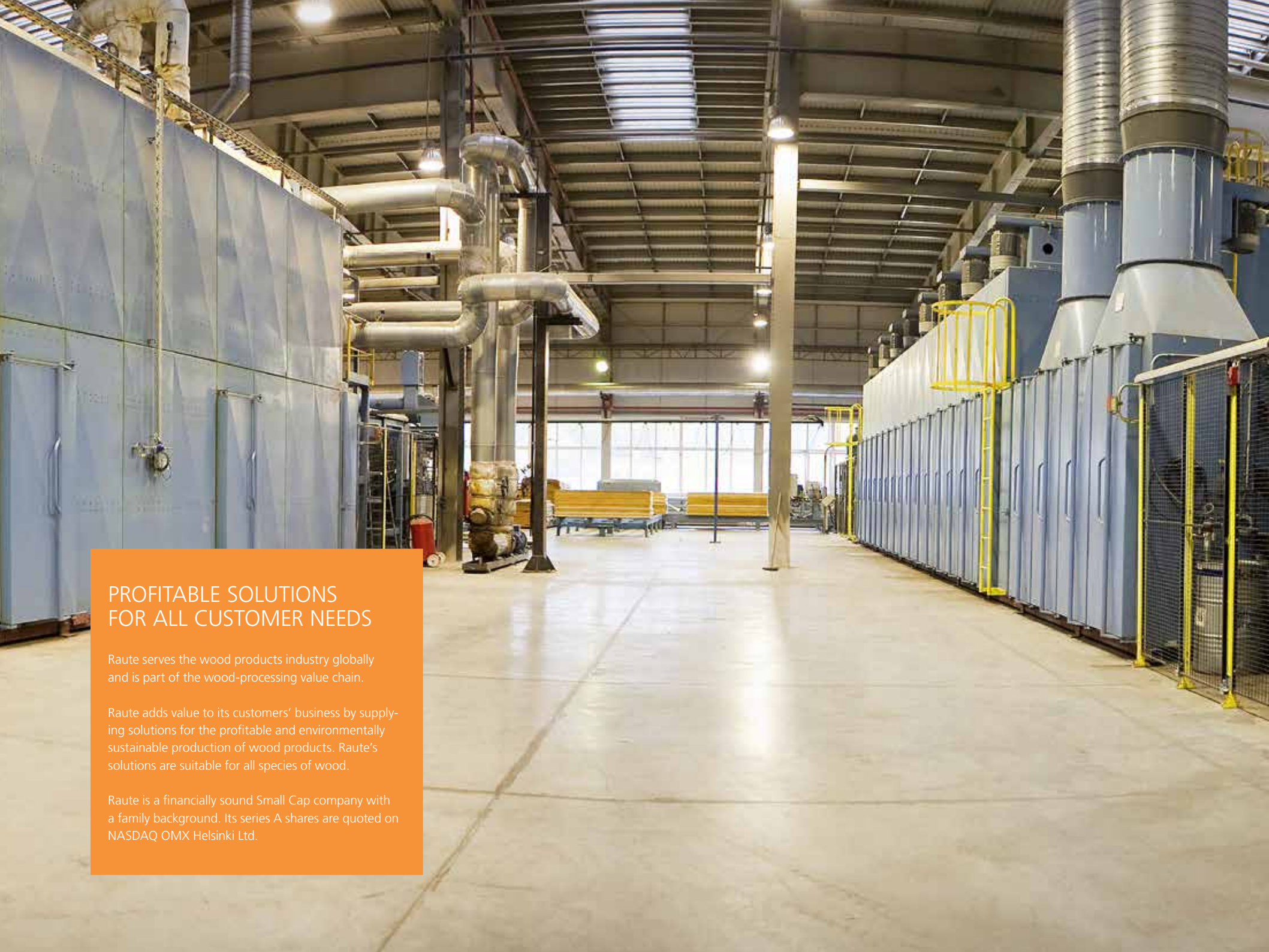
PROFITABLE **SOLUTIONS**

RAUTE 2014

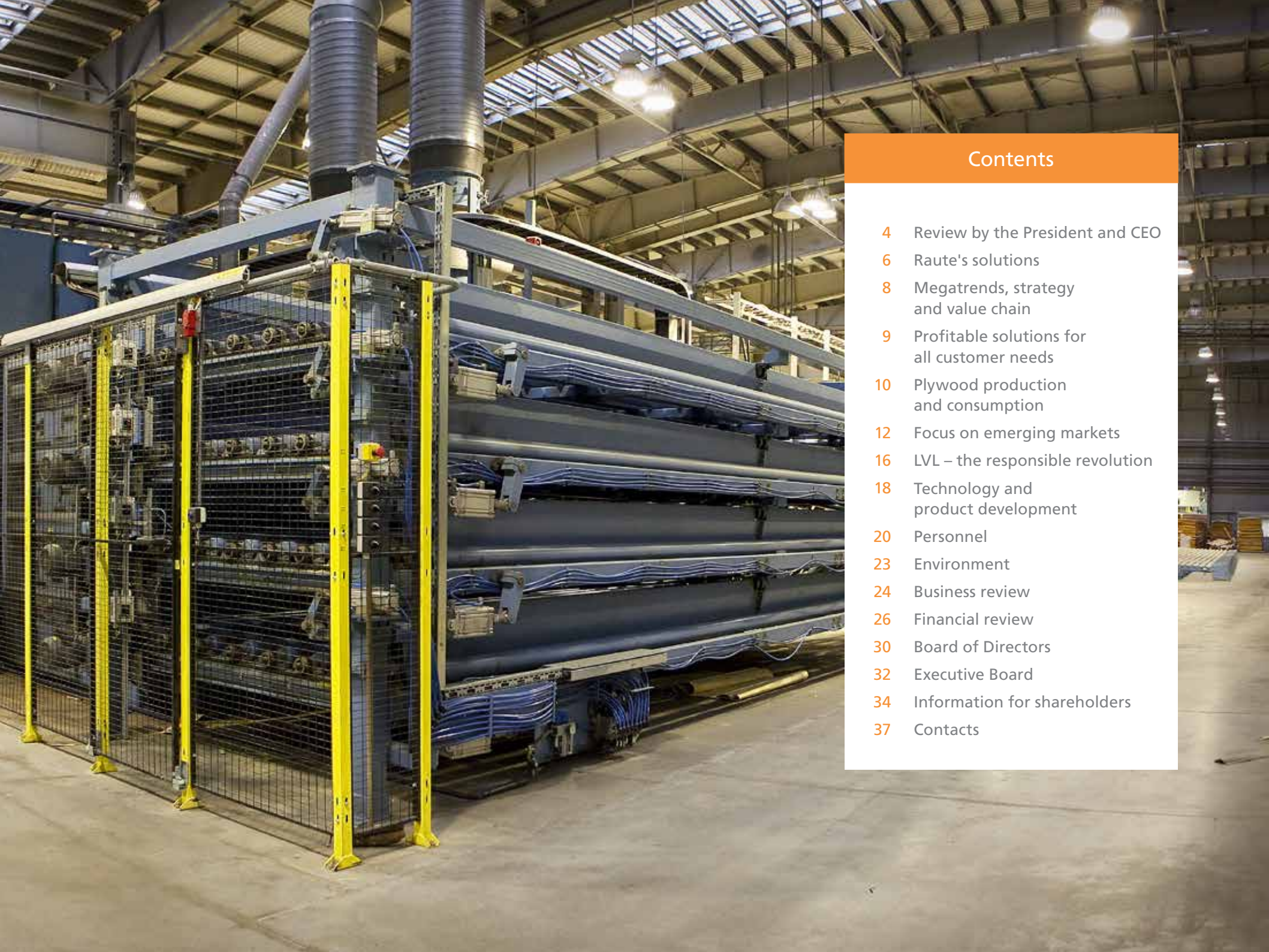


PROFITABLE SOLUTIONS FOR ALL CUSTOMER NEEDS

Raute serves the wood products industry globally and is part of the wood-processing value chain.

Raute adds value to its customers' business by supplying solutions for the profitable and environmentally sustainable production of wood products. Raute's solutions are suitable for all species of wood.

Raute is a financially sound Small Cap company with a family background. Its series A shares are quoted on NASDAQ OMX Helsinki Ltd.



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REVIEW BY THE PRESIDENT AND CEO
HEADING INTO 2015
WITH STRONG TARGETS

Net sales amounted to EUR 94.0 million, up 13% from 2013.

MEUR 94.0

Operating profit, at EUR 2.6 million, grew 43 percent from the comparison period. Raute's net sales are expected to grow in 2015 and operating profit to improve from the year 2014.

MEUR 2.6

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

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

As the projects that we had expected to take place already in late 2013 were postponed, we had to start 2014 with a thin order book and our net sales in the early part of the year were low. However, we received a high number of orders in the course of the year, particularly in the second quarter. Our net sales grew 13 percent, something we can be proud of in the current market situation.

The strong development of our technology services continued, even though this time their proportional share of total net sales did not increase on account of the strong growth in project deliveries. Our North American unit substantially improved its result, thanks both to our internal measures and an increase in demand. The market launch and first deliveries of our Dragon peeling lines that we developed for the emerging markets and particularly China proved to be successful. In this light, our expectations for the Dragon products are high. The large variations in the workload during the year – fourth-quarter net sales were more than double compared to the first-quarter – made it substantially more difficult for us to use our resources efficiently and control our costs. A few individual projects also made us incur unforeseen costs.

We improved our result on the previous year, in keeping with our forecasts, but fell short of our target. During the current year, we will place particular emphasis on the flexible and efficient execution of our deliveries as well as the related costs.

