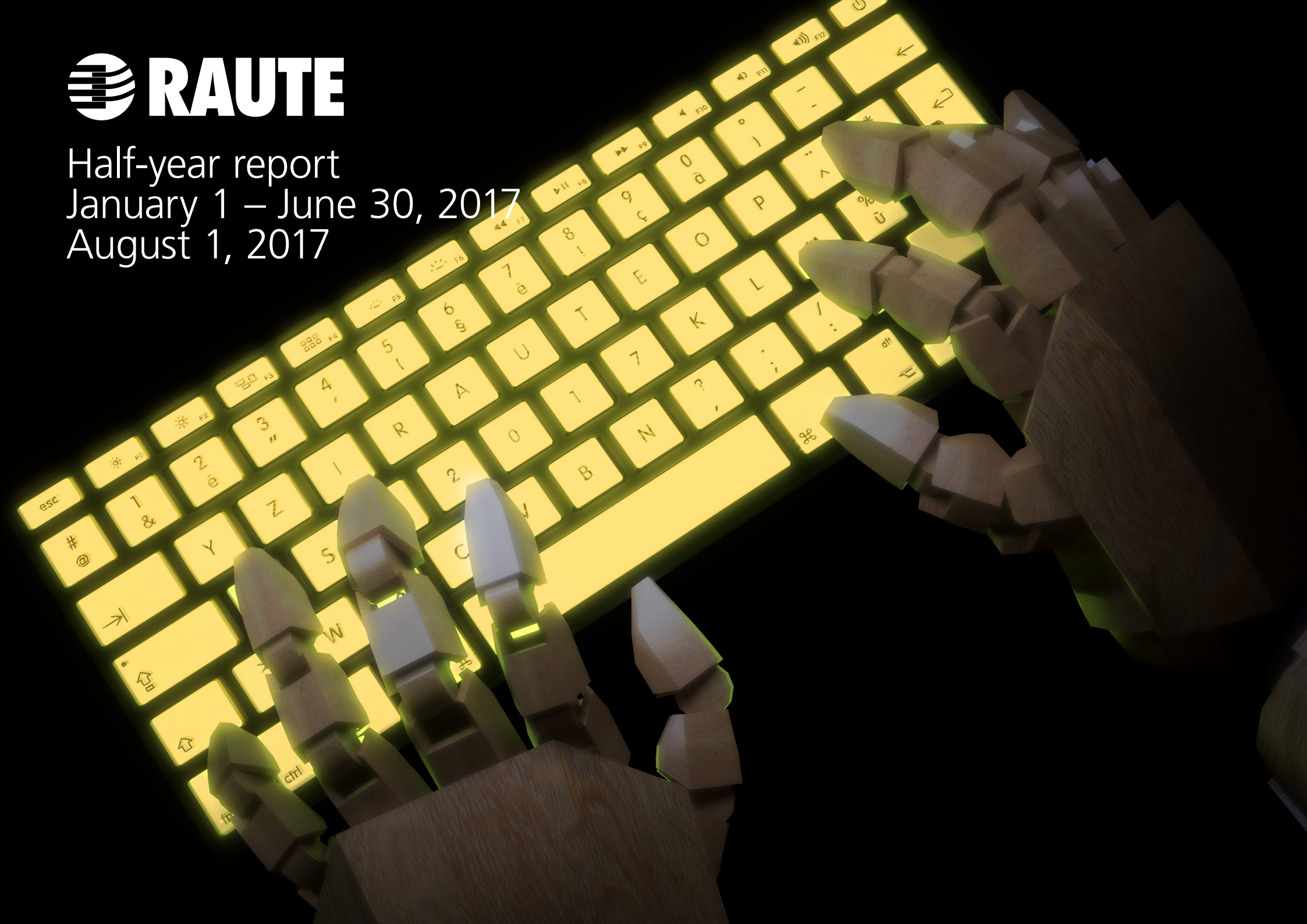




Half-year report  
January 1 – June 30, 2017  
August 1, 2017



## RAUTE CORPORATION – HALF-YEAR REPORT JANUARY 1 – JUNE 30, 2017

- The Group's net sales, EUR 71.8 million (MEUR 53.7), increased 34% on the comparison period. Order intake was EUR 52 million (MEUR 28).
- Operating profit was EUR 4.1 million (MEUR 2.9), showing growth of 41% on the comparison period. The result before taxes was EUR 4.2 million (MEUR 2.8).
- Earnings per share were EUR 0.71 (EUR 0.51).
- Net sales for the second quarter were EUR 35.2 million and operating profit was EUR 1.4 million positive. Order intake was EUR 29 million. The order book at the end of the reporting period stood at EUR 86 million (MEUR 32).
- Raute revised its guidance for the full year 2017 on July 27, 2017. Raute's 2017 net sales are expected to clearly grow and operating profit is forecast to clearly improve from 2016.

### TAPANI KIISKI, PRESIDENT AND CEO: ORDER BACKLOG REMAINS STRONG THANKS TO NEW ORDERS

We can continue to be pleased with our performance throughout the first half of the year, in terms of both net sales growth and improving our operating profit. Both were in line with our expectations.

Our order intake, at EUR 29 million in the second quarter, was at a good level, bearing in mind that it did not include any major individual projects. Following a quieter period, demand for modernizations also picked up. In terms of new orders, the European market is still exceptionally strong, but projects are also being actively negotiated in North America, Asia and Russia, to name a few. I estimate that in the near future, other market areas will complement the demand in Europe.

Our deliveries proceeded according to plan in the second quarter. Our relative profitability was influenced by the start-up of the Metriguard business that was acquired in early April, additional investments aimed at the Chinese market, and investments in sales and marketing. Our focus on product development and digital services, in particular, also continued.

Our order book has remained strong, which means we will retain our good momentum and our resources will be used at a high capacity also in the second half of the year. Our aim is to deliver the high number of orders scheduled for the latter half of the year on time, successfully and in keeping with the budgeted costs, which will, in turn, improve our relative profitability for the second half of the year. Our recent past serves as proof of our success in such situations. Success also partly comes down to our customers, and we need them to be successful as well.

Thanks to a good start to the year, a strong order book and continued active demand, I am confident that our net sales will clearly grow and our operating profit will clearly improve from the previous year.

## SECOND QUARTER OF 2017

### Order intake and order book

The total order intake in the second quarter, EUR 29 million (MEUR 16), was at a good level, bearing in mind that it did not include major individual projects. The biggest single new orders were for peeling lines in France and Italy.

