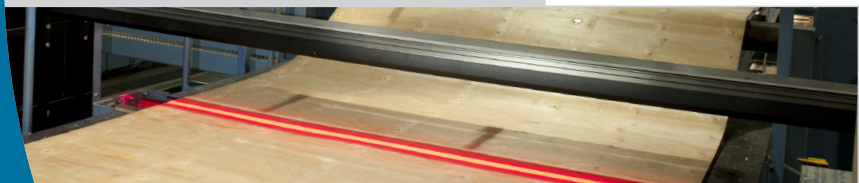
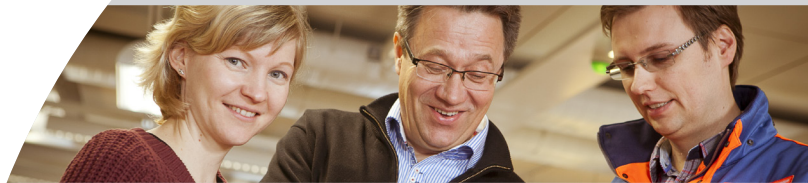


Interim report January 1 - March 31, 2014

April 29, 2014



RAUTE CORPORATION – INTERIM REPORT JANUARY 1 – MARCH 31, 2014

- The Group's net sales in the first quarter of the year, EUR 15.0 million (MEUR 23.4), declined 36 percent on the comparison period.
- The operating profit was EUR -1.9 million (MEUR +0.9). The profit before taxes was EUR -1.9 million (MEUR +1.1).
- Earnings per share were EUR -0.40 (EUR 0.21).
- The order intake was EUR 16 million (MEUR 10). The order book at the end of the reporting period amounted to EUR 28 million (MEUR 37).
- The outlook for financial performance remains unchanged. Raute's net sales are expected to grow in 2014 and operating profit to improve over the year 2013.

TAPANI KIISKI, PRESIDENT AND CEO: SLOW START TO 2014, TARGETS ARE THE SAME

We kicked off the year with high expectations. Our tender book and ongoing negotiations gave us reason to be confident about opportunities for growth, especially in Europe and Russia. I also expected to see some progress in the first quarter in a few major projects that were under lengthy negotiations. But that did not happen. This was partly due to the market developing more slowly than I had predicted, but the biggest single reason is Russia's poor economic development, which was further exacerbated by the political events stemming from the crisis in Ukraine. Several projects, some of which were even substantial, that our customers had planned to launch in early 2014 have now been postponed to the future.

The volume of new orders, and as a consequence our net sales, remained very low in the first quarter. In addition, the schedules of a few projects in our order book have been delayed, which has hindered our accumulation of net sales during the first quarter. Such a low level of net sales also puts our result substantially

at a loss. The new products we have designed and launched, particularly in emerging markets, have been positively received, but their net sales were not sufficient to offset other disappointing areas.

Despite the very poor start to the year, I believe we can reach our targeted improvement over last year, when it comes to both net sales and profit. The market situation in North America has improved and I believe it will continue to do so. Projects in which we have a strong position are also under way in Europe and Africa. And the market has not come to a complete standstill in Russia, even though it will take some time for this sluggish period to end. I believe that there, too, new projects will be started up, in spite of the weakened growth prospects. In Asia, our new products are improving our position.

RAUTE CORPORATION – INTERIM REPORT JANUARY 1–MARCH 31, 2014

BUSINESS ENVIRONMENT

Market situation in customer industries

Raute's customers in the veneer, plywood and LVL (Laminated Veneer Lumber) industries are engaged in the manufacture of wood products used in investment commodities and are thus highly affected by fluctuations in construction, housing-related consumption, international trade, and transportation.

The situation in the global economy and the financial markets in the first quarter of 2014 has not considerably changed with respect to Raute or Raute's customer base. The uncertainty and tension persisted. In North America, the upswing in the construction market has continued, as it has in some parts of Europe. Russia's economic situation remained weak, which has been reflected in, for example, low investment volumes and the weakening ruble – even before the crisis in Ukraine. The uncertainty caused by the crisis in Ukraine has weakened the situation further.

Demand for wood products technology and technology services

In Raute's customer base, the start-up of major projects that were in the planning phase have again been delayed. For some projects, the concrete reason is the uncertainty about Russia's future development in light of the situation in Ukraine. A number of smaller projects involving single production lines and modernizations have also been postponed. In some of these cases, as well, the crisis in Ukraine is to blame. The investments that have been initiated mainly involve replacing lines and projects to boost production capacity.

It is difficult to forecast when demand in the Russian market will recover so as to generate concrete orders. In other market areas, plans are being made to realize projects as usual.

Demand for maintenance and spare parts services continued at a good level. This bears testimony to the fact that the utilization rates of Raute's customers' production facilities remained, for the most part, good.

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 comprise complete production machinery for new mills, production lines and individual machines and equipment. 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.

During the reporting period, order intake remained at a low level, amounting to EUR 16 million (MEUR 10). 60 percent of the new orders came from Europe (51%), 19 percent from Russia (18%), 10 percent from South America (10%), 9 percent from

North America (18%) and 2 percent from Asia-Pacific (3%). The strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business.

Order intake in technology services amounted to EUR 7 million (MEUR 9).

The order book amounted to EUR 28 million (MEUR 37) at the end of the reporting period.

COMPETITIVE POSITION

Raute's competitive position is good. Raute's solutions help customers in securing their delivery and service capabilities throughout the life cycle of the equipment or service offered by Raute. In such investments, the supplier's overall expertise and extensive and diverse technology offering play a key role. The competitive edge provided by Raute is also a major draw 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 15.0 million (MEUR 23.4), down 36 percent compared to the first quarter of 2013. The decline resulted from the low order intake and from the scheduling of the order book.

