



INTERIM REPORT | January 1 – September 30, 2016  
October 26, 2016

## RAUTE CORPORATION – INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2016

- The Group's net sales, EUR 77.1 million (MEUR 87.8), declined 12 percent on the comparison period. The order intake was EUR 120 million (MEUR 129).
- Operating profit was EUR 4.3 million (MEUR 5.3). The result before taxes was EUR 3.9 million (MEUR 5.3).
- Earnings per share (undiluted) were EUR 0.74 (EUR 1.07).
- Third-quarter net sales amounted to EUR 23.4 million and the operating result was EUR 1.4 million. Three major new orders raised the order intake volume by quarter to a record-high level of EUR 92 million. The order book at the end of the reporting period increased to a record-high EUR 102 million.
- The outlook for financial performance remains unchanged. Raute's net sales and operating profit for 2016 are expected to remain at the same level as in 2015.

### TAPANI KIISKI, PRESIDENT AND CEO: FOUR NEW CAPACITY-GENERATING MILL PROJECTS STARTED UP – RECORD-HIGH ORDER BOOK

Our net sales and operating profit continued to develop in line with our expectations also in the third quarter, with no surprises. The net sales and operating profit corresponded with our low order book at the beginning of the quarter and the long period of low order intake preceding the reporting period.

In July and August, we managed to secure orders for production machinery for four new capacity-generating projects, with in three separate orders: a veneer production line to Äänikoski, Finland and an LVL production line to Lohja, Finland for Metsä Group, LVL production lines for Steico in Czarna Woda, Poland and birch plywood production lines for Vjatskiy Fanernyi Kombinat in the Kirov region of Russia. We negotiated these deals for months, sometimes more than a year, before receiving the orders. The starting up of four large project deliveries almost simultaneously and later than we expected will provide us with a chance to prove ourselves. I have confidence in the flexibility of our delivery capability due to our solid track record in this from the two previous years. The new orders did not impact the net sales for the past quarter. Receiving these orders shows that our competitiveness is at its best precisely in these types of major projects.

The market situation of our customers has, according to our assessment, remained relatively unchanged. Utilization rates are good and the prices of plywood and LVL products are mostly at a normal level, making profitability moderate at the very minimum. Many of our customers are still reporting short order books. This causes investment decisions concerning individual machine lines and modernizations to be slow. On the other hand, demand for our technology services is active. This long-standing situation is turning into the new normal.

We were able to plan the timing of the major orders in our workload so that we will maintain our ability to serve all our customers despite the unprecedented order book. Our order book already forms a strong outlook for next year. At the same time, it provides us with an opportunity to improve our operations and competitiveness with a view to periods in which there are no major mill projects on the markets.

Although we will definitely be rushed off our feet, I am convinced that we will be able to catch up during the remainder of this year and reach, in line with our expectations, the net sales and operating profit which are at the previous year's level. To achieve this, we will need the input and success of each and every Raute employee and partner.

## THIRD QUARTER OF 2016

### Order intake and order book

The total value of the order intake in the third quarter was EUR 92 million (MEUR 14), a record-high.

At the end of July, orders worth altogether some EUR 25 million for an LVL production line and machinery and equipment for a birch veneer production line came from Finland. The installation and commissioning of the LVL line will begin in the first quarter of 2017. The installation and commissioning of the birch veneer production line will begin in the final quarter of 2017.

At the end of August, an order valued at around EUR 17.5 million for machinery and equipment for manufacturing LVL arrived from Poland. The deliveries are scheduled for the first half of 2017 and LVL production is expected to be in full swing half-way through 2018.

An order worth EUR 32 million for the machinery and equipment for a birch plywood mill in the Kirov region of Russia entered into force in late August. The delivery of machinery will begin in the second quarter of 2017.

Three large orders include four new capacity-generating projects, worth altogether approximately EUR 69 million.

Also the total value of other project delivery orders, EUR 12 million, was better than in the past few quarters.

Technology services accounted for EUR 11 million (MEUR 11) of the order intake.

The order book at the end of the period amounted to EUR 102 million (MEUR 83), a record-high figure. The order book grew by EUR 70 million in the third quarter.

### Net sales

Third-quarter net sales amounted to EUR 23.4 million (MEUR 31.4). The low net sales corresponded to the low order book at the beginning of the quarter and the progressing of the deliveries planned for the period. Technology services accounted for a high 49 percent of the Group's total net sales (32%), due to the low number of project deliveries.

### Result and profitability

Operating profit was EUR 1.4 million positive (MEUR 1.9 positive) and accounted for 5.8 percent (6.1%) of net sales. The result was EUR 0.9 million positive (MEUR 1.5 positive), and earnings per share (undiluted) were EUR +0.22 (EUR +0.36). Profitability corresponded to the actual net sales.

## RAUTE CORPORATION – INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2016

### BUSINESS ENVIRONMENT

#### Market situation in customer industries

Raute's customers in the plywood and LVL (Laminated Veneer Lumber) industries are engaged in the manufacturing of wood products used in investment projects 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 three quarters of 2016 did not change considerably with respect to Raute or Raute's customer base.

Europe's economy has continued to strengthen slightly. Russia's economy is still weak. Over the summer, there were signs that the situation is stabilizing and taking a turn for the better. China's measures to strengthen its economy have still not materialized as increased investments among Raute's customers. The domestic markets of major South American countries are weak. In part due to weaker currencies, Chilean and Brazilian plywood manufacturers have increased their exports to Europe and North America, which will tighten competition in these markets.

Construction activity has remained at a low level in all market areas, including North America, where the economy in general continues its positive growth. The construction cycle is starting to look up, but slowly. Due to the market situation described above, Raute's customers' order books have remained short, which has not made for an attractive environment for implementing investments.

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

The demand for Raute's technology and services was conflicting during the period under review. Invitations to tender for projects and even active negotiations were relatively high in number. Several major mill projects that were long in the negotiation phase were ordered during the third quarter. Despite the brisk demand for individual machine line projects and modernizations, relatively few projects have started up. Demand and order volumes for spare parts and services remained at a good level.

### ORDER INTAKE AND ORDER BOOK

Raute serves the wood products industry with a full-service concept based on service that encompasses the entire life cycle of the delivered equipment. Raute's business consists of project deliveries and technology services. Project deliveries encompass projects from individual machine or production line deliveries to deliveries of all the machines and equipment belonging to a mill's production process. Additionally, Raute's full-service concept includes comprehensive technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations, as well as consulting, training and reconditioned machinery.

