabilities</b>			
Provisions	276	553	605
Non-current interest-bearing liabilities	5 446	-	-
Deferred tax liability	-	29	-
<b>Total non-current liabilities</b>	<b>5 722</b>	<b>582</b>	<b>605</b>
<b>Current liabilities</b>			
Provisions	1 801	1 633	1 595
Current interest-bearing liabilities	2 613	1 269	1 079
Current advance payments received	20 892	24 356	21 006
Income tax liability	287	280	992
Trade payables and other liabilities	15 667	20 754	24 595
<b>Total current liabilities</b>	<b>41 260</b>	<b>48 292</b>	<b>49 268</b>
<b>Total liabilities</b>	<b>46 982</b>	<b>48 874</b>	<b>49 872</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>91 977</b>	<b>87 988</b>	<b>96 382</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1 000	1.1.–30.6.2019	1.1.–30.6.2018	1.1.–31.12.2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from customers	100 651	82 912	164 339
Other operating income	121	354	611
Payments to suppliers and employees	-77 029	-78 423	-170 127
<b>Cash flow before financial items and taxes</b>	<b>23 743</b>	<b>4 843</b>	<b>-5 177</b>
Interest paid from operating activities	-37	-69	-119
Dividends received from operating activities	293	249	249
Interest received from operating activities	14	9	20
Other financing items from operating activities	60	-244	48
Income taxes paid from operating activities	-2 231	-1 597	-2 584
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>21 842</b>	<b>3 191</b>	<b>-7 562</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	-1 453	-1 488	-3 612
Business transaction	-	-	-769
Proceeds from sale of property, plant and equipment and intangible assets	54	156	230
Proceeds from sale of investments	-	-	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-1 400</b>	<b>-1 331</b>	<b>-4 151</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	-	59	59
Proceeds from current borrowings	148	-	1 093
Repayments of current borrowings	-	-192	-1 427
Repayments of lease liabilities	-685	-	-
Dividends paid	-5 968	-5 320	-5 320
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-6 506</b>	<b>-5 454</b>	<b>-5 595</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>13 936</b>	<b>-3 594</b>	<b>-17 309</b>
increase (+)/decrease (-)			
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*</b>	<b>13 375</b>	<b>30 724</b>	<b>30 724</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>13 936</b>	<b>-3 594</b>	<b>-17 309</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	<b>39</b>	<b>3</b>	<b>-40</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>	<b>27 350</b>	<b>27 132</b>	<b>13 375</b>
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*</b>			
Cash and cash equivalents	27 350	27 132	13 375
<b>TOTAL</b>	<b>27 350</b>	<b>27 132</b>	<b>13 375</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, 2019

## 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, 2019</b>	<b>8 256</b>	<b>5 711</b>	<b>1 453</b>	<b>1 015</b>	<b>30 075</b>	<b>46 509</b>	<b>46 509</b>
<b>Comprehensive profit for the period</b>							
Profit for the period	-	-	-	-	4 022	4 022	4 022
Other comprehensive income items:							
Hedging reserve	-	-	213	-	-	213	213
Exchange differences on translating foreign operations	-	-	-	109	-	109	109
Income taxes related to these items	-	-	-21	-	-	-21	-21
<b>Total comprehensive profit for the period</b>	<b>-</b>	<b>-</b>	<b>193</b>	<b>109</b>	<b>4 022</b>	<b>4 324</b>	<b>4 324</b>
<b>Transactions with equity holders</b>							
Share-options exercised	-	-	-	-	-	-	-
Equity-settled share-based transactions	-	-	130	-	-	130	130
Dividends	-	-	-	-	-5 968	-5 968	-5 968
<b>Total transactions with equity holders</b>	<b>0</b>	<b>0</b>	<b>130</b>	<b>0</b>	<b>-5 968</b>	<b>-5 839</b>	<b>-5 839</b>
<b>EQUITY at June 30, 2019</b>	<b>8 256</b>	<b>5 711</b>	<b>1 776</b>	<b>1 125</b>	<b>28 129</b>	<b>44 995</b>	<b>44 995</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, 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>
<b>Changes in accounting principles, IFRS 15</b>	-	-	-	-	-322	-322	-322
<b>Changes in accounting principles, IFRS 9</b>	-	-	-	-	-104	-104	-104
<b>Changes in accounting principles, IFRS 2</b>	-	-	117	-	-	117	117
<b>EQUITY at Jan. 1, 2018, RESTATED</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>

## NOTES TO THE HALF-YEAR FINANCIAL 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 as well as consulting, training, reconditioned machinery and digital services.

