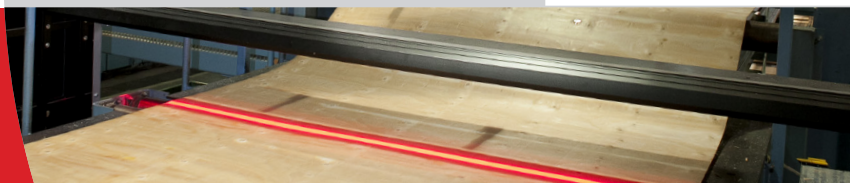


# Financial Statements 2013

February 13, 2014



## RAUTE CORPORATION – FINANCIAL STATEMENTS JANUARY 1–DECEMBER 31, 2013

- The Group's net sales amounted to EUR 83.3 million (MEUR 101.3), down 18% on the comparison period. The order intake was EUR 63 million (MEUR 116).
- Operating profit was EUR +1.8 million (MEUR +5.0). Result before taxes was EUR +1.6 million (MEUR +4.8).
- Undiluted earnings per share were EUR 0.30 (EUR +0.75) and diluted earnings per share were EUR 0.30 (EUR +0.74).
- Fourth-quarter net sales amounted to EUR 24.5 million and the operating result was EUR 1.5 million. Order intake was EUR 22 million and the order book stood at EUR 28 million (MEUR 50) at the end of the reporting period.
- Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.20 (EUR 0.50) per share be paid for the financial year 2013.
- Board of Directors will propose to the Annual General Meeting that EUR 0.30 per share (EUR 0.00) be distributed from the non-restricted equity reserve as repayment of equity.
- Raute's net sales are expected to grow in 2014 and operating profit is anticipated to improve over the year 2013.

### TAPANI KIISKI, PRESIDENT AND CEO: SPRINT TO THE FINISH LINE AND GROWTH EXPECTATIONS

The development that took place during the final quarter of 2013 was dual in nature. Measured in net sales and operating profit, the fourth quarter was the best quarter of 2013, a successful sprint to the finish line that we had been expecting based on the timing of our order book. The order intake returned almost to its normal level without any major individual orders, but the order book weakened somewhat regardless of this. Due to the order book situation and uncertainty related to the timing of new deliveries, we took the decision to carry out personnel adjustment measures at Nastola and Jyväskylä in order to prepare for the expected underloading in some of our operations early this year.

The low order intake level in project deliveries for 2013 was a disappointment to us, especially on the part of the first and third quarters. My expectations for positive development in the emerging markets in Russia and Asia still failed to materialize. No decisions were made concerning significant capacity-increasing investments at the planning and negotiation stage. The market situation experienced by the plywood and LVL mills and, above all, the financing-related problems of our customers prevented the implementation of projects. North America was the only major market area in which we achieved positive results. The capacity utilization rates of our customer industries remained high throughout the year, which was apparent in the growing demand for our technology services.

Net sales for the whole of 2013 decreased 18 percent from the previous year. The growth of 13 percent experienced by technology services was not sufficient to compensate for the decrease in net sales that accumulated from large project deliveries. Due to the decrease in net sales, we were unable to achieve the previous year's level that we had estimated for our 2013 operating profit. This serves as a reminder to us that we need to further develop our ability to adapt faster to changes in the market situation.

We have high expectations for 2014. The uncertainty that we still face in market development seems to have become the new status quo, but, based on our current order book and ongoing negotiations, we estimate that there is potential for growth in project deliveries in Europe, Russia and Asia. We also believe that technology services will continue to grow strongly. My estimate is that a number of major projects that have long been under negotiation will start up during the first part of the year, and that they will contribute to bringing Raute back on track in financial performance. Furthermore, I am certain that some of our product development projects will reach a phase where they will begin to pay themselves back.

Raute's competitiveness and market position are strong. The EUR 8.5 million in contracts signed over the past two months by Raute for developing the various mills of a European plywood manufacturer bears testimony to the company's long-term cooperation with its customers. We have shifted the focal point of our development projects to improving the cost competitiveness of our products and our operations. The results of this development work will begin to materialize further during 2014. I believe that we will begin to receive orders from areas in which we were not even involved a few years ago. Simultaneously our profitability will improve. We are seeking a clear improvement on the previous year in both net sales and profitability.

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 2013

### Order intake and order book

The order intake, EUR 22 million (MEUR 12), achieved a close-to-normal average level in the fourth quarter without any new major individual orders being placed. Technology services accounted for EUR 11 million (MEUR 8) of the order intake.

The order book weakened during the fourth quarter by EUR 3 million, amounting to EUR 28 million at the end of 2013 (MEUR 50).

### Net sales

Fourth-quarter net sales amounted to EUR 24.5 million (MEUR 33.9). Technology services accounted for 35 percent of total net sales (28%). Net sales increased 57 percent from the third quarter in line with the order book's timing.

### Result and profitability

Operating profit in the fourth quarter was EUR 1.5 million positive (MEUR 3.1 positive) and accounted for 6 percent (9%) of net sales. The result was EUR 0.9 million positive (MEUR 2.0 positive), and earnings per share were EUR 0.23 (EUR +0.49). Profitability improved in comparison with the previous quarters, which resulted from increased net sales.

## RAUTE CORPORATION – FINANCIAL STATEMENTS JANUARY 1– DECEMBER 31, 2013

## 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 uncertainty related to the global economy and financial markets continued in 2013. For Raute's customer industries, the market situation continued to be uncertain in several market areas.

### Demand for wood products technology and technology services

In 2013, no major capacity-increasing projects were initiated by Raute's customers. Investments were focused on relatively small machine and equipment investments and modernizations. Several large projects encompassing single production lines and mill-scale deliveries that are in the planning and negotiation phase were pending and in the negotiation phase throughout the year 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.

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

## ORDER INTAKE AND ORDER BOOK

Raute serves the wood products industry with a full-service concept based on service that encompasses the entire life cycle of the delivered equipment. Raute's business consists of project deliveries and technology services. Project deliveries comprise complete production machinery for new mills, production lines and individual machines and equipment. Additionally, Raute's full-service concept includes comprehensive technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations as well as consulting, training and reconditioned machinery.

The order intake for 2013 stood at EUR 63 million (MEUR 116). The order intake decreased by 45 percent on the previous year as a result of a lack of capacity-generating mill projects. The order intake grew or remained on a par with the previous year's level in all market areas when comparing 2013 with the previous year minus any new capacity-generating orders. North America achieved the largest relative growth.

35 percent of the new orders came from Europe (31%), 25 percent from North America (6%), 23 percent from Russia (12%), 13 percent from South America (48%) and 4 percent from Asia-Pacific (3%). The strong fluctuations in the distribution of new orders between the various market areas are typical for project-focused business.