Of the total net sales for the reporting period, Europe accounted for 43 percent (39%), South America for 19 percent (32%), Russia for 18 percent (15%), North America for 16 percent (9%), and Asia-Pacific for 4 percent (4%).

Technology services accounted for 47 percent (26%) of the Group's total net sales and amounted to EUR 7 million (MEUR 6). Net sales grew 17 percent on the comparison period, mainly due to modernizations.

RESULT AND PROFITABILITY

Operating profit for the reporting period was EUR 1.9 million negative (MEUR +0.9) and accounted for -13 percent (+5%) of net sales. The negative operating profit was due to low net sales.

The profit before tax for the reporting period was EUR 1.9 million negative (MEUR +1.1). The profit for the reporting period was EUR 1.6 million negative (MEUR +0.8). Earnings per share (undiluted) were EUR -0.40 (EUR 0.21).

CASH FLOW AND BALANCE SHEET

The Group's financial position remained good. At the end of the reporting period, gearing was -38 percent (-24%) and the equity ratio 51 percent (50%). 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 13.6 million (MEUR 17.4) at the end of the reporting period. Operating cash flow was EUR 1.3 million positive (MEUR 1.4 negative). Cash flow from investment activities totaled EUR 0.3 million negative (MEUR 0.7 negative). Cash flow from financing activities totaled EUR 0.0 million (MEUR 0.1 negative).

Interest-bearing liabilities amounted to EUR 6.0 million (MEUR 11.5) 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 facility, EUR 17 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:

February 12, 2014	Long-term share-based incentive plan for Raute's upper management for the years 2014-2018
February 25, 2014	Share subscription with Raute Corporation's 2010 A stock options
March 31, 2014	Decisions by Raute's Annual General Meeting 2014.

RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

Raute's goal is to be the leading technology supplier in its field, and to invest strongly in continuous research and development, particularly in plywood and LVL manufacturing technology and the supporting by-product handling, automation and instrumentation applications, especially machine vision.

Research and development costs in the reporting period totaled EUR 0.4 million (MEUR 0.7), representing 2.6 percent of net sales (3.0%).

Investments totaled EUR 0.5 million (MEUR 0.8) and 3.2 percent of net sales (3.5%) in the reporting period.

PERSONNEL

At the end of the reporting period, the Group's personnel numbered 516 (509). Group companies outside Finland accounted for 27 percent (27%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 495 (494) during the reporting period.

The temporary lay-offs that started at the end of 2013 at the company's Nastola and Jyväskylä units for a maximum of 90 days continued into March.

In a business transaction carried out at the end of March, Raute Corporation sold the Jyväskylä unit's engineering operations to Insinööritoimisto Comatec Oy. The eight engineers who worked in the unit transferred to the employ of Comatec as senior employees as of April 1, 2014. The business transaction is in line with Raute's strategy and reinforces its ability to adjust to the markets' rapid and changing need for resources.

SHARES

The number of Raute Corporation's shares at the end of the reporting period totaled 4,006,828, of which 991,161 were series K shares (ordinary share, 20 votes/share) and 3,015,667 series A shares (1 vote/share). The shares have a nominal value of two euros. 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 OMX Helsinki Ltd. The trading code is RUTAV. Raute Corporation has signed a market making agreement with Nordea Bank Finland Plc in compliance with the Liquidity Providing (LP) requirements issued by NASDAQ OMX Helsinki Ltd.

The company's market capitalization at the end of the reporting period was EUR 32.1 million (MEUR 36.2), with series K shares valued at the closing price of series A shares on March 31, 2014, that is EUR 8.00 (EUR 9.05).

STOCK OPTION SCHEME 2010

At the end of the reporting period, the Group's key personnel held altogether 77,930 of the company's series 2010 A stock options, 80,000 series B stock options and 80,000 series C stock options. The subscription period for series A stock options began on March 1, 2013 and for series B stock options on March 1, 2014. On February 4, 2014, a total of 2,070 new series A shares were subscribed for under the series A stock option rights. More detailed information concerning the stock option system is available on the company's website.

SHAREHOLDERS

The number of shareholders totaled 1,915 at the beginning of the year and 1,960 at the end of the reporting period. Series K shares were held by 47 private individuals (49) at the end of the reporting period. Nominee-registered shares accounted for 3.1 percent (3.4%) of shares. No flagging notifications were given to the company during the reporting period.

The Board of Directors, the President and CEO as well as the Executive Board held altogether 235,979 company shares, equaling 5.9 percent (5.7%) of the company shares and 11.3 percent (11.2%) of the votes at the end of the reporting period.

CORPORATE GOVERNANCE

Raute Corporation complies with the Finnish Corporate Governance Code 2010 for listed companies issued by the Securities Market Association on June 15, 2010.

Raute deviates from the Code's recommendation 22 on appointing members to the Appointments Committee in that one member to the Committee is elected from outside the Board of Directors, as per the company's Administrative Instructions, from among the representatives of major shareholders who have significant voting rights. The Board views this exception as justified, taking into consideration the company's ownership structure and the possibility to consider the expectations of major shareholders as early as in the preparation phase of selecting members of the Board of Directors.

ANNUAL GENERAL MEETING 2014

Raute Corporation's Annual General Meeting was held on March 31, 2014. The Annual General Meeting adopted the financial statements for 2013, discharged those accountable from liability and resolved to distribute a dividend of EUR 0.20 per share. The AGM also resolved to distribute EUR 0.30 per share as repayment of equity from the invested non-restricted equity reserve.