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 Interim financial 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 financial report for January 1 – June 30, 2019 has been prepared in accordance with standard IAS 34 Interim Financial Reporting.

The Half-year financial report does not contain full notes and other information presented in the financial statements, and therefore the Half-year financial report should be read in conjunction with the Financial statements published for 2018.

Raute Corporation's Half-year financial report for January 1 – June 30, 2019 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 financial report has been drawn up according to the same accounting principles as in the consolidated financial statements for 2018, except for the adoption of IFRIC interpretations and a new standard IFRS 16 Leases, effective as of January 1, 2019.

When preparing the Half-year financial 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 estimates.

### 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.

EUR 1 000	1.1.– 30.6.2019	%	1.1.– 30.6.2018	%	1.1.– 31.12.2018	%
<b>Net sales by market area</b>						
EMEA (Europe and Africa)	34 135	44	35 302	45	76 968	43
CIS (Russia)	20 470	26	23 521	30	47 757	26
NAM (North America)	12 509	16	14 545	18	32 168	18
LAM (South America)	6 473	8	2 813	4	5 662	3
APAC (Asia-Pacific)	4 704	6	2 757	3	18 438	10
<b>TOTAL</b>	<b>78 291</b>	<b>100</b>	<b>78 939</b>	<b>100</b>	<b>180 993</b>	<b>100</b>

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

EUR 1 000	30.6.2019	30.6.2018	31.12.2018
<b>Specification of net sales</b>			
Performance obligations to be satisfied over time	58 902	65 324	149 460
Performance obligations to be satisfied at a point in time	19 389	13 615	31 533
<b>TOTAL</b>	<b>78 291</b>	<b>78 939</b>	<b>180 993</b>
<b>Balance sheet items of undelivered projects</b>			
Project revenues entered as income from performance obligations to be satisfied over time currently undelivered	180 450	160 140	202 848
Amount of performance obligations to be satisfied over time not yet entered as income (order book)	64 724	121 776	88 037
<b>Balance sheet items of undelivered 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	118 867	108 971	140 536
- advance payments received	100 485	89 247	99 313
<b>Current customer contract assets</b>	<b>18 382</b>	<b>19 723</b>	<b>41 223</b>
<b>Current customer contract liabilities</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	60 817	50 998	60 676
- advance payments received	77 262	72 165	78 602
<b>Current customer contract liabilities</b>	<b>16 445</b>	<b>21 166</b>	<b>17 926</b>
<b>Advance payments included in current liabilities in the balance sheet</b>			
Current customer contract assets	16 445	21 166	17 926
Current customer contract liabilities	4 447	3 190	3 080
<b>Total</b>	<b>20 892</b>	<b>24 356</b>	<b>21 006</b>
<b>Advance payments of the customer contracts included in inventories in the balance sheet</b>			
Advance payments paid	390	1 145	1 017
<b>Total</b>	<b>390</b>	<b>1 145</b>	<b>1 017</b>

EUR 1 000	30.6.2019	30.6.2018	31.12.2018
<b>Research and development costs</b>			
Research and development costs for the period	-1 846	-1 704	-3 735
Amortization of previously capitalized development costs	-	-94	-125
Development costs recognized as an asset in the balance sheet	145	151	275
Research and development costs recognized as an expense before impairments for the period	-1 701	-1 646	-3 585
Impairments of capitalized development costs	-145	-	-38
Research and development costs recognized as an expense for the period	-1 846	-1 646	-3 623
EUR 1 000	30.6.2019	30.6.2018	31.12.2018
<b>Other intangible assets</b>			
Acquisition cost at the beginning of the period	15 384	14 799	14 799
Exchange rate differences	2	4	-1
Additions	302	221	468
Disposals	-	-	-
Reclassification between items	-5 772	115	119
<b>Acquisition cost at the end of the period</b>	<b>9 916</b>	<b>15 139</b>	<b>15 384</b>
Accumulated depreciation and amortization at the beginning of the period	-12 884	-12 250	-12 250
Exchange rate differences	-1	-3	1
Accumulated depreciation and amortization of disposals and reclassifications	5 772	-	-
Impairments	-145	-	-38
Depreciation and amortization for the period	-218	-326	-597
Accumulated depreciation and amortization at the end of the period	-7 476	-12 580	-12 884
<b>Book value of Other intangible assets, at the beginning of the period</b>	<b>2 500</b>	<b>2 548</b>	<b>2 548</b>
<b>Book value of Other intangible assets, at the end of the period</b>	<b>2 440</b>	<b>2 558</b>	<b>2 500</b>