The order intake for project deliveries stood at EUR 29 million (MEUR 89) and decreased from the previous year by 68 percent. No new orders related to building new production capacity were received (MEUR 66). A significant proportion of new orders were focused on drying technology and the further processing of dry veneer.

The order intake for technology services stood at EUR 34 million (MEUR 27). The increase in order intake mainly resulted from modernization orders from Europe and North America. Spare parts and maintenance services remained at the previous year's good level.

## COMPETITIVE POSITION

Raute's competitive position has remained strong. Raute's solutions help customers in securing their delivery and service capabilities throughout the life cycle of the equipment or service offered by Raute. In such investments, the supplier's overall expertise and extensive and diverse technology offering play a key role. The competitive edge provided by Raute is also a major draw when customers select their cooperation partners. Raute's strong financial position and 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 83.3 million (MEUR 101.3). Net sales declined by 18 percent on 2012. The decline

resulted from the low order intake 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 51 million (MEUR 73), down 30 percent from the previous year. Net sales remained below those of the previous year in terms of project deliveries related to the construction of new plywood production capacity. Project deliveries accounted for 62 percent of total net sales (72%). The plywood industry's share of the net sales for project deliveries was 77 percent (93%), while the LVL industry's share was 23 percent (7%).

Altogether four major new 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 LVL mill order received from China in 2010 was completed. 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 reached the commissioning phase. LVL machines ordered in July 2012 were installed in Germany under Raute's supervision.

Net sales for technology services totaled EUR 32 million (MEUR 28). Net sales grew 13 percent from the previous year and accounted for 38 percent (28%) of total net sales. The increase in net sales was predominantly the result of modernizations.

Europe's share of total net sales in 2013 was 40 percent (22%), South America's 22 percent (52%), Russia's 19 percent (14%), North America's 14 percent (8%), and Asia-Pacific's 5 percent (4%).

## RESULT AND PROFITABILITY

The Group's operating profit for 2013 was EUR 1.8 million positive (MEUR 5.0 positive) and accounted for 2 percent of net sales (5%). The profitability of operations declined from the previous year due to a decrease in net sales.

The Group's financial income and expenses totaled EUR -0.2 million (MEUR -0.3). The Group's profit before tax was EUR 1.6 million positive (MEUR +4.8) and profit for the financial year was EUR 1.2 million positive (MEUR +3.0). Comprehensive income for the Group was EUR 1.2 million positive (MEUR +3.2).

Undiluted earnings per share were EUR 0.30 (EUR +0.75) and diluted earnings per share were EUR 0.30 (EUR +0.74). Return on investment was 7 percent (15%) and return on equity 5 percent (+13%).

## 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 6.7 mil-

lion (MEUR 8.1). At the end of the financial year gearing was -28 percent (-34%) and equity ratio 57 percent (48%).

The Group's cash and cash equivalents stood at EUR 12.7 million (MEUR 19.5) at the end of the financial year. The change in cash and cash equivalents during the financial year was EUR 6.8 million negative (MEUR 6.2 negative). Operating cash flow was EUR 3.7 million positive (MEUR 1.9 positive). Cash flow from investment activities totaled EUR 3.2 million negative (MEUR 2.9 negative). Cash flow from financing activities was EUR 7.4 million negative (MEUR 5.2 negative), including dividend payments of EUR 2.0 million (MEUR 1.2 million) and debt repayments of EUR 5.4 million.

The Group's balance sheet total at the end of the year stood at EUR 48.8 million (MEUR 63.1). 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 6.0 million (MEUR 11.5) at the end of the financial period, with current interest-bearing liabilities accounting for EUR 3.5 million (MEUR 5.6).

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 16.9 million remained unused at the end of the financial period.

## LOANS TO RELATED PARTIES AND OTHER LIABILITIES

On December 31, 2013, the Parent company Raute Corporation had loan receivables from its subsidiaries Raute Service LLC in the amount of EUR 355 thousand, Raute (Shanghai) Machinery Co., Ltd in the amount of EUR 550 thousand and Raute Canada Ltd. in the amount of EUR 682 thousand. 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 2013:

September 4, 2013	Raute's profit outlook for the full year 2013 weakened
September 30, 2013	Raute strengthens its Group Executive Board
November 14, 2013	Raute to initiate co-determination negotiations
November 28, 2013	Co-determination negotiations concluded at Raute.

## RESEARCH AND DEVELOPMENT COSTS AND CAPITAL EXPENDITURE

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

In 2013, the Group's research and development costs totaled EUR 2.5 million (MEUR 2.5) and 3.0 percent of net sales (2.5%). In 2013, Raute continued to invest strongly in expanding its newest technology offering to meet the needs of the plywood and LVL industries and the supporting automation and instrumentation applications, especially machine vision. Additionally, the development of products designed for the emerging markets was continued.

The Group's investments during the financial year totaled EUR 3.2 million (MEUR 3.5). The majority of investments were related to productional investments at the mills in Nastola, Finland, and in China. Investments include EUR 0.6 million in capitalized development costs (MEUR 1.0).

## DEVELOPMENT OF OPERATIONS

The development of production and delivery capabilities continued at the new plant in China where increasing the company's own production capacity enables better control over the quality and delivery times of the components and equipment manufactured in China.

The service ability and profitability of technology services were developed at Raute's Canadian unit through the implementation of new organizational and operating models.

## PERSONNEL

The Group's headcount at the end of 2013 was 534 (503). Finnish Group companies accounted for 73 percent (74%) of employees, Chinese companies for 14 percent (11%), North American companies for 10 percent (11%), and other sales and service companies for 3 percent (4%).

Converted to full-time employees ("effective headcount"), the average number of employees during the financial year was 515 (480). Salaries and remunerations paid by the Group totaled EUR 22.7 million (MEUR 23.7).

The Group continued to develop the competence of its personnel and increase their commitment to the company. 3 percent (2%) 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. The objective of the "Särmä" (Edge) project, which spanned the entire year, is 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.

At the end of 2013, decisions based on the co-determination ne-

gotiations were made to adapt Raute's operations to the lower order book level and the predicted low order intake in early 2014 as well as to the productional and financial situation resulting from these. The temporary lay-offs of personnel at the company's Nastola and Jyväskylä units for a maximum of 90 days began in December. The number of lay-offs and their timing will be decided based on order book development and the work load.