The Annual General Meeting elected the company's Board of Directors for a term that expires at the end of the Annual General Meeting of 2015. Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Mr. Mika Mustakallio Vice-Chair, and Mr. Joni Bask, Mr. Risto Hautamäki, Ms. Päivi Leiwo-Svensk, and Mr. Pekka Suominen were elected Board members.

The authorized public accounting company PricewaterhouseCoopers was chosen as auditor, with Authorized Public Accountant Janne Rajalahti as the principal auditor.

The Annual General Meeting resolved that the remuneration paid to the Chairman of the Board will continue to be EUR 40,000 and to the Vice-Chairman of the Board and Board members EUR 20,000 for the term of office and that the Board members' traveling expenses will be compensated in accordance with the company's travel policy. The auditors' remuneration will be paid on the basis of reasonable invoicing as approved by the company.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the company's series A shares with assets from the company's non-restricted equity and an issue of a maximum of 400,000 of these shares.

More detailed information on the decisions of the Annual General Meeting can be found in the stock exchange release issued on March 31, 2014.

Distribution of profits for the 2013 financial year

The Annual General Meeting held on March 31, 2014 decided to pay a dividend of EUR 0.20 per share for the financial year 2013. The total amount of dividends is EUR 0.8 million, with series A shares accounting for EUR 603,133.40 (EUR 1,506,798.50) and series K shares for EUR 198,232.20 (EUR 495,580.50). The dividend payment date was April 10, 2014.

The AGM on March 31, 2014, resolved, on the basis of the balance sheet adopted in respect of the financial year ended on 31 December 2013, on the repayment of assets from the invested non-restricted equity reserve in the amount of EUR 0.30 per share, i.e. a total of EUR 1,202,048.40 and the remainder, EUR 5,296,293.53, to be retained in equity. The date of repayment of equity was April 10, 2014.

EVENTS AFTER THE REPORTING PERIOD

Board of Directors and Board Committees

The Board of Directors elected by Raute Corporation's Annual General Meeting on March 31, 2014 held a constitutive meeting.

Based on the evaluation of independence, Chairman Erkki Pehu-Lehtonen and members Joni Bask, Risto Hautamäki, Päivi Leiwo-Svensk, Mika Mustakallio, and Pekka Suominen are independent of the company. The Chairman of the Board (Mr. Erkki Pehu-Lehtonen) and two Board members (Ms. Päivi Leiwo-Svensk and Mr. Risto Hautamäki) are independent of major shareholders.

Raute Corporation's Board of Directors has an Appointments Committee and a Working Committee. The Appointments Committee is chaired by Mr. Erkki Pehu-Lehtonen and its members are Mr. Mika Mustakallio and Mr. Ville Korhonen, who was elected by the major shareholders from amongst their number. The Working Committee is chaired by Mr. Erkki Pehu-Lehtonen and its members are Mr. Mika Mustakallio and Mr. Risto Hautamäki. The Audit Committee's tasks are handled by the Board of Directors.

BUSINESS RISKS

Risks in the near term continue to be driven by the global economic situation and the uncertainty concerning the development of the financial markets. During the reporting period, there were no essential changes in the business risks described in the 2013 Board of Directors' Report and Financial Statements.

The most significant risks for Raute in the near term are related to the development of net sales and profitability. The crisis in Ukraine has contributed to the uncertainty surrounding the realization of new investments in Russia in the near future.

OUTLOOK FOR 2014

Raute's business operations are characterized by the sensitivity of investment commodity demand to cyclical fluctuations in the global economy and the financial markets.

No changes have occurred in Raute's profit outlook for the whole of 2014. Based on the tender book and ongoing negotiations, Raute's net sales are expected to grow in 2014 and operating profit to improve over the previous year.

TABLES SECTION OF THE INTERIM REPORT

The figures for the financial year 2013 presented in the tables section of the interim report have been audited.
The presented interim financial report figures have not been audited.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
(EUR 1,000)	Note	1.1.-31.3.2014	1.1.-31.3.2013	1.1.-31.12.2013
NET SALES	3, 4, 5	15 020	23 386	83 274
Change in inventories of finished goods and work in progress		69	364	-954
Other operating income		25	20	295
Materials and services		-7 197	-12 979	-40 711
Employee benefits expense	13	-7 164	-6 871	-27 417
Depreciation and amortization		-465	-479	-2 174
Other operating expenses		-2 209	-2 532	-10 485
Total operating expenses		-17 035	-22 862	-80 787
OPERATING PROFIT (LOSS)		-1 920	909	1 828
% of net sales		-13	4	2
Financial income		205	400	735
Financial expenses		-213	-224	-974
PROFIT (LOSS) BEFORE TAX		-1 928	1 085	1 589
% of net sales		-13	5	2
Income taxes		345	-246	-394
PROFIT (LOSS) FOR THE PERIOD		-1 583	839	1 196
% of net sales		-11	4	1
Other comprehensive income items:				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit obligations		-	-	84
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translating foreign operations		3	-6	-83
Comprehensive income items for the period, net of tax		3	-6	1
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		-1 580	833	1 196
Profit (loss) for the period attributable to				
Equity holders of the Parent company		-1 583	839	1 196
Comprehensive profit (loss) for the period attributable to				
Equity holders of the Parent company		-1 580	833	1 196
Earnings per share for profit (loss) attributable to Equity holders of the Parent company, EUR				
Undiluted earnings per share		-0,40	0,21	0,30
Diluted earnings per share		-0,40	0,21	0,30
Shares, 1 000 pcs				
Adjusted average number of shares		4 006	4 005	4 005
Adjusted average number of shares diluted		4 008	4 017	4 013