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

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

Tapani Kiiski

RAUTE'S
SOLUTIONS

Raute is a technology and services company that serves the wood products sector worldwide. Its core competence lies in wood products manufacturing processes. Customers use Raute's production technology to process wood into veneer, plywood and LVL (Laminated Veneer Lumber), which are used mainly in construction and furniture and in the transport vehicle and packaging industries.

State-of-the-art technology and diverse services

As an expert in customer processes and operations, Raute supports customers throughout the life-cycle of their investment.

Raute's solutions consist of project deliveries and technology services. Project deliveries include complete production machinery for new mills, production lines and individual machines. Additionally, Raute's full-service concept includes comprehensive technology services ranging from spare parts deliveries to regular maintenance and equipment modernizations.

Global market leader

Raute is a global market leader in its biggest customer industry, the plywood industry, and present in all market areas. Customers are served by almost 600 Raute professionals in nine countries. Raute's production units are located in Finland, Canada and China. The company's sales network has a global reach.

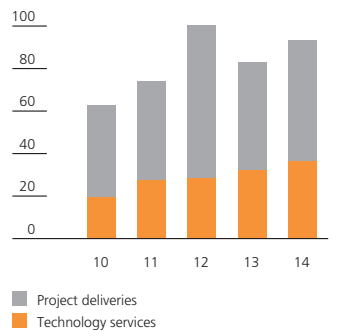
As a supplier of mill-scale projects, Raute is a global market leader both in the plywood and LVL industries. In the plywood industry, Raute is the leading operator with a 15–20 percent market share. Approximately half of the LVL manufactured in the world is produced on machines supplied by Raute.

The increasing use of wood as a raw material boosts demand for Raute's products and services. Increasing environmental awareness, the resulting use of wood, a renewable raw material, and efforts to improve energy efficiency boost the attractiveness and competitiveness of Raute's solutions on the traditional markets. At the same time, the increasing importance of emerging markets and tighter quality requirements create new opportunities for utilizing Raute's strengths.

Raute's objective is to maintain its global market leadership and be one of the leading suppliers also in selected emerging markets.

