

FINANCIAL STATEMENTS 2014
February 12, 2015



RAUTE CORPORATION – FINANCIAL STATEMENTS JANUARY 1 – DECEMBER 31, 2014

- The Group's net sales amounted to EUR 94.0 million (MEUR 83.3), up 13% on the comparison period. Order intake, at EUR 112 million (MEUR 63), increased 77%. Order book rose to EUR 44 million (MEUR 28).
- Operating profit, at EUR +2.6 million (MEUR +1.8), grew 43 percent from the comparison period. Result before taxes was EUR +2.8 million (MEUR +1.6).
- Undiluted earnings per share were EUR 0.59 (EUR +0.30) and diluted earnings per share were EUR 0.59 (EUR +0.30).
- Fourth-quarter net sales and operating profit were record-high, at EUR 34.0 million and EUR 3.6 million, respectively. Order intake was EUR 23 million.
- The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.40 (EUR 0.20) per share be paid for the financial year 2014.
- The Board of Directors will propose to the Annual General Meeting that EUR 0.20 (EUR 0.30) per share be paid from the non-restricted equity reserve as repayment of equity.
- Raute's net sales are expected to grow in 2015 and operating profit is anticipated to improve from the previous year 2014.

TAPANI KIISKI, PRESIDENT AND CEO: HEADING INTO 2015 WITH STRONG TARGETS

Despite expectations, the global economy and financial market did not recover their balance in 2014. On the contrary, partly due to political crises, economic development took a turn for the worse during the year. Construction activity remained at a low level.

Although the North American economy experienced strong growth compared to the rest of the world, even there construction failed to grow at the same rate as the economy. Uncertainty regarding the Russian market increased further, on account of both the sanctions resulting from the crisis in Ukraine and the strong decline in the price of oil and the exchange rate of the rouble. Economic growth also slowed down in Asia, including China, towards the end of the year, which meant we were also left with no assistance from the Asian markets. As expected, our customers in South America concentrated on digesting the large investments they had carried out a few years earlier. Europe, on the other hand, was a strong market for us. However, the brisk demand for spare parts, minor improvement projects and services indicates that our customer companies have been successful and been able to keep their production capacity utilization rates at a high level.

As the projects that we had expected to take place already in late 2013 were postponed, we had to start 2014 with a thin order book and our net sales in the early part of the year were low. However, we received a high number of orders in the course of the year, particularly in the second quarter. Our net sales grew 13 percent, something we can be proud of in the current market situation. The strong development of our technology services continued, even though this time their proportional share of total net sales did not increase on account of the strong growth in project deliveries. Our North American unit substantially improved its result, thanks both to our internal measures and an increase in demand. The market launch and first deliveries

of our Dragon peeling lines that we developed for the emerging markets and particularly China proved to be successful. In this light, my expectations for the Dragon products are high. The large variations in the workload during the year – fourth-quarter net sales were more than double compared to the first-quarter – made it substantially more difficult for us to use our resources efficiently and control our costs. A few individual projects also made us incur unforeseen costs. We improved our result on the previous year, in keeping with our forecasts, but fell short of our target. During the current year, we will place particular emphasis on the flexible and efficient execution of our deliveries as well as the related costs.

We are heading into 2015 with strong expectations and an initial order book that is stronger than a year ago. Uncertainty seems to have established itself as the status quo in the economy and the markets, and we need to know how to operate in this type of an environment. Our order book is strong, and we are currently conducting negotiations on some concrete projects of a significant size. I believe that one or even several of them will start up during the early part of the year. Raute enjoys a strong competitive position in these projects. Our technology services will continue to grow. Our R&D will also provide us with new reinforcements to support our growth along with the Dragon product family. Based on this setup, I am confident that our positive development in terms of both net sales and profit will continue and gain momentum during 2015.

I would like to send out a heartfelt thank you to Raute's customers for their invaluable cooperation and trust, to our personnel for their outstanding work and flexibility in the face of ever-changing challenges, to our shareholders for their continued confidence in us, and to all our other partners for their role in furthering Raute's development and success.

FOURTH QUARTER OF 2014

Order intake and order book

Raute's customers have several large-scale projects in the planning phase, none of which led to an actual investment decision during the fourth quarter. Several individual production line and modernization projects were also further postponed. The uncertainty caused by the crisis in Ukraine and the weakening of the economy as a result of the decline in the price of oil and the exchange rate of the rouble have obviously caused investment decisions to be postponed in the Russian markets, although preparations for many investments have been actively continued. The order intake, EUR 23 million (MEUR 22), were at a good level in the fourth quarter without any new major individual orders being placed. Technology services accounted for EUR 10 million (MEUR 11) of the order intake.

The order book weakened during the fourth quarter by EUR 12 million, amounting to EUR 44 million at the end of 2014 (MEUR 28).

Net sales

Fourth-quarter net sales amounted to EUR 34.0 million (MEUR 24.5). Technology services accounted for 28 percent of the Group's total net sales (35%). Net sales increased 38 percent from the third quarter in line with the order book's timing.

Result and profitability

Operating profit in the fourth quarter was EUR 3.6 million positive (MEUR 1.5 positive) and accounted for 11 percent (6%) of net sales. The result was EUR 3.2 million positive (MEUR 0.9 positive), and earnings per share were EUR 0.80 (EUR +0.23). Profitability improved in comparison with the previous quarters, which mainly resulted from increased net sales.

RAUTE CORPORATION – FINANCIAL STATEMENTS JANUARY 1– DECEMBER 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 during 2014 did not change considerably with respect to Raute or Raute's customer base. In part due to political crises, economic development even partly took a turn for the worse during the year in Russia and Europe. Also in Asia, including China, economic growth slowed down towards year-end.

Construction activity remained at a low level in all market areas, including North America, where the economy already took a promising upward trend. As a result of the uncertainty, however, the order books of Raute's customers are often short, which meant the situation was not conducive to realizing significant

investments. A sign of this has been the slow progress of major projects that are under negotiation.

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 mainly remained good.

Demand for wood products technology and technology services

In 2014, two major capacity-generating projects were started up: the construction of softwood plywood and LVL mills in Poland. In addition to these, several large projects were in the planning and negotiation phase but the requirements for making the investment decisions, i.e. trust in the permanence of demand and the availability of funding, did not yet materialize.

Even though the North American economy experienced strong growth compared to the rest of the world, construction activity failed to embark on a similar growth trajectory. Among Raute's customers, demand focused on smaller modernization projects and technology services.

The uncertainty resulting from the crisis in Ukraine obviously caused investment decisions to be postponed in the Russian markets, although preparations for many investments have been actively continued. It is difficult to estimate when the situation in Russia will normalize, but it is not expected to happen anytime soon.