CONSOLIDATED BALANCE SHEET				
(EUR 1,000)				
	Note	31.3.2014	31.3.2013	31.12.2013
ASSETS				
Non-current assets				
Intangible assets	8	3 533	3 580	3 574
Property, plant and equipment	8	8 390	7 864	8 396
Other financial assets		500	789	500
Deferred tax assets		143	-	96
Total non-current assets		12 566	12 233	12 565
Current assets				
Inventories		4 869	6 430	5 047
Accounts receivables and other receivables	5	14 091	24 002	18 329
Income tax receivable		483	31	183
Cash and cash equivalents		13 631	17 386	12 658
Total current assets		33 074	47 850	36 218
TOTAL ASSETS		45 640	60 083	48 783
EQUITY AND LIABILITIES				
Equity attributable to Equity holders of the Parent company				
Share capital		8 014	8 010	8 010
Fair value reserve and other reserves		5 913	6 863	7 061
Exchange differences		22	236	20
Retained earnings		7 721	9 065	7 327
Profit (loss) for the period		-1 583	839	1 196
Share of shareholders' equity that belongs to the owners of the Parent company		20 088	25 013	23 613
Total equity		20 088	25 013	23 613
Non-current liabilities				
Non-current provisions		366	155	460
Deferred tax liability		88	242	423
Non-current interest-bearing liabilities	9	2 500	5 972	2 500
Pension obligations		2	89	4
Total non-current liabilities		2 956	6 457	3 387
Current liabilities				
Current provisions		657	1 121	775
Current interest-bearing liabilities	9	3 455	5 498	3 481
Current advance payments received	5	6 328	9 814	7 099
Income tax liability		6	109	3
Trade payables and other liabilities		12 149	12 071	10 425
Total current liabilities		22 595	28 613	21 783
Total liabilities		25 552	35 070	25 170
TOTAL EQUITY AND LIABILITIES		45 640	60 083	48 783

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)	1.1.-31.3.2014	1.1.-31.3.2013	1.1.-31.12.2013
CASH FLOW FROM OPERATING ACTIVITIES			
Proceeds from customer	14 976	18 518	76 836
Other operating income	25	20	295
Payments to suppliers and employees	-13 564	-20 300	-73 187
Cash flow before financial items and taxes	1 437	-1 762	3 944
Interest paid from operating activities	-17	-5	-364
Dividends received from operating activities	75	126	180
Interests received from operating activities	1	90	122
Other financing items from operating activities	108	124	153
Income taxes paid from operating activities	-302	-1	-329
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	1 301	-1 428	3 704
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	-324	-672	-3 226
Proceeds from sale of property, plant and equipment and intangible assets	26	12	53
Purchase of investments	-	-	-3
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-299	-661	-3 176
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	14	-	-
Repayments of current borrowings	-	-100	-2 100
Repayments of non-current borrowings	-	-	-3 250
Dividends paid	-	-	-2 002
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	14	-100	-7 352
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	1 016	-2 188	-6 825
increase (+)/decrease (-)			
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*	12 658	19 548	19 548
NET CHANGE IN CASH AND CASH EQUIVALENTS	1 016	-2 188	-6 825
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	-43	27	-66
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	13 631	17 386	12 658
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*			
Cash and cash equivalents	13 631	17 386	12 658
TOTAL	13 631	17 386	12 658

*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 EUR)	Share capital	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners of the Parent company	TOTAL
EQUITY at Jan. 1, 2014	8 010	6 498	563	19	8 523	23 613	23 613
Comprehensive profit (loss) for the period							
Profit (loss) for the period	-	-	-	-	-1 583	-1 583	-1 583
Other comprehensive income items:							
Exchange differences on translating foreign operations	-	-	-	3	-	3	3
Total comprehensive profit (loss) for the period	0	0	0	3	-1 583	-1 580	-1 580
Transactions with owners							
Share options exercised	4	9	-	-	-	14	14
Equity-settled share-based transactions	-	-	45	-	-	45	45
Dividends and repayment of equity	-	-1 202	-	-	-801	-2 003	-2 003
Total transactions with owners	4	- 1 193	45	0	-801	-1 945	-1 945
EQUITY at March 31, 2014	8 014	5 305	608	22	6 139	20 088	20 088

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 at Jan. 1, 2013	8 010	6 498	364	103	9 166	24 141	24 141
Comprehensive profit (loss) for the period							
Profit (loss) for the period	-	-	-	-	839	839	839
Other comprehensive income items:							
Exchange differences on translating foreign operations	-	-	-	-6	-	-6	-6
Total comprehensive profit (loss) for the period	0	0	0	-6	839	833	833
Transactions with owners							
Share options exercised	-	-	-	-	-	-	-
Equity-settled share-based transactions	-	-	39	-	-	39	39
Dividends and repayment of equity	-	-	-	-	-	-	-
Total transactions with owners	0	0	39	0	0	39	39
EQUITY at March 31, 2013	8 010	6 498	403	97	10 005	25 013	25 013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Raute Group is a globally operating technology and service company. Raute's customers are companies operating in the wood products industry that manufacture veneer, plywood and LVL. Raute's technology offering covers machinery and equipment for the entire production process. Raute's full-service concept is based on product life-cycle management. In addition to a broad range of machines and equipment, our solutions cover technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in Nastola, Finland. Its other production plants are in the Vancouver area in Canada, in the Shanghai area in China, and in Kajaani, Finland. The company's sales network has a global reach.