KEY FIGURES	2014	2013
Net sales, MEUR	**94.0**	83.3
Change, %	**12.9**	-17.8
Earnings per share, EUR	**0.59**	0.30
Balance sheet total, MEUR	**52.6**	48.8
Equity ratio, %	**55.8**	56.6
Interest-bearing net liabilities, MEUR	**-1.7**	-6.7
Personnel, average	**545**	522

Net sales by product area
EUR million



Order intake

MEUR 112

up

77%

Order book rose to

MEUR 44

MEGATRENDS

CLIMATE CHANGE

GLOBAL ECONOMIC DEVELOPMENT

AVAILABILITY OF ENERGY

TECHNO-LOGICAL DEVELOPMENT

Increasing use of wood as a building material
- Increasing popularity of renewable raw materials and products
- Increasing use of further-processed wood products

Continuous improvement of cost effectiveness
- More efficient use of raw materials
- Increasing willingness to invest in more efficient production processes
- Production facilities become larger

Higher environmental awareness results in tighter regulations
- More efficient use of raw materials
- Increasing use of renewable plantation trees as a raw material
- Standardization and quality requirements for products increase
- Environmentally sound processes gain ground
- Emissions decline

Energy prices go up
- Energy-efficient solutions gain ground
- More efficient utilization of process by-products
- More efficient use of oil-based additives, and especially glue and surface treatments

Growing importance of emerging countries
- As the standard of living rises, investments in construction and housing will increase
- Automation increases, also in emerging markets

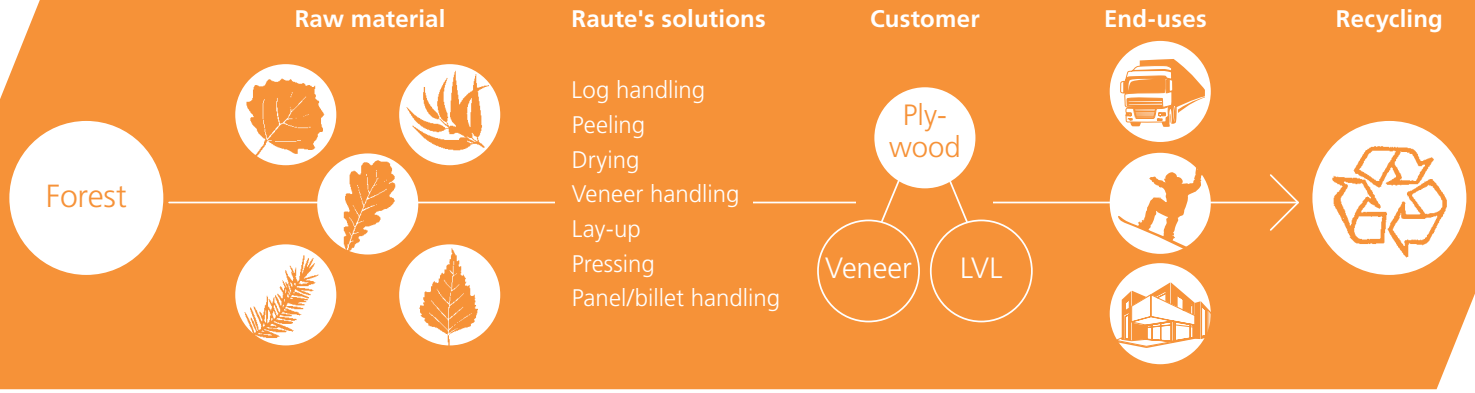
RAUTE'S STRATEGY

Raute generates added value for its customers' businesses by supplying solutions to facilitate profitable and environmentally sustainable production of wood products.

- Customer focus
- Cost-efficiency
- Emerging markets
- Global service
- Hunger for success

Raute offers profitable solutions for all customer needs.

VALUE CHAIN



PROFITABLE SOLUTIONS FOR ALL CUSTOMER NEEDS

The strategy boils down to the vision: Raute offers profitable solutions for all customer needs. Profitability is essential for both Raute's customers and Raute itself to be able to continue and develop their operations. The solutions integrate technology and equipment with the services necessary for their operation and the development of the entire process.

Profitability, adaptation and growth as the main strategic goals

Improving profitability, the ability to adjust better to economic cycle variations and controlled growth are Raute's main strategic goals. The financial goals are to grow faster than the markets, to remain financially sound and to offer investors competitive returns. As the actual development is strongly dependent on the cyclic nature of demand as well as the timing of individual projects, no time-bound target values are disclosed for the financial key figures.

Strategic choices based on two trend-like changes

The focus of Raute's market is shifting towards the emerging markets. The emerging markets do not form a coherent whole. For example in China and India, most of the plywood production remains largely manual and simple. On the other hand, producers in Russia and in parts of South America, for example, have reached a technological level that is close to that of developed markets. Southeast Asia and Brazil are somewhere between these two in terms of technology. The common denominator of the emerging markets from Raute's viewpoint is the cost structure of wood products and their production machinery: labor costs are low but raw material costs are high. Raute offers its customers not only high technology, but also solutions for conditions where automation does not yet guarantee a significant competitive advantage.

The plywood and LVL industry's investments in the western markets will focus on projects aimed at raising the efficiency of existing production capacity and improving competitiveness.

Strategy implemented through action

Raute needs to gain a better understanding of the individual needs of customers, production bottlenecks and criteria for carrying out investments. This understanding needs to be translated into solutions that will help Raute to become the preferred supplier in the eyes of a growing number of customers and in various market areas. This can only be achieved when the product offering meets the customers' needs and helps them develop their own operations.

The share and importance of technology services is increasing as the markets change and technology develops. Technology development also makes it possible to extend the life cycle of basic equipment through modernization. Raute's goal is to be the trusted partner of its customers throughout the life cycle of the investment. Raute will also focus on modernizing competitors' equipment with Raute's own technology.

Raute focuses on its core competence and improves its service capability by building an efficient and flexible partner network and enhancing its internal division of labor between the different units.