In South America, Raute's customers focused, as expected, on ramping up the capacity of the large plywood mill investments they have made a few years ago and no major new investment projects were started up.

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.

The order intake for 2014 stood at EUR 112 million (MEUR 63). Of new orders, 63 percent came from Europe (35%), 15 percent from Russia (23%), 10 percent from North America (25%), 7 percent from South America (13%) and 5 percent from Asia-Pacific (4%). The strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business.

The order intake for project deliveries stood at EUR 73 million (MEUR 29) and increased on the previous year by 154 percent. The new orders received included two capacity-generating projects in Poland, which accounted for EUR 38 million of the order

intake. Excluding these capacity-generating projects, the order intake for project deliveries increased 21 percent.

The order intake for technology services stood at EUR 39 million (MEUR 34). The increase in order intake, 12 percent, resulted from modernizations and spare parts.

The order book grew in 2014 by EUR 16 million, amounting to EUR 44 million at the end of the financial year (MEUR 28).

COMPETITIVE POSITION

Raute's competitive position has remained good. Raute's solutions help customers in securing their delivery and service capabilities throughout the life cycle of the production process or part thereof supplied 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 its 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

The Group's net sales amounted to EUR 94.0 million (MEUR 83.3). Net sales grew by 13 percent on 2013. The increase resulted from the high order intake particularly in project deliveries and from the scheduling of our order book.

Net sales were generated by project deliveries related to the wood products technology business and by technology services.

Net sales for project deliveries totaled EUR 58 million (MEUR 51), up 12 percent from the previous year. Project deliveries accounted for 62 percent of total net sales (62%). The plywood industry's share of the net sales of project deliveries was 75 percent (77%), while the LVL industry's share was 25 percent (23%).

Altogether three major capacity-generating projects were at the installation and commissioning phase during the year, and they have proceeded according to the timetable set by the customer. The expansion of a South American plywood mill, initiated in 2011, and the rebuilding of a mill destroyed in a fire in early 2012 have been completed. The order received in July 2012 for the delivery of LVL mill machinery to Germany lags behind its initial schedule due to the need of modifications on account of the properties of the raw material which has not been used much in the past. The acceptance test for the last production line was carried out in January 2015. Two large orders received during the year 2014 to Poland proceeded from the planning phase to equipment deliveries.

Net sales for technology services totaled EUR 36 million (MEUR 32). Net sales grew 14 percent from the previous year and accounted for 38 percent (38%) of total net sales. The increase in net sales came primarily from modernizations and spare parts.

Of the total net sales in 2014, Europe accounted for 52 percent (40%), Russia for 18 percent (19%), North America for 14 percent (14%), South America for 13 percent (22%), and Asia-Pacific for 3 percent (5%).

RESULT AND PROFITABILITY

The Group's operating profit for 2014 was EUR 2.6 million positive (MEUR 1.8 positive) and accounted for 3 percent of net sales (2%). The profit developed primarily during the latter half of the year due to the order intake and timing of the order book. The fourth quarter accounted for a record EUR 34.0 million of net sales and operating profit for EUR 3.6 million.

The operating profit improved 43 percent on the previous year as a result of an increase in net sales. However, the Group failed to reach the profitability level in line with the actual net sales. Large variations in the workload during the year substantially impeded the efficient use of resources and cost control. In addition, the result was burdened by non-recurring, unforeseen additional costs incurred in two projects, totaling EUR 1.7 million. In one of these projects, the behavior of a new wood species in industrially tried and tested processes made it necessary to carry out modifications to the equipment, thus delaying the acceptance of the delivery. The other project is a pilot delivery involving the development of new technology and generating significant new business in future.

The Group's financial income and expenses totaled EUR +0.2 million (MEUR -0.2). The Group's profit before tax was EUR 2.8 million positive (MEUR +1.6) and profit for the financial year was EUR 2.4 million positive (MEUR +1.2). Comprehensive income for the Group was EUR 2.6 million positive (MEUR +1.2).

Undiluted earnings per share were EUR 0.59 (EUR 0.30) and diluted earnings per share were EUR 0.59 (EUR 0.30). Return on investment was 11 percent (7%) and return on equity 10 percent (+5%).

CASH FLOW AND BALANCE SHEET

The Group's financial position remained good throughout the year. At the end of the financial year, the Group's cash and cash equivalents exceeded interest-bearing liabilities by EUR 1.7 million (MEUR 6.7). At the end of the financial year gearing was -7 percent (-28%). The change in gearing was affected by the high amount of accounts receivables at the end of the financial year. Equity ratio was 56 percent (57%).

The Group's cash and cash equivalents amounted to EUR 4.4 million (MEUR 12.7) at the end of the financial year. The change in cash and cash equivalents during the financial year was EUR 8.1 million negative (MEUR 6.8 negative). Operating cash flow was EUR 1.9 million negative (MEUR 3.7 positive). Cash flow from investment activities was EUR 1.1 million negative (MEUR 3.2 negative). Cash flow from financing activities was EUR 5.2 million negative (MEUR 7.4 negative), including EUR 2.0 million (MEUR 2.0) in dividend payment and repayment of equity from the non-restricted equity reserve and EUR 3.3 million (MEUR 5.4) in debt repayments.

The Group's balance sheet total at the end of the year stood at EUR 52.6 million (MEUR 48.8). 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.

Interest-bearing liabilities amounted to EUR 2.8 million (MEUR 6.0) at the end of the financial year, with current interest-bearing liabilities accounting for EUR 1.5 million (MEUR 3.5).

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 concluded 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 20.0 million remained unused at the end of the financial year.

LOANS TO RELATED PARTIES AND OTHER LIABILITIES

On December 31, 2014, the Parent company Raute Corporation did not have any loan receivables from its subsidiaries. Other liabilities are presented in the figures section of this report.

EVENTS DURING THE REPORTING PERIOD

Raute Corporation published stock exchange releases on the following events in 2014:

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.
June 6, 2014	Raute received an order valued at more than EUR 8 million from Poland
June 26, 2014	Raute received an order valued at EUR 23 million from engineered wood products company Steico
November 10, 2014	Share subscription with Raute Corporation's 2010 A stock options

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.

In 2014, the Group's research and development costs totaled EUR 1.8 million (MEUR 2.5) and 1.9 percent of net sales (3.0%). In 2014, new technologies were developed for China's develop-

ing plywood manufacturing markets, research was carried out on new wood processing methods, and the extensive program aimed at developing automation, measurement systems and machine vision to produce new, more advanced applications for process optimization in the plywood and LVL industries was continued.

The Group's investments during the financial year totaled EUR 1.7 million (MEUR 3.2). The investments essentially consisted of replacement investments related to fixed assets.

The Group's investments include EUR 0.3 million in capitalized development costs (MEUR 0.6).