EUR 1 000	30.6.2019	30.6.2018	31.12.2018
<b>Property, plant and equipment</b>			
Acquisition cost at the beginning of the period	53 391	50 134	50 134
Exchange rate differences	429	-173	-316
Additions	1 022	1 947	3 916
Disposals	-70	-146	-225
Reclassification between items	2	-115	-119
<b>Acquisition cost at the end of the period</b>	<b>54 775</b>	<b>51 648</b>	<b>53 391</b>
Accumulated depreciation and amortization at the beginning of the period	-41 778	-40 186	-40 186
Exchange rate differences	-380	179	294
Accumulated depreciation and amortization of disposals and reclassifications	15	0	4
Depreciation and amortization for the period	-969	-959	-1 890
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-43 113</b>	<b>-40 966</b>	<b>-41 778</b>
<b>Book value of Property, plant and equipment, at the beginning of the period</b>	<b>11 612</b>	<b>9 948</b>	<b>9 948</b>
<b>Book value of Property, plant and equipment, at the end of the period</b>	<b>11 662</b>	<b>10 681</b>	<b>11 612</b>
EUR 1 000	1.1.– 30.6.2019	1.1.– 30.6.2018	1.1.– 31.12.2018
<b>Right-of-use assets</b>			
Book value, at the beginning of the period	7 391	-	-
Exchange rate differences	128	-	-
Increases	-	-	-
Depreciation for the period	-691	-	-
<b>Book value, at the end of the period</b>	<b>6 828</b>	<b>-</b>	<b>-</b>

Raute Group has adopted the standard IFRS 16 Leases as of January 1, 2019. The transition has been adopted by applying the simplified approach and comparative information has not been restated. Detailed information on the adoption of the IFRS standard has been presented in the Interim financial report published on May 3, 2019.

### Financial assets

At the end of the period June 30, 2019, the fair value of the financial assets categorized at fair value hierarchy level 3 was EUR 1,185 thousand. The item includes the investments in unquoted shares which have been classified as financial assets at fair value through other comprehensive income. Derivative contracts have been classified as financial assets and liabilities at fair value through profit or loss. The fair value of these derivative contracts is based on the price available from the market data, but instruments are not traded in an active market. At the end of the period June 30, 2019, the fair value of the derivative contracts classified as financial assets was EUR 118 thousand and the fair value of the derivative contracts classified as financial liability EUR 106 thousand.

EUR 1 000	30.6.2019	30.6.2018	31.12.2018
<b>Financial liabilities</b>			
<b>Non-current interest-bearing liabilities</b>			
Lease liabilities	5 446	-	-
<b>TOTAL</b>	<b>5 446</b>	-	-
<b>Current interest-bearing liabilities</b>			
Partial payments of financial loans	1 232	1 269	1 079
Lease liabilities	1 381	-	-
<b>TOTAL</b>	<b>2 613</b>	1 269	1 079

EUR 1 000	30.6.2019	30.6.2018	31.12.2018
<b>Derivatives</b>			
<b>Nominal values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	791	86	961
- Related to the hedging of net sales	10 449	6 950	7 369
Hedge accounting			
- Related to the hedging of net sales	2 822	11 385	5 723
<b>Fair values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	2	-61	-35
- Related to the hedging of net sales	35	-48	-120
Hedge accounting			
- Related to the hedging of net sales	-79	-458	-200

EUR 1 000	30.6.2019	30.6.2018	31.12.2018
<b>Pledged assets and contingent liabilities</b>			
<b>On behalf of the Parent company</b>			
Business mortgages	-	8 525	-
<b>Mortgage agreements on behalf of subsidiaries</b>			
Financial loans	1 232	1 269	1 079
Other obligations	366	439	116
Business mortgages	-	1 708	-
Other credit guarantee arrangements	-	-	1 195
<b>Commercial bank guarantees on behalf of the Parent company and subsidiaries</b>			
	6 211	33 895	25 925
<b>Off-balance sheet leases</b>			
Rental liabilities maturing within one year	90	1 430	1 513
Rental liabilities maturing in one to five years	58	3 197	2 629
Rental liabilities maturing later	-	126	-
<b>Total</b>	<b>147</b>	<b>4 754</b>	<b>4 143</b>

### Share-based payments

An expense of EUR 130 thousand was recognized for the share rewards to the income statement during the reporting period.