Implementing the strategy in 2014

Customer needs
- First machines of the Raute Dragon veneer lathe family have been taken into production use
- Product development focused on the RautePro and RauteSelect product families
- New products relating to automation and quality control in the production process have been launched

Technology services
- Service business organization strengthened
- First extensive maintenance contracts concluded in Russia

Emerging markets
- Raute Dragon veneer lathe family introduced
- Investments continued in developing products aimed at emerging markets
- Successful implementation of production investments in China's new facilities

Cost-efficiency and quality
- Quality and schedule control improved by increasing the proportion of internal production in the China production unit
- Employee initiatives have improved the workflow especially at the Nastola mill
- Workflow improved at the North American mill

Hunger for success and personnel
- Development of personnel's expertise focused on identified special areas
- The "Great Place to Work" project focused on improving leadership
- Internal communications enhanced throughout the organization

PLYWOOD PRODUCTION AND CONSUMPTION

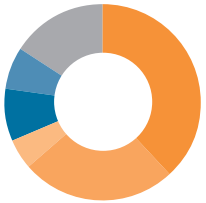
Plywood production by market area 2013

Total 86.3 million m³

China	53%
APAC	18%
NAM	13%
EMEA	6%
LAM	5%
CIS	4%

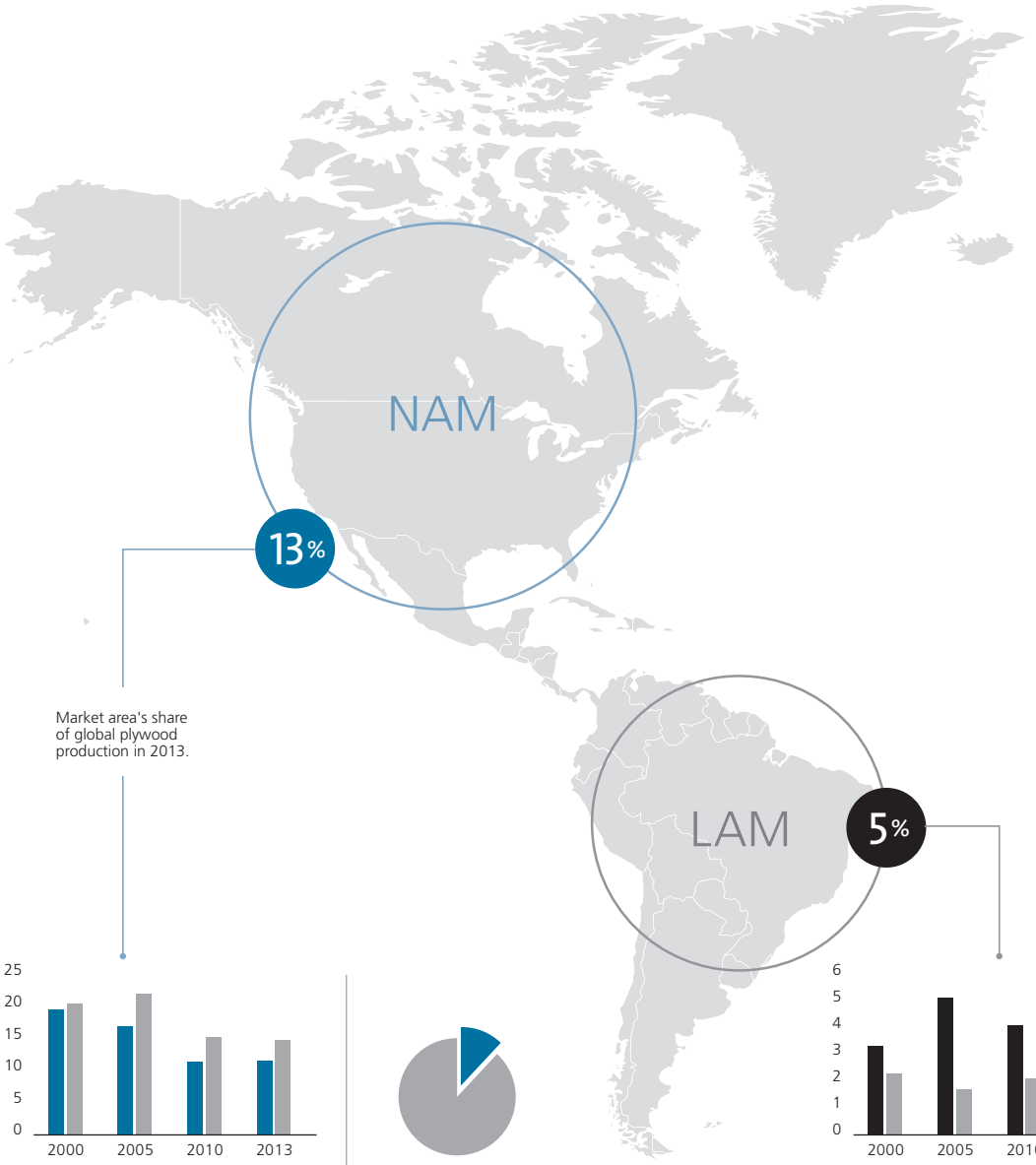
Plywood consumption by end-use category 2013

Total 85.1 million m³



Construction, furniture, flooring	39% 26% 5%
Total	70%
Packaging, transport	9% 7%
Total	16%
Others	14%

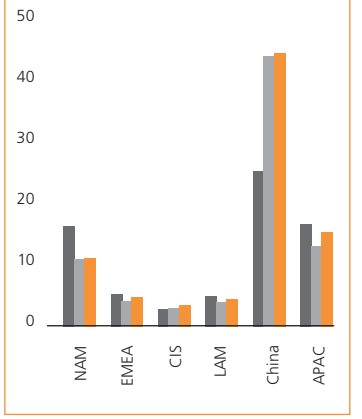
Market review tables and graphics, source: Indufor



Market area's share of global plywood production in 2013.

Plywood production trend by market area

(million m³)