Technology services accounted for more than half of new orders and amounted to EUR 15 million (MEUR 9). Growth compared to the first quarter of the year was mainly due to orders resulting from lengthy negotiations on modernization deals.

The order book declined during the second quarter by EUR 7 million, but nevertheless ended the period at a strong EUR 86 million (MEUR 32).

### Net sales

Second-quarter net sales amounted to EUR 35.2 million (MEUR 27.3). Technology services accounted for 33 percent (37%) of the total net sales and amounted to EUR 12 million (MEUR 10).

### Result and profitability

Operating profit in the second quarter was EUR 1.4 million positive (MEUR 1.5 positive) and accounted for 4.0 percent (5.6%) of net sales. The result was EUR 0.9 million positive (MEUR 1.2 positive), and earnings per share were EUR +0.21 (EUR +0.29). Second-quarter profitability was influenced by investments in the start-up of the new Metriguard business, additional investments aimed at the Chinese market, and investments in sales and marketing.

## RAUTE CORPORATION – HALF-YEAR REPORT JANUARY 1 – JUNE 30, 2017

### BUSINESS ENVIRONMENT

#### Market situation in customer industries

The situation in the global economy and the financial markets in the first half of 2017 did not change considerably with respect to Raute or Raute's customer base.

Although construction activity has increased in many market areas, it is still at a fairly low level in all market areas, including North Ameri-

ca. Thanks to a brighter market situation, investment activity among Raute's customers has gradually improved, and projects that were in the negotiating phase have materialized into orders. Demand remained brisk throughout the first half of the year.

### Demand for wood products technology and technology services

Invitations to tender for both creating new capacity and even smaller project-type undertakings were at a good level, and trade negotiations took place at a brisk pace. Projects encompassing individual machine lines were started up to a greater extent than in the recent past.

Demand for modernizations also picked up in the second quarter following a quieter period. Demand for maintenance and spare parts services remained good. This indicates that the utilization rates of Raute's customers' production facilities continued to remain, for the most part, at a good level.

### ORDER INTAKE AND ORDER BOOK

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.

The order intake during the review period was at a good level and amounted to EUR 52 million (MEUR 28). A significant proportion of new orders was again received from European customers.

Of new orders, 56 percent came from Europe (39%), 17 percent from North America (21%), 17 percent from Russia (29%), 9 percent from South America (7%) and 1 percent from Asia-Pacific (4%). The second quarter accounted for EUR 29 million of the order intake. Sometimes even strong fluctuations in the distribution of new orders between the various market areas and over time are typical for project-focused business.

Order intake in technology services amounted to EUR 25 million (MEUR 19), increasing 33 percent on the comparison period. Growth came

equally from all areas of technology services.

The order book declined during the second quarter by EUR 7 million. The order book at the end of the reporting period amounted to a strong EUR 86 million (MEUR 32). Part of the order book is scheduled for 2018.

### COMPETITIVE POSITION

Raute's competitive position has remained unchanged and is good. 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.

The Metriguard products acquired in April complement Raute's product range. Metriguard's equipment has been integrated into dozens of Raute's deliveries over the years. The active installed equipment base extends from North and South America to Europe, Asia, Africa, Australia and New Zealand.

### NET SALES

Net sales for the reporting period, EUR 71.8 million (MEUR 53.7), were up 34 percent on the comparison period.

Of the total net sales for the reporting period, Europe accounted for 49 percent (63%), Russia for 33 percent (15%), North America for 12 percent (15%), South America for 4 percent (3%), and Asia-Pacific for 2 percent (5%).

Net sales for technology services grew during the reporting period by 19 per cent and amounted to EUR 22 million (MEUR 19). Technology services' share of the Group's total net sales declined to 31 per cent (35%) due to the strong 41 per cent growth in project deliveries.

### RESULT AND PROFITABILITY

During the period under review, operating profit was EUR 4.1 million positive (MEUR 2.9 positive) and accounted for 5.7 percent of net sales (5.4%). Operating profit grew 41 percent on the comparison period.

The result before taxes for the reporting period was EUR 4.2 million positive (MEUR 2.8 positive). The result for the reporting period was EUR 3.0 million positive (MEUR 2.1 positive). Earnings per share (undiluted) were EUR 0.71 (EUR 0.51).

#### CASH FLOW AND BALANCE SHEET

The Group's financial position remained good, despite the growing need for working capital in the second quarter. At the end of the reporting period, gearing was 9 percent (17%) and the equity ratio was 58 percent (59%). 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 3.1 million (MEUR 1.6) at the end of the reporting period. Operating cash flow was EUR 15.1 million negative (MEUR 5.4 negative). Cash flow from investment activities was EUR 4.5 million negative (MEUR 1.6 negative), including the cash consideration of EUR 2.9 million on the purchase price and costs of EUR 0.5 million related to the acquisition of the Metriguard business. Cash flow from financing activities was EUR 1.1 million negative (MEUR 2.1 positive), including a dividend payment of EUR 4.2 million and a short-term drawdown of EUR 3.0 million.

Interest-bearing liabilities amounted to EUR 6.0 million (MEUR 6.4) 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 facilities, EUR 18.6 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:

January 2, 2017	Market-making for Raute Corporation transferred to Nordea Bank AB (publ)
January 11, 2017	Raute Corporation's trading and issuer codes to change as from January 16, 2017
February 15, 2017	A new performance- and share-value-based long-term incentive program established for Raute's top management
March 6, 2017	Disposal of Raute Corporation's own shares
March 28, 2017	Decisions of Raute's Annual General Meeting
March 31, 2017	Raute Corporation strengthens its offering in veneer and lumber grading technology by acquiring the business of Metriguard Inc.

#### 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 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 1.6), representing 2.4 percent of net sales (2.9%).

Capital expenditure during the period came to EUR 4.8 million (MEUR 1.7) and accounted for 6.6 percent (3.1%) of net sales. The acquisition of the Metriguard business accounted for EUR 3.4 million of the Group's capital expenditure, including an estimate of the earn-out share to be paid in 2018.

#### PERSONNEL

During the reporting period, the Group's personnel grew by 62 people, numbering 705 (650) at the end of the reporting period. The higher number of personnel includes the transfer of 24 employees to Raute in connection with the acquisition of Metriguard Inc. Group companies outside Finland accounted for 29 percent (29%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 652 (632) during the reporting period.

#### GROUP STRUCTURE

Raute Corporation established a new subsidiary, Metriguard Technologies, Inc., in the United States. The new subsidiary was a party to the acquisition agreement realized with Metriguard Inc. and has continued Metriguard Inc.'s business as of April 3, 2017.