## REMUNERATION

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

The Annual General Meeting held on March 31, 2010 resolved to issue a maximum of 240,000 stock options. In compliance with the authorization granted by the Annual General Meeting, the Board of Directors issued 13,700 stock options marked with the symbol 2010 A, 7,500 stock options marked 2010 B and 12,000 stock options marked 2010 C to the Group's key employees during 2013. Of the stock options transferred earlier, 4,200 stock options marked with the symbol 2010 A, 2,500 stock options marked 2010 B and 5,000 stock options marked 2010 C were returned to the company during 2013. The Group's key personnel held on December 31, 2013 a total of 80,000 stock options marked with the symbol 2010 A, 80,000 stock options marked 2010 B and 80,000 stock options marked 2010 C. The subscription period for stock options marked with the symbol 2010 A began on March 1, 2013. Stock options have not been exercised to subscribe for shares until December 31, 2013. The terms and conditions of the stock option scheme are available on the company's website.

## 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 fluctuation in demand resulting from economic cycles and delivery and technology risks have been identified as the Group's most significant business risks.

The uncertainty related to the development of the global economy and financial markets maintains short-term risks. The most significant risks for Raute are related to the development of net sales and profitability.

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. 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 insurance policies to sufficiently hedge against all risks that are reasonable to handle through insurance due to economic 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 2013.

#### SHAREHOLDERS

The number of shareholders totaled 1,682 at the beginning of the year and 1,915 at the end of the year. Series K shares were held by 49 private individuals (49) at the end of the financial year. Nominee-registered shares accounted for 3.1 percent (3.3%) of shares. No flagging notifications were given to the company in 2013.

On December 31, 2013, the Board of Directors and the Group's President and CEO held altogether 226,959 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 April 8, 2013, 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.

Raute deviates from recommendation 9 on the number, composition and competence of the directors in that the company does not have both genders represented on the Board. When seeking new members, the Appointments Committee was unable to find any available female candidates fulfilling the criteria set for the members of the Board of Directors.

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

#### CORPORATE GOVERNANCE STATEMENT

Raute Corporation's Board of Directors has handled Raute Corporation's Corporate Governance Statement for 2013 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 together 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 April 8, 2013, Mr. Erkki Pehu-Lehtonen was elected Chairman of the Board, Mr. Mika Mustakallio Vice-Chairman and Mr. Joni Bask, Mr. Risto Hautamäki, Mr. Ilpo Helander 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's Board of Directors appointed two new members to its Executive Board as of October 1, 2013. 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 (as of October 1, 2013)
- Mika Hyysti, Group Vice President, Technology – Technology, products and R&D (October 1, 2013)
- 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, Operations – Project deliveries and operations.

## SHARES

The number of Raute Corporation's shares at the end of 2013 totaled 4,004,758, of which 991,161 were series K shares (ordinary share, 20 votes/share) and 3,013,597 series A shares (1 vote/share). The shares have a nominal value of 2 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 2013, 513,699 shares were traded (302,096) worth altogether EUR 4.4 million (MEUR 2.4). The number of shares traded represents 17 percent (10%) of all listed series A shares. The average price of a series A share was EUR 8.49 (EUR 8.22). The highest closing price of the year was EUR 9.33 and the lowest EUR 6.88.

The company's market capitalization at the end of 2013 totaled EUR 27.8 million (MEUR 36.0), with series K shares valued at the closing price of series A shares, EUR 6.95 (EUR 9.00), on December 31, 2013.

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

## DIVIDENDS FOR THE 2012 FINANCIAL YEAR

The Annual General Meeting held on April 8, 2013 decided to pay a dividend of EUR 0.50 per share for the financial year 2012. The dividends amounted to a total of EUR 2.0 million, of which series A shares accounted for EUR 1,506,798.50 and series K shares for EUR 495,580.50. The dividend payment date was April 18, 2013.

## AUTHORIZATION OF REPURCHASE AND DISPOSAL OF OWN SHARES

The Annual General Meeting held on April 8, 2013 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 2013. The company did not possess company shares at the end of the financial period or hold them as security.

## EVENTS AFTER THE FINANCIAL YEAR

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

- |                   |  |
|-------------------|--|
| January 28, 2014  | Appointments Committee's proposal for the composition of Raute Corporation's Board of Directors                            |
| February 12, 2014 | The Board of Directors of Raute has decided to establish a long-term share based incentive program for the top management. |

## PUBLICATION OF THE FINANCIAL STATEMENTS AND ANNUAL REPORT 2013

Raute Corporation's consolidated financial statements 2013 will be published on February 13, 2014. Raute Corporation's Annual Report 2013 will be published during week 9.

## ANNUAL GENERAL MEETING 2014

Raute Corporation's Annual General Meeting will be held at Lahti's Sibelius Hall on Monday March 31, 2014 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 21, 2014.



#### **THE BOARD OF DIRECTORS' PROPOSAL FOR PROFIT DISTRIBUTION, DIVIDEND EUR 0.20 PER SHARE**

The Parent company's distributable funds total EUR 13,804 thousand, of which the profit for the financial year January 1 – December 31, 2013 is EUR 1,312 thousand.

The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on March 31, 2014 that a dividend of EUR 0.20 per share be paid for series A shares and series K shares for the financial year 2013, 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 4,004,758 shares entitled for the dividend, i.e. the total amount of dividends would be EUR 801 thousand. The dividend would be paid to a shareholder registered in the company's shareholders' register held by Euroclear Finland Ltd on the record date for dividend distribution, April 3, 2014. The payment date would be April 10, 2014.

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 Director's view, the proposed profit distribution does not pose a risk to solvency.

#### **THE BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF ASSETS FROM THE NON-RESTRICTED EQUITY RESERVE, EUR 0.30 PER SHARE**

The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on March 31, 2014 that the Annual General Meeting would resolve to distribute EUR 0.30 per share from the non-restricted equity reserve as repayment of equity. The repayment of equity would be paid to a shareholder registered in the company's shareholders' register held by Euroclear Finland Ltd on the record date April 3, 2014. The payment date would be April 10, 2014.

#### **OUTLOOK FOR 2014**

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

The development of the global economy and financial markets is still facing major uncertainty and the market situation for Raute's customer industries is expected to remain unpredictable.

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 once the markets recover.

In the prevailing global economic and financial market situation, Raute will have opportunities in 2014 to achieve growth in project deliveries especially in Europe, Russia and Asia. The strong growth in technology services is expected to continue. Based on the order book and ongoing negotiations, Raute's net sales are expected to grow in 2014 and operating profit is anticipated to improve over the year 2013.