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 OMX 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.

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

Raute Corporation's Board of Directors has on April 29, 2014 reviewed the Interim financial report for January 1 - March 31, 2014, and approved it to be published in compliance with this release.

2. Accounting principles

Raute Corporation's Interim financial report for January 1 - March 31, 2014 has been prepared in accordance with standard IAS 34 Interim Financial Reporting. The Interim financial report does not contain full notes and other information presented in the financial statements, and therefore the Interim financial report should be read in conjunction with the Financial statements published for 2013.

Raute Corporation's Interim financial report for January 1 - March 31, 2014 has been prepared in accordance with the International Financial Reporting Standards, IFRS, accepted for application in the EU. Preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on March 31, 2014. The notes to the Interim financial statements also comply with Finnish accounting legislation. The presented Interim financial report figures have not been audited.

The Interim financial report has been prepared according to the same accounting principles as those applied in the Annual financial statement for 2013, with the exception of certain new or revised standards, interpretations and amendments to existing standards which the Group has applied as of January 1, 2014. The impact of the new and revised standards has been presented in the Annual financial statements for 2013. The adoption of these standards has not had an impact on the Interim financial report.

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.

The preparation of Interim financial report in conformity with IFRS standards requires management to make certain critical accounting estimates and to exercise its judgment in applying the Group's accounting policies. Because the forward-looking estimates and assumptions are based on management's best knowledge at the reporting date, they comprise risks and uncertainties. The actual results may differ from these estimates.

3. Segment information

Operational segment

Continuing operations of Raute Group belong to the wood products technology segment.

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.

Wood products technology	31.3.2014	31.3.2013	31.12.2013
Net sales	15 020	23 386	83 274
Operating profit (loss)	-1 920	909	1 828
Assets	45 640	60 083	48 783
Liabilities	25 552	35 070	25 170
Capital expenditure	478	813	3 188

Assets of the wood products technology segment by geographical location	31.3.2014	%	31.3.2013	%	31.12.2013	%
Finland	39 950	88	52 101	87	40 492	83
China	2 371	5	3 761	6	2 926	6
North America	2 214	5	2 681	4	3 914	8
Russia	827	2	1 204	2	1 114	2
South America	160	0	217	0	198	0
Other	118	0	119	0	140	0
TOTAL	45 640	100	60 083	100	48 783	100

Capital expenditure of the wood products technology segment by geographical location	31.3.2014	%	31.3.2013	%	31.12.2013	%
Finland	451	94	641	79	2 324	73
China	18	4	172	21	837	26
North America	5	1	-	-	15	0
Russia	-	-	-	-	3	0
South America	1	0	-	-	1	0
Other	3	1	-	-	8	0
TOTAL	478	100	813	100	3 188	100

4. Net sales

The main part of the net sales is comprised of project deliveries related to wood products technology and modernizations in technology services, which are 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 total share of these customers was 22 percent.

Net sales by market area	1.1.-31.3.2014	%	1.1.-31.3.2013	%	1.1.-31.12.2013	%
EMEA (Europe and Africa)	6 310	43	9 143	39	33 697	40
LAM (South America)	2 841	19	7 598	32	18 020	22
CIS (Russia)	2 755	18	3 589	15	16 291	19
NAM (North America)	2 469	16	2 159	9	11 432	14
APAC (Asia-Pacific)	645	4	896	4	3 834	5
TOTAL	15 020	100	23 386	100	83 274	100

Finland accounted for 9 percent (2 %) of net sales.

5. Long-term projects	31.3.2014	31.3.2013	31.12.2013
Net sales			
Net sales by percentage of completion	10 186	19 853	66 214
Other net sales	4 834	3 533	17 060
TOTAL	15 020	23 386	83 274
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	89 996	95 042	86 534
Amount of long-term project revenues not yet entered as income (order book)	28 228	35 762	27 770
Projects for which the value by percentage of completion exceeds advance payments invoiced			
- aggregate amount of costs incurred and recognized profits less recognized losses	54 616	60 354	65 872
- advance payments received	47 395	44 413	53 619
Gross amount due from customers	7 221	15 941	12 253
Projects for which advance payments invoiced exceed the value by percentage of completion			
- aggregate amount of costs incurred and recognized profits less recognized losses	35 381	34 688	20 467
- advance payments received	40 644	43 963	26 953
Gross amount due to customers	5 263	9 275	6 486
Specification of combined asset and liability items			
Advance payments paid	70	299	101
Advance payments received included in inventories in the balance sheet	70	299	101
Advance payments in the balance sheet	6 328	9 814	7 099
6. Number of personnel, persons	31.3.2014	31.3.2013	31.12.2013
Effective, on average	495	494	515
In books, on average	520	505	522
In books, at the end of the period	516	509	534
- of which personnel working abroad	141	135	148
7. Research and development costs	31.3.2014	31.3.2013	31.12.2013
Research and development costs for period	387	696	2 523
Amortization of previously capitalized development costs	21	56	405
Development costs recognized as an asset in the balance sheet	-62	-192	-615
Research and development costs entered as expense for the period	346	559	2 313