Metriguard is a market leader in grading technology for lumber and veneer manufactured in an industrial production process. Metriguard sells and maintains measuring equipment for the veneer and plywood industry and for sawmills on a global scale. The subsidiary is located in Pullman, Washington.

The Metriguard business's financial information will be reported as part of Raute's wood products technology segment. The full consideration for the business was EUR 4.0 million, of which EUR 2.9 million was paid in the form of a cash consideration. The value of the acquired net assets amounted to EUR 3.0 million and goodwill generated was EUR 1.0 million. Expenses of EUR 0.5 million related to the acquisition were entered as a cost item.

#### SHARES

The number of Raute Corporation's shares at the end of the reporting period totaled 4,225,311, of which 991,161 were series K shares (ordinary share, 20 votes/share) and 3,234,150 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 96.8 million (MEUR 54.5), with series K shares valued at the



closing price of series A shares on June 30, 2017, i.e. EUR 22.92 (EUR 13.10).

### STOCK OPTIONS

At the end of the reporting period, altogether 28,845 of the company's series C 2010 stock options were unexercised. The subscription period for Raute Corporation's series B stock options ended on March 31, 2017.

Raute Corporation's series C 2010 stock options are listed on Nasdaq Helsinki Ltd under the trading code RAUTEEW310. The subscription period for series C stock options is March 1, 2015–March 31, 2018. The subscription price at the end of the reporting period was EUR 5.00 and the closing price was EUR 15.00.

### REMUNERATION

The Group has remuneration 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 presented its latest performance- and share-based long-term incentive plan to the top management on February 15, 2017.

The terms and conditions of the incentive plans are available on the company's website.

### SHAREHOLDERS

The number of shareholders stood at 3,625 at the beginning of the year and at 4,093 at the end of the reporting period. Series K shares were held by 55 private individuals (50) at the end of the reporting period. Nominee-registered shares accounted for 2.7 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 249,973 company shares, equaling 5.9 percent (5.7%) of the company shares and 11.2 percent (11.2%) of the votes at the end of the reporting period.

### CORPORATE GOVERNANCE

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, Finance, CFO – Finance and administration

Marko Hjelt, Group Vice President, Human Resources – Human resources 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.

### ANNUAL GENERAL MEETING 2017

Raute Corporation's Annual General Meeting was held on March 28, 2017. More detailed information on the decisions of the Annual General Meeting can be found in the stock exchange release issued on March 28, 2017.

### DISTRIBUTION OF PROFIT FOR THE 2016 FINANCIAL YEAR

The Annual General Meeting held on March 28, 2017 decided to pay a dividend of EUR 1.00 per share for the financial year 2016. The total amount of dividends is EUR 4.2 million, with series A shares accounting for EUR 3,228,550.00 and series K shares for EUR 991,161.00. The dividend payment date was April 6, 2017.

### BOARD OF DIRECTORS AND BOARD COMMITTEES

At the General Meeting on March 28, 2017, 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 2018 Annual General Meeting.

Based on the evaluation of independence, 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. 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 and Working Committees' tasks are handled by the Board of Directors.

### EVENTS AFTER THE REPORTING PERIOD

Raute Corporation published stock exchange releases on the following events after the reporting period:

July 27, 2017 Raute revises its guidance for 2017 net sales and operating profit: Net sales will grow clearly and operating profit will improve clearly

July 31, 2017 Raute receives an order worth over EUR 11 million to USA.

### 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 2016 Board of Directors' Report and Financial Statements.

The most significant risks for Raute in the near term are related to the implementation of major mill-scale projects included in the order book in accordance with the contract terms.

### OUTLOOK FOR 2017

On July 27, 2017, Raute revised its guidance for the full year 2017 concerning net sales and operating profit. Based on a strong order book, order intake and continued active demand, Raute's net sales in 2017 are expected to clearly grow and operating profit to clearly improve from 2016.

Raute Corporation's Board of Directors has on August 1, 2017 reviewed the Half-year report for January 1 - June 30, 2017 and approved it to be published in compliance with this release. The figures for the financial year 2016 presented in the figures section of the Half-year report have been audited. The presented interim financial report figures have not been audited.

### CONSOLIDATED STATEMENT OF INCOME

(EUR 1 000)	1.4.– 30.6.2017	1.4.– 30.6.2016	1.1.– 30.6.2017	1.1.– 30.6.2016	1.1.– 31.12.2016
<b>NET SALES</b>	<b>35 209</b>	<b>27 306</b>	<b>71 805</b>	<b>53 733</b>	<b>113 130</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>748</b>	<b>60</b>	<b>1 237</b>	<b>977</b>	<b>150</b>
<b>Other operating income</b>	<b>91</b>	<b>73</b>	<b>119</b>	<b>1 034</b>	<b>1 103</b>
Materials and services	-19 405	-13 513	-40 152	-27 776	-54 849
Employee benefits expense	-10 347	-8 966	-20 103	-18 097	-36 606
Depreciation and amortization	-660	-573	-1 277	-1 089	-2 340
Other operating expenses	-4 223	-2 871	-7 534	-5 880	-12 030
<b>Total operating expenses</b>	<b>-34 634</b>	<b>-25 923</b>	<b>-69 067</b>	<b>-52 842</b>	<b>-105 825</b>
<b>OPERATING PROFIT</b>	<b>1 413</b>	<b>1 516</b>	<b>4 094</b>	<b>2 902</b>	<b>8 558</b>
<b>% of net sales</b>	<b>4,0</b>	<b>5,6</b>	<b>5,7</b>	<b>5,4</b>	<b>7,6</b>
Financial income	17	-52	335	41	123
Financial expenses	-145	35	-250	-187	-461
<b>Financial expenses, net</b>	<b>-127</b>	<b>-17</b>	<b>85</b>	<b>-146</b>	<b>-338</b>
<b>PROFIT BEFORE TAX</b>	<b>1 286</b>	<b>1 499</b>	<b>4 179</b>	<b>2 756</b>	<b>8 220</b>
<b>% of net sales</b>	<b>3,7</b>	<b>5,5</b>	<b>5,8</b>	<b>5,1</b>	<b>7,3</b>
Income taxes	-396	-274	-1 186	-628	-1 536
<b>PROFIT FOR THE PERIOD</b>	<b>890</b>	<b>1 224</b>	<b>2 994</b>	<b>2 129</b>	<b>6 684</b>
<b>% of net sales</b>	<b>2,5</b>	<b>4,5</b>	<b>4,2</b>	<b>4,0</b>	<b>5,9</b>
<b>Profit for the period attributable</b>					
Equity holders of the Parent company	890	1 224	2 994	2 129	6 684
<b>Earnings per share for profit attributable to Equity holders of the Parent company, EUR</b>					
Undiluted earnings per share	0,21	0,29	0,71	0,51	1,60
Diluted earnings per share	0,21	0,29	0,71	0,51	1,59