## SUMMARY OF FINANCIAL STATEMENTS AND NOTES

The figures for the financial years 2012 and 2013 presented in the figures section of the financial statements bulletin 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>1.10.- 31.12.2013</b>	<b>Adjusted 1.10.- 31.12.2012*</b>	<b>1.1.- 31.12.2013</b>	<b>Adjusted 1.1.- 31.12.2012*</b>	<b>Previously presented 1.1.- 31.12.2012</b>
<b>NET SALES</b>	3,4,5	<b>24 512</b>	<b>33 914</b>	<b>83 274</b>	<b>101 273</b>	<b>101 273</b>
Change in inventories of finished goods and work in progress		-672	551	-954	500	500
Other operating income		158	1 256	295	1 423	1 423
Materials and services		-11 521	-19 388	-40 711	-55 725	-55 725
Employee benefits expense	13	-7 387	-8 047	-27 417	-28 761	-28 752
Depreciation and amortization		-479	-491	-2 174	-1 968	-1 968
Other operating expenses		-3 098	-4 680	-10 485	-11 720	-11 720
<b>Total operating expenses</b>		<b>-22 486</b>	<b>-32 606</b>	<b>-80 787</b>	<b>-98 174</b>	<b>-98 165</b>
<b>OPERATING PROFIT (LOSS)</b>		<b>1 513</b>	<b>3 116</b>	<b>1 828</b>	<b>5 022</b>	<b>5 031</b>
% of net sales		6	9	2	5	5
Financial income		210	-37	735	482	482
Financial expenses		-513	-126	-974	-738	-738
<b>PROFIT (LOSS) BEFORE TAX</b>		<b>1 210</b>	<b>2 953</b>	<b>1 589</b>	<b>4 766</b>	<b>4 775</b>
% of net sales		5	9	2	5	5
Income taxes		-294	-995	-394	-1 781	-1 759
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>916</b>	<b>1 958</b>	<b>1 196</b>	<b>2 985</b>	<b>3 016</b>
% of net sales		4	6	1	3	3
<b>Other comprehensive income items:</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of defined benefit obligations		84	110	84	110	-
<b>Items that may be subsequently reclassified to profit or loss</b>						
Exchange differences on translating foreign operations		-101	42	-83	80	80
<b>Comprehensive income items for the period, net of tax</b>		<b>-17</b>	<b>152</b>	<b>1</b>	<b>190</b>	<b>80</b>
<b>COMPREHENSIVE PROFIT (LOSS)</b>		<b>898</b>	<b>2 110</b>	<b>1 196</b>	<b>3 175</b>	<b>3 096</b>
<b>Profit (loss) for the period attributable to Equity holders of the Parent company</b>		<b>916</b>	<b>1 958</b>	<b>1 196</b>	<b>2 985</b>	<b>3 016</b>
<b>Comprehensive profit (loss) for the period attributable to Equity holders of the Parent company</b>		<b>898</b>	<b>2 110</b>	<b>1 196</b>	<b>3 175</b>	<b>3 096</b>
<b>Earnings per share for profit (loss) attributable to Equity holders of the Parent company, EUR</b>						
Undiluted earnings per share		0,23	0,49	0,30	0,75	0,75
Diluted earnings per share		0,23	0,49	0,30	0,74	0,75
<b>Shares, 1 000 pcs</b>						
Adjusted average number of shares		4 005	4 005	4 005	4 005	4 005
Adjusted average number of shares diluted		4 013	4 008	4 013	4 008	4 008

\* Reflects the application of IAS 19 Employee benefit standard. The effects have no material effects and they are in the fourth quarter of the year 2013 and the comparison year.

<b>CONSOLIDATED BALANCE SHEET</b> <b>(EUR 1,000)</b>	<b>Note</b>	<b>31.12.2013</b>	<b>Adjusted 31.12.2012*</b>	<b>Previously presented 31.12.2012</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	8	3 574	3 204	3 204
Property, plant and equipment	8	8 396	7 892	7 892
Other financial assets		500	789	789
Deferred tax assets		96	38	60
<b>Total non-current assets</b>		<b>12 565</b>	<b>11 922</b>	<b>11 944</b>
<b>Current assets</b>				
Inventories		5 047	7 130	7 130
Accounts receivables and other receivables	5	18 329	24 438	24 427
Income tax receivable		183	37	37
Cash and cash equivalents		12 658	19 548	19 548
<b>Total current assets</b>		<b>36 218</b>	<b>51 154</b>	<b>51 143</b>
<b>TOTAL ASSETS</b>		<b>48 783</b>	<b>63 076</b>	<b>63 087</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to Equity holders of the Parent company</b>				
Share capital		8 010	8 010	8 010
Fair value reserve and other reserves		7 061	6 862	6 862
Exchange differences		20	103	103
Retained earnings		7 327	6 260	6 150
Profit (loss) for the period		1 196	2 985	3 016
<b>Share of shareholders' equity that belongs to the owners of the Parent company</b>		<b>23 613</b>	<b>24 220</b>	<b>24 141</b>
<b>Total equity</b>		<b>23 613</b>	<b>24 220</b>	<b>24 141</b>
<b>Non-current liabilities</b>				
Non-current provisions		460	56	56
Deferred tax liability		423	174	174
Non-current interest-bearing liabilities	9	2 500	5 866	5 866
Pension obligations		4	-	90
<b>Total non-current liabilities</b>		<b>3 387</b>	<b>6 096</b>	<b>6 186</b>
<b>Current liabilities</b>				
Current provisions		775	1 134	1 134
Current interest-bearing liabilities	9	3 481	5 594	5 594
Current advance payments received	5	7 099	12 776	12 776
Trade payables and other liabilities		10 428	13 255	13 255
<b>Total current liabilities</b>		<b>21 783</b>	<b>32 759</b>	<b>32 759</b>
<b>Total liabilities</b>		<b>25 170</b>	<b>38 856</b>	<b>38 946</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48 783</b>	<b>63 076</b>	<b>63 087</b>

\*Reflects the application of IAS 19 Employee benefit standard.