The order intake amounted to EUR 120 million (MEUR 129) during the reporting period. Of new orders, 53 percent came from Europe (73%), 35 percent from Russia (8%), 7 percent from North America (12%), 3 percent from Asia-Pacific (4%) and 2 percent from South America (3%). The third quarter accounted for EUR 92 million of the order intake.

The order intake in project deliveries amounted to EUR 91 million (MEUR 98). Three large orders entered into force in the third quarter, worth altogether EUR 69 million, including a total of four new capacity-generating projects. Three of the projects will be built in Europe and one in Russia.

Order intake in technology services amounted to EUR 29 million (MEUR 31), 4 percent down from the comparison period, due to the low number of investment-type modernization orders. The order intake for spare parts and maintenance services grew on the comparison period.

The order book grew during the third quarter by EUR 70 million, amounting to a record-high EUR 102 million at the end of the period (MEUR 83).

### COMPETITIVE POSITION

Raute's competitive position has remained unchanged and is good. Raute's solutions help customers in securing their delivery and service capabilities throughout the life cycle of the production process or its part. In such investments, the supplier's overall expertise and extensive and diverse technology offering play a key role. The competitive edge provided by Raute plays a major role when customers select their cooperation partners. Raute's strong financial position and long-term dedication to serving selected customer industries also enhance its credibility and improve its competitive position as a company that carries out long-term investment projects.

### NET SALES

Net sales for the reporting period, EUR 77.1 million (MEUR 87.8), fell 12 percent on the comparison period. The lower volume of orders than in the comparison year and the resulting decline in the order book in the early part of the year impacted the decline in net sales.

Of the total net sales for the reporting period, Europe accounted for 60 percent (65%), North America for 16 percent (12%), Russia for 16 percent (10%), Asia-Pacific for 5 percent (5%), and South America for 4 percent (8%).

Net sales for technology services amounted to EUR 30.0 million (MEUR 31.7) in the reporting period and their share of total net sales was 39 per cent (36%). Net sales for technology services decreased 6 percent over the comparison period due to the low number of new modernization orders.

### RESULT AND PROFITABILITY

Operating profit for the reporting period was EUR 4.3 million positive (MEUR 5.3 positive) and accounted for 5.5 percent of

net sales (6.1%). Profitability reflected the level of net sales. Other operating income for the reporting period includes project-business-related insurance compensation of EUR 0.9 million received in the first quarter.

The result before taxes for the reporting period was EUR 3.9 million positive (MEUR 5.3 positive). The result for the reporting period was EUR 3.1 million positive (MEUR 4.3 positive). Earnings per share (undiluted) were EUR 0.74 (EUR 1.07).

### CASH FLOW AND BALANCE SHEET

The Group's financial position remained good. At the end of the reporting period, gearing was -50 percent (-40%) and the equity ratio 62 percent (58%). 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 19.1 million (MEUR 13.4) at the end of the reporting period. Operating cash flow was EUR 15.4 million positive (MEUR 12.2 positive). Cash flow from investment activities was EUR 2.4 million negative (MEUR 0.9 negative). Cash flow from financing activities was EUR 0.4 million negative (MEUR 2.3 negative), including dividend payments of EUR 3.3 million, EUR 0.5 million in share issues and EUR 2.3 million in the increase of short-term loans.

Interest-bearing liabilities amounted to EUR 3.9 million (MEUR 2.5) 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 20.9 million remained unused at the end of the reporting period.

### EVENTS DURING THE REPORTING PERIOD

Raute Corporation published stock exchange releases on the following events:

January 18, 2016	Advance information on Raute Group's 2015 net sales and operating profit
March 31, 2016	Decisions of Raute's Annual General Meeting
June 3, 2016	Notification pursuant to the Finnish Securities Markets Act, Chapter 9, Section 5 (flagging notification)
July 20, 2016	Raute received orders worth EUR 25 million to Finland
August 22, 2016	Raute received an order of over EUR 17 million to Poland

August 24, 2016 Raute received orders worth almost EUR 32 million to Russia

September 28, 2016 Issue of new shares of Raute Corporation without consideration to the company itself.

## RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

Raute is a leading technology supplier for the plywood and LVL industries and focuses strongly on the development of increasingly efficient, productive and environmentally friendly manufacturing technology and supporting measurement and machine vision applications. Opportunities provided by digitalization are also an essential part of R&D activities.

Research and development costs in the reporting period amounted to EUR 2.0 million (MEUR 1.7), representing 2.6 percent of net sales (2.0%).

Capital expenditure during the period amounted to EUR 2.4 million (MEUR 0.9) and accounted for 3.1 percent (1.0%) of net sales.

The clearly higher level of both research and development costs and investments than in the comparison period results from the timing of projects and the use of resources during the low order book in the spring.

## PERSONNEL

During the reporting period, the Group's headcount fell by 9 people, numbering 637 (642) at the end of the reporting period. Group companies outside Finland accounted for 29 percent (32%) of employees.

Converted to full-time employees ("effective headcount"), the average number of employees was 632 (608) during the reporting period. The increase in the number of employees took place mainly at the Nastola unit where capacity has been raised in order to meet the loading situation.

## SHARES

The number of Raute Corporation's shares at the end of the reporting period totaled 4,185,589, of which 991,161 were series K shares (ordinary share, 20 votes/share) and 3,194,428 series A shares (1 vote/share). Series K and A shares confer equal rights to dividends and company assets.

Series K shares can be converted to series A shares under the terms set out in section 3 of the Articles of Association. If an ordinary share is transferred to a new owner who has not previously held series K shares, the new owner must notify the Board of Directors of this in writing and without delay. Other holders of series K shares have the right to redeem the share under the terms specified in Article 4 of the Articles of Association.

Raute Corporation's series A shares are listed on Nasdaq Helsinki Ltd. The trading code is 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 Helsinki Ltd.

The company's market capitalization at the end of the reporting period was EUR 68.2 million (MEUR 52.8), with series K shares valued at the closing price of series A shares on September 30, 2016, i.e. EUR 16.29 (EUR 13.00).

On September 28, 2016, the company resolved on the issuance of new shares to the company itself without consideration so that, in spring 2017, it will have own shares held by the company available for the payment of the share rewards payable based on the company's share incentive plan 2015–2017. The 14,523 new series A shares were entered in the Trade Register on October 5, 2016 and admitted to public trading on October 6, 2016.

## STOCK OPTIONS

At the end of the reporting period, altogether 18,999 of the company's series B 2010 stock options and 31,370 series C stock options were unexercised. The subscription period for Raute Corporation's series A stock options ended on March 31, 2016.