No share rewards have been paid based on the long-term performance share-based incentive plan 2014–2018 for the Group's senior management during the financial period.

The company decided to launch a new performance-based, share-value-based, long-term incentive plan, LTI Plan 2019–2021, on January 2, 2019.

### Distribution of the profit for the financial year 2018

Raute Corporation's Annual General Meeting was held on April 2, 2019. The Annual General Meeting decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 1.40 per share to be paid for series A and K shares, a total of EUR 5,968 thousand. The dividend payment date was April 11, 2019.

### 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.

EUR 1 000	30.6.2019	30.6.2018	31.12.2018
<b>Wood products technology</b>			
Net sales	78 291	78 939	180 993
Operating profit	4 938	5 910	14 922
Assets	91 977	87 988	96 382
Liabilities	46 982	48 874	49 872
Capital expenditure	1 324	2 168	4 384

EUR 1 000	30.6.2019	%	30.6.2018	%	31.12.2018	%
<b>Assets of the wood products technology segment by geographical location</b>						
Finland	79 604	87	77 358	88	83 494	87
North America	8 095	9	5 847	7	7 850	8
China	2 379	3	3 409	4	3 635	4
Russia	1 496	2	1 067	1	1 038	1
South America	231	0	185	0	224	0
Other	172	0	121	0	141	0
<b>TOTAL</b>	<b>91 977</b>	<b>100</b>	<b>87 988</b>	<b>100</b>	<b>96 382</b>	<b>100</b>

EUR 1 000	30.6.2019	%	30.6.2018	%	31.12.2018	%
<b>Capital expenditure of the wood products technology segment by geographical location</b>						
Finland	1 224	92	2 079	96	3 508	80
North America	61	5	70	3	707	16
China	22	2	2	0	99	2
Russia	17	1	17	1	46	1
South America	-	-	-	-	22	1
Other	1	0	-	-	2	0
<b>TOTAL</b>	<b>1 324</b>	<b>100</b>	<b>2 168</b>	<b>100</b>	<b>4 384</b>	<b>100</b>

	30.6.2019	30.6.2018	31.12.2018
<b>Number of personnel</b>			
Effective, on average, persons	758	705	725
On average, persons	781	732	748
In books at the end of the period, persons	810	778	772
Personnel working abroad at the end of the period	265	250	267
Personnel working abroad, %	32,7	32,1	34,6

#### 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.

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

	1.1.– 30.6.2019	1.1.– 30.6.2018	1.1.– 31.12.2018
<b>Income statement, euros</b>			
CNY (Chinese yuan)	7,6670	7,7100	7,8074
RUB (Russian rouble)	73,7215	71,9802	74,0551
CAD (Canadian dollar)	1,5067	1,5464	1,5302
USD (US dollar)	1,1298	1,2108	1,1815
SGD (Singapore dollar)	1,5354	1,6058	1,5928
CLP (Chilean peso)	762,9437	740,4894	757,0688
<b>Balance sheet, euros</b>	<b>30.6.2019</b>	<b>30.6.2018</b>	<b>31.12.2018</b>
CNY (Chinese yuan)	7,8185	7,5512	7,8751
RUB (Russian rouble)	71,5975	73,1582	79,7153
CAD (Canadian dollar)	1,4893	1,5442	1,5605
USD (US dollar)	1,1380	1,1658	1,1450
SGD (Singapore dollar)	1,5395	1,5896	1,5591
CLP (Chilean peso)	772,9200	743,9823	795,4900

### FINANCIAL DEVELOPMENT

	30.6.2019	30.6.2018	31.12.2018
Change in net sales, %	-0,8	10,2	22,2
Exported portion of net sales, %	85,4	88,8	84,6
Operating profit, % of net sales	6,3	7,5	8,2
Return on investment, (ROI), %	20,9	30,6	34,6
Return on equity, (ROE), %	17,6	23,6	27,6
Interest-bearing net liabilities, EUR million*	-19,3	-25,9	-12,3
Gearing, %*	-42,9	-66,1	-26,4
Equity ratio, %*	63,3	61,5	61,7
Gross capital expenditure, EUR million	1,3	2,2	4,4
% of net sales	1,7	2,7	2,4
Research and development costs, EUR million	1,8	1,7	3,7
% of net sales	2,4	2,2	2,1
Order book, EUR million	72	127	95
Order intake, EUR million	58	96	167

\*The adoption of IFRS 16 standard has had an impact on the key ratios for the interim reporting period 2019. The figures for the comparison periods have not been restated.