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b> <b>(EUR 1,000)</b>	<b>1.1.-31.12.2013</b>	<b>1.1.-31.12.2012</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Proceeds from customers	76 836	90 385
Other operating income	295	1 423
Payments to suppliers and employees	-73 187	-89 379
<b>Cash flow before financial items and taxes</b>	<b>3 944</b>	<b>2 429</b>
Interest paid from operating activities	-364	-529
Dividends received from operating activities	180	118
Interests received from operating activities	122	269
Other financing items from operating activities	153	-275
Income taxes paid from operating activities	-329	-75
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>3 704</b>	<b>1 938</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangible assets	-3 226	-3 055
Proceeds from sale of property, plant and equipment and intangible assets	53	160
Purchase of investments	-3	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-3 176</b>	<b>-2 895</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of current borrowings	-2 100	-
Repayments of non-current borrowings	-3 250	-4 000
Dividends paid	-2 002	-1 201
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>-7 352</b>	<b>-5 201</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>-6 825</b>	<b>-6 159</b>
increase (+)/decrease (-)		
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD*</b>	<b>19 548</b>	<b>25 674</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-6 825</b>	<b>-6 159</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	<b>-66</b>	<b>33</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD*</b>	<b>12 658</b>	<b>19 548</b>
<b>CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET AT THE END OF THE PERIOD*</b>		
Cash and cash equivalents	12 658	19 548
<b>TOTAL</b>	<b>12 658</b>	<b>19 548</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 premium account	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners of the Parent company	TOTAL
<b>EQUITY at Jan. 1, 2013 (adjusted)</b>	<b>8 010</b>	<b>0</b>	<b>6 498</b>	<b>364</b>	<b>103</b>	<b>9 245</b>	<b>24 220</b>	<b>24 220</b>
<b>Comprehensive profit (loss) for the period</b>								
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 operations	-	-	-	-	-83	-	-83	-83
<b>Total comprehensive profit (loss) for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-83</b>	<b>1 280</b>	<b>1 196</b>	<b>1 196</b>
<b>Transactions with owners</b>								
Equity-settled share-based transactions	-	-	-	199	-	-	199	199
Reclassification between items	-	-	-	-	-	-	0	0
Dividends paid	-	-	-	-	-	-2 002	-2 002	-2 002
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>199</b>	<b>0</b>	<b>-2 002</b>	<b>-1 803</b>	<b>-1 803</b>
<b>EQUITY at Dec. 31, 2013</b>	<b>8 010</b>	<b>0</b>	<b>6 498</b>	<b>563</b>	<b>20</b>	<b>8 522</b>	<b>23 613</b>	<b>23 613</b>

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

(EUR 1,000)	Share capital	Share premium account	Invested non-restricted equity reserve	Other reserves	Exchange differences	Retained earnings	To the owners of the Parent company	TOTAL
<b>EQUITY at Jan. 1, 2012</b>	<b>8 010</b>	<b>6 498</b>	<b>0</b>	<b>187</b>	<b>23</b>	<b>7 351</b>	<b>22 069</b>	<b>22 069</b>
<b>Comprehensive profit (loss) for the period</b>								
Profit (loss) for the period	-	-	-	-	-	2 985	2 985	2 985
Other comprehensive income items:								
Remeasurement of defined benefit net liability						110	110	110
Exchange differences on translating foreign operations	-	-	-	-	80	-	80	80
<b>Total comprehensive profit (loss) for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80</b>	<b>3 095</b>	<b>3 175</b>	<b>3 175</b>
<b>Transactions with owners</b>								
Equity-settled share-based transactions	-	-	-	177	-	-	177	177
Reclassification between items	-	-6 498	6 498	-	-	-	0	0
Dividends paid	-	-	-	-	-	-1 201	-1 201	-1 201
<b>Total transactions with owners</b>	<b>0</b>	<b>-6 498</b>	<b>6 498</b>	<b>177</b>	<b>0</b>	<b>-1 201</b>	<b>-1 024</b>	<b>-1 024</b>
<b>EQUITY at Dec. 31, 2012 (ADJUSTED)</b>	<b>8 010</b>	<b>0</b>	<b>6 498</b>	<b>364</b>	<b>103</b>	<b>9 245</b>	<b>24 220</b>	<b>24 220</b>



## 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 statements 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 February 13, 2014 reviewed the consolidated financial statements for January 1 - December 31, 2013, and approved it to be published in compliance with this release.

### 2. Accounting principles

Raute Corporation's financial statements bulletin January 1 – December 31, 2013 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 13, 2014.

Raute Corporation's financial statements bulletin for January 1 - December 31, 2013 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, 2013. 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 statements for 2012, with the exception of standard IAS 19 Employee benefit. The amendment of the Employee benefit standard had an impact on the recognition, measurement and presentation of the post-employment benefits, and also to the notes to the financial statements. The figures of the comparison year 2012 have been adjusted according to the revised standard IAS 19 Employee benefits. The effect of the standard in the equity has been presented in the note number 14 to the financial statements bulletin.

All of the figures presented in the consolidated financial statements are in thousand euro, unless otherwise stated. Due to the rounding of the figures in the financial statements tables, the sums of figures may deviate from the sum total presented in the table. Figures in parentheses refer to the corresponding figures in the comparison period.

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

### 3. Segment information

#### Operational segment

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

Due to Raute's business model, operational nature and administrative structure, the operational segment to be reported as wood products technology segment is comprised of the whole Group and the information on the segment is consistent with that of the Group. Segment reporting follows the principles of presentation of the consolidated financial statements.

<b>Wood products technology</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Net sales	83 274	101 273
Operating profit (loss)	1 828	5 022
Assets	48 783	63 076
Liabilities	25 170	38 856
Capital expenditure	3 188	3 529

<b>Assets of the wood products technology segment by geographical location</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Finland	40 492	83	53 620	85
North America	3 914	8	3 437	5
China	2 926	6	4 406	7
Russia	1 114	2	1 257	2
South America	198	0	199	0
Other	140	0	158	0
<b>TOTAL</b>	<b>48 783</b>	<b>100</b>	<b>63 076</b>	<b>100</b>

<b>Capital expenditure of the wood products technology segment by geographical location</b>	<b>31.12.2013</b>	<b>%</b>	<b>31.12.2012</b>	<b>%</b>
Finland	2 324	73	2 980	84
North America	15	0	6	0
China	837	26	517	15
Russia	3	0	1	0
South America	1	0	22	1
Other	8	0	2	0
<b>TOTAL</b>	<b>3 188</b>	<b>100</b>	<b>3 529</b>	<b>100</b>

#### 4. Net sales

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

Project deliveries and modernizations related to technology services include both product and service sales, making it impossible to give a reliable presentation of the breakdown of the Group's net sales into purely product and service sales.

Large delivery projects can temporarily increase the shares of various customers of the Group's net sales to more than ten percent. At the end of the period, the Group had two customers (2), whose customized share of the Group's net sales temporarily exceeded ten percent. The total share of these customers was 28 percent.