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1 000)	1.4.– 30.6.2017	1.4.– 30.6.2016	1.1.– 30.6.2017	1.1.– 30.6.2016	1.1.– 31.12.2016
<b>PROFIT FOR THE PERIOD</b>	<b>890</b>	<b>1 224</b>	<b>2 994</b>	<b>2 129</b>	<b>6 684</b>
<b>Other comprehensive income items:</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurement of defined benefit obligations	-	-	-	-	-
<b>Items that may be subsequently reclassified to profit or loss</b>					
Changes in the fair value of available-for-sale investments	-	-	-259	-	259
Hedge accounting	-180	-129	-180	42	66
Exchange differences on translating foreign operations	-62	46	-91	286	534
Income taxes related to these items	27	-	79	-	-60
<b>Comprehensive income items for the period, net of tax</b>	<b>-215</b>	<b>-83</b>	<b>-452</b>	<b>328</b>	<b>799</b>
<b>COMPREHENSIVE PROFIT FOR THE PERIOD</b>	<b>675</b>	<b>1 141</b>	<b>2 544</b>	<b>2 456</b>	<b>7 483</b>
<b>Comprehensive profit for the period attributable to</b>					
Equity holders of the Parent company	675	1 141	2 544	2 456	7 483
<b>Shares, 1 000 pcs</b>					
Adjusted average number of shares	4 225	4 147	4 215	4 136	4 167
Adjusted average number of shares diluted	4 242	4 189	4 232	4 161	4 210

### CONSOLIDATED BALANCE SHEET

(EUR 1 000)	30.6.2017	30.6.2016	31.12.2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	1 054	-	-
Other intangible assets	2 798	1 393	1 353
Property, plant and equipment	8 991	9 287	9 580
Other financial assets	471	490	748
Deferred tax assets	176	181	167
<b>Total non-current assets</b>	<b>13 489</b>	<b>11 351</b>	<b>11 848</b>
<b>Current assets</b>			
Inventories	11 703	9 565	9 674
Accounts receivables and other receivables	43 556	33 947	24 435
Income tax receivable	50	123	40
Cash and cash equivalents	3 070	1 573	23 769
<b>Total current assets</b>	<b>58 379</b>	<b>45 209</b>	<b>57 918</b>
<b>TOTAL ASSETS</b>	<b>71 869</b>	<b>56 559</b>	<b>69 767</b>

### CONSOLIDATED BALANCE SHEET

(EUR 1 000)	30.6.2017	30.6.2016	31.12.2016
<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	6 435	6 530	6 577
Exchange differences	751	594	842
Retained earnings	14 322	11 858	11 859
Profit for the period	2 994	2 129	6 684
<b>Total equity</b>	<b>32 758</b>	<b>29 367</b>	<b>34 217</b>
<b>Non-current liabilities</b>			
Provisions	595	514	462
Deferred tax liability	57	78	192
<b>Total non-current liabilities</b>	<b>652</b>	<b>593</b>	<b>653</b>
<b>Current liabilities</b>			
Provisions	1 039	1 209	1 156
Current interest-bearing liabilities	5 994	6 447	3 136
Current advance payments received	15 010	6 965	13 069
Income tax liability	513	496	1 131
Trade payables and other liabilities	15 904	11 482	16 404
<b>Total current liabilities</b>	<b>38 460</b>	<b>26 599</b>	<b>34 896</b>
<b>Total liabilities</b>	<b>39 112</b>	<b>27 192</b>	<b>35 549</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>71 869</b>	<b>56 559</b>	<b>69 767</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1 000)	1.1.– 30.6.2017	1.1.– 30.6.2016	1.1.– 31.12.2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from customers	60 021	47 572	123 974
Other operating income	16	1 034	1 103
Payments to suppliers and employees	-72 737	-53 716	-103 221
<b>Cash flow before financial items and taxes</b>	<b>-12 700</b>	<b>-5 109</b>	<b>21 856</b>
Interest paid from operating activities	-146	-57	-111
Dividends received from operating activities	120	114	114
Interest received from operating activities	3	1	3
Other financing items from operating activities	-169	-92	-251
Income taxes paid from operating activities	-2 235	-273	-374
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>-15 127</b>	<b>-5 416</b>	<b>21 237</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	-1 333	-1 662	-3 019
Business transaction	-3 371	-	-
Proceeds from sale of property, plant and equipment and intangible assets	29	26	94
Proceeds from sale of investments	182	-	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-4 492</b>	<b>-1 637</b>	<b>-2 925</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	130	394	528
Proceeds from current borrowings	3 000	5 607	6 410
Repayments of current borrowings	-	-625	-4 794
Dividends paid and return of equity	-4 220	-3 303	-3 303
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-1 090</b>	<b>2 073</b>	<b>-1 158</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>-20 709</b>	<b>-4 980</b>	<b>17 154</b>
increase (+)/decrease (-)			
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*</b>	<b>23 767</b>	<b>6 538</b>	<b>6 538</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-20 709</b>	<b>-4 980</b>	<b>17 154</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	<b>12</b>	<b>15</b>	<b>77</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>	<b>3 070</b>	<b>1 573</b>	<b>23 769</b>
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*</b>			
Cash and cash equivalents	3 070	1 573	23 769
<b>TOTAL</b>	<b>3 070</b>	<b>1 573</b>	<b>23 769</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

(EUR 1 000)	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners 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>
<b>Comprehensive profit for the period</b>							
Profit for the period	-	-	-	-	2 994	2 994	2 994
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>0</b>	<b>0</b>	<b>-360</b>	<b>-91</b>	<b>2 994</b>	<b>2 544</b>	<b>2 544</b>
<b>Transactions with owners</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 owners</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>17 316</b>	<b>32 758</b>	<b>32 758</b>