DEVELOPMENT OF OPERATIONS

The "Särmä" (Edge) change project, which was started in 2012, was completed in 2014, and the identified practices were integrated into Raute's working culture. The objective of the "Särmä" project, which spanned the entire year, was to get Raute's entire personnel to commit even more strongly to Raute's customer promise and the better quality of products, services and operations. Raute's entire personnel were involved in the project.

PERSONNEL

The Group's headcount at the end of 2014 was 587 (534). Finnish Group companies accounted for 67 percent (73%) of employees, Chinese companies for 18 percent (14%), North American companies for 11 percent (10%), and other sales and maintenance companies for 4 percent (3%).

Converted to full-time employees ("effective headcount"), the average number of employees during the financial year was 530 (515). These numbers are affected by the adjustment measures carried out during the first quarter in the Nastola and Jyväskylä units in Finland as well as the outsourcing of the Jyväskylä unit's engineering functions through a business transaction at the beginning of April. Salaries and remunerations paid by the Group totaled EUR 24.1 million (MEUR 22.7).

The Group continued to develop the competence of its personnel and increase their commitment to the company. Two percent (3%) of the payroll was invested in personnel training. The "Great Place to Work" project was used to develop Raute as a work community and work environment.

REMUNERATION

The Group has remuneration systems in place that cover the entire personnel.

Option-based incentive plan 2010

The Annual General Meeting held on March 31, 2010 resolved to issue a maximum of 240,000 stock options. Of the stock options transferred, 5,000 stock options marked with the symbol 2010 C were returned to the company during 2014. During 2014, a total of 10,470 new series A shares were subscribed for by key persons under the 2010 series A stock option rights.

The Group's key personnel held on December 31, 2014 a total of 69,530 stock options marked with the symbol 2010 A, 80,000 stock options marked 2010 B and 75,000 stock options marked 2010 C. The subscription period for series A stock options began on March 1, 2013 and for series B stock options on April 1, 2014. The terms and conditions of the stock option incentive plan 2010 are available on the company's website.

Share-based incentive program 2014–2018

The Group has a valid long-term share-based incentive plan based on performance. The plan includes three separate share plans commencing in 2014, 2015 and 2016. Each plan will span three years. Each share plan includes a one-year performance period (years 2014, 2015 and 2016), the payment of the possible share reward in the form of the company's series A shares in the spring following the performance period (2015, 2016 and 2017) and a two-year vesting period following the performance period, during which the reward's value development is based on the development of the value of the share. The share plans will commence in 2014, 2015 and 2016. The terms and conditions of the share-based incentive plan 2014–2018 are available on the company's website. No share reward will be paid for the performance period 2014.

SOCIETY AND THE ENVIRONMENT

The environment is one of the values that guide Raute's operations. Raute strives to systematically develop the environmental soundness of its products and services and to reduce the environmental impacts of its operations. The Group abides by the principles of good corporate citizenship, taking into consideration nature and its protection, and how society as a whole operates, while respecting local cultures.

Raute's operations mainly affect the environment indirectly when the company's technology is used in the production processes of the wood products industry. Raute's technology enables the wood products industry to substantially reduce the environmental load caused by its operations through, for example, more efficient use of wood raw materials, additives and energy.

The Group's own operations do not involve considerable environmental risks that might have a direct impact on the Group's business operations or financial position. The Nastola main production units manage environmental matters in compliance with a certified environmental system. The operations and ethical principles of the partner and subcontractor network are also subjected to systematic inspection.

Raute aims to continuously reduce energy consumption, decrease the volume of waste, and develop the working environment.

SEASONAL FLUCTUATIONS IN BUSINESS

The Group's net sales and working capital fluctuate every quarter due to different types of project deliveries and their schedules. Business operations do not involve regular seasonal changes.

RISKS AND RISK MANAGEMENT

The Group's identified key risk areas relate to the nature of the business, the business environment, financing, and damage or loss. The fluctuations in demand resulting from economic cycles and delivery and technology risks have been identified as the Group's most significant 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. The most significant risks for Raute are related to the development of net sales and profitability resulting from changes in demand.

The Group has no ongoing legal proceedings or other disputes in progress that might materially affect the continuity of business operations, nor is the Board of Directors aware of any other legal risks related to the Group's operations that might have such an effect.

Business risks

Impact of economic cycles on business operations

Raute's business operations are characterized by the sensitivity of investment demand to fluctuations in the global economy and the financing markets, and the cyclical nature of project business. The impact of changes in demand on the Group's result is reduced by increasing the share of technology services, increasing operations in market areas with a small current market share, creating products for completely new customer groups and developing the partner network.

Deliveries and technology

The bulk of Raute's business operations consists of project deliveries, which expose the company to risks caused by customer-specific solutions related to each customer's end product, production methods or raw materials. At the quotation and negotiation phase, the company has to take risks relating to the promised performance figures and make estimates of implementation costs.

Raute invests heavily in product development. The developmental phase for new technologies involves the risk that the project will not lead to a technologically or commercially acceptable solution. The functionality and capacity of new solutions produced as a result of development work cannot be fully verified until the solutions can be tested under production conditions in conjunction with the customer deliveries.

Contract, product liability, implementation, cost and capacity risks are managed using project management procedures that comply with the company's ISO-certified quality system. Technology risks are reduced by the conditions of delivery contracts and by restricting the number of simultaneous first deliveries.

Emerging markets

Raute's objective is to increase its local business in China and Russia, among others, where, besides opportunities, companies face risks typical for emerging markets. Information security risks are managed according to a defined information security policy.

Human resources

Competence retention and development and ensuring the sufficiency of human resources are particularly important in cyclical business. Continuity is ensured by monitoring the development of the age structure, implementing systematic human resources management and investing in well-being at work.

Financing risks

The most significant financing risks in the Group's international business operations are default risks and currency risks related to counterparties. The Group is also exposed to liquidity, refinancing, interest rate and price risks.

The default risk relating to customers' solvency is managed by covering the unpaid sum with bank guarantees, letters of credit or other securities and with accelerated payment terms. The Group's liquid assets are mainly held in banks in the Nordic countries.

The Group's main currency is the euro. The most significant currency risks result from the following currencies: Chinese yuan (CNY), Russian ruble (RUB), Canadian dollar (CAD) and US dollar (USD). The main hedging instruments used are foreign currency forward contracts. Currency clauses are included in quotations to hedge against currency risks during the quotation period. Depending on the case, currency risks related to preliminary sales contracts are hedged with currency option contracts.

The Group has made preparations for fluctuating working capital requirements and possible disturbances in the availability of money through long-term credit facility agreements with three Nordic banks. The interest rate risk related to the company's variable interest rate loans is hedged with interest rate swaps. The Group's interest risks are mainly related to the return on liquid assets.