<b>Net sales by market area</b>	<b>1.1.-31.12.2013</b>	<b>%</b>	<b>1.1.-31.12.2012</b>	<b>%</b>
EMEA (Europe and Africa)	33 697	40	22 179	22
LAM (South America)	18 020	22	52 588	52
CIS (Russia)	16 291	19	14 454	14
NAM (North America)	11 432	14	8 469	8
APAC (Asia-Pacific)	3 834	5	3 583	4
<b>TOTAL</b>	<b>83 274</b>	<b>100</b>	<b>101 273</b>	<b>100</b>

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

	31.12.2013	31.12.2012
<b>5. Long-term projects</b>		
Net sales		
Net sales by percentage of completion	66 214	85 267
Other net sales	17 060	16 006
<b>TOTAL</b>	<b>83 274</b>	<b>101 273</b>
Project revenues entered as income from currently undelivered long-term projects recognized by percentage of completion	86 534	89 601
Amount of long-term project revenues not yet entered as income (order book)	27 770	49 040
Projects for which the value by percentage of completion exceeds advance payments invoiced		
- aggregate amount of costs incurred and recognized profits less recognized losses	65 872	64 872
- advance payments received	53 619	48 372
Gross amount due from customers	12 253	16 499
Projects for which advance payments invoiced exceed the value by percentage of completion		
- aggregate amount of costs incurred and recognized profits less recognized losses	20 467	27 890
- advance payments received	26 953	40 394
Gross amount due to customers	6 486	12 504
Advance payments included in the current liabilities in the balance sheet		
Gross amount due to customers	6 486	12 504
Other advance payment received, not under percentage of completion	613	272
Total	7 099	12 776
Specification of combined asset and liability items		
Advance payments paid	101	1 021
Advance payments received included in inventories in the balance sheet	101	1 021
<b>6. Number of personnel, persons</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Effective, on average	515	480
In books, on average	522	488
In books, at the end of the period	534	503
- of which personnel working abroad	148	132
<b>7. Research and development costs</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Research and development costs for the period	2 523	2 516
Amortization capitalized development costs	405	126
Development costs recognized as an asset in the balance sheet	-615	-1 024
Research and development costs entered as expense for the period	2 313	1 618

<b>8. Changes in Intangible assets and in Property, plant and equipment</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
<b>Intangible assets</b>		
Carrying amount at the beginning of the period	14 019	12 447
Exchange rate differences	-10	7
Additions	1 552	2 198
Reclassification between items	-2 188	-634
<b>Carrying amount at the end of the period</b>	<b>13 372</b>	<b>14 019</b>
Accumulated depreciation and amortization at the beginning of the period	-10 815	-11 014
Exchange rate differences	7	-5
Accumulated depreciation and amortization of disposals and reclassifications	1 791	679
Depreciation and amortization for the period	-782	-474
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-9 799</b>	<b>-10 815</b>
<b>Book value of Intangible assets, at the beginning of the period</b>	<b>3 204</b>	<b>1 433</b>
<b>Book value of Intangible assets, at the end of the period</b>	<b>3 574</b>	<b>3 204</b>
<b>Property, plant and equipment</b>		
Carrying amount at the beginning of the period	41 673	44 463
Exchange rate differences	-947	88
Additions	1 634	1 331
Disposals	-44	-370
Reclassification between items	354	-3 839
<b>Carrying amount at the end of the period</b>	<b>42 670</b>	<b>41 673</b>
Accumulated depreciation and amortization at the beginning of the period	-33 782	-36 236
Exchange rate differences	857	-70
Accumulated depreciation and amortization of disposals and reclassifications	44	4 019
Depreciation and amortization for the period	-1 392	-1 494
<b>Accumulated depreciation and amortization at the end of the period</b>	<b>-34 274</b>	<b>-33 782</b>
<b>Book value of Property, plant and equipment, at the beginning of the period</b>	<b>7 892</b>	<b>8 226</b>
<b>Book value of Property, plant and equipment, at the end of the period</b>	<b>8 396</b>	<b>7 892</b>
<b>9. Interest-bearing liabilities</b>	<b>31.12.2013</b>	<b>31.12.2012</b>
Non-current interest-bearing liabilities recognized at amortized cost	2 500	5 866
Current interest-bearing liabilities	3 481	5 594
<b>TOTAL</b>	<b>5 981</b>	<b>11 461</b>

**Maturities of the interest-bearing financial liabilities at December 31, 2013**

Financial liability	Current	Non-current	Total
Non-current loans from financial institutions, interest-bearing	3 481	2 500	5 981
<b>Total</b>	<b>3 481</b>	<b>2 500</b>	<b>5 981</b>

10. Pledged assets and contingent liabilities	31.12.2013	31.12.2012
<b>On behalf of the Parent company</b>		
Business mortgages	3 946	-
Loans from financial institutions	5 741	9 117
Business mortgages	5 750	6 700
Pension loans (TYEL)	-	2 000
Business mortgages	-	600
Credit insurance agreements	-	1 400
Other liabilities	-	100
Real estate mortgages	-	101
Mortgage agreements on behalf of subsidiaries		
Loans from financial institutions	240	244
Other obligations	64	-
Business mortgages	304	244
Commercial bank guarantees on behalf of the Parent company and subsidiaries	1 484	39 600
Other own obligations		
Rental liabilities maturing within one year	845	868
Rental liabilities maturing in one to five years	2 398	2 682
Rental liabilities maturing more than five years	185	519
<b>Total</b>	<b>3 428</b>	<b>4 069</b>

#### 11. Related party transactions

No loans are granted to the company's management. On December 31, 2013, the Parent Company Raute Corporation had loan receivables from the subsidiary Raute Service LLC EUR 355 thousand (EUR 355 thousand), from Raute (Shanghai) Machinery Co., Ltd EUR 550 thousand and from Raute Canada Ltd. EUR 682 thousand (EUR 391 thousand).

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

12. Derivatives	31.12.2013	31.12.2012
<b>Nominal values of forward contracts in foreign currency</b>		
Economic hedging		
- Related to financing	1 311	2 093
- Related to the hedging of net sales	2 967	1 763
<b>Fair values of forward contracts in foreign currency</b>		
Economic hedging		
- Related to financing	-3	-8
- Related to the hedging of net sales	24	18
<b>Interest rate and currency swap agreements</b>		
- Nominal value	1 991	4 117
- Fair value	-42	-4

#### 13. Share-based payments

The fair value of the options granted according to the 2010 stock option plan is recognized as an expense in the income statement during the earning period of the options. An expense of EUR 199 thousand (EUR 177 thousand) was recognized for the options to the income statement during the period.



#### 14. Effects of adopting the amended IAS 19 standard

The Group has applied IAS 19 Employee benefit standard amendment as of January 1, 2013. According to the standard net interest expense or income of the net defined benefit liability or receivable has been defined using the discount rate estimated in the beginning of the financial year. Expected return on plan assets has not been recognized

##### Effect of the amended accounting principle in the comparison information of the balance sheet

EUR 1,000	Previously presented 31.12.2012	Adjustment	Adjusted 31.12.2012
<b>Assets</b>			
Deferred tax assets	60	-22	38
Receivables of pension obligations	-	11	11
<b>Equity</b>			
Retained earnings	9 166	79	9 245
<b>Liabilities</b>			
Pension obligations	90	-90	-

##### Effect of the amended accounting principle in the comparison information of the comprehensive income statement

EUR 1,000	Previously presented 31.12.2012	Adjustment	Adjusted 31.12.2012
Employee benefits expense	+8	-9	-1
Income taxes	-1 759	-22	-1 781
Other comprehensive income items:			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation	-	110	110

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

At the end of the reporting period December 31, 2013, 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 2012. There were no transfers between the hierarchy levels 1 and 2 during the reporting period.