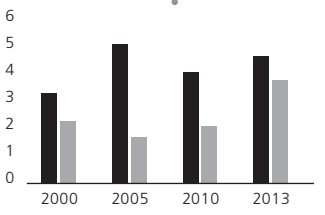


NAM NORTH AMERICA

Plywood production, million m³

Plywood consumption, million m³

Market area's share of Raute's new orders 2012–2014

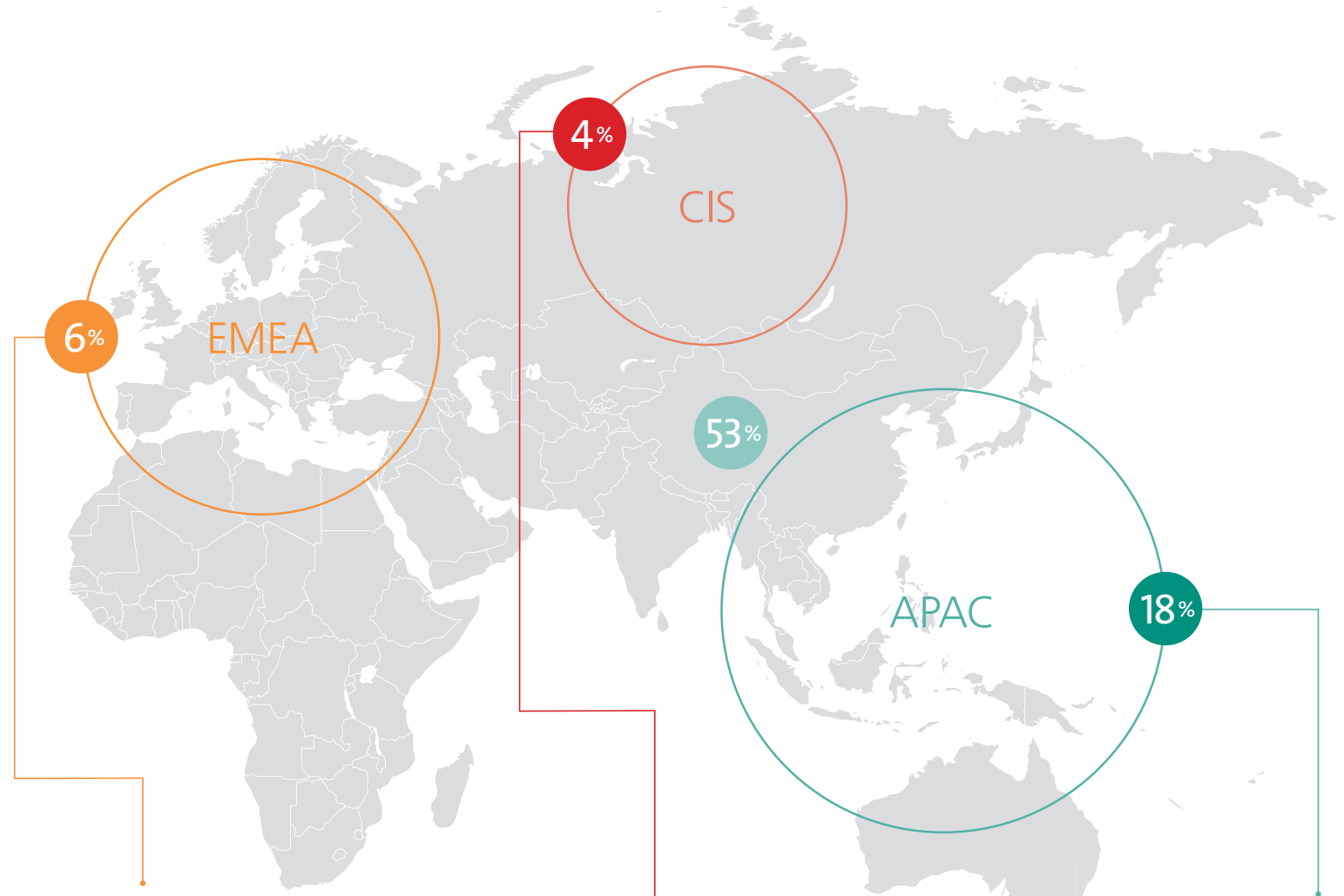


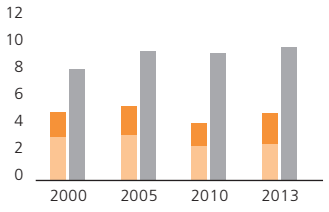
LAM SOUTH AMERICA

Plywood production, million m³

Plywood consumption, million m³

Market area's share of Raute's new orders 2012–2014





EMEA EUROPE AND AFRICA

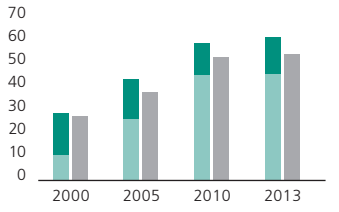
- Plywood production, million m³
- Europe
- Plywood consumption, million m³

Market area's share of Raute's new orders 2012–2014

CIS RUSSIA

- Plywood production, million m³
- Plywood consumption, million m³

Market area's share of Raute's new orders 2012–2014



APAC ASIA-PACIFIC

- Plywood production, million m³
- China
- Plywood consumption, million m³

Market area's share of Raute's new orders 2012–2014

FOCUS ON EMERGING MARKETS

Raute serves the veneer, plywood and LVL industries worldwide. We estimate the total value of investments in these industries to equal an annual amount of EUR 500–550 million in a normal economic situation. According to our estimations, Raute's market share is around 15 to 20 percent of all of the machine investments in the industry. In 2014, the size of the markets as a whole is estimated to have been at a level corresponding to a normal economic situation.

In the long term, wood products industry production is experiencing the strongest growth in Russia, Asia and South America – all areas with abundant underutilized wood resources and strong growth in the demand for wood products. The increase in production capacity in the traditional markets of North America and Europe is low and focused on special products. In this respect 2014 was an exceptional year, as major investment decisions aimed at increasing production capacity were made in Europe.

In emerging markets, the criteria for production technology investments are often different from those in developed markets, where the focus is on developing existing production capacity and improving competitiveness.

Europe and Africa

Europe is a developed market area where plywood manufacturers are focused on producing high value-added, high-quality end products. The markets for plywood are primarily in Europe, but special products are also exported to the US and Asia, for example.

The level of technology in plywood production is high, and production efficiency and systematic maintenance are a major focus. However, new production capacity has also been created in recent years. Also in 2014, two major projects aimed at increasing production capacity were launched.

The ever-stronger demand for ecological soundness increases the share of wood in construction. This drives demand for LVL, in particular. In addition, the structural change in the mechanical wood-processing industry is creating new opportunities for development in the field.

Raute is the biggest supplier of technology to its customer industries in Europe. Its strengths include expertise in production technology suited to European conditions as well as its recognizability and good reputation in the domestic market. Raute is seeking growth by strengthening its customer relationships, adding to the scope of its technology services and helping its customers to capitalize on the growth in wood construction.

Africa is a traditional supplier of round wood, and the development of its plywood industry has been slow. However, the restrictions on wood exports in some important producer countries have increased the need for local further processing of wood. Traditionally, the African markets have been dominated by European machine suppliers. In the future, customers and investors will adopt more efficient process technologies – a trend that, together with the aging rubber tree forests, will open up new opportunities for Raute. Furthermore, Raute has developed special technologies for the emerging markets, which will be initially introduced in China and later on may serve some of our African customers.