Risks of damage or loss

Raute's most significant single risks concerning material damage and business interruption loss are a fire or a serious machine or information system breakdown at the Nastola main unit, where the production, planning, financial, and ERP systems serving the Group's key technologies are centrally located.

Other risks of damage or loss include occupational safety risks, which are managed by means of active risk-prevention measures, such as continuous personnel training and investigation of all near-miss situations. Occupational safety and ergonomics are under continuous development.

Raute's production operations do not involve significant environmental risks. The main unit in Nastola has an ISO-certified environmental management program, whose principles are also adhered to in other units.

The Group hedges against risks of damage or loss by assessing its facilities and processes in terms of risk management and by maintaining emergency plans.

Global and local insurance programs are checked regularly as part of overall risk management. The objective is to use insur-

ance policies to sufficiently hedge against all risks that are reasonable to handle through insurance due to economical or other reasons.

Organizing risk management

Raute's risk management policy is approved by the Board of Directors. The Board is responsible for organizing internal control and risk management, and for monitoring their efficiency.

The Executive Board defines the Group's general risk management principles and operating policies, and defines the boundaries of the organization's powers. The President and CEO and the CFO regularly report significant risks to the Board.

The Group's President and CEO controls the implementation of the risk management principles in the entire Group, while the Presidents of the Group companies are responsible for risk management in their respective companies. The members of the Group's Executive Board are responsible for their own areas of responsibility across company boundaries.

Raute has no separate internal auditing organization. The Controller function oversees the annual internal control plan approved by the Board, develops internal control and risk management procedures together with the operative leadership, and monitors compliance with risk management principles, operational policies and powers.

GROUP STRUCTURE

No changes took place in the Group's legal structure during 2014.

SHAREHOLDERS

The number of shareholders totaled 1,915 at the beginning of the year and 1,991 at the end of the financial year. Series K shares were held by 50 private individuals (49) at the end of the financial year. Nominee-registered shares accounted for 3.1 percent (3.1%) of shares. No flagging notifications were given to the company in 2014.

On December 31, 2014, the Board of Directors and the Group's President and CEO held altogether 228,479 company shares, totaling 5.7 percent (5.7%) of the company shares and 11.2 percent (11.2%) of the votes. The figures include the holdings of their own, minor children and control entities.

AUDITORS

At Raute Corporation's Annual General Meeting on March 31, 2014, the authorized public accounting company PricewaterhouseCoopers was chosen as auditor with Authorized Public Accountant Janne Rajalahti as the principal auditor.

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.

An outline of Raute Corporation's corporate governance principles and the company's remuneration statement will be published at the same time with the financial statements.

CORPORATE GOVERNANCE STATEMENT

Raute Corporation's Board of Directors has handled Raute Corporation's Corporate Governance Statement for 2014 according to chapter 7, section 7 of the Finnish Securities Markets Act and recommendation 54 of the Finnish Corporate Governance Code 2010 for listed companies issued by the Securities Market Association on June 15, 2010. The statement has been drawn up separately from the Report of the Board of Directors and will be published at the same time with the financial statements.

BOARD OF DIRECTORS AND PRESIDENT AND CEO

The Annual General Meeting elects the Chairman and Vice-Chairman for the Board of Directors, and 3–5 Board members.

At Raute Corporation's Annual General Meeting on March 31, 2014, Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Mr. Mika Mustakallio Vice-Chairman and Mr. Joni Bask, Mr. Risto Hautamäki, Ms. Päivi Leiwo and Mr. Pekka Suominen as Board members.

The Board of Directors appoints the President and CEO and confirms the terms of his or her employment, including fringe benefits.

Mr. Tapani Kiiski, Licentiate in Technology, continued as Raute Corporation's President and CEO. He was appointed as Raute Corporation's President and CEO on March 16, 2004. As agreed in the executive contract, the term of notice is six months, and the severance pay equals twelve months' salary.

Raute Corporation's Articles of Association do not grant any unusual authorizations to the Board of Directors, or to the President and CEO.

Any decisions on changes to the Articles of Association or an increase in share capital are made in compliance with the regulations of the effective Companies Act.

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, Customer Care – Customer relationships and marketing, market area EMEA
Petri Lakka, Group Vice President, Technology Services – Technology services
Petri Strengell, Group Vice President, Supply Chain – Sourcing and production.

SHARES

The number of Raute Corporation's shares at the end of 2014 totaled 4,015,228 (4,004,758), of which 991,161 (991,161) were series K shares (ordinary share, 20 votes/share) and 3,024,067 (3,013,597) 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. During 2014, 593,682 shares were traded (513,699) worth altogether EUR 4.6 million (MEUR 4.4). The number of shares traded represents 20 percent (17%) of all listed series A shares. The average price of a series A share was EUR 7.69 (EUR 8.49). The highest closing price of the year was EUR 8.60 and the lowest EUR 6.90.

During 2014, a total of 10,470 new series A shares were subscribed for under the 2010 series A stock option rights.

The company's market capitalization at the end of 2014 totaled EUR 29.3 million (MEUR 27.8), with series K shares valued at the closing price of series A shares, EUR 7.30 (EUR 6.95), on December 31, 2014.

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.

Other share-related information is presented in the figures section of this report.

RAUTE'S DIVIDEND POLICY

Raute exercises an active dividend policy. Its aim is to ensure competitive returns for its investors. Dividend payment takes into account future investment needs and the goal of maintain-

ing a solid equity ratio. Due to the nature of the project business, the dividend is not directly tied to the annual result.

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 dividends amounted to a total of EUR 0.8 million, of which series A shares accounted for EUR 603,133.40 and series K shares for EUR 198,232.20. The dividend payment date was April 10, 2014.

The Annual General Meeting 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.

AUTHORIZATION OF REPURCHASE AND DISPOSAL OF OWN SHARES

The Annual General Meeting held on March 31, 2014 authorized the company's Board of Directors to decide on the repurchase of Raute Corporation series A shares with assets from the company's non-restricted equity and to decide on a directed issue of a maximum of 400,000 shares. The Board of Directors did not exercise the authorization in 2014.

The company did not possess company shares at the end of the financial year or hold them as security.

PUBLICATION OF THE FINANCIAL STATEMENTS AND ANNUAL REPORT 2014

Raute Corporation's consolidated financial statements 2014 will be published on February 12, 2015. Raute Corporation's Annual Report 2014 will be published during week 9.

ANNUAL GENERAL MEETING 2015

Raute Corporation's Annual General Meeting will be held at Lahti's Sibelius Hall on Tuesday March 24, 2015 at 6:00 p.m. A shareholder who wishes to include an issue in Raute Corporation's Annual General Meeting's agenda shall notify the company thereof in writing no later than February 25, 2015.