#### 16. Exchange rates used in consolidation of subsidiaries

Income statement, euros	1.1.-31.12.2013	1.1.-31.12.2012
CNY (Chinese yuan)	8,1655	8,1096
RUB (Russian rouble)	42,3248	39,9238
CAD (Canadian dollar)	1,3685	1,2848
USD (US dollar)	1,3282	1,2856
SGD (Singapore dollar)	1,6618	1,6062
CLP (Chilean peso)	658,1306	624,7032
Balance sheet, euros	31.12.2013	31.12.2012
CNY (Chinese yuan)	8,3248	8,1809
RUB (Russian rouble)	45,3246	40,3295
CAD (Canadian dollar)	1,4671	1,3137
USD (US dollar)	1,3791	1,3194
SGD (Singapore dollar)	1,7414	1,6111
CLP (Chilean peso)	725,0943	625,1146

### 17. The Board of Directors' proposal for dividend distribution and measures concerning the result of 2013

The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on March 31, 2014, that a dividend of EUR 0.20 per share be paid for the financial year 2013, 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 4,004,758 shares entitled for the dividend, i.e. the total amount of dividends would be EUR 801 thousand.

The Board of Directors will propose to the Annual General Meeting that the Annual General Meeting would resolve to distribute EUR 0.30 per share from the invested non-restricted equity reserve as repayment of equity.

FINANCIAL DEVELOPMENT	31.12.2013	31.12.2012
Change in net sales, %	-17.8	36.3
Exported portion of net sales, %	94.2	93.9
Return on investment (ROI), %	7.3	15.0
Return on equity, ROE, %	5.0	13.1
Interest-bearing net liabilities, EUR million	-6.7	-8.1
Gearing, %	-28.3	-33.5
Equity ratio, %	56.6	48.0
Gross capital expenditure, EUR million	3.2	3.5
% of net sales	3.8	3.5
Research and development costs, EUR million	2.5	2.5
% of net sales	3.0	2.5
Order book, EUR million	28	50
Order intake, EUR million	63	116

*The figures of the comparison year 2012 have been adjusted according to the revised standard IAS 19 Employee benefits.*

SHARE-RELATED DATA	31.12.2013	31.12.2012
Earnings per share, (EPS), undiluted, EUR	0.30	0.75
Earnings per share, (EPS), diluted, EUR	0.30	0.75
Equity to share, EUR	5.90	6.03
Dividend per series A share, EUR	0.20*	0.50
Dividend per series K share, EUR	0.20*	0.50
Dividend per profit, %	66.7*	66.4
Effective dividend return, %	2.9*	5.6
Repayment of capital from invested non-restricted equity reserve, EUR	0.30*	-
<i>*The Board of Directors' proposal to the Annual General Meeting</i>		
<b>Development in share price (series A shares)</b>		
Lowest share price for the period, EUR	6.88	6.18
Highest share price for the period, EUR	9.33	9.24
Average share price for the period, EUR	8.49	8.22
Share price at the end of the period, EUR	6.95	9.00
<b>Market value of capital stock</b>		
- Series K shares, EUR million**	6.9	8.9
- Series A shares, EUR million	20.9	27.1
<b>Total, EUR million</b>	<b>27.8</b>	<b>36.0</b>
<i>**Series K shares valued at the value of series A shares.</i>		
<b>Trading of the company's shares (series A shares)</b>		
Trading of shares, pcs	513 699	302 096
Trading of shares, EUR million	4.4	2.4
<b>Number of shares</b>		
- Series K shares, ordinary shares (20 votes, share)	991 161	991 161
- Series A shares (1 vote/share)	3 013 597	3 013 597
<b>Total</b>	<b>4 004 758</b>	<b>4 004 758</b>
Number of shares, weighted average, 1 000 pcs	4 005	4 005
Number of shares, diluted, 1 000 pcs	4 013	4 008
<b>Number of shareholders at Dec. 31</b>	<b>1 915</b>	<b>1 682</b>

*The figures of the comparison year 2012 has been adjusted according to the revised standard IAS 19 Employee benefits.*

DEVELOPMENT OF QUARTERLY RESULTS				Rolling	Rolling	
(EUR 1,000)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	1.1.2013- 31.12.2013	1.1.2012- 31.12.2012
NET SALES	23 386	19 766	15 610	24 512	83 274	101 273
Change in inventories of finished goods and work in progress	364	-610	-37	-672	-954	500
Other operating income	20	15	102	158	295	1 423
Materials and services	-12 979	-8 906	-7 304	-11 521	-40 711	-55 725
Employee benefits expense	-6 871	-7 190	-5 969	-7 387	-27 417	-28 761
Depreciation and amortization	-479	-619	-597	-479	-2 174	-1 968
Other operating expenses	-2 532	-2 740	-2 115	-3 098	-10 485	-11 720
Total operating expenses	-22 862	-19 456	-15 984	-22 486	-80 787	-98 174
OPERATING PROFIT (LOSS)	909	-286	-309	1 513	1 828	5 022
% of net sales	4	-1	-2	6	2	5
Financial income	400	72	53	210	735	482
Financial expenses	-224	-75	-161	-513	-974	-738
PROFIT (LOSS) BEFORE TAX	1 085	-289	-417	1 210	1 589	4 766
% of net sales	5	-1	-3	5	2	5
Income taxes	-246	96	51	-294	-394	-1 759
PROFIT (LOSS) FOR THE PERIOD	839	-193	-366	916	1 196	2 985
% of net sales	4	-1	-2	4	1	3
Attributable to						
Equity holders of the Parent company	839	-193	-366	916	1 196	2 985
Earnings per share, EUR						
Undiluted earnings per share	0,21	-0,05	-0,09	0,23	0,30	0,75
Diluted earnings per share	0,21	-0,05	-0,09	0,23	0,30	0,74
Shares, 1 000 pcs						
Adjusted average number of shares	4 005	4 005	4 005	4 005	4 005	4 005
Adjusted average number of shares, diluted	4 017	4 013	4 010	4 013	4 013	4 008
	Q1 2013	Q2 2013	Q3 2013	Q4 2013	31.12.2013	31.12.2012
FINANCIAL DEVELOPMENT QUARTERLY						
Order intake during the period, EUR million	10	24	7	22	63	116
Order book at the end of the period, EUR million	37	40	31	28	28	50