(EUR 1 000)	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners of the Parent company	TOTAL EQUITY
<b>EQUITY at Jan. 1, 2016</b>	<b>8 223</b>	<b>4 950</b>	<b>1 058</b>	<b>308</b>	<b>15 161</b>	<b>29 700</b>	<b>29 700</b>
<b>Comprehensive profit for the period</b>							
Profit for the period	-	-	-	-	2 129	2 129	2 129
Other comprehensive income items:							
Changes in the fair value of available-for-sale investments	-	-	-	-	-	-	-
Hedging reserve	-	-	42	-	-	42	42
Exchange differences on translating foreign operations	-	-	-	286	-	286	286
Income taxes related to these items	-	-	-	-	-	-	-
<b>Total comprehensive profit for the period</b>	<b>0</b>	<b>0</b>	<b>42</b>	<b>286</b>	<b>2 129</b>	<b>2 457</b>	<b>2 457</b>
<b>Transactions with owners</b>							
Share-options exercised	33	361	-	-	-	394	394
Equity-settled share-based transactions	-	-	118	-	-	118	118
Dividends	-	-	-	-	-3 303	-3 303	-3 303
<b>Total transactions with owners</b>	<b>33</b>	<b>361</b>	<b>118</b>	<b>0</b>	<b>-3 303</b>	<b>-2 790</b>	<b>-2 790</b>
<b>EQUITY at June 30, 2016</b>	<b>8 256</b>	<b>5 311</b>	<b>1 219</b>	<b>594</b>	<b>13 987</b>	<b>29 367</b>	<b>29 367</b>

## NOTES TO THE HALF-YEAR REPORT

### General information

Raute Group is a globally operating technology and service company 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. Its technology offering covers the entire production process for veneer, plywood and LVL and special measurement equipment for sawn timber. 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.

### Basis of preparation

Raute Corporation's Half-year report for January 1 - June 30, 2017 has been prepared in accordance with standard IAS 34 Interim Financial Reporting, and with the principles of presentation presented in the consolidated financial statement 2016. The half-year financial report does not contain full notes or other information presented in the financial statements, and therefore the Half-year report should be read in conjunction with the Financial statements published for 2016. Preparations of the Half-year report have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on June 30, 2017.

Preparation work for the adoption of the IFRS 15 standard in Raute Group is ongoing. The Group continues to analyze the customer contract types and reporting process and presents additional information during the latter part of the year 2017 and numerical data of the impact at the beginning of the financial year 2018.

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 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.

When preparing the Half-year report in compliance with International Financial Reporting Standards, the company management has made estimates and assumptions. The estimates and assumptions have been based on management's best knowledge at the reporting date, therefore actual results may differ from these estimates.

Raute Corporation's consolidated financial statement information is available online at [www.raute.com](http://www.raute.com) or at the head office of the Parent company, Rautetie 2, FI-15550 Nastola, Finland.

### Net sales

The main part of the net sales is comprised of project deliveries and modernizations, which have been treated as long-term projects. The rest of the net sales is comprised of technology services provided to the wood products industry such as spare parts and maintenance services as well as services provided to the development of customers' business.

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 delivery projects can temporarily increase the shares of various customers of the Group's net sales to more than ten percent. At the end of the period, the Group had two customers (3), whose customized share of the Group's net sales temporarily exceeded ten percent. The sales share of the customers was 37 percent.

	1.1.– 30.6.2017	%	1.1.– 30.6.2016	%	1.1.– 31.12.2016	%
<b>Net sales by market area</b>						
EMEA (Europe and Africa)	34 838	49	33 709	63	67 186	60
CIS (Russia)	23 528	33	7 885	15	19 928	17
NAM (North America)	8 957	12	8 067	15	16 829	15
LAM (South America)	2 664	4	1 568	3	3 826	3
APAC (Asia-Pacific)	1 817	2	2 504	5	5 361	5
<b>TOTAL</b>	<b>71 805</b>	<b>100</b>	<b>53 733</b>	<b>100</b>	<b>113 130</b>	<b>100</b>

Finland accounted for 15 percent (16 %) of net sales.

	30.6.2017	30.6.2016	31.12.2016
<b>Long-term projects</b>			
<b>Specification of net sales</b>			
Net sales by percentage of completion	57 948	43 688	89 231
Other net sales	13 856	10 045	23 899
<b>TOTAL</b>	<b>71 805</b>	<b>53 733</b>	<b>113 130</b>
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	147 975	112 136	114 461
Amount of long-term project revenues not yet entered as income (order book)	83 843	30 885	105 684
<b>The balance sheet items of the undelivered projects</b>			
Projects for which the value by percentage of completion exceeds advance payments invoiced			
- aggregate amount of costs incurred and recognized profits less recognized losses	125 080	98 951	90 806
- advance payments received	91 776	72 963	74 065
<b>Gross amount due from customers</b>	<b>33 304</b>	<b>25 987</b>	<b>16 741</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	22 869	15 610	23 641
- advance payments received	37 111	22 506	35 980
<b>Gross amount due to customers</b>	<b>14 242</b>	<b>6 896</b>	<b>12 339</b>
<b>Advance payments included in the current liabilities in the balance sheet</b>			
Gross amount due to customers	14 242	6 896	12 339
Other advance payments received, not under percentage of completion	768	69	730
<b>Total</b>	<b>15 010</b>	<b>6 965</b>	<b>13 069</b>
<b>Advance payments of the long-term projects included in inventories in the balance sheet</b>			
Advance payments paid for long-term projects	876	157	847
<b>Total</b>	<b>876</b>	<b>157</b>	<b>847</b>

	30.6.2017	30.6.2016	31.12.2016
<b>Number of personnel</b>			
Effective, on average	652	632	631
In books, on average	671	641	642
In books, at the end of the period	705	650	643
- of which personnel working abroad	205	187	183

#### 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.

	30.6.2017	30.6.2016	31.12.2016
<b>Research and development costs</b>			
Research and development costs for the period	-1 758	-1 559	-2 863
Amortization of previously capitalized development costs	-113	-113	-227
Development costs recognized as an asset in the balance sheet	54	-	-
Research and development costs entered as expense for the period	-1 816	-1 671	-3 090