BOARD OF DIRECTORS' PROPOSAL CONCERNING PROFIT DISTRIBUTION, DIVIDEND EUR 0.40 PER SHARE

On December 31, 2014, the Parent Company's distributable assets totaled EUR 12,752 thousand, of which EUR 908 thousand stand for the profit for the financial year 2014.

The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on March 24, 2015, that a dividend of EUR 0.40 per share be paid to holders of series A and series K shares for the financial year 2014, and that the remainder of distributable assets be transferred to equity.

On the date of the profit distribution proposal, the number of shares entitled to a dividend is 4,015,228 shares, which would amount to total dividends of EUR 1,606 thousand. Shareholders who are registered in the shareholders' register maintained by Euroclear Finland Ltd on the record date for dividend distribution, March 26, 2015, would be entitled to dividends. The dividend payment date would be April 2, 2015.

No essential changes have taken place in the company's financial position since the end of the financial year. The company has good liquidity, and in the Board of Directors' view, the proposed dividend does not pose a risk to solvency.

BOARD OF DIRECTORS' PROPOSAL CONCERNING REPAYMENT OF EQUITY FROM INVESTED NON-RESTRICTED EQUITY RESERVE, EUR 0.20 PER SHARE

The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on March 24, 2015, that the Annual General Meeting decide to distribute non-restricted equity as repayment of equity from the invested non-restricted equity reserve in the amount of EUR 0.20 per share. The non-restricted equity repayment would be paid to a shareholder who, on the record date for dividend distribution, March 26, 2015, is registered as a shareholder in the Company's share register maintained by Euroclear Finland Ltd. The payment date would be April 2, 2015.

OUTLOOK FOR 2015

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

The development of the global economy and financial markets is still facing major uncertainty, which reflects on the market situation for Raute's customer industries.

However, improvement investments in the plywood industry to ensure quality and cost competitiveness and to maintain market shares are expected to be at a reasonable level in the near future, provided that the economic uncertainty does not spiral into a new crisis. Several large projects encompassing single production lines and mill-scale deliveries that are in the planning and negotiation phase are also pending.

Thanks to its strong financial and market position and the development measures carried out, Raute is well positioned to respond to demand.

In the prevailing global economic and financial market situation, Raute will have opportunities in 2015 to achieve growth in project deliveries in Europe and Asia. The growth in technology services is expected to continue. Based on the order book, offers and ongoing negotiations, Raute's net sales are expected to grow in 2015 and its operating profit is anticipated to improve over the previous year 2014.

The figures for the financial years 2014 and 2013 presented in the tables section of the financial statement bulletin have been audited. The presented interim financial report figures have not been audited.

SUMMARY OF FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
(EUR 1,000)	Note	1.10.- 31.12.2014	1.10.- 31.12.2013	1.1.- 31.12.2014	1.1.- 31.12.2013
NET SALES	3,4,5	33 978	24 512	94 021	83 274
Change in inventories of finished goods and work in progress		710	-672	1 672	-954
Other operating income		-28	158	72	295
Materials and services		-19 574	-11 521	-51 775	-40 711
Employee benefits expense	13	-8 023	-7 387	-29 304	-27 417
Depreciation and amortization		-524	-479	-2 018	-2 174
Other operating expenses		-2 953	-3 098	-10 062	-10 485
Total operative expenses		-31 075	-22 486	-93 160	-80 787
OPERATING PROFIT (LOSS)		3 585	1 513	2 605	1 828
% of net sales		11	6	3	2
Financial income		244	210	605	735
Financial expenses		-2	-513	-400	-974
PROFIT (LOSS) BEFORE TAX		3 826	1 210	2 810	1 589
% of net sales		11	5	3	2
Income taxes		-633	-294	-449	-394
PROFIT (LOSS) FOR THE PERIOD		3 193	916	2 361	1 196
% of net sales		9	4	3	1
Other comprehensive income items:					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit obligations		0	84	2	84
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations		158	-101	201	-83
Comprehensive income items for the period, net of tax		158	-17	203	1
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		3 352	898	2 564	1 196
Profit (loss) for the period attributable to Equity holders of the Parent company		3 193	916	2 361	1 196
Comprehensive profit (loss) for the period attributable to Equity holders of the Parent company		3 352	898	2 564	1 196
Earnings per share for profit (loss) attributable to Equity holders of the Parent company, EUR					
Undiluted earnings per share		0,80	0,23	0,59	0,30
Diluted earnings per share		0,80	0,23	0,59	0,30
Shares, 1,000 pcs					
Adjusted average number of shares		4 015	4 005	4 010	4 005
Adjusted average number of shares diluted		4 017	4 013	4 011	4 013

CONSOLIDATED BALANCE SHEET			
(EUR 1,000)			
	Note	31.12.2014	31.12.2013
ASSETS			
Non-current assets			
Intangible assets	8	3 492	3 574
Property, plant and equipment	8	7 930	8 396
Other financial assets		500	500
Deferred tax assets		185	96
Total non-current assets		12 107	12 565
Current assets			
Inventories		7 855	5 047
Accounts receivables and other receivables	5	27 568	18 329
Income tax receivable		684	183
Cash and cash equivalents		4 431	12 658
Total current assets		40 539	36 218
TOTAL ASSETS		52 646	48 783
EQUITY AND LIABILITIES			
Equity attributable to Equity holders of the Parent company			
Share capital		8 031	8 010
Fair value reserve and other reserves		6 001	7 061
Exchange differences		220	20
Retained earnings		7 722	7 327
Profit for the period		2 361	1 196
Share of shareholders' equity that belongs to the owners of the Parent company		24 334	23 613
Total equity		24 334	23 613
Non-current liabilities			
Non-current provisions		314	460
Deferred tax liability		238	423
Non-current interest-bearing liabilities	9	1 250	2 500
Pension obligations		2	4
Total non-current liabilities		1 804	3 387
Current liabilities			
Current provisions		2 201	775
Current interest-bearing liabilities	9	1 512	3 481
Current advance payments received	5	9 072	7 099
Income tax liability		67	5
Trade payables and other liabilities		13 656	10 423
Total current liabilities		26 508	21 783
Total liabilities		28 312	25 170
TOTAL EQUITY AND LIABILITIES		52 646	48 783