**20 LARGEST SHAREHOLDERS AT DECEMBER 31, 2013**

	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	-	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	-	115 349	115 349	2.9	115 349	0.5
4. Suominen Pekka	48 000	62 429	110 429	2.8	1 022 429	4.5
5. Suominen Tiina Sini-Maria	48 000	62 316	110 316	2.8	1 022 316	4.5
6. Siivonen Osku Pekka	50 640	53 539	104 179	2.6	1 066 339	4.7
7. Kirmo Kaisa Marketta	50 280	41 826	92 106	2.3	1 047 426	4.6
8. Mustakallio Kari Pauli	60 480	31 458	91 938	2.3	1 241 058	5.4
9. Mustakallio Mika Tapani	57 580	29 270	86 850	2.2	1 180 870	5.2
10. Keskiaho Kaija Leena	33 600	51 116	84 716	2.1	723 116	3.2
11. Särkijärvi Anna Riitta	60 480	22 009	82 489	2.1	1 231 609	5.4
12. Relander Harald	-	75 000	75 000	1.9	75 000	0.3
13. Sijoitusrahasto Alfred Berg Small Cap Finland	-	75 000	75 000	1.9	75 000	0.3
14. Mustakallio Marja Helena	43 240	16 047	59 287	1.5	880 847	3.9
15. Mustakallio Ulla Sinikka	53 240	2 300	55 540	1.4	1 067 100	4.7
16. Särkijärvi Timo	12 000	43 256	55 256	1.4	283 256	1.2
17. Särkijärvi-Martinez Anu Riitta	12 000	43 256	55 256	1.4	283 256	1.2
18. Suominen Jukka Matias	24 960	27 964	52 924	1.3	527 164	2.3
19. Mustakallio Kai Henrik	47 420	4 594	52 014	1.3	952 994	4.2
20. Keskinäinen työeläkevakuutusyhtiö Varma	-	51 950	51 950	1.3	51 950	0.2
<b>Total</b>	<b>601 920</b>	<b>1 614 977</b>	<b>2 216 897</b>	<b>55.4</b>	<b>13 653 377</b>	<b>59.8</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. Mustakallio Kari Pauli	60 480	31 458	91 938	2.3	1 241 058	5.4
2. Särkijärvi Anna Riitta	60 480	22 009	82 489	2.1	1 231 609	5.4
3. Mustakallio Mika Tapani	57 580	29 270	86 850	2.2	1 180 870	5.2
4. Mustakallio Ulla Sinikka	53 240	2 300	55 540	1.4	1 067 100	4.7
5. Siivonen Osku Pekka	50 640	53 539	104 179	2.6	1 066 339	4.7
6. Kirmo Kaisa Marketta	50 280	41 826	92 106	2.3	1 047 426	4.6
7. Suominen Pekka	48 000	62 429	110 429	2.8	1 022 429	4.5
8. Suominen Tiina Sini-Maria	48 000	62 316	110 316	2.8	1 022 316	4.5
9. Suominen Jussi	48 000	-	48 000	1.2	960 000	4.2
10. Mustakallio Kai Henrik	47 420	4 594	52 014	1.3	952 994	4.2
11. Mustakallio Marja Helena	43 240	16 047	59 287	1.5	880 847	3.9
12. Mustakallio Risto Knut kuolinpesä	42 240	-	42 240	1.1	844 800	3.7
13. Keskiaho Kaija Leena	33 600	51 116	84 716	2.1	723 116	3.2
14. Sundholm Göran	-	624 398	624 398	15.6	624 398	2.7
15. Keskiaho Juha-Pekka	27 880	7 491	35 371	0.9	565 091	2.5
16. Suominen Jukka Matias	24 960	27 964	52 924	1.3	527 164	2.3
17. Keskiaho Marjaana	24 780	21 500	46 280	1.2	517 100	2.3
18. Kirmo Lasse	25 000	4 013	29 013	0.7	504 013	2.2
19. Keskiaho Vesa Heikki	23 030	-	23 030	0.6	460 600	2.0
20. Kultanen Leea Annikka	22 405	8 031	30 436	0.8	456 131	2.0
<b>Total</b>	<b>791 255</b>	<b>1 070 301</b>	<b>1 861 556</b>	<b>46.5</b>	<b>16 895 401</b>	<b>74.0</b>



**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
<b>Management's holding at Dec. 31, 2013</b>						
The Board of Directors, The Group's President and CEO and Executive Board*	122 880	111 029	233 909	5.8	2 568 629	11.2
<b>Public insiders' holding at Dec. 31, 2013</b>	<b>122 880</b>	<b>111 029</b>	<b>233 909</b>	<b>5.8</b>	<b>2 568 629</b>	<b>11.2</b>
*The figures include the holdings of their own, minor children and control entities.						
<b>Nominee-registered shares at Dec. 31, 2013</b>						
	-	124 379	124 379	3.1	124 379	0.5

RAUTE CORPORATION  
Board of Directors

**BRIEFING ON FEBRUARY 13, 2014 AT 2 P.M.:**

A briefing will be organized for analysts, investors and the media on February 13, 2014 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 Mrs. Arja Hakala, CFO.

**FINANCIAL RELEASES IN 2014:**

Raute's interim reports will be published as follows:

- January–March on Tuesday, April 29, 2014
- January–June on Tuesday, July 29, 2014
- January–September on Wednesday, October 29, 2014.

Raute Corporation's consolidated financial statements will be published on February 13, 2014. Raute Corporation's Annual Report 2013 will be published during week 9.

Raute Corporation's Annual General Meeting will be held in Lahti, at Sibelius Hall on Monday, March 31, 2014 at 6:00 p.m.

**FURTHER INFORMATION:**

Mr. Tapani Kiiski, President and CEO, Raute Corporation, tel. +358 3 829 3560, mobile +358 400 814 148  
Ms. Arja Hakala, CFO, Raute Corporation, tel. +358 3 829 3293, mobile +358 400 710 387

**DISTRIBUTION:**

NASDAQ OMX 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 entire production process. As a supplier of mill-scale projects Raute is a global market leader both in the plywood and LVL industries. Additionally, Raute's full-service concept includes technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations. Raute's head office is located in Nastola, Finland. Its other production plants are in the Vancouver area of Canada, in the Shanghai area of China, and in Kajaani, Finland. Raute's net sales in 2013 were EUR 83.3 million. The Group's headcount at the end of 2013 was 534.

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



RAUTE OYJ  
Rautetie 2  
PL 69, 15551 Nastola  
Puh. 03 829 11  
Fax 03 829 3200  
[ir@raute.com](mailto:ir@raute.com)