	30.6.2017	30.6.2016	31.12.2016
<b>Other intangible assets</b>			
Acquisition cost at the beginning of the period	13 391	14 035	14 035
Exchange rate differences	-33	-39	-28
Additions	2 587	79	108
Disposals	-	-	-
Reclassification between items	252	34	-724
<b>Acquisition cost at the end of the period</b>	<b>16 197</b>	<b>14 109</b>	<b>13 391</b>
Accumulated depreciation and amortization at the beginning of the period	-12 038	-12 426	-12 426
Exchange rate differences	29	27	18
Accumulated depreciation and amortization of disposals and reclassifications	-	-	1 020
Depreciation and amortization for the period	-370	-316	-650
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-13 399</b>	<b>-12 715</b>	<b>-12 038</b>
<b>Book value of Intangible assets, at the beginning of the period</b>	<b>1 353</b>	1 609	1 609
<b>Book value of Intangible assets, at the end of the period</b>	<b>2 798</b>	1 393	1 353
<b>Property, plant and equipment</b>			
Acquisition cost at the beginning of the period	48 657	45 463	45 463
Exchange rate differences	-424	309	445
Additions	649	1 599	3 116
Disposals	-23	-8	-66
Reclassification between items	-252	-34	-301
<b>Acquisition cost at the end of the period</b>	<b>48 607</b>	<b>47 330</b>	<b>48 657</b>
Accumulated depreciation and amortization at the beginning of the period	-39 077	-36 934	-36 934
Exchange rate differences	368	-337	-458
Accumulated depreciation and amortization of disposals and reclassifications	0	-	5
Depreciation for the period	-907	-772	-1 690
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-39 615</b>	<b>-38 043</b>	<b>-39 077</b>
<b>Book value of Property, plant and equipment, at the beginning of the period</b>	<b>9 580</b>	<b>8 529</b>	<b>8 529</b>
<b>Book value of Property, plant and equipment, at the end of the period</b>	<b>8 991</b>	<b>9 287</b>	<b>9 580</b>

### Business transaction Metriguard Technologies, Inc.

On April 3, 2017, Raute Corporation acquired the business of Metriguard Inc. in the USA. Metriguard sells and maintains measuring equipment for the veneer and plywood industry and for sawmills on a global scale. The production of the company has been centralized in Pullman, Washington. Metriguard's business will be continued under Raute's new US subsidiary, Metriguard Technologies, Inc., whose financial information will be reported as part of Raute's wood products technology segment.

The acquisition has been implemented as an asset purchase, including Metriguard Inc.'s intangible assets, working capital and fixed assets, except real estate. Metriguard Inc.'s personnel transferred in the business transaction. The purchase price is paid in two installments. A base purchase price of USD 3.1 million has been paid at closing. The additional earn-out payment based on net sales for a 12-month period following closing of the transaction, will be paid in the summer 2018. The balance sheet items recognized from the acquisition are preliminary.

The Group has recognized acquisition related expenses in the amount of EUR 0.5 million. The expenses are included in Other operating expenses of the consolidated statement of income.

Fair values of the acquisition	3.4.2017
<b>Assets and liabilities</b>	
Intangible assets	1 407
Tangible assets	94
Inventory	1 368
Sales receivables and other receivables	310
Trade payables and other payables	-178
<b>Net assets acquired</b>	<b>3 002</b>
<b>Purchase consideration</b>	
Cash paid	2 911
Contingent consideration	1 126
<b>Total purchase consideration</b>	<b>4 037</b>
<b>Goodwill from the acquisition</b>	
Total purchase consideration	4 037
Net assets acquired	-3 002
<b>Goodwill</b>	<b>1 035</b>

The cash flow effect of the business transaction during the review period was EUR 3,371 thousand.



### Financial assets

At the end of the reporting period June 30, 2017, the fair value of the financial assets categorized at fair value on hierarchy level 3 was EUR 471 thousand.

The methods of fair value determination correspond the valuation principles presented in the Annual financial statements for 2016.

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

	30.6.2017	30.6.2016	31.12.2016
<b>Interest-bearing liabilities</b>			
Partial payments of financial loans	5 994	6 447	3 136
<b>TOTAL</b>	<b>5 994</b>	<b>6 447</b>	<b>3 136</b>

### Maturities of the interest-bearing financial liabilities at June 30, 2017

	Current	Non-current	Total
Financial loans	5 994	-	5 994
<b>TOTAL</b>	<b>5 994</b>	<b>-</b>	<b>5 994</b>

	30.6.2017	30.6.2016	31.12.2016
<b>Derivatives</b>			
<b>Nominal values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	517	-	-
- Related to the hedging of net sales	5 065	3 125	6 084
Hedge accounting			
- Related to the hedging of net sales	2 694	1 763	2 556
<b>Fair values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	32	-	-
- Related to the hedging of net sales	111	-77	-41
Hedge accounting			
- Related to the hedging of net sales	102	50	-75

	30.6.2017	30.6.2016	31.12.2016
<b>Pledge assets and contingent liabilities</b>			
<b>On behalf of the Parent company</b>			
Business mortgages	2 609	3 302	6 623
Financial loans	3 000	3 625	-
Business mortgages	3 000	3 625	-
Mortgage agreements on behalf of subsidiaries			
Financial loans	2 994	2 822	3 136
Other obligations	1 186	1 315	189
Business mortgages	4 391	3 073	3 376
Commercial bank guarantees on behalf of the Parent company and subsidiaries	15 195	7 897	17 793
Other own obligations			
Rental liabilities maturing within one year	1 123	869	926
Rental liabilities maturing in one to five years	1 439	855	756
Rental liabilities maturing later	-	-	1
<b>Total</b>	<b>2 562</b>	<b>1 724</b>	<b>1 684</b>

### Share-based payments

A total of 18 849 Raute's series A shares have been subscribed for with Raute's stock options 2010 B and 2010 C during the reporting period. The new shares have been registered in the Trade Register on February 23, 2017 and May 9, 2017.

On June 30, 2017 the company's share capital is EUR 8 256 316 and the number of company's shares 4 225 311 pieces.

An expense of EUR 230 thousand was recognized for the share rewards to the income statement during the reporting period.

During the reporting period, no share rewards were delivered based on the long-term share-based incentive program 2014-2018 directed to the top management.

### Distribution of the profit for the financial year 2016

Raute Corporation's Annual General Meeting held on March 28, 2017, decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 1.00 per share to be paid for series A and K shares, a total of EUR 4 220 thousand. The dividend payment date was April 6, 2017.