8. Changes in Intangible assets and in Property, plant and equipment	31.3.2014	31.3.2013	31.12.2013
Intangible assets			
Carrying amount at the beginning of the period	13 372	14 019	14 019
Exchange rate differences	-18	9	-10
Additions	84	360	1 552
Reclassification between items	-116	157	-2 188
Carrying amount at the end of the period	13 322	14 546	13 372
Accumulated depreciation and amortization at the beginning of the period	-9 799	-10 815	-10 815
Exchange rate differences	10	-5	7
Accumulated depreciation and amortization of disposals and reclassifications	116	-	1 791
Depreciation and amortization for the period	-116	-146	-782
Accumulated depreciation and amortization at the end of the period	-9 789	-10 966	-9 799
Book value of Intangible assets, at the beginning of the period	3 574	3 204	3 204
Book value of Intangible assets, at the end of the period	3 533	3 580	3 574
Property, plant and equipment			
Carrying amount at the beginning of the period	42 670	41 673	41 673
Exchange rate differences	-319	89	-947
Additions	394	453	1 634
Disposals	-4	-2	-44
Reclassification between items	-8	-214	354
Carrying amount at the end of the period	42 733	41 999	42 670
Accumulated depreciation and amortization at the beginning of the period	-34 274	-33 782	-33 782
Exchange rate differences	271	-77	857
Accumulated depreciation and amortization of disposals and reclassifications	8	56	44
Depreciation and amortization for the period	-349	-333	-1 392
Accumulated depreciation and amortization at the end of the period	-34 343	-34 135	-34 274
Book value of Property, plant and equipment, at the beginning of the period	8 396	7 892	7 892
Book value of Property, plant and equipment, at the end of the period	8 390	7 864	8 396
9. Interest-bearing liabilities	31.3.2014	31.3.2013	31.12.2013
Non-current interest-bearing liabilities recognized at amortized cost	2 500	5 972	2 500
Current interest-bearing liabilities	3 455	5 498	3 481
TOTAL	5 955	11 470	5 981
Maturities of the interest-bearing financial liabilities at March 31, 2014			
Financial liability	Current	Non-current	Total
Non-current loans from financial institutions, interest-bearing	3 455	2 500	5 955
Total	3 455	2 500	5 955

10. Pledged assets and contingent liabilities	31.3.2014	31.3.2013	31.12.2013
On behalf of the Parent company			
Business mortgages	3 638	-	3 946
Loans from financial institutions	5 721	9 222	5 741
Business mortgages	5 750	6 700	5 750
Pension loans (TYEL)	-	2 000	-
Business mortgages	-	600	-
Credit insurance agreements	-	1 400	-
Mortgage agreements on behalf of subsidiaries			
Loans from financial institutions	234	248	240
Other obligations	378	-	64
Business mortgages	611	248	304
Commercial bank guarantees on behalf of the Parent company and subsidiaries			
	1 739	33 492	1 484
Other own obligations			
Rental liabilities maturing within one year	742	783	845
Rental liabilities maturing in one to five years	2 131	2 516	2 398
Rental liabilities maturing more than five years	129	356	185
Total	3 002	3 655	3 428

11. Related party transactions

No loans are granted to the company's management. On March 31, 2014, the Parent Company Raute Corporation had loan receivables from its subsidiary Raute Service LLC EUR 355 thousand (EUR 355 thousand), Raute Shanghai Machinery Co., Ltd EUR 550 thousand and from Raute Canada Ltd. EUR 328 thousand (EUR 576 thousand).

No pledges have been given or other commitments made on behalf of the company's management and shareholders.

12. Derivatives	31.3.2014	31.3.2013	31.12.2013
Nominal values of forward contracts in foreign currency			
Economic hedging			
- Related to financing	525	1 162	1 311
- Related to the hedging of net sales	2 198	479	2 967
Fair values of forward contracts in foreign currency			
Economic hedging			
- Related to financing	-11	-44	-3
- Related to the hedging of net sales	-39	9	24
Interest rate and currency swap agreements			
- Nominal value	1 982	4 222	1 991
- Fair value	-69	99	-42

13. Share-based payments

An expense of EUR 45 thousand (EUR 39 thousand) was recognized for the options to the income statement during the interim period. A total amount of 2 thousand series A shares were subscribed during the period. The share capital of Raute Corporation, as a result of the share subscription made with stock options, increased EUR 4 thousand.

14. Dividend distribution and repayment of equity

Raute Corporation's Annual General Meeting held on March 31, 2014, decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 0,20 per share to be paid for series A and K shares, a total of EUR 801 thousand. The dividend payment date was April 10, 2014.

Raute Corporation's Annual General Meeting held on March 31, 2014, decided, according to the Board of Directors' proposal, to distribute a repayment of equity EUR 0,30 per share to be paid for series A and K shares, a total of EUR 1 202 thousand. The payment date was April 10, 2014.

15. Financial assets and liabilities that are measured at fair value

At the end of the reporting period March 31, 2014, the fair value of the financial assets categorized at fair value on hierarchy level 3 was EUR 789 thousand. The methods of fair value determination correspond the valuation principles presented in the Annual financial statements for 2013. There were no transfers between the hierarchy levels 1 and 2 during the reporting period.