Raute Corporation's series B 2010 stock options are listed on Nasdaq Helsinki Ltd under the trading code RUTAVEW210 and series C 2010 stock options under the trading code RUTAVEW310. The subscription period for series B stock options is March 1, 2014 to March 31, 2017 and the subscription period for series C stock options is March 1, 2015 to March 31, 2018. The respective subscription prices were EUR 7.13 and EUR 6.00 and the closing prices at the end of the reporting period were EUR 7.79 and EUR 8.80.

## REMUNERATION

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

### Share-based incentive plan 2014–2018

The Group has a valid long-term share-based incentive plan for the years 2014 to 2018 based on performance. The terms and conditions of the incentive plan 2014–2018 are available on the company's website.

## SHAREHOLDERS

The number of shareholders stood at 2,623 at the beginning of the year and at 3,466 at the end of the reporting period. Series K shares were held by 50 private individuals (50) at the end of the reporting period. Nominee-registered shares accounted for 2.4 percent (3.2%) of the total shares. On June 2, 2016, the company received a flagging notification pursuant to the Finnish Securities Markets Act, Chapter 9, Section 5, according to which Göran Sundholm's holding of the total number of Raute Corporation's shares was less than 15 per cent when Raute Corporation's share capital increase was marked in the Trade Register on May 9, 2016. Göran Sundholm's holding of the company's shares was

14.98% and 2.71% of the votes after the flagging threshold was crossed.

The Board of Directors, the President and CEO as well as the Executive Board held altogether 247,979 company shares, equaling 5.9 percent (5.9%) of the company shares and 11.2 percent (11.2%) of the votes at the end of the reporting period.

## CORPORATE GOVERNANCE

As of January 1, 2016, Raute Corporation complies with the Finnish Corporate Governance Code 2015 for listed companies issued by the Securities Market Association on October 1, 2015.

## EXECUTIVE BOARD

Raute Group's Executive Board and the members' areas of responsibility as of March 14, 2016:

- Tapani Kiiski, President and CEO, Chairman – Sales
- Arja Hakala, Group Vice President, Finance, CFO – Finance and administration
- Marko Hjelt, Group Vice President, Human Resources – Human resources and competence development
- Mika Hyysti, Group Vice President, Technology – Technology, products and R&D
- Timo Kangas, Group Vice President, EMEA – Market area EMEA
- Antti Laulainen, Group Vice President, Technology Services and Sales Management – Technology services and sales management
- Petri Strengell, Group Vice President, Supply Chain – Sourcing and production.

## ANNUAL GENERAL MEETING 2016

Raute Corporation's Annual General Meeting was held on March 31, 2016. A stock exchange release on the decisions of the Annual General Meeting was published on March 31, 2016.

## DISTRIBUTION OF PROFIT FOR THE 2015 FINANCIAL YEAR

The company distributed a dividend of EUR 0.80 per share for the 2015 financial year. The total amount of dividends is EUR 3.3 million, series A shares accounting for EUR 2,509,597.60 (EUR 1,209,626.80) and series K shares for EUR 792,928.80 (EUR 396,464.40). The dividend payment date was April 12, 2016.

## BOARD OF DIRECTORS AND BOARD COMMITTEES

At the General Meeting on March 31, 2016, Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Mr. Mika Mustakallio Vice-Chair, and Mr. Joni Bask, Ms. Päivi Leiwo, Mr. Pekka Suominen, and Mr. Patrick von Essen were elected as Board members. The Board of Directors' term of office will continue until the 2017 Annual General Meeting.

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

Raute Corporation's Board of Directors has an Appointments Committee. The Appointments Committee is chaired by Mr. Erkki Pehu-Lehtonen and its members are Mr. Mika Mustakallio and Mr. Pekka Suominen. The Audit and Working Committees' tasks are handled by the Board of Directors.

## EVENTS AFTER THE REPORTING PERIOD

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

October 5, 2016 The 14,523 new series A shares of Raute Corporation registered and admitted to public trading.

## BUSINESS RISKS

Risks in the near term continue to be driven by the uncertainty relating to the global economic situation and the development of the financial markets, as well as by international political instability. During the reporting period, there were no essential changes in the business risks described in the 2015 Board of Directors' Report and Financial Statements.

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

## OUTLOOK FOR 2016

Based on the prevailing market situation and the orders received in the third quarter, Raute's net sales and operating profit for 2016 are expected to remain at the same level as in 2015.

## TABLES SECTION OF THE INTERIM REPORT

The figures for the financial year 2015 presented in the tables section of the interim report have been audited.  
The presented interim financial report figures have not been audited.

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>						
<b>(EUR 1 000)</b>	<b>Note</b>	<b>1.7.–30.9. 2016</b>	<b>1.7.–30.9. 2015</b>	<b>1.1.–30.9. 2016</b>	<b>1.1.–30.9. 2015</b>	<b>1.1.–31.12. 2015</b>
<b>NET SALES</b>	3,4,5	<b>23 355</b>	<b>31 391</b>	<b>77 087</b>	<b>87 757</b>	<b>127 278</b>
<b>Change in inventories of finished goods and work in progress</b>		<b>67</b>	<b>1 161</b>	<b>1 044</b>	<b>942</b>	<b>-313</b>
<b>Other operating income</b>		<b>46</b>	<b>7</b>	<b>1 080</b>	<b>361</b>	<b>393</b>
Materials and services		-10 032	-18 623	-37 809	-46 676	-67 992
Employee benefits expense	13	-8 627	-8 357	-26 725	-25 375	-34 310
Depreciation and amortization		-605	-531	-1 694	-1 634	-2 125
Impairment		-	-34	-	-194	-1 370
Other operating expenses		-2 838	-3 102	-8 717	-9 841	-13 441
<b>Total operating expenses</b>		<b>-22 103</b>	<b>-30 646</b>	<b>-74 944</b>	<b>-83 720</b>	<b>-119 238</b>
<b>OPERATING PROFIT</b>		<b>1 364</b>	<b>1 912</b>	<b>4 267</b>	<b>5 339</b>	<b>8 120</b>
<b>% of net sales</b>		<b>5,8</b>	<b>6,1</b>	<b>5,5</b>	<b>6,1</b>	<b>6,4</b>
Financial income		-70	-42	-29	214	342
Financial expenses		-134	-99	-322	-271	-343
<b>PROFIT BEFORE TAX</b>		<b>1 159</b>	<b>1 772</b>	<b>3 916</b>	<b>5 281</b>	<b>8 118</b>
<b>% of net sales</b>		<b>5,0</b>	<b>5,6</b>	<b>5,1</b>	<b>6,0</b>	<b>6,4</b>
Income taxes		-219	-300	-847	-976	-1 435
<b>PROFIT FOR THE PERIOD</b>		<b>940</b>	<b>1 472</b>	<b>3 069</b>	<b>4 305</b>	<b>6 684</b>
<b>% of net sales</b>		<b>4,0</b>	<b>4,7</b>	<b>4,0</b>	<b>4,9</b>	<b>5,3</b>
<b>Other comprehensive income items:</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of defined benefit obligations		-	-	-	2	2
<b>Items that may be subsequently reclassified to profit or loss</b>						
Exchange differences on translating foreign operations		-86	-7	200	185	88
Cash flow hedges		-41	-104	1	29	8
<b>Comprehensive income items for the period, net of tax</b>		<b>-127</b>	<b>-112</b>	<b>201</b>	<b>215</b>	<b>98</b>
<b>COMPREHENSIVE PROFIT FOR THE PERIOD</b>		<b>814</b>	<b>1 360</b>	<b>3 270</b>	<b>4 521</b>	<b>6 782</b>
<b>Profit for the period attributable to</b>						
Equity holders of the Parent company		940	1 472	3 069	4 305	6 684
<b>Comprehensive profit for the period attributable to</b>						
Equity holders of the Parent company		814	1 360	3 270	4 521	6 782
<b>Earnings per share for profit attributable to Equity holders of the Parent company, EUR</b>						
Undiluted earnings per share		0,22	0,36	0,74	1,07	1,65
Diluted earnings per share		0,22	0,36	0,73	1,07	1,64
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares		4 192	4 053	4 160	4 031	4 051
Adjusted average number of shares diluted		4 201	4 065	4 194	4 042	4 079