### 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.

	30.6.2017	30.6.2016	31.12.2016
<b>Wood products technology</b>			
Net sales	71 805	53 733	113 130
Operating profit	4 094	2 902	8 558
Assets	71 869	56 559	69 767
Liabilities	39 111	27 192	35 549
Capital expenditure	4 761	1 678	3 224

	30.6.2017	%	30.6.2016	%	31.12.2016	%
<b>Assets of the wood products technology segment by geographical location</b>						
Finland	61 065	85	46 884	83	58 993	85
North America	5 692	8	4 799	8	4 077	6
China	4 002	6	3 704	7	5 357	8
Russia	805	1	852	2	990	1
South America	169	0	177	0	189	0
Other	137	0	144	0	161	0
<b>TOTAL</b>	<b>71 869</b>	<b>100</b>	<b>56 559</b>	<b>100</b>	<b>69 767</b>	<b>100</b>

	30.6.2017	%	30.6.2016	%	31.12.2016	%
<b>Capital expenditure of the wood products technology segment by geographical location</b>						
Finland	3 238	68	1 567	93	2 925	91
North America	1 517	32	87	5	181	6
China	-	-	19	1	104	3
Russia	6	0	-	-	9	0
South America	-	-	1	0	1	0
Other	-	-	4	0	4	0
<b>TOTAL</b>	<b>4 761</b>	<b>100</b>	<b>1 678</b>	<b>100</b>	<b>3 224</b>	<b>100</b>

#### Exchange rates used in consolidation of subsidiaries

	1.1.- 30.6.2017	1.1.- 30.6.2016	1.1.- 31.12.2016
<b>Income statement, euros</b>			
CNY (Chinese yuan)	7,4418	7,3132	7,3594
RUB (Russian rouble)	62,7349	78,4122	74,2224
CAD (Canadian dollar)	1,4445	1,4854	1,4664
USD (US dollar)	1,0825	1,1155	1,1066
SGD (Singapore dollar)	1,5201	1,5402	1,5278
CLP (Chilean peso)	714,3828	769,3287	748,7723
<b>Balance sheet, euros</b>	<b>30.6.2017</b>	<b>30.6.2016</b>	<b>31.12.2016</b>
CNY (Chinese yuan)	7,6459	7,4023	7,2983
RUB (Russian rouble)	67,5449	71,5200	64,3000
CAD (Canadian dollar)	1,4785	1,4384	1,4188
USD (US dollar)	1,1412	1,1102	1,0541
SGD (Singapore dollar)	1,5710	1,4957	1,5234
CLP (Chilean peso)	747,2473	764,6714	702,2261

<b>FINANCIAL DEVELOPMENT</b>	<b>30.6.2017</b>	<b>30.6.2016</b>	<b>31.12.2016</b>
Change in net sales, %	33,6	-4,7	-11,1
Exported portion of net sales, %	85,2	84,4	78,3
Return on investment (ROI), %	23,0	17,6	25,3
Return on equity (ROE), %	17,9	14,4	20,9
Interest-bearing net liabilities, EUR million	2,9	4,9	-20,6
Equity ratio, %	57,6	59,2	60,4
Gearing, %	8,9	16,6	-60,3
Gross capital expenditure, EUR million	4,8	1,7	3,2
% of net sales	6,6	3,1	2,8
Research and development costs, EUR million	1,8	1,6	2,9
% of net sales	2,4	2,9	2,5
Order book, EUR million	86	32	106
Order intake, EUR million	52	28	162

<b>SHARE-RELATED DATA</b>	<b>30.6.2017</b>	<b>30.6.2016</b>	<b>31.12.2016</b>
Earnings per share, (EPS), undiluted, EUR	0,71	0,51	1,60
Earnings per share, (EPS), diluted, EUR	0,71	0,51	1,59
Equity to share, EUR	7,75	7,06	8,13
Dividend per series A share, EUR	-	-	1,00
Dividend per series K share, EUR	-	-	1,00
Dividend per profit, %	-	-	62,3
Effective dividend return, %	-	-	6,0
Price/earnings ratio (P/E ratio)	-	-	10,41
<b>Development in share price (series A shares)</b>			
Lowest share price for the period, EUR	16,84	12,06	12,06
Highest share price for the period, EUR	24,15	15,30	17,98
Average share price for the period, EUR	20,59	13,67	14,50
Share price at the end of the period, EUR	22,92	13,10	16,70
<b>Market value of capital stock</b>			
- Series K shares, EUR million*	22,7	13,0	16,6
- Series A shares, EUR million	74,1	41,5	53,7
Total, EUR million	96,8	54,5	70,2
<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	383 187	504 948	987 608
Trading of shares, EUR million	7,9	6,9	14,3
<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)	3 234 150	3 171 417	3 215 301
Total	4 225 311	4 162 578	4 206 462
Number of shares, weighted average, 1 000 pcs	4 215	4 136	4 167
Number of shares, diluted, 1 000 pcs	4 232	4 161	4 210
<b>Number of shareholders</b>	4 093	3 187	3 625

## DEVELOPMENT OF QUARTERLY RESULTS

(EUR 1 000)	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Rolling 1.7.2016- 30.6.2017	Rolling 1.7.2015- 30.6.2016
<b>NET SALES</b>	<b>23 355</b>	<b>36 043</b>	<b>36 595</b>	<b>35 209</b>	<b>131 202</b>	<b>124 645</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>67</b>	<b>-894</b>	<b>489</b>	<b>748</b>	<b>410</b>	<b>883</b>
<b>Other operating income</b>	<b>46</b>	<b>24</b>	<b>28</b>	<b>91</b>	<b>188</b>	<b>1 073</b>
Materials and services	-10 032	-17 041	-20 747	-19 405	-67 225	-67 715
Employee benefits expense	-8 627	-9 882	-9 756	-10 347	-38 613	-35 389
Depreciation and amortization	-605	-646	-618	-660	-2 529	-1 949
Impairment	-	-	-	-	-	-1 370
Other operating expenses	-2 838	-3 313	-3 311	-4 223	-13 684	-12 581
<b>Total operating expenses</b>	<b>-22 103</b>	<b>-30 881</b>	<b>-34 432</b>	<b>-34 634</b>	<b>-122 050</b>	<b>-119 006</b>
<b>OPERATING PROFIT</b>	<b>1 364</b>	<b>4 292</b>	<b>2 681</b>	<b>1 413</b>	<b>9 750</b>	<b>7 595</b>
<b>% of net sales</b>	<b>5,8</b>	<b>11,9</b>	<b>7,3</b>	<b>4,0</b>	<b>7,4</b>	<b>6,1</b>
Financial income	-70	152	318	17	416	128
Financial expenses	-134	-139	-105	-145	-524	-358
<b>Financial expenses, net</b>	<b>-204</b>	<b>13</b>	<b>212</b>	<b>-127</b>	<b>-107</b>	<b>-230</b>
<b>PROFIT BEFORE TAX</b>	<b>1 159</b>	<b>4 304</b>	<b>2 894</b>	<b>1 286</b>	<b>9 643</b>	<b>7 365</b>
<b>% of net sales</b>	<b>5,0</b>	<b>11,9</b>	<b>7,9</b>	<b>3,7</b>	<b>7,3</b>	<b>5,9</b>
Income taxes	-219	-689	-790	-396	-2 094	-1 386
<b>PROFIT FOR THE PERIOD</b>	<b>940</b>	<b>3 615</b>	<b>2 104</b>	<b>890</b>	<b>7 549</b>	<b>5 979</b>
<b>% of net sales</b>	<b>4,0</b>	<b>10,0</b>	<b>5,7</b>	<b>2,5</b>	<b>5,8</b>	<b>4,8</b>
<b>Attributable to</b>						
Equity holders of the Parent company	940	3 615	2 104	890	7 549	5 979
<b>Earnings per share, EUR</b>						
Undiluted earnings per share	0,22	0,86	0,50	0,21	1,79	1,45
Diluted earnings per share	0,22	0,85	0,50	0,21	1,78	1,44
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares	4 192	4 191	4 205	4 225	4 215	4 136
Adjusted average number of shares diluted	4 201	4 235	4 249	4 242	4 232	4 161
<b>FINANCIAL DEVELOPMENT QUARTERLY</b>	<b>Q3 2016</b>	<b>Q4 2016</b>	<b>Q1 2017</b>	<b>Q2 2017</b>	<b>Rolling 1.7.2016- 30.6.2017</b>	<b>Rolling 1.7.2015- 30.6.2016</b>
Order intake during the period, EUR million	92	42	24	29	187	59
Order book at the end of the period, EUR million	102	106	93	86	86	32