In addition to IFRS Key ratios, Raute Group publishes some commonly used financial key ratios (alternative performance measures). Calculation of key ratios has been presented in the annual financial statements 2018.

### SHARE-RELATED DATA

	30.6.2019	30.6.2018	31.12.2018
Earnings per share, (EPS), undiluted, EUR	<b>0,94</b>	1,09	2,78
Earnings per share, (EPS), diluted, EUR	<b>0,94</b>	1,08	2,76
Equity to share, EUR	<b>10,55</b>	9,17	10,82
Dividend per series A share, EUR	-	-	1,40
Dividend per series K share, EUR	-	-	1,40
Dividend per profit, %	-	-	50,4
Effective dividend return, %	-	-	6,6
Price/earnings ratio (P/E ratio)	-	-	7,67
<b>Development in share price (series A shares)</b>			
Lowest share price for the period, EUR	<b>22,10</b>	26,00	20,50
Highest share price for the period, EUR	<b>28,70</b>	34,90	34,90
Average share price for the period, EUR	<b>25,48</b>	30,35	28,58
Share price at the end of the period, EUR	<b>22,70</b>	31,70	21,30
<b>Market value of capital stock</b>			
- Series K shares, EUR million*	<b>22,5</b>	31,4	21,1
- Series A shares, EUR million	<b>74,3</b>	103,7	69,7
Total, EUR million	<b>96,8</b>	135,1	90,8
<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	<b>320 657</b>	467 647	879 655
Trading of shares, EUR million	<b>8,2</b>	14,2	25,1
<b>Number of shares</b>			
- Series K shares, ordinary shares (20 votes/share)	<b>991 161</b>	991 161	991 161
- Series A shares (1 vote/share)	<b>3 272 033</b>	3 272 033	3 272 033
Total	<b>4 263 194</b>	4 263 194	4 263 194
Number of shares, weighted average, 1 000 pcs	<b>4 263</b>	4 256	4 260
Number of shares, diluted, 1 000 pcs	<b>4 299</b>	4 276	4 290
<b>Number of shareholders</b>	<b>5 535</b>	4 722	5 046



## Development of quarterly results

Half-year report January 1–June 30, 2019  
July 31, 2019

### DEVELOPMENT OF QUARTERLY RESULTS

EUR 1 000	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Rolling 1.7.2018– 30.6.2019	Rolling 1.7.2017– 30.6.2018
<b>NET SALES</b>	<b>47 888</b>	<b>54 166</b>	<b>41 309</b>	<b>36 981</b>	<b>180 345</b>	<b>155 355</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>600</b>	<b>-335</b>	<b>890</b>	<b>-1 818</b>	<b>-663</b>	<b>3 559</b>
<b>Other operating income</b>	<b>137</b>	<b>197</b>	<b>112</b>	<b>109</b>	<b>554</b>	<b>335</b>
Materials and services	-27 339	-31 996	-23 163	-16 900	-99 398	-85 014
Employee benefits expense	-11 316	-12 813	-11 718	-11 152	-46 999	-43 746
Depreciation and amortization	-617	-585	-940	-938	-3 080	-2 640
Impairments	-	-38	-49	-96	-183	-
Other operating expenses	-3 751	-5 185	-3 842	-3 848	-16 626	-14 765
<b>Total operating expenses</b>	<b>-43 024</b>	<b>-50 617</b>	<b>-39 712</b>	<b>-32 933</b>	<b>-166 286</b>	<b>-146 166</b>
<b>OPERATING PROFIT</b>	<b>5 602</b>	<b>3 410</b>	<b>2 599</b>	<b>2 338</b>	<b>13 949</b>	<b>13 084</b>
<b>% of net sales</b>	<b>11,7</b>	<b>6,3</b>	<b>6,3</b>	<b>6,3</b>	<b>7,7</b>	<b>8,4</b>
Financial income	9	40	206	109	365	321
Financial expenses	-109	-75	-58	-136	-379	-332
<b>Financial expenses, net</b>	<b>-100</b>	<b>-35</b>	<b>148</b>	<b>-27</b>	<b>-14</b>	<b>-11</b>
<b>PROFIT BEFORE TAX</b>	<b>5 502</b>	<b>3 375</b>	<b>2 747</b>	<b>2 311</b>	<b>13 935</b>	<b>13 072</b>
<b>% of net sales</b>	<b>11,5</b>	<b>6,2</b>	<b>6,6</b>	<b>6,3</b>	<b>7,7</b>	<b>8,4</b>
Income taxes	-1 189	-480	-612	-424	-2 705	-2 382
<b>PROFIT FOR THE PERIOD</b>	<b>4 313</b>	<b>2 895</b>	<b>2 135</b>	<b>1 887</b>	<b>11 230</b>	<b>10 690</b>
<b>% of net sales</b>	<b>9,0</b>	<b>5,3</b>	<b>5,2</b>	<b>5,1</b>	<b>6,2</b>	<b>6,9</b>
<b>Attributable to</b>						
Equity holders of the Parent company	4 313	2 895	2 135	1 887	11 230	10 690
<b>Earnings per share, EUR</b>						
Undiluted earnings per share	1,01	0,68	0,50	0,44	2,63	2,51
Diluted earnings per share	1,01	0,67	0,50	0,44	2,62	2,50
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares	4 263	4 263	4 233	4 263	4 263	4 256
Adjusted average number of shares, diluted	4 290	4 294	4 262	4 299	4 299	4 276
	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Rolling 1.7.2018– 30.6.2019</b>	<b>Rolling 1.7.2017– 30.6.2018</b>
<b>FINANCIAL DEVELOPMENT QUARTERLY</b>						
Order intake during the period, EUR million	42	28	32	26	128	198
Order book at the end of the period, EUR million	121	95	84	72	72	127