<b>CONSOLIDATED BALANCE SHEET</b>				
<b>(EUR 1 000)</b>				
	<b>Note</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	8	1 497	2 836	1 609
Property, plant and equipment	8	9 306	7 665	8 529
Other financial assets		490	490	490
Deferred tax assets		184	173	172
<b>Total non-current assets</b>		<b>11 476</b>	<b>11 164</b>	<b>10 799</b>
<b>Current assets</b>				
Inventories		10 368	11 326	9 577
Accounts receivables and other receivables	5	20 973	27 066	34 722
Income tax receivable		183	40	123
Cash and cash equivalents		19 120	13 367	6 538
<b>Total current assets</b>		<b>50 644</b>	<b>51 798</b>	<b>50 960</b>
<b>TOTAL ASSETS</b>		<b>62 120</b>	<b>62 962</b>	<b>61 760</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to Equity holders of the Parent company</b>				
Share capital		8 256	8 128	8 223
Share issue		-	78	-
Fair value reserve and other reserves		6 687	5 703	6 008
Exchange differences		508	405	308
Retained earnings		11 859	8 477	8 477
Profit for the period		3 069	4 305	6 684
<b>Share of shareholders' equity that belongs to the owners of the Parent company</b>		<b>30 379</b>	<b>27 096</b>	<b>29 700</b>
<b>Total equity</b>		<b>30 379</b>	<b>27 096</b>	<b>29 700</b>
<b>Non-current liabilities</b>				
Non-current provisions		501	285	455
Deferred tax liability		10	220	241
Non-current interest-bearing liabilities	9	-	983	-
<b>Total non-current liabilities</b>		<b>511</b>	<b>1 488</b>	<b>696</b>
<b>Current liabilities</b>				
Current provisions		1 303	2 449	1 409
Current interest-bearing liabilities	9	3 853	1 530	1 535
Current advance payments received	5	13 243	15 829	11 024
Income tax liability		734	1 002	11
Trade payables and other liabilities		12 097	13 568	17 386
<b>Total current liabilities</b>		<b>31 231</b>	<b>34 379</b>	<b>31 364</b>
<b>Total liabilities</b>		<b>31 742</b>	<b>35 866</b>	<b>32 059</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>62 120</b>	<b>62 962</b>	<b>61 760</b>



<b>CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1 000)</b>	<b>1.1.–30.9.2016</b>	<b>1.1.–30.9.2015</b>	<b>1.1.–31.12.2015</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from customers	91 896	85 399	122 089
Other operating income	1 080	361	371
Payments to suppliers and employees	-77 004	-73 337	-114 092
<b>Cash flow before financial items and taxes</b>	<b>15 972</b>	<b>12 423</b>	<b>8 368</b>
Interest paid from operating activities	-78	-66	-115
Dividends received from operating activities	114	97	97
Interest received from operating activities	2	2	5
Other financing items from operating activities	-203	-32	105
Income taxes paid from operating activities	-404	-249	-983
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>15 403</b>	<b>12 175</b>	<b>7 477</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	-2 460	-996	-2 395
Proceeds from sale of property, plant and equipment and intangible assets	26	49	66
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-2 435</b>	<b>-947</b>	<b>-2 329</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	510	360	607
Proceeds from current borrowings	6 011	-	-
Repayments of current borrowings	-3 625	-	-
Proceeds from non-current borrowings	-	358	-
Repayments of non-current borrowings	-	-625	-1 250
Dividends paid and repayment of equity	-3 303	-2 409	-2 409
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-406</b>	<b>-2 316</b>	<b>-3 052</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>12 562</b>	<b>8 911</b>	<b>2 096</b>
increase (+)/decrease (-)			
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*</b>	<b>6 538</b>	<b>4 431</b>	<b>4 431</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>12 562</b>	<b>8 911</b>	<b>2 096</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	<b>21</b>	<b>24</b>	<b>11</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>	<b>19 120</b>	<b>13 367</b>	<b>6 538</b>
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*</b>			
Cash and cash equivalents	19 120	13 367	6 538
<b>TOTAL</b>	<b>19 120</b>	<b>13 367</b>	<b>6 538</b>

\*Cash and cash equivalents comprise cash and bank receivables, which will be due within the following three months' period.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(EUR 1 000)	Share capital	Share issue	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners of the Parent company	TOTAL
<b>EQUITY at Jan. 1, 2016</b>	8 223	0	4 950	1 058	308	15 161	29 700	29 700
<b>Comprehensive profit for the period</b>								
Profit for the period	-	-	-	-	-	3 069	3 069	3 069
Other comprehensive income items:								
Hedging reserve	-	-	-	1	-	-	1	1
Exchange differences on translating foreign operations	-	-	-	-	200	-	200	200
<b>Total comprehensive profit for the period</b>	0	0	0	1	200	3 069	3 271	3 271
<b>Transactions with owners</b>								
Share-options exercised	33	-	477	-	-	-	510	510
Equity-settled share-based transactions	-	-	-	200	-	-	200	200
Dividends and repayment of equity	-	-	-	-	-	-3 303	-3 303	-3 303
<b>Total transactions with owners</b>	33	0	477	200	0	-3 303	-2 593	-2 593
<b>EQUITY at September 30, 2016</b>	8 256	0	5 427	1 260	508	14 928	30 379	30 379