## 20 LARGEST SHAREHOLDERS AT JUNE 30, 2017 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	-	622 942	622 942	14,7	622 942	2,7
2. Mandatum Life Unit-Linked	-	131 196	131 196	3,1	131 196	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	2,5	1 066 339	4,6
6. Kirmo Kaisa Marketta	55 680	48 341	104 021	2,5	1 161 941	5,0
7. Suominen Tiina Sini-Maria	48 000	53 356	101 356	2,4	1 013 356	4,4
8. Keskiäho Kaija Leena	33 600	51 116	84 716	2,0	723 116	3,1
9. Mustakallio Mika Tapani	56 980	26 270	83 250	2,0	1 165 870	5,1
10. Särkijärvi Anna Riitta	60 480	22 009	82 489	2,0	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. Särkijärvi Timo Juha	12 000	43 256	55 256	1,3	283 256	1,2
14. Särkijärvi-Martinez Anu Riitta	12 000	43 256	55 256	1,3	283 256	1,2
15. Suominen Jukka Matias	24 960	27 964	52 924	1,3	527 164	2,3
16. Keskinäinen työeläkevakuutus- yhtiö Varma	-	51 950	51 950	1,2	51 950	0,2
17. Relander Pär-Gustaf	-	51 000	51 000	1,2	51 000	0,2
18. Suominen Jussi	48 000	-	48 000	1,1	960 000	4,2
19. Mustakallio Ulla Sinikka	47 740	-	47 740	1,1	954 800	4,1
20. Keskiäho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
<b>TOTAL</b>	<b>630 080</b>	<b>1 440 684</b>	<b>2 070 764</b>	<b>49,0</b>	<b>14 042 284</b>	<b>60,9</b>

## 20 LARGEST SHAREHOLDERS AT JUNE 30, 2017 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. Särkijärvi Anna Riitta	60 480	22 009	82 489	2,0	1 231 609	5,3
2. Mustakallio Kari Pauli	60 480	500	60 980	1,4	1 210 100	5,2
3. Mustakallio Mika Tapani	56 980	26 270	83 250	2,0	1 165 870	5,1
4. Kirmo Kaisa Marketta	55 680	48 341	104 021	2,5	1 161 941	5,0
5. Siivonen Osku Pekka	50 640	53 539	104 179	2,5	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. Suominen Jussi	48 000	-	48 000	1,1	960 000	4,2
9. Mustakallio Ulla Sinikka	47 740	-	47 740	1,1	954 800	4,1
10. Mustakallio Marja Helena	46 740	12 547	59 287	1,4	947 347	4,1
11. Mustakallio Risto Knut kuolinpesä	42 240	-	42 240	1,0	844 800	3,7
12. Keskiäho Kaija Leena	33 600	51 116	84 716	2,0	723 116	3,1
13. Sundholm Göran	-	622 942	622 942	14,7	622 942	2,7
14. Keskiäho Vesa Heikki	29 680	-	29 680	0,7	593 600	2,6
15. Keskiäho Juha-Pekka	27 880	5 816	33 696	0,8	563 416	2,4
16. Kirmo Lasse	27 645	2 967	30 612	0,7	555 867	2,4
17. Suominen Jukka Matias	24 960	27 964	52 924	1,3	527 164	2,3
18. Keskiäho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
19. Kultanen Leea Annikka	21 595	8 031	29 626	0,7	439 931	1,9
20. Molander Sole	20 160	-	20 160	0,5	403 200	1,7
<b>TOTAL</b>	<b>775 280</b>	<b>1 016 921</b>	<b>1 792 201</b>	<b>42,4</b>	<b>16 522 521</b>	<b>71,7</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, 2017</b>						
The Board of Directors, The Group's President and CEO and Executive Board*	122 970	127 003	249 973	5,9	2 586 403	11,2
<b>TOTAL</b>	<b>122 970</b>	<b>127 003</b>	<b>249 973</b>	<b>5,9</b>	<b>2 586 403</b>	<b>11,2</b>

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

<b>Nominee-registered shares at June 30, 2017</b>	-	<b>115 037</b>	<b>115 037</b>	<b>2,7</b>	<b>115 037</b>	<b>0,5</b>
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RAUTE CORPORATION

Board of Directors

BRIEFING ON AUGUST 1, 2017 AT 2 P.M.:

A briefing will be organized for analysts, investors and the media on August 1, 2017 at 2 p.m. at Scandic Simonkenttä Hotel, Mansku cabinet, Simonkatu 9, Helsinki. The half-year report will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Arja Hakala, CFO.

NEXT INTERIM REPORT:

Raute Corporation's interim report January 1–September 30, 2017 will be published on Tuesday October 31, 2017.

FURTHER INFORMATION:

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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 2016 were EUR 113.1 million. The Group's headcount at the end of 2016 was 643. More information about the company can be found at [www.raute.com](http://www.raute.com).*



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