## 20 LARGEST SHAREHOLDERS AT JUNE 30, 2019 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 Henkivakuutus-osakeyhtiö	-	138 617	138 617	3,3	138 617	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	52 856	100 856	2,4	1 012 856	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>1 330 293</b>	<b>1 965 493</b>	<b>46,1</b>	<b>14 034 293</b>	<b>60,8</b>

## 20 LARGEST SHAREHOLDERS AT JUNE 30, 2019 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	52 856	100 856	2,4	1 012 856	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. Mustakallio Hanna Leena	32 975	5 565	38 540	0,9	665 065	2,9
13. Mustakallio Jukka Jeremias	32 975	-	32 975	0,8	659 500	2,9
14. Keskiaho Vesa Heikki	29 680	-	29 680	0,7	593 600	2,6
15. Keskiaho Juha-Pekka	27 880	5 716	33 596	0,8	563 316	2,4
16. Suominen Jukka Matias	24 960	27 964	52 924	1,2	527 164	2,3
17. Keskiaho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
18. Sundholm Göran	-	500 000	500 000	11,7	500 000	2,2
19. Kultanen Leea Annikka	21 595	8 031	29 626	0,7	439 931	1,9
20. Piik Ari	20 855	418	21 273	0,5	417 518	1,8
<b>Total</b>	<b>777 160</b>	<b>902 025</b>	<b>1 679 185</b>	<b>39,4</b>	<b>16 445 225</b>	<b>71,2</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, 2019</b>						
The Board of Directors, The Group's President and CEO and Executive Board*						
	127 890	131 668	259 558	6,1	2 689 468	11,6
<b>Total</b>	<b>127 890</b>	<b>131 668</b>	<b>259 558</b>	<b>6,1</b>	<b>2 689 468</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, 2019</b>						
	-	145 689	145 689	3,4	145 689	0,6

RAUTE CORPORATION  
Board of Directors

BRIEFING ON JULY 31, 2019, AT 2 P.M.:

A briefing will be organized for analysts, investors and the media on July 31, 2019 at 2 p.m. at Scandic Simonkenttä Hotel, Balsa-Freda cabinet, Simonkatu 9, Helsinki. The interim report will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Tarja Järvinen, CFO.

NEXT INTERIM REPORT:

Raute Corporation's interim report January 1–September 30, 2019 will be published on Wednesday, October 30, 2019.

FURTHER INFORMATION:

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Ms. Tarja Järvinen, Group Vice President, Finance, CFO, Raute Corporation, mobile phone +358 40 658 3562

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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 2018 were EUR 181.0 million. The Group's headcount at the end of 2018 was 772. More information about the company can be found at [www.raute.com](http://www.raute.com).*



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