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(EUR 1 000)	Share capital	Share issue	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners of the Parent company	TOTAL
<b>EQUITY at Jan. 1, 2015</b>	8 031	0	5 339	662	220	10 083	24 334	24 334
<b>Comprehensive profit for the period</b>								
Profit for the period	-	-	-	-	-	4 305	4 305	4 305
Other comprehensive income items:								
Hedging reserve	-	-	-	29	-	-	29	29
Exchange differences on translating foreign operations	-	-	-	-	185	-	185	185
<b>Total comprehensive profit for the period</b>	0	0	0	29	185	4 305	4 519	4 519
<b>Transactions with owners</b>								
Share-options exercised	97	78	185	-	-	-	360	360
Equity-settled share-based transactions	-	-	-	292	-	-	292	292
Dividends and repayment of equity	-	-	-803	-	-	-1 606	-2 409	-2 409
<b>Total transactions with owners</b>	97	78	-618	292	0	-1 606	-1 757	-1 757
<b>EQUITY at September 30, 2015</b>	8 128	78	4 722	982	405	12 782	27 096	27 096

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

Raute Group is a globally operating technology 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, Lahti municipality, Finland. Its other production plants are in Kajaani, in the Vancouver area in Canada, and in the Shanghai area in China. 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 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](http://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 October 26, 2016 reviewed the Interim financial report for January 1 - September 30, 2016, and approved it to be published in compliance with this release.

### 2. Accounting principles

Raute Corporation's Interim financial report for January 1 - September 30, 2016 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 2015.

Raute Corporation's Interim financial report for January 1 - September 30, 2016 has been prepared in accordance with the International Financial Reporting Standards, IFRS, accepted for application in the European Union. Preparations have complied with the IAS and IFRS standards, as well as SIC and IFRIC interpretations, effective on September 30, 2016. The notes to the Interim financial statements also comply with Finnish accounting legislation.

The Interim financial report has been prepared according to the same accounting principles as those applied in the Annual financial statement for 2015.

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.

In the preparation of the Interim financial report in conformity with IFRS standards, management has made forward-looking accounting estimates and assumptions. Because the estimates and assumptions are based on management's best knowledge at the reporting date, 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	30.9.2016	30.9.2015	31.12.2015
Net sales	77 087	87 757	127 278
Operating profit	4 267	5 339	8 120
Assets	62 120	62 962	61 760
Liabilities	31 742	35 866	32 059
Capital expenditure	2 424	867	2 506

<b>Assets of the wood products technology segment by geographical location</b>	<b>30.9.2016</b>	<b>%</b>	<b>30.9.2015</b>	<b>%</b>	<b>31.12.2015</b>	<b>%</b>
Finland	52 753	85	50 962	81	52 488	85
North America	4 272	7	4 580	7	3 655	6
China	3 970	6	5 712	9	4 572	7
Russia	822	1	1 329	2	732	1
South America	173	0	226	0	202	0
Other	130	0	153	0	112	0
<b>TOTAL</b>	<b>62 120</b>	<b>100</b>	<b>62 962</b>	<b>100</b>	<b>61 760</b>	<b>100</b>

<b>Capital expenditure of the wood products technology segment by geographical location</b>	<b>30.9.2016</b>	<b>%</b>	<b>30.9.2015</b>	<b>%</b>	<b>31.12.2015</b>	<b>%</b>
Finland	2 242	92	777	90	2 388	95
North America	156	6	35	4	61	2
China	20	1	47	5	57	2
Russia	-	-	-	-	-	-
South America	1	0	8	1	1	0
Other	4	0	-	-	-	-
<b>TOTAL</b>	<b>2 424</b>	<b>100</b>	<b>867</b>	<b>100</b>	<b>2 506</b>	<b>100</b>

#### 4. Net sales

The main part of the net sales is comprised of project deliveries 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 (2), whose customized share of the Group's net sales temporarily exceeded ten percent. The sales share of the customers was 29 percent.

<b>Net sales by market area</b>	<b>1.1.–30.9.2016</b>	<b>%</b>	<b>1.1.–30.9.2015</b>	<b>%</b>	<b>1.1.–31.12.2015</b>	<b>%</b>
EMEA (Europe and Africa)	45 958	60	56 715	65	82 632	66
CIS (Russia)	12 261	16	8 577	10	11 841	9
NAM (North America)	12 244	16	10 792	12	16 962	13
APAC (Asia-Pacific)	3 634	5	4 294	5	6 906	5
LAM (South America)	2 990	4	7 379	8	8 937	7
<b>TOTAL</b>	<b>77 087</b>	<b>100</b>	<b>87 757</b>	<b>100</b>	<b>127 278</b>	<b>100</b>

Finland accounted for 16 percent (19 %) of net sales.

5. Long-term projects	30.9.2016	30.9.2015	31.12.2015
Net sales			
Net sales by percentage of completion	60 430	70 403	104 251
Other net sales	16 657	17 354	23 027
<b>TOTAL</b>	<b>77 087</b>	<b>87 757</b>	<b>127 278</b>
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	105 466	100 945	112 329
Amount of long-term project revenues not yet entered as income (order book)	101 169	81 977	59 210
Projects for which the value by percentage of completion exceeds advance payments invoiced			
- aggregate amount of costs incurred and recognized profits less recognized losses	82 827	57 810	72 948
- advance payments received	69 255	40 393	46 415
Gross amount due from customers	13 572	17 417	26 533
Projects for which advance payments invoiced exceed the value by percentage of completion			
- aggregate amount of costs incurred and recognized profits less recognized losses	21 279	42 973	36 823
- advance payments received	33 495	58 090	46 294
Gross amount due to customers	12 216	15 117	9 471
Advance payments included in the current liabilities in the balance sheet			
Gross amount due to customers	12 216	15 117	9 471
Other advance payments received, not under percentage of completion	1 027	712	1 553
Total	13 243	15 829	11 024
Specification of combined asset and liability items			
Advance payments paid	575	2 009	1 367
Advance payments included in inventories in the balance sheet	575	2 009	1 367
6. Number of personnel, persons	30.9.2016	30.9.2015	31.12.2015
Effective, on average	632	608	614
In books, on average	642	617	624
In books, at the end of the period	637	642	646
- of which personnel working abroad	185	205	205
7. Research and development costs	30.9.2016	30.9.2015	31.12.2015
Research and development costs for the period	-1 980	-1 736	-3 092
Amortization of previously capitalized development costs	-170	-428	-104
Development costs recognized as an asset in the balance sheet	-	220	220
Research and development costs entered as expense for the period	-2 150	-1 944	-2 976
Impairment of previously capitalized development costs	-	-	-1 020
Research and development costs entered as expense for the period	-2 150	-1 944	-3 996