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)	31.12.2014	31.12.2013
CASH FLOW FROM OPERATING ACTIVITIES		
Proceeds from customer	89 032	76 836
Other operating income	95	295
Payments to suppliers and employees	-90 193	-73 187
Cash flow before financial items and taxes	-1 066	3 944
Interest paid from operating activities	-217	-364
Dividends received from operating activities	100	180
Interests received from operating activities	35	122
Other financing items from operating activities	260	153
Income taxes paid from operating activities	-969	-329
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	-1 858	3 704
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	-1 461	-3 226
Proceeds from sale of property, plant and equipment and intangible assets	361	53
Purchase of investments	-	-3
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	-1 101	-3 176
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	64	-
Repayments of current borrowings	-2 000	-2 100
Repayments of non-current borrowings	-1 250	-3 250
Dividends paid and repayment of equity	-2 003	-2 002
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	-5 189	-7 352
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	-8 148	-6 825
increase (+)/decrease (-)		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*	12 658	19 548
NET CHANGE IN CASH AND CASH EQUIVALENTS	-8 148	-6 825
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	-79	-66
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*	4 431	12 658
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*		
Cash and cash equivalents	4 431	12 658
TOTAL	4 431	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

	Share capital Invested	non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners of the Parent company	TOTAL
(EUR 1,000)							
EQUITY AT JAN. 1, 2014	8 010	6 498	563	20	8 522	23 613	23 613
Comprehensive profit (loss) for the period							
Profit (loss) for the period	-	-	-	-	2 361	2 361	2 361
Other comprehensive income items:							
Remeasurement of defined benefit net liability	-	-	-	-	-	-	-
Exchange differences on translating foreign	-	-	-	201	-	201	201
Total comprehensive profit (loss) for the period	0	0	0	201	2 361	2 562	2 562
Transactions with owners							
Share-options exercised	21	43	-	-	-	64	64
Equity-settled share-based transactions	-	-	99	-	-	99	99
Dividends and repayment of equity	-	-1 202	-	-	-801	-2 003	-2 003
Total transactions with owners	21	-1 159	99	0	-801	-1 841	-1 841
EQUITY AT DEC. 31, 2014	8 031	5 339	662	220	10 083	24 334	24 334

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital Invested	non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners of the Parent company	TOTAL
(EUR 1,000)							
EQUITY AT JAN. 1, 2013 (adjusted)	8 010	6 498	364	103	9 245	24 220	24 220
Comprehensive profit (loss) for the period							
Profit (loss) for the period	-	-	-	-	1 196	1 196	1 196
Other comprehensive income items:							
Remeasurement of defined benefit net liability	-	-	-	-	84	84	84
Exchange differences on translating foreign	-	-	-	-83	-	-83	-83
Total comprehensive profit (loss) for the period	0	0	0	-83	1 280	1 196	1 196
Transactions with owners							
Share-options exercised	-	-	-	-	-	-	-
Equity-settled share-based transactions	-	-	199	-	-	199	199
Dividends and repayment of equity	-	-	-	-	-2 002	-2 002	-2 002
Total transactions with owners	0	0	199	0	-2 002	-1 803	-1 803
EQUITY AT DEC. 31, 2013	8 010	6 498	563	20	8 522	23 613	23 613

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 February 12, 2015 reviewed the consolidated financial statements for January 1 - December 31, 2014, and approved it to be published in compliance with this release.

2. Accounting principles

Raute Corporation's financial statements bulletin has been prepared in accordance with standard IAS 34 Interim Financial Reporting. The financial statements bulletin does not contain full notes and other information presented in the financial statements. Raute Corporation's financial statements with full notes will be published on February 12, 2015.

Raute Corporation's financial statements bulletin for January 1 - December 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 December 31, 2014. The notes to the financial statements bulletin also comply with Finnish accounting legislation.

The financial statements bulletin 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 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 essential impact on the financial statements bulletin.

All of the figures presented in the financial statements bulletin 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.

The preparation of financial statements bulletin 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	31.12.2014	31.12.2013
Net sales	94 021	83 274
Operating profit	2 605	1 828
Assets	52 646	48 783
Liabilities	28 312	25 170
Capital expenditure	1 675	3 188

Assets of the wood products technology segment by geographical location	31.12.2014	%	31.12.2013	%
Finland	41 532	79	40 492	83
North America	5 222	10	3 914	8
China	4 672	9	2 925	6
Russia	886	2	1 114	2
South America	192	0	198	0
Other	141	0	140	0
TOTAL	52 646	100	48 783	100

Capital expenditure of the wood products technology segment by geographical location	31.12.2014	%	31.12.2013	%
Finland	1 402	84	2 324	73
China	139	8	837	26
North America	118	7	15	0
Russia	2	0	3	0
South America	3	0	1	0
Other	12	1	8	0
TOTAL	1 675	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 individual machinery deliveries.

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 project deliveries 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 (2), whose customized share of the Group's net sales exceeded 10 percent. The total share of these customers was 28 percent.

Net sales by market area	1.1.-31.12.2014	%	1.1.-31.12.2013	%
EMEA (Europe and Africa)	48 737	52	33 697	40
CIS (Russia)	16 813	18	16 291	19
NAM (North America)	13 167	14	11 432	14
LAM (South America)	12 689	13	18 020	22
APAC (Asia-Pacific)	2 616	3	3 834	5
TOTAL	94 021	100	83 274	100

Finland accounted for 6 percent (6 %) of net sales.

	31.12.2014	31.12.2013
5. Long-term projects		
Net sales		
Net sales by percentage of completion	74 413	66 214
Other net sales	19 608	17 060
TOTAL	94 021	83 274
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	71 178	86 534
Amount of long-term project revenues not yet entered as income (order book)	42 001	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	51 832	65 872
- advance payments received	33 709	53 619
Gross amount due from customers	18 123	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	19 233	20 467
- advance payments received	27 153	26 953
Gross amount due to customers	7 920	6 486
Advance payments included in the current liabilities in the balance sheet		
Gross amount due to customers	7 920	6 486
Other advance payments received, not under percentage of completion	1 152	613
Total	9 072	7 099
Specification of combined asset and liability items		
Advance payments paid	891	101
Advance payments received included in inventories in the balance sheet	891	101
6. Number of personnel, persons		
Effective, on average	530	515
In books, on average	545	522
In books, at the end of the period	587	534
- of which personnel working abroad	193	148
7. Research and development costs		
Research and development costs for the period	-1 767	-2 523
Amortization of previously capitalized development costs	-239	-405
Development costs recognized as an asset in the balance sheet	292	615
Research and development costs entered as expense for the period	-1 714	-2 313