PLYWOOD PRODUCTION IN EUROPE (1,000 m³)

	2013	2010	2005
Finland	**1,090**	980	1,308
Baltic (Estonia, Latvia,Lithuania)	**336**	266	298
Spain	**284**	248	360
Italy	**225**	310	390
France	**214**	222	389
Poland	**210**	145	144
Sweden	**82**	84	92
Romania	**66**	64	98
Bulgaria	**35**	31	36
Portugal	**15**	20	40
Czech Republic	**19**	19	38
Others	**47**	108	138
Total	**2,623**	2,496	3,331

Russia

Russia is a strong plywood industry area where plywood production has long traditions and a high level of expertise. Its large forest resources, competitive production costs and developing economy provide good opportunities to expand plywood production and make new mill investments. The poor general economic development in Russia in recent years has also put the brakes on the plywood industry's growth. This trend strengthened further in 2014. On the other hand the sharp weakening of the rouble has boosted the competitiveness of Russian plywood producers in global markets.

Russian plywood manufacturers are developing new innovative products and tapping boldly into new markets. The country's plywood production has doubled over the past decade. Especially plywood exports are expected to increase during the next few years.

Raute is the leading supplier of plywood industry machinery, equipment and services in the Russian market. It is the only operator capable of delivering complete production facilities on its own. Raute's technology services have continued to grow in Russia despite the country's poor economic development. Thanks to a large installed base, Raute's technology services still have growth potential in Russia.

Asia-Pacific area

Asia-Pasific

The Asia-Pacific area has one of the world's most powerfully growing plywood industries. A large proportion of the plywood manufactured in the area is used locally. In addition, wood-based panels are exported to the Middle East, the U.S. and Europe, for example. Production still relies on tropical tree species to a large extent, but the use of small-diameter plantation trees is also gaining ground.

China is the world's largest producer of plywood. Its plywood production has increased almost five-fold during the past decade. The recent levelling out of production volumes shows a slowing down of growth to a more sustainable level, as predicted by Raute.

Plywood production in China is traditionally based on highly manual and simple technology. The industry is expected to develop rapidly during the next few years in terms of technology, as the quality demands imposed by export markets require more modern manufacturing processes. Demand for higher-quality plywood is also likely to increase in China's domestic market. The raw material used is largely imported wood, but the role of domestic plantation forests is growing.

Raute was the first western company to develop modern plywood manufacturing in China. Investments in solutions targeted at the Chinese markets and a local presence provide Raute with an excellent basis.

The Japanese market is characterized by expensive raw materials, a high level of production technology and strongly positioned local machinery suppliers. Despite the current high level of production technology, Raute sees opportunities for supplying the markets with machine vision technology, for example.

In **Malaysia** and **Indonesia**, plantation forests will enable plywood production growth in the coming years, and it is believed that the area's prominence as a plywood producer will increase again, although the area still has a long way to go before it can regain its 1990s level. Due to the change in the raw material base, Raute expects the existing machine base to be rebuilt and modernized.

In **India**, the majority of plywood production continues to be highly manual and relies on simple technology. India's extensive eucalyptus and poplar plantations are not enough to meet the increased raw material needs of the industry. This has prompted India to become a major importer of tropical wood from East Malaysia. Raute sees opportunities in the area, as the products and solutions developed for the Chinese market can also be adapted to the needs of India's plywood industry.

PLYWOOD PRODUCTION IN ASIA-PACIFIC COUNTRIES (1,000 m³)

	2013	2010	2005
China	**45,798**	45,327	25,965
Indonesia	**5,268**	2,996	4,534
Malaysia	**3,322**	3,901	5,006
Japan	**2,459**	2,287	3,212
India	**2,521**	2,154	2,130
New Zealand	**360**	366	405
Republic of Korea	**434**	494	680
Philippines	**317**	253	314
Others	**1,163**	981	810
Total	**61,642**	58,759	43,056

South America

South America

South America is one of the biggest growth areas in plywood production. Especially in Chile, growth is based on the structure of the local forest industry, abundant plantation wood resources and investments made in products with a high degree of processing.

The largest plywood producers are Chile and Brazil. Raute is a major technology supplier in Chile, and sees potential in Brazil as a result of an increase in production requirements and the development of the industry.

In **Chile**, the good profitability of plywood production builds a basis for growth over the next decade. New production capacity is being built, based on plantation forests suitable for plywood production. For the big forest industry companies operating in Chile, plywood manufacture is an important part of managing the optimal use of forest resources. Plywood consumption is also on the increase in Chile. Most of the plywood is exported to North America and Europe. Raute's customer base includes the country's largest plywood manufacturers – such as Arauco and

CMPC. 2014 saw the launch of the major mill investments made earlier. It is estimated that the next new mill investments aimed at increasing production capacity will be started in 2016 at the earliest.

Brazil is the biggest plywood manufacturer in South America, but the technology in use is outdated. The import obstacles and financial aids granted to local machinery manufacturers have reduced investments in technology upgrades. Brazil's raw material resources are not as high quality as Chile's. The main export market for Brazilian plywood is Europe, but domestic demand has increased following the country's economic growth. Plywood manufacture is expected to be consolidated in the future, but total production is believed to remain at the current level.

Raute's most significant competitors in South America are local equipment manufacturers. European and American competitors are also present in the area. Raute's objective is to maintain its leading position in constructing new capacity and to acquire new customers within the modernization and development projects of small and medium-sized plywood manufacturers.

North America

North America

North America is the world's second largest plywood production region and the world's largest in terms of LVL. The wood products industry in the area is highly consolidated. Demand is primarily driven by the U.S. economy, particularly housing construction.

Within a decade, plywood production has declined by half to some 11 million cubic meters. This development is, on the one hand, the result of plywood being replaced by cheaper products in a few key areas of housing construction and, on the other, the outcome of the general slowdown in housing construction.