<b>8. Changes in Intangible assets and in Property, plant and equipment</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
<b>Intangible assets</b>			
Carrying amount at the beginning of the period	14 035	13 826	13 826
Exchange rate differences	-46	47	60
Additions	94	318	346
Disposals	-	-	-350
Reclassification between items	296	97	152
<b>Carrying amount at the end of the period</b>	<b>14 378</b>	<b>14 289</b>	<b>14 035</b>
Accumulated depreciation and amortization at the beginning of the period	-12 426	-10 334	-10 334
Exchange rate differences	33	-24	-32
Accumulated depreciation and amortization of disposals and reclassifications	-	-350	-
Depreciation and amortization for the period	-488	-745	-690
Impairment	-	-	-1 370
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-12 882</b>	<b>-11 453</b>	<b>-12 426</b>
<b>Book value of Intangible assets, at the beginning of the period</b>	<b>1 609</b>	<b>3 492</b>	<b>3 492</b>
<b>Book value of Intangible assets, at the end of the period</b>	<b>1 497</b>	<b>2 836</b>	<b>1 609</b>
<b>Property, plant and equipment</b>			
Carrying amount at the beginning of the period	45 463	43 944	43 944
Exchange rate differences	121	-446	-458
Additions	2 330	899	2 160
Disposals	-8	-24	-30
Reclassification between items	-301	-97	-152
<b>Carrying amount at the end of the period</b>	<b>47 605</b>	<b>44 275</b>	<b>45 463</b>
Accumulated depreciation and amortization at the beginning of the period	-36 934	-36 014	-36 014
Exchange rate differences	-165	486	502
Accumulated depreciation and amortization of disposals and reclassifications	5	-	-
Depreciation and amortization for the period	-1 205	-1 083	-1 422
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-38 299</b>	<b>-36 610</b>	<b>-36 934</b>
<b>Book value of Property, plant and equipment, at the beginning of the period</b>	<b>8 529</b>	<b>7 930</b>	<b>7 930</b>
<b>Book value of Property, plant and equipment, at the end of the period</b>	<b>9 306</b>	<b>7 665</b>	<b>8 529</b>
<b>9. Interest-bearing liabilities</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
Non-current interest-bearing liabilities recognized at amortized cost	-	983	-
Current interest-bearing liabilities	3 853	1 530	1 535
<b>TOTAL</b>	<b>3 853</b>	<b>2 513</b>	<b>1 535</b>
<b>Maturities of the interest-bearing financial liabilities at September 30, 2016</b>			
Financial liability	Current	Non-current	Total
Loans from financial institutions	3 853	-	3 853
<b>Total</b>	<b>3 853</b>	<b>-</b>	<b>3 853</b>

<b>10. Pledged assets and contingent liabilities</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
<b>On behalf of the Parent company</b>			
Business mortgages	4 427	6 897	7 869
Loans from financial institutions	625	1 875	1 250
Business mortgages	625	1 875	1 250
<b>Mortgage agreements on behalf of subsidiaries</b>			
Loans from financial institutions	3 228	280	285
Other obligations	1 488	558	568
Business mortgages	2 798	1 196	881
Commercial bank guarantees on behalf of the Parent company and subsidiaries	11 840	12 908	11 546
<b>Other own obligations</b>			
Rental liabilities maturing within one year	845	889	903
Rental liabilities maturing in one to five years	694	1 514	1 301
Rental liabilities maturing later	2	-	-
<b>Total</b>	<b>1 541</b>	<b>2 404</b>	<b>2 204</b>

#### 11. Related party transactions

No loans have been granted to the company's management.

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

<b>12. Derivatives</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
<b>Nominal values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	-	36	-
- Related to the hedging of net sales	8 183	6 565	2 969
Hedge accounting			
- Related to the hedging of net sales	1 146	2 419	2 679
<b>Fair values of forward contracts in foreign currency</b>			
Economic hedging			
- Related to financing	-	-4	-
- Related to the hedging of net sales	-57	-216	-89
Hedge accounting			
- Related to the hedging of net sales	4	-24	-47

### 13. Share-based payments

A total of 73 881 Raute's series A shares have been subscribed for with Raute's stock options 2010 A, 2010 B and 2010 C during the reporting period. The new shares have been registered in the Trade Register on February 24, 2016, May 9, 2016 and August 4, 2016.

On September 30, 2016 the company's share capital is EUR 8 256 316 and the number of company's shares 4 185 589 pieces.

An expense of EUR 200 thousand was recognized for the share rewards to the income statement during the reporting period.

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

### 14. Distribution of the profit for the financial year 2015

Raute Corporation's Annual General Meeting held on March 31, 2016, decided, according to the Board of Directors' proposal, to distribute a dividend of EUR 0,80 per share to be paid for series A and K shares, a total of EUR 3 303 thousand. The dividend payment date was April 12, 2016.

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

At the end of the reporting period September, 30, 2016, 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 2015. There were no transfers between the hierarchy levels 1 and 2 during the reporting period.

### 16. Exchange rates used

Income statement, euros	1.1.–30.9.2016	1.1.–30.9.2015	1.1.–31.12.2015
CNY (Chinese yuan)	7,3562	6,9647	6,9733
RUB (Russian rouble)	76,3054	66,5540	68,0090
CAD (Canadian dollar)	1,4754	1,4031	1,4177
USD (US dollar)	1,1158	1,1145	1,1097
SGD (Singapore dollar)	1,5301	1,5197	1,5251
CLP (Chilean peso)	759,2613	712,5336	725,3048

  

Balance sheet, euros	30.9.2016	30.9.2015	31.12.2015
CNY (Chinese yuan)	7,4819	7,1462	7,0223
RUB (Russian rouble)	70,5140	73,2416	80,6736
CAD (Canadian dollar)	1,4690	1,5034	1,5116
USD (US dollar)	1,1161	1,1203	1,0887
SGD (Singapore dollar)	1,5235	1,5921	1,5417
CLP (Chilean peso)	748,9861	774,5492	765,9751

### 17. Events after the reporting period

The 14,523 new series A shares of Raute Corporation issued to the company itself without consideration, have been registered in the trade register on October 5, 2016. After the registration of the new series A shares the total number of the company's series A shares is 3,208,951 pieces, of which 14,523 shares are held by the company. The total amount of the company's shares after the registration is 4,200,112 pieces. The new series A shares have been admitted to public trading together with the company's old series A shares on the stock exchange list of Nasdaq Helsinki Ltd on October 6, 2016.