16. Exchange rates used

Income statement, euros	1.1.-31.3.2014	1.1.-31.3. 2013	1.1.-31.12. 2013
CNY (Chinese yuan)	8,3587	8,2193	8,1655
RUB (Russian rouble)	48,0778	40,1507	42,3248
CAD (Canadian dollar)	1,5110	1,3317	1,3685
USD (US dollar)	1,3697	1,3204	1,3282
SGD (Singapore dollar)	1,7381	1,6345	1,6618
CLP (Chilean peso)	756,2665	623,5035	658,1306

Balance sheet, euros	31.3. 2014	31.3. 2013	31.12. 2013
CNY (Chinese yuan)	8,5332	8,0599	8,3248
RUB (Russian rouble)	48,7800	39,7617	45,3246
CAD (Canadian dollar)	1,5225	1,3021	1,4671
USD (US dollar)	1,3788	1,2805	1,3791
SGD (Singapore dollar)	1,7366	1,5900	1,7414
CLP (Chilean peso)	778,4266	612,2572	725,0943

FINANCIAL DEVELOPMENT	31.3.2014	31.3.2013	31.12.2013
Change in net sales, %	-35,8	54,8	-17,8
Exported portion of net sales, %	91,5	97,6	94,2
Return on investment (ROI), %	-25,6	14,7	7,3
Return on equity, ROE, %	-29,0	13,7	5,0
Interest-bearing net liabilities, EUR million	-7,7	-5,9	-6,7
Gearing, %	-38,2	-23,7	-28,3
Equity ratio, %	51,1	49,8	56,6
Gross capital expenditure, EUR million	0,5	0,8	3,2
% of net sales	3,2	3,5	3,8
Research and development costs, EUR million	0,4	0,7	2,5
% of net sales	2,6	3,0	3,0
Order book, EUR million	28	37	28
Order intake, EUR million	16	10	63

SHARE-RELATED DATA	31.3.2014	31.3.2013	31.12.2013
Earnings per share, (EPS), undiluted, EUR	-0,40	0,21	0,30
Earnings per share, (EPS), diluted, EUR	-0,40	0,21	0,30
Equity to share, EUR	5,01	6,25	5,90
Dividend per share, EUR	-	-	0,20
Dividend per profit, %	-	-	66,7
Effective dividend return, %	-	-	2,9
Repayment of equity from invested non-restricted equity reserve, EUR	-	-	0,30
Development in share price (series A shares)			
Lowest share price for the period, EUR	6,90	8,52	6,88
Highest share price for the period, EUR	8,22	9,33	9,33
Average share price for the period, EUR	7,68	9,06	8,49
Share price at the end of the period, EUR	8,00	9,05	6,95
Market value of capital stock			
- Series K shares, EUR million*	7,9	9,0	6,9
- Series A shares, EUR million	24,1	27,3	20,9
Total, EUR million	32,1	36,2	27,8

*Series K shares valued at the value of series A shares.

Trading of the company's shares (series A shares)			
Trading of shares, pcs	197 150	111 296	513 699
Trading of shares, EUR million	1,5	1,0	4,4
Number of shares			
- Series K shares, ordinary shares (20 votes, share)	991 161	991 161	991 161
- Series A shares (1 vote/share)	3 015 667	3 013 597	3 013 597
Total	4 006 828	4 004 758	4 004 758
Number of shares, weighted average, 1 000 pcs	4 006	4 005	4 005
Number of shares, diluted, 1 000 pcs	4 008	4 017	4 013
Number of shareholders	1 960	1 723	1 915

DEVELOPMENT OF QUARTERLY RESULTS						
	Q2	Q3	Q4	Q1	Rolling	Rolling
(EUR 1,000)	2013	2013	2013	2014	1.4.2013- 31.3.2014	1.4.2012- 31.3.2013
NET SALES	19 766	15 610	24 512	15 020	74 908	109 551
Change in inventories of finished goods and work in progress	-610	-37	-672	69	-1 251	400
Other operating income	15	102	158	25	301	1 396
Materials and services	-8 906	-7 304	-11 521	-7 197	-34 928	-61 899
Employee benefits expense	-7 190	-5 969	-7 387	-7 164	-27 710	-28 989
Depreciation and amortization	-619	-597	-479	-465	-2 160	-1 947
Other operating expenses	-2 740	-2 115	-3 098	-2 209	-10 163	-12 025
Total operating expenses	-19 456	-15 984	-22 486	-17 035	-74 961	-104 859
OPERATING PROFIT (LOSS)	-286	-309	1 513	-1 920	-1 002	6 489
% of net sales	-1	-2	6	-13	-1	6
Financial income	72	53	210	205	540	674
Financial expenses	-75	-161	-513	-213	-962	-767
PROFIT (LOSS) BEFORE TAX	-289	-417	1 210	-1 928	-1 424	6 396
% of net sales	-1	-3	5	-13	-2	6
Income taxes	96	51	-294	345	198	-2 076
PROFIT (LOSS) FOR THE PERIOD	-193	-366	916	-1 583	-1 226	4 319
% of net sales	-1	-2	4	-11	-2	4
Attributable to						
Equity holders of the Parent company	-193	-366	916	-1 583	-1 226	4 319
Earnings per share, EUR						
Undiluted earnings per share	-0,05	-0,09	0,23	-0,40	-0,31	1,08
Diluted earnings per share	-0,05	-0,09	0,23	-0,40	-0,31	1,08
Shares, 1 000 pcs						
Adjusted average number of shares	4 005	4 005	4 005	4 005	4 006	4 005
Adjusted average number of shares diluted	4 013	4 010	4 013	4 008	4 008	4 017
FINANCIAL DEVELOPMENT QUARTERLY						
	Q2	Q3	Q4	Q1	Rolling	Rolling
	2013	2013	2013	2014	1.4.2013- 31.3.2014	1.4.2012- 31.3.2013
Order intake during the period, EUR million	24	7	22	16	69	65
Order book at the end of the period, EUR million	40	31	28	28	28	37