Investments in plywood production have been minimal in recent years, and mainly targeted at modernization projects. 2014 was the first year of economic growth since the recession that started in 2008, but economic recovery has, so far, not had any impact on housing construction. A lack of trust in the continuation of positive economic development and the structural imbalance in housing demand preceding the recession have slowed down progress.

Local equipment manufacturers have a strong foothold in their domestic markets. Competition with the small and specialized local operators for the limited number of investments is also tough.

Raute's growth opportunities lie in the modernization of the existing machine base and in its automation expertise.

Read more about markets on Raute's website: www.raute.com.

Market review tables, source: Indufor

"LVL – THE RESPONSIBLE REVOLUTION"

ROUMIANA VASSILEVA
Business Development Director – EWP
Raute Corporation

LVL (Laminated Veneer Lumber) offers superior benefits over conventional building materials and accordingly enjoys growing end user demand as the construction industry's sustainability awareness increases, while LVL producers seek to maximize their yields and profits. The global LVL market is brisk and slowly picking up, despite the weak economy and construction markets all over the world.

In 2014, the global use of LVL products grew 6% compared with the previous year, amounting to a total of 3.4 million cubic meters (m^3). By 2020, the LVL markets are expected to grow, on average by 13% annually, reaching 5.2 million m^3.

LVL has several advantages over traditional building materials, such as sawn timber, brick, concrete, steel or glulam. Thanks to the removal of the wood defects (i.e. strength-reducing knots) and their randomization within thin layers, LVL is stronger, straighter, and more uniform than traditional sawn timber.

From the production point of view, in addition to enabling the manufacturer to use a larger and more cost-efficient raw material base, the LVL

technology allows for a better yield from a log versus other Engineered Wood Products (EWP): some 48% yield under bark for LVL versus approx. 31% yield under bark for glulam. In LVL manufacturing, the log yield is further maximized through accurate moisture content, visual defect detection and ultrasound veneer grading, which allow for the lower grade veneers to be used in the inner plies of the LVL panel or for non-load-bearing applications.

Made in a factory environment under controlled specifications and lighter in weight than steel or concrete beams, LVL allows builders to reduce on-site labor and building erection time, and to simplify erection equipment, which leads to significant job-site savings. A preferred choice in the increasingly popular method of off-site manufacture (prefabrication) compared to solid timber, LVL is more predictable and stable, with less differential movement compared to timber and with less waste to dispose of.

The global LVL market is awake and rising

From skyscrapers to innovative seismic solutions

Rising awareness of the environmental benefits of timber, combined with advances in wood technology and EWP manufacturing, have aligned to make multi-story engineered wood framed buildings not only possible, but also safe and cost-effective.

Several comprehensive studies completed across the globe show that mid-rise (6–12 stories) and tall buildings (up to 30 stories) can be safely, efficiently, and economically built using mass-timber construction techniques. Mass-timber skyscraper construction allows engineered wood to reach a whole new level, as these kinds of buildings could perhaps accommodate the planet's nearly two billion new urban dwellers expected over the next 20 years, while remaining environmentally friendly and aiming at a neutral carbon footprint.

Growing forests function as a carbon sink and wooden buildings store large amounts of carbon: a 30-story tower house could store around 600 metric tons of CO_2, comparable with the annual emissions from 118 average passenger cars. In addition to acting as a carbon sink, LVL is also a stunning engineered wood product, which allows for complex and iconic timber structures to be imagined and safely built.

Scientists, architects, building professionals and laboratories keep accumulating proofs that EWP such as LVL can also live up to the demands of modern fire and earthquake building codes. In a fire, LVL panels develop a thin char layer which protects the wood underneath from igniting. To accomplish the earthquake and wind resistance necessary for buildings taller than ten stories, the engineered wood beams and panels are combined with steel cross-beams.

Raute – one stop shop for LVL

Raute has more than 30 years of experience in delivering LVL technology to the EWP industry. Raute's success in the world of LVL production is based on a command of the entire process, from broad LVL market knowledge and comprehensive understanding of the raw materials' dynamics to mastering LVL veneer preparation, lay-up, hot pressing and billet handling. Raute is the only company worldwide capable of delivering complete turn-key LVL mills in any geographical location.

As a full-scope supplier, Raute understands how peeling, drying and grading of veneers correlate with the properties of the finished LVL. Continuous lay-up with pre-pressing, together with the Raute proprietary step-pressing technology, guarantees efficient production of LVL at the lowest production costs. This concept is adaptable to different production capacity levels and to the Capex available to customers, allowing quick technology start up and long-term reliable performance.

PRODUCTS FOR EMERGING MARKETS
AND AN EDGE IN HIGH TECHNOLOGY

Raute develops products to meet a variety of customer needs. In addition to the global Pro, Select and Smart product lines, we have been focusing on the Chinese market, for which we have dedicated product development at Raute's Shanghai unit.

First Dragon products delivered and running

Raute has introduced peeling line machines for veneer that is four feet wide. The machines belong to the **Dragon** product family. They have been developed primarily for the developing and growing markets of China and its neighboring regions, with the aim of utilizing the small-diameter wood raw material commonly used in the area more efficiently and with a higher degree of automation than the local machines traditionally sold in the Chinese markets.

China produces about half of all the world's plywood, mainly in very small production units. The capacity of a single veneer peeling line typically remains at around five percent of the capacity of a Raute SmartPeel peeling line utilizing cutting-edge technology. Raute's Dragon peeling line is a competitive alternative allowing Chinese production units to move in just a few steps towards larger and more automated production units.

During the first phase, the Dragon product family aims to provide small production units with a twofold or threefold increase in capacity while cutting the need for labor in half. The first products have been designed for 4-foot veneer production and consist of a log cutting line, a rounding lathe and a veneer peeling line. Those investing in Dragon products gain a competitive edge, especially through good veneer thickness tolerances, which make it possible to get a better price on veneer while saving on raw material.

The Dragon product family has a modular design for extendability such that the products can be integrated to form a balanced whole in terms of capacity, where one log cutting line feeds two rounding lathes, each of which then serves two peeling lines.

The first Dragon peeling lines were taken into production use in 2014.