<b>FINANCIAL DEVELOPMENT</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
Change in net sales, %	-12,2	46,2	35,4
Exported portion of net sales, %	83,6	80,8	76,3
Return on investment (ROI), %	17,9	25,9	28,5
Return on equity, ROE, %	13,6	22,3	24,7
Interest-bearing net liabilities, EUR million	-15,3	-10,9	-5,0
Gearing, %	-50,3	-40,1	-16,8
Equity ratio, %	62,2	57,5	58,5
Gross capital expenditure, EUR million	2,4	0,9	2,5
% of net sales	3,1	1,0	2,0
Research and development costs, EUR million	2,0	1,7	3,1
% of net sales	2,6	2,0	2,4
Order book, EUR million	102	83	60
Order intake, EUR million	120	129	145

<b>SHARE-RELATED DATA</b>	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>31.12.2015</b>
Earnings per share, (EPS), undiluted, EUR	0,74	1,07	1,65
Earnings per share, (EPS), diluted, EUR	0,73	1,07	1,64
Equity to share, EUR	7,27	6,67	7,26
Dividend per series A share, EUR	-	-	0,80
Dividend per series K share, EUR	-	-	0,80
Dividend per profit, %	-	-	48,4
Effective dividend return, %	-	-	5,7
Repayment of equity from invested non-restricted equity reserve, EUR	-	-	-
<b>Development in share price (series A shares)</b>			
Lowest share price for the period, EUR	12,06	7,17	7,17
Highest share price for the period, EUR	16,50	13,74	14,25
Average share price for the period, EUR	13,97	11,56	11,95
Share price at the end of the period, EUR	16,29	13,00	14,12
<b>Market value of capital stock</b>			
- Series K shares, EUR million*	16,1	12,9	14,0
- Series A shares, EUR million	52,0	39,9	44,1
<b>Total, EUR million</b>	<b>68,2</b>	<b>52,8</b>	<b>58,1</b>

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

<b>Trading of the company's shares (series A shares)</b>			
Trading of shares, pcs	812 082	879 766	1 094 902
Trading of shares, EUR million	11,3	10,2	13,1
<b>Number of shares</b>			
- Series K shares, ordinary shares (20 votes, share)	991 161	991 161	991 161
- Series A shares (1 vote/share)	3 194 428	3 072 792	3 120 547
<b>Total</b>	<b>4 185 589</b>	<b>4 063 953</b>	<b>4 111 708</b>
Number of shares, weighted average, 1 000 pcs	4 160	4 031	4 051
Number of shares, diluted, 1 000 pcs	4 194	4 042	4 139
<b>Number of shareholders</b>	<b>3 466</b>	<b>2 318</b>	<b>2 623</b>

<b>DEVELOPMENT OF QUARTERLY RESULTS</b>						
	Q4	Q1	Q2	Q3	Rolling	Rolling
(EUR 1 000)	2015	2016	2016	2016	1.10.2015– 30.9.2016	1.10.2014– 30.9.2015
<b>NET SALES</b>	<b>39 521</b>	<b>26 427</b>	<b>27 306</b>	<b>23 355</b>	<b>116 609</b>	<b>121 735</b>
<b>Change in inventories of finished goods and work in progress</b>	<b>-1 254</b>	<b>917</b>	<b>60</b>	<b>67</b>	<b>-211</b>	<b>1 651</b>
<b>Other operating income</b>	<b>32</b>	<b>962</b>	<b>73</b>	<b>46</b>	<b>1 112</b>	<b>333</b>
Materials and services	-21 316	-14 264	-13 513	-10 032	-59 124	-66 251
Employee benefits expense	-8 935	-9 131	-8 966	-8 627	-35 660	-33 398
Depreciation and amortization	-296	-515	-573	-605	-1 990	-2 352
Impairment	-1 370	-	-	-	-1 370	-
Other operating expenses	-3 600	-3 009	-2 871	-2 838	-12 317	-12 795
<b>Total operating expenses</b>	<b>-35 518</b>	<b>-26 919</b>	<b>-25 923</b>	<b>-22 103</b>	<b>-110 463</b>	<b>-114 795</b>
<b>OPERATING PROFIT</b>	<b>2 781</b>	<b>1 386</b>	<b>1 516</b>	<b>1 364</b>	<b>7 047</b>	<b>8 923</b>
<b>% of net sales</b>	<b>7,0</b>	<b>5,2</b>	<b>5,6</b>	<b>5,8</b>	<b>6,0</b>	<b>7,3</b>
Financial income	129	93	-52	-70	99	457
Financial expenses	-72	-222	35	-134	-394	-274
<b>PROFIT BEFORE TAX</b>	<b>2 837</b>	<b>1 258</b>	<b>1 499</b>	<b>1 159</b>	<b>6 753</b>	<b>9 107</b>
<b>% of net sales</b>	<b>7,2</b>	<b>4,8</b>	<b>5,5</b>	<b>5,0</b>	<b>5,8</b>	<b>7,5</b>
Income taxes	-459	-353	-274	-219	-1 305	-1 609
<b>PROFIT FOR THE PERIOD</b>	<b>2 378</b>	<b>904</b>	<b>1 224</b>	<b>940</b>	<b>5 448</b>	<b>7 498</b>
<b>% of net sales</b>	<b>6,0</b>	<b>3,4</b>	<b>4,5</b>	<b>4,0</b>	<b>4,7</b>	<b>6,2</b>
<b>Attributable to</b>						
Equity holders of the Parent company	2 378	904	1 224	940	5 448	7 498
<b>Earnings per share, EUR</b>						
Undiluted earnings per share	0,58	0,22	0,29	0,22	1,31	1,86
Diluted earnings per share	0,57	0,22	0,29	0,22	1,31	1,86
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares	4 091	4 124	4 147	4 192	4 160	4 031
Adjusted average number of shares diluted	4 139	4 151	4 147	4 201	4 194	4 042
<b>FINANCIAL DEVELOPMENT QUARTERLY</b>						
	Q4	Q1	Q2	Q3	Rolling	Rolling
	2015	2016	2016	2016	1.10.2015– 30.9.2016	1.10.2014– 30.9.2015
Order intake during the period, EUR million	16	13	16	92	137	152
Order book at the end of the period, EUR million	60	44	32	102	102	83