8. Changes in Intangible assets and in Property, plant and equipment	31.12.2014	31.12.2013	
Intangible assets			
Carrying amount at the beginning of the period	13 372	14 019	
Exchange rate differences	65	-10	
Additions	497	1 552	
Reclassification between items	-109	-2 188	
Carrying amount at the end of the period	13 826	13 372	
Accumulated depreciation and amortization at the beginning of the period	-9 799	-10 815	
Exchange rate differences	-34	7	
Accumulated depreciation and amortization of disposals and reclassifications	129	1 791	
Depreciation and amortization for the period	-630	-782	
Accumulated depreciation and amortization at the end of the period	-10 334	-9 799	
Book value of Intangible assets, at the beginning of the period	3 574	3 204	
Book value of Intangible assets, at the end of the period	3 492	3 574	
Property, plant and equipment			
Carrying amount at the beginning of the period	42 670	41 673	
Exchange rate differences	451	-947	
Additions	1 178	1 634	
Disposals	-324	-44	
Reclassification between items	-31	354	
Carrying amount at the end of the period	43 944	42 670	
Accumulated depreciation and amortization at the beginning of the period	-34 274	-33 782	
Exchange rate differences	-356	857	
Accumulated depreciation and amortization of disposals and reclassifications	9	44	
Depreciation and amortization for the period	-1 394	-1 392	
Accumulated depreciation and amortization at the end of the period	-36 014	-34 274	
Book value of Property, plant and equipment, at the beginning of the period	8 396	7 892	
Book value of Property, plant and equipment, at the end of the period	7 930	8 396	
9. Interest-bearing liabilities	31.12.2014	31.12.2013	
Non-current interest-bearing liabilities recognized at amortized cost	1 250	2 500	
Current interest-bearing liabilities	1 512	3 481	
TOTAL	2 762	5 981	
Maturities of the interest-bearing financial liabilities at Dec. 31, 2014			
Financial liability	Current	Non-current	Total
Loans from financial institutions	1 512	1 250	2 762
Total	1 512	1 250	2 762

10. Pledged assets and contingent liabilities	31.12.2014	31.12.2013
On behalf of the Parent company		
Business mortgages	7 011	3 946
Loans from financial institutions	2 500	5 741
Business mortgages	2 500	5 750
Mortgage agreements on behalf of subsidiaries		
Loans from financial institutions	262	240
Other obligations	227	64
Business mortgages	489	304
Commercial bank guarantees on behalf of the Parent company and subsidiaries	13 999	1 484
Other own obligations		
Rental liabilities maturing within one year	717	845
Rental liabilities maturing in one to five years	1 674	2 398
Rental liabilities maturing later	13	185
Total	2 404	3 428

11. Related party transactions

No loans have been granted to the company's management. On December 31, 2014, the Parent Company Raute Corporation had no loan receivables from its subsidiaries.

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

12. Derivatives	31.12.2014	31.12.2013
Nominal values of forward contracts in foreign currency		
Economic hedging		
- Related to financing	348	1 311
- Related to the hedging of net sales	2 785	2 967
Fair values of forward contracts in foreign currency		
Economic hedging		
- Related to financing	-7	-3
- Related to the hedging of net sales	-136	24
Interest rate and currency swap agreements		
- Nominal value	-	1 991
- Fair value	-	-42

13. Share-based payments

An expense of EUR 99 thousand (EUR 199 thousand) was recognized for the options to the income statement during the reporting period. During the period a total of 10 thousand series A shares were subscribed for under the stock options rights. The share capital of Raute Corporation, as a result of the share subscription made with stock options, increased EUR 21 thousand.

14. Financial assets and liabilities measured at fair value

At the end of the reporting period December 31, 2014, the fair value of the financial assets categorized at fair value on hierarchy level 3 was EUR 500 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.

15. Exchange rates used

Income statement, euros	1.1.-31.12.2014	1.1.-31.12.2013
CNY (Chinese yuan)	8,1883	8,1655
RUB (Russian rouble)	51,0113	42,3248
CAD (Canadian dollar)	1,4669	1,3685
USD (US dollar)	1,3288	1,3282
SGD (Singapore dollar)	1,6831	1,6618
CLP (Chilean peso)	756,9608	658,1306

Balance sheet, euros	31.12.2014	31.12.2013
CNY (Chinese yuan)	7,6330	8,3248
RUB (Russian rouble)	72,3370	45,3246
CAD (Canadian dollar)	1,4063	1,4671
USD (US dollar)	1,2141	1,3791
SGD (Singapore dollar)	1,6058	1,7414
CLP (Chilean peso)	756,4665	725,0943

16. The Board of Directors' proposal for dividend distribution and measures concerning the result of 2014

The Board of Directors' will propose to Raute Corporation's Annual General Meeting, to be held on March 24, 2015 that a dividend of EUR 0.40 per share be paid for the financial year 2014, and that the remainder of distributable funds be transferred to equity. At the date of the proposal for profit distribution, there are a total of 4,015,228 shares entitled for the dividend, i.e. the total amount of dividends would be EUR 1 606 thousand.

The Board of Directors will propose to the Annual General Meeting that the Annual General Meeting would resolve to distribute EUR 0.20 per share from the invested non-restricted equity reserve as repayment of equity.

FINANCIAL DEVELOPMENT	31.12.2014	31.12.2013
Change in net sales, %	12,9	-17,8
Exported portion of net sales, %	94,3	94,2
Return on investment (ROI), %	10,9	7,3
Return on equity, ROE, %	9,8	5,0
Interest-bearing net liabilities, EUR million	-1,7	-6,7
Gearing, %	-6,9	-28,3
Equity ratio, %	55,8	56,6
Gross capital expenditure, EUR million	1,7	3,2
% of net sales	1,8	3,8
Research and development costs, EUR million	1,8	2,5
% of net sales	1,9	3,0
Order book, EUR million	44	28
Order intake, EUR million	112	63

SHARE-RELATED DATA	31.12.2014	31.12.2013
Earnings per share, (EPS), undiluted, EUR	0,59	0,30
Earnings per share, (EPS), diluted, EUR	0,59	0,30
Equity to share, EUR	6,06	5,90
Dividend per share, EUR	0,40*	0,20
Dividend per profit, %	68,0*	66,7
Effective dividend return, %	5,5*	2,9
Repayment of equity from invested non-restricted equity reserve, EUR	0,20*	0,30
 <i>*The Board of Directors' proposal to the Annual General Meeting.</i>		
Development in share price (series A shares)		
Lowest share price for the period, EUR	6,90	6,88
Highest share price for the period, EUR	8,60	9,33
Average share price for the period, EUR	7,69	8,49
Share price at the end of the period, EUR	7,30	6,95
 Market value of capital stock		
- Series K shares, EUR million*	7,2	6,9
- Series A shares, EUR million	22,1	20,9
Total, EUR million	29,3	27,8
 <i>*Series K shares valued at the value of series A shares.</i>		
Trading of the company's shares (series A shares)		
Trading of shares, pcs	593 682	513 699
Trading of shares, EUR million	4,6	4,4
 Number of shares		
- Series K shares, ordinary shares (20 votes, share)	991 161	991 161
- Series A shares (1 vote/share)	3 024 067	3 013 597
Total	4 015 228	4 004 758
 Number of shares, weighted average, 1 000 pcs		
	4 010	4 005
Number of shares, diluted, 1 000 pcs		
	4 017	4 013
 Number of shareholders at Dec. 31		
	1 991	1 915