20 LARGEST SHAREHOLDERS AT MARCH 31, 2014

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
By number of shares						
1. Sundholm, Göran	-	624 398	624 398	15,6	624 398	2,7
2. Mandatum Life Unit-Linked	-	181 900	181 900	4,5	181 900	0,8
3. Laakkonen Mikko	-	119 919	119 919	3,0	119 919	0,5
4. Suominen, Pekka	48 000	62 429	110 429	2,8	1 022 429	4,5
5. Suominen, Tiina Sini-Maria	48 000	62 316	110 316	2,8	1 022 316	4,5
6. Siivonen, Osku Pekka	50 640	53 539	104 179	2,6	1 066 339	4,7
7. Kirmo, Kaisa Marketta	55 680	48 341	104 021	2,6	1 161 941	5,1
8. Mustakallio, Mika Tapani	57 580	29 270	86 850	2,2	1 180 870	5,2
9. Keskiaho, Kaija Leena	33 600	51 116	84 716	2,1	723 116	3,2
10. Särkijärvi, Anna Riitta	60 480	22 009	82 489	2,1	1 231 609	5,4
11. Relander, Harald	-	78 000	78 000	1,9	78 000	0,3
12. Mustakallio, Kari Pauli	60 480	2 895	63 375	1,6	1 212 495	5,3
13. Mustakallio, Marja Helena	43 240	16 047	59 287	1,5	880 847	3,9
14. Särkijärvi, Timo	12 000	43 256	55 256	1,4	283 256	1,2
15. Särkijärvi-Martinez, Anu Riitta	12 000	43 256	55 256	1,4	283 256	1,2
16. Mustakallio, Ulla Sinikka	53 240	-	53 240	1,3	1 064 800	4,7
17. Suominen, Jukka Matias	24 960	27 964	52 924	1,3	527 164	2,3
18. Mustakallio, Kai Henrik	47 420	4 594	52 014	1,3	952 994	4,2
19. Keskinäinen työeläkevakuutusyhtiö Varma	-	51 950	51 950	1,3	51 950	0,2
20. Sjoitusrahasto Nordea Suomi Small Cap	-	49 573	49 573	1,2	49 573	0,2
TOTAL	607 320	1 572 772	2 180 092	54,4	13 719 172	60,1

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
By number of votes						
1. Särkijärvi, Anna Riitta	60 480	22 009	82 489	2,1	1 231 609	5,4
2. Mustakallio, Kari Pauli	60 480	2 895	63 375	1,6	1 212 495	5,3
3. Mustakallio, Mika Tapani	57 580	29 270	86 850	2,2	1 180 870	5,2
4. Kirmo, Kaisa Marketta	55 680	48 341	104 021	2,6	1 161 941	5,1
5. Siivonen, Osku Pekka	50 640	53 539	104 179	2,6	1 066 339	4,7
6. Mustakallio, Ulla Sinikka	53 240	-	53 240	1,3	1 064 800	4,7
7. Suominen, Pekka	48 000	62 429	110 429	2,8	1 022 429	4,5
8. Suominen, Tiina Sini-Maria	48 000	62 316	110 316	2,8	1 022 316	4,5
9. Suominen, Jussi	48 000	-	48 000	1,2	960 000	4,2
10. Mustakallio, Kai Henrik	47 420	4 594	52 014	1,3	952 994	4,2
11. Mustakallio, Marja Helena	43 240	16 047	59 287	1,5	880 847	3,9
12. Mustakallio, Risto Knut kuolinpesä	42 240	-	42 240	1,1	844 800	3,7
13. Keskiaho, Kaija Leena	33 600	51 116	84 716	2,1	723 116	3,2
14. Sundholm, Göran	-	624 398	624 398	15,6	624 398	2,7
15. Keskiaho, Vesa Heikki	29 680	-	29 680	0,7	593 600	2,6
16. Keskiaho, Juha-Pekka	27 880	7 491	35 371	0,9	565 091	2,5
17. Kirmo, Lasse	27 645	9 621	37 266	0,9	562 521	2,5
18. Suominen, Jukka Matias	24 960	27 964	52 924	1,3	527 164	2,3
19. Keskiaho, Marjaana	24 780	21 500	46 280	1,2	517 100	2,3
20. Kultanen, Leea Annikka	22 405	8 031	30 436	0,8	456 131	2,0
TOTAL	805 950	1 051 561	1 857 511	46,4	17 170 561	75,2

MANAGEMENT'S AND PUBLIC INSIDERS' 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
Management's holding at March 31, 2014						
The Board of Directors, The Group's President and CEO and Executive Board	122 880	113 099	235 979	5,9	2 570 699	11,3
Public insiders' holding at March. 31, 2014	122 880	113 099	235 979	5,9	2 570 699	11,3

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

Nominee-registered shares at March 31, 2014						
	-	125 609	125 609	3,1	125 609	0,5

RAUTE CORPORATION
 Board of Directors

BRIEFING ON APRIL 29, 2014 AT 2 P.M.:

A briefing will be organized for analysts, investors and the media on April 29, 2014 at 2 p.m. at Scandic Simonkenttä Hotel, Roba cabinet, Simonkatu 9, Helsinki. The interim report will be presented by Mr. Tapani Kiiski, President and CEO, and Mrs. Arja Hakala, CFO.

NEXT INTERIM REPORT:

Raute Corporation's interim report January 1–June 30, 2014 will be published on Tuesday, July 29, 2014.

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 and LVL (Laminated Veneer Lumber). The technology offering covers machinery and equipment for the entire production process. 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 Nastola, Finland. Its other production plants are in the Vancouver area of Canada, in the Shanghai area of China, and in Kajaani, Finland. Raute's net sales in 2013 were EUR 83.3 million. The Group's headcount at the end of 2013 was 534.

More information about the company can be found at www.raute.com.



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