**20 LARGEST SHAREHOLDERS AT September 30, 2016**

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
<b>By number of shares</b>						
1. Sundholm Göran Wilhelm	-	622 942	622 942	14,9	622 942	2,7
2. Mandatum Life Unit-Linked	-	131 196	131 196	3,1	131 196	0,6
3. Laakkonen Mikko	-	119 919	119 919	2,9	119 919	0,5
4. Suominen Pekka	48 000	62 429	110 429	2,6	1 022 429	4,4
5. Siivonen Osku Pekka	50 640	53 539	104 179	2,5	1 066 339	4,6
6. Kirmo Kaisa Marketta	55 680	48 341	104 021	2,5	1 161 941	5,0
7. Suominen Tiina Sini-Maria	48 000	54 316	102 316	2,4	1 014 316	4,4
8. Relander Harald Bertel	-	85 000	85 000	2,0	85 000	0,4
9. Keskiaho Kaija Leena	33 600	51 116	84 716	2,0	723 116	3,1
10. Mustakallio Mika Tapani	57 580	26 270	83 850	2,0	1 177 870	5,1
11. Särkijärvi Anna Riitta	60 480	22 009	82 489	2,0	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	1,4	880 847	3,8
14. Särkijärvi Timo Juha	12 000	43 256	55 256	1,3	283 256	1,2
15. Särkijärvi-Martinez Anu Riitta	12 000	43 256	55 256	1,3	283 256	1,2
16. Mustakallio Ulla Sinikka	53 240	-	53 240	1,3	1 064 800	4,6
17. Suominen Jukka Matias	24 960	27 964	52 924	1,3	527 164	2,3
18. Keskinäinen työeläkevakuutusyhtiö Varma	-	51 950	51 950	1,2	51 950	0,2
19. Suominen Jussi Matias	48 000	-	48 000	1,1	960 000	4,2
20. Keskiaho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
<b>TOTAL</b>	<b>632 680</b>	<b>1 479 144</b>	<b>2 111 824</b>	<b>50,5</b>	<b>14 132 744</b>	<b>61,4</b>

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
<b>By number of votes</b>						
1. Särkijärvi Anna Riitta	60 480	22 009	82 489	2,0	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	26 270	83 850	2,0	1 177 870	5,1
4. Kirmo Kaisa Marketta	55 680	48 341	104 021	2,5	1 161 941	5,0
5. Siivonen Osku Pekka	50 640	53 539	104 179	2,5	1 066 339	4,6
6. Mustakallio Ulla Sinikka	53 240	-	53 240	1,3	1 064 800	4,6
7. Suominen Pekka	48 000	62 429	110 429	2,6	1 022 429	4,4
8. Suominen Tiina Sini-Maria	48 000	54 316	102 316	2,4	1 014 316	4,4
9. Suominen Jussi Matias	48 000	-	48 000	1,1	960 000	4,2
10. Mustakallio Marja Helena	43 240	16 047	59 287	1,4	880 847	3,8
11. Mustakallio Risto Knut kuolinpesä	42 240	-	42 240	1,0	844 800	3,7
12. Keskiaho Kaija Leena	33 600	51 116	84 716	2,0	723 116	3,1
13. Sundholm Göran Wilhelm	-	622 942	622 942	14,9	622 942	2,7
14. Keskiaho Vesa Heikki	29 680	-	29 680	0,7	593 600	2,6
15. Keskiaho Juha-Pekka	27 880	5 816	33 696	0,8	563 416	2,4
16. Kirmo Lasse	27 645	2 967	30 612	0,7	555 867	2,4
17. Suominen Jukka Matias	24 960	27 964	52 924	1,3	527 164	2,3
18. Keskiaho Ilta Marjaana	24 780	19 094	43 874	1,0	514 694	2,2
19. Kultanen Leea Annikka	22 405	8 031	30 436	0,7	456 131	2,0
20. Molander Sole	20 160	-	20 160	0,5	403 200	1,8
<b>TOTAL</b>	<b>778 690</b>	<b>1 021 381</b>	<b>1 800 071</b>	<b>43,0</b>	<b>16 595 181</b>	<b>72,1</b>

**MANAGEMENT'S SHAREHOLDING AND NOMINEE-REGISTERED SHARES**

	Number of series K shares	Number of series A shares	Total number of shares	% of total shares	Total number of votes	% of voting rights
<b>Management's holding at September 30, 2016</b>						
The Board of Directors, The Group's President and CEO and Executive Board*	122 830	125 149	247 979	5,9	2 581 749	11,2
<b>TOTAL</b>	<b>122 830</b>	<b>125 149</b>	<b>247 979</b>	<b>5,9</b>	<b>2 581 749</b>	<b>11,2</b>

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

**Nominee-registered shares at  
September 30, 2016**

	-	101 294	101 294	2,4	101 294	0,4
--	---	---------	---------	-----	---------	-----

RAUTE CORPORATION  
 Board of Directors

**BRIEFING ON OCTOBER 26, 2016 AT 2 P.M.:**

A briefing will be organized for analysts, investors and the media on October 26, 2016 at 2 p.m. at Scandic Simonkenttä Hotel, Tapiola cabinet, Simonkatu 9, Helsinki. The interim report will be presented by Mr. Tapani Kiiski, President and CEO, and Ms. Arja Hakala, CFO.

**FINANCIAL RELEASES IN 2017:**

Raute Corporation will publish a release on its financial statements for 2016 on Wednesday February 15, 2017.

Raute's interim reports will be published as follows:

- January–March on Friday, April 28, 2017
- January–June on Tuesday August 1, 2017
- January–September on Tuesday October 31, 2017.

Raute Corporation's Annual General Meeting is scheduled to be held in Lahti on Tuesday March 28, 2017.

**FURTHER INFORMATION:**

Mr. Tapani Kiiski, President and CEO, Raute Corporation, tel. +358 3 829 3500, mobile phone +358 400 814 148  
 Ms. Arja Hakala, CFO, Raute Corporation, tel. +358 3 829 3293, mobile phone +358 400 710 387

**DISTRIBUTION:**

Nasdaq Helsinki Ltd, main media, [www.raute.com](http://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 customer's 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 the Nastola area of Lahti, Finland. The company's other production plants are in Kajaani, Finland, the Vancouver area of Canada and in the Shanghai area of China. Raute's net sales in 2015 were EUR 127.3 million. The Group's headcount at the end of 2015 was 646.*

*More information about the company can be found at [www.raute.com](http://www.raute.com).*



RAUTE CORPORATION  
Rautetie 2  
P.O. Box 69, FI-15551 Nastola, Finland  
Tel. +358 3 829 11  
Fax +358 3 829 3200  
ir@raute.com

Follow us online:

[www.raute.com](http://www.raute.com)

Twitter: @rautemachinery, @RauteOyj

LinkedIn: Raute Oyj

Youtube: [www.youtube.com/RauteMachinery](http://www.youtube.com/RauteMachinery)

Facebook: Raute Corporation

Instagram: @raute\_corporation