DEVELOPMENT OF QUARTERLY RESULTS						
	Q1	Q2	Q3	Q4	Rolling	Rolling
(EUR 1,000)	2014	2014	2014	2014	1.1.2014– 31.12.2014	1.1.2013– 31.12.2013
NET SALES	15 020	20 329	24 693	33 978	94 021	83 274
Change in inventories of finished goods and work in progress	69	263	631	710	1 672	-954
Other operating income	25	7	67	-28	72	295
Materials and services	-7 197	-10 154	-14 850	-19 574	-51 775	-40 711
Employee benefits expense	-7 164	-7 000	-7 117	-8 023	-29 304	-27 417
Depreciation and amortization	-465	-476	-554	-524	-2 018	-2 174
Other operating expenses	-2 209	-2 338	-2 562	-2 953	-10 062	-10 485
Total operating expenses	-17 035	-19 967	-25 083	-31 075	-93 160	-80 787
OPERATING PROFIT (LOSS)	-1 920	632	308	3 585	2 605	1 828
% of net sales	-13	3	1	11	3	2
Financial income	205	65	92	244	605	735
Financial expenses	-213	-58	-128	-2	-400	-974
PROFIT (LOSS) BEFORE TAX	-1 928	639	273	3 826	2 810	1 589
% of net sales	-13	3	1	11	3	2
Income taxes	345	-139	-22	-633	-449	-394
PROFIT (LOSS) FOR THE PERIOD	-1 583	500	251	3 193	2 361	1 196
% of net sales	-11	2	1	9	3	1
Attributable to						
Equity holders of the Parent company	-1 583	500	251	3 193	2 361	1 196
Earnings per share, EUR						
Undiluted earnings per share	-0,40	0,12	0,06	0,80	0,59	0,30
Diluted earnings per share	-0,40	0,12	0,06	0,80	0,59	0,30
Shares, 1 000 pcs						
Adjusted average number of shares	4 005	4 007	4 007	4 015	4 010	4 005
Adjusted average number of shares diluted	4 008	4 008	4 008	4 017	4 011	4 013
FINANCIAL DEVELOPMENT QUARTERLY						
	Q1	Q2	Q3	Q4	Rolling	Rolling
	2014	2014	2014	2014	1.1.2014– 31.12.2014	1.1.2013– 31.12.2013
Order intake during the period, EUR million	16	51	22	23	112	63
Order book at the end of the period, EUR million	28	59	56	44	44	28

20 LARGEST SHAREHOLDERS AT DEC. 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 Wilhelm	-	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	2,7	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. Relander Harald	-	85 000	85 000	2,1	85 000	0,4
10. Keskiäho Kaija Leena	33 600	51 116	84 716	2,1	723 116	3,2
11. Särkijärvi Riitta	60 480	22 009	82 489	2,1	1 231 609	5,4
12. Mustakallio Kari Pauli	60 480	500	60 980	1,5	1 210 100	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. Keskinäinen työeläkevakuutusyhtiö Varma	-	51 950	51 950	1,3	51 950	0,2
19. Suominen Jussi	48 000	-	48 000	1,2	960 000	4,2
20. Keskiäho Marjaana	24 780	21 500	46 280	1,2	517 100	2,3
Total	632 680	1 544 710	2 177 390	54,2	14 198 310	62,1

	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 Riitta	60 480	22 009	82 489	2,1	1 231 609	5,4
2. Mustakallio Kari Pauli	60 480	500	60 980	1,5	1 210 100	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	2,7	1 022 316	4,5
9. Suominen Jussi	48 000	-	48 000	1,2	960 000	4,2
10. Mustakallio Marja Helena	43 240	16 047	59 287	1,5	880 847	3,9
11. Mustakallio Risto Knut kuolinpesä	42 240	-	42 240	1,1	844 800	3,7
12. Keskiäho Kaija Leena	33 600	51 116	84 716	2,1	723 116	3,2
13. Sundholm Göran Wilhelm	-	624 398	624 398	15,6	624 398	2,7
14. Keskiäho Vesa Heikki	29 680	-	29 680	0,7	593 600	2,6
15. Keskiäho Juha-Pekka	27 880	6 991	34 871	0,9	564 591	2,5
16. Kirmo Lasse	27 645	9 621	37 266	0,9	562 521	2,5
17. Suominen Jukka Matias	24 960	27 964	52 924	1,3	527 164	2,3
18. Keskiäho Marjaana	24 780	21 500	46 280	1,2	517 100	2,3
19. Kultanen Leea Annikka	22 405	8 031	30 436	0,8	456 131	2,0
20. Molander Sole	20 160	-	20 160	0,5	403 200	1,8
Total	778 690	1 044 072	1 822 762	45,4	16 617 872	72,7

MANAGEMENTS' 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 and Public insiders' holding at Dec. 31, 2014						
The Board of Directors, The Group's President and CEO and Executive Board*	122 830	111 849	234 679	5,8	2 568 449	11,2
Total	122 830	111 849	234 679	5,8	2 568 449	11,2

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

Nominee-registered shares

at Dec. 31, 2014	-	125 504	125 504	3,1	125 504	0,5
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RAUTE CORPORATION
Board of Directors

PRESS CONFERENCE ON FEBRUARY 12, 2015 AT 2 P.M.:

A briefing will be organized for analysts, investors and the media on February 12, 2015 at 2 p.m. at Scandic Simonkenttä Hotel, Roba cabinet, Simonkatu 9, Helsinki. The financial statements will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Arja Hakala, CFO.

FINANCIAL RELEASES IN 2015:

Raute's interim reports will be published as follows:

- January–March on Friday, April 24, 2015
- January–June on Tuesday, July 28, 2015
- January–September on Friday, October 30, 2015

Raute Corporation's consolidated financial statements will be published on February 12, 2015. Raute Corporation's Annual Report 2014 will be published during week 9.

Raute Corporation's Annual General Meeting will be held in Lahti, at Sibelius Hall on Tuesday, March 24, 2015 at 6:00 p.m.

FURTHER INFORMATION:

Mr. Tapani Kiiski, President and CEO, Raute Corporation, mobile phone +358 400 814 148

Ms. Arja Hakala, CFO, Raute Corporation, mobile phone +358 400 710 387

DISTRIBUTION:

NASDAQ OMX Helsinki Ltd, main media, www.raute.com

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 2014 were EUR 94.0 million. The Group's headcount at the end of 2014 was 587.

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



RAUTE OYJ
Rautetie 2
PL 69, 15551 Nastola
Puh. 03 829 11
Fax 03 829 3200
ir@raute.com