Automated panel repair line represents the latest Smart technology

In order to optimize the use of the raw material, some defects are typically left on the face of the plywood after pressing. Owing to the natural characteristics of wood raw material, there are

not enough flawless veneer sheets for the faces of all the panels, and it is not worthwhile repairing all the defects at the earlier phases of the process. The best grade panel is allowed to have a hole the size of a pinhead in the face veneer once filled with putty. Overlaid panels that are used for shuttering may have more and larger repaired defects, but the surfaces must be intact and smooth in order for the overlaying to be successful and for the overlay to withstand the pressure caused by casting.

The repairing of panels remains one of the most labor-intensive manual processes in plywood mills. The need for automated lines is especially high for larger softwood plywood manufacturers who wish to improve their production and the quality of the end product. Automating the repair process has been extremely challenging, but the continuous development of camera technology and computers' processing capacity, as well as new robotic devices and motion control systems, have made it a reality.

High technology through technology services

Many of Raute's new technology solutions have been designed with modernizations in mind. A good example of a value-adding modernization is the modernization of a veneer composer through machine vision.

Raute has been delivering veneer composers to its customers for more than 20 years, and almost all of them are still being used in production. A veneer composer is used to create full-size veneer sheets suitable for the end-product from randoms or sheets with defects. Defects to be clipped away have been detected using, at the time, advanced machine vision technology, which detects most of the defects. Defect detection can, however, be substantially improved by using the latest machine vision technology.

Raute's Mecano Lite VCO-F is a machine vision system developed especially for composer modernizations. Several deliveries of the system were made in 2014. The color camera technology, which employs fluoroscopic imaging, is capable of detecting and removing, for example, birch phloem, which is difficult even for the human eye to detect. Phloem in veneer causes adhesion problems and poorer quality if it passes into the end-product. This is why the removal of phloem has earlier been ensured by removing extra material around open defects, and through operator monitoring. Thanks to the automated detection of phloem, the operator no longer needs to monitor the operation of the composer, and the composer's reliability and productivity increase. Additionally, the composed sheets are of higher quality, which in turn increases the productivity of the subsequent process stages and the quality of the end product.

Machine vision technology improves the profitability of Raute's customers and the competitiveness of Raute's technology services.

Raute has developed a fully-automated panel repair line around the key technology of Raute's VDA machine vision system. In addition to a color image of the panel surface, the system creates a 3D image, which is used to detect not only visual defects but also small cracks and indentations created when veneers overlap, or if there was residue on the surface during pressing. In the measurement of face veneer cracks an accuracy of 0.3 millimeters can be achieved. Routing heads attached to a robotic arm and putty dosing devices repair the panel defect while the panels move along the line.

The benefits of an automated panel repair line to a customer include consistent panel quality regardless of the day of the week, time of day or the personal observation or assessment capacity of the operator. Everything can be monitored by a single operator, whereas similar manual lines require more than ten employees performing the heavy manual labor.

Automated panel repair lines are being used in production in Chile. The lines have achieved the intended quality and capacity targets.

PERSONNEL CREATES THE PREREQUISITES FOR SUCCESS

Personnel in 2014

The Group employed an average of

545 people

66% of the employees worked in tasks related to project deliveries

18%
in technology services

7%
in sales and marketing

9%
in management and administration

Four principles steer HR management:

- cooperation and participation
- openness and dialogue
- a good supervisor-subordinate relationship
- continuous development

Competent personnel who are success-oriented and committed to the company's targets enable Raute to implement its strategy. HR management is based on the company's values, responsible ways of operating and a cutting-edge working culture. The main goal is to support the implementation of our strategy and our competitiveness by ensuring sufficient levels of competence and by placing people in the right jobs in terms of their expertise, motivation and realization of the strategy.

Raute assesses the implementation of the personnel strategy regularly through performance and development discussions and personnel surveys. Based on the feedback from the personnel surveys we have paid special attention to improving dialogue and communication throughout the organization. The 2014 results show clear improvement in this area. According to the feedback received, Raute's employees now have a better understanding of the role of their own tasks with respect to the company's strategy and goals.

Interesting and challenging tasks in Finland and abroad

Raute's product and service solutions as well as their global project activities offer a variety of tasks for experts both in Finland and abroad. The company's personnel are made up of representatives from a number of different professions. The single most significant group are the mechanical and automation engineers who work on deliveries or in R&D and in the commissioning of production lines throughout the world.

In order to secure its future competitiveness, Raute will require both new experts and experienced wood product and wood technology professionals with an understanding of customer business and needs. Succeeding at work requires employees to have good social and language skills in addition to technical knowledge.

Raute will continue to focus on the development of its employer image and of a modern working culture in order to be an attractive employer for both current and future Raute employees.

Personnel well-being and competence development

Systematic and business-oriented development of personnel and management is critical for future success. Customer needs determine the direction of personnel development throughout our global organization. The focal points of competence development are defined according to the competence needs based on the strategy.

Raute's social responsibility to its personnel covers competence development, well-being, occupational safety, fair pay and open communication with different stakeholders.

The prerequisites for Raute's success lie in its employees, driven by a hunger for success and committed to the company's goals. Even in difficult years, Raute has invested in the occupational well-being and commitment of its employees. The priorities of competence development lie in customer service capabilities, solutions, emerging markets and cost-efficiency.

Personnel development in 2014

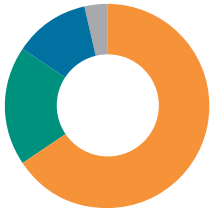
The focus of personnel development was on fostering supervisor skills and a quality-oriented operational culture that is based on taking responsibility. Training was carried out in many areas according to identified needs, with a focus on improving supervisory work, project work and customer work.

Local service resources were strengthened in Finland, Russia and China.

In our largest foreign units we started a shift towards implementing common corporate HR management principles and focus areas. The division of labor between local and corporate functions was also clarified.

The 360-degree assessment carried out at the end of the year provides a framework for the development of supervisory work in 2015.

Personnel geographically



Finland	65.8%
China	18.8%
North America	12.0%
Others	3.4%

Education of personnel

Basic education	8.6%
Vocational school	32.3%
College	20.6%
University of Applied Science	29.9%
University	8.6%

Age of personnel

< 30 years	22.8%
31–40 years	25.3%
41–50 years	22.0%
51–60 years	23.5%
> 60 years	6.5%

SÄRMÄ GIVES WORKING CULTURE AN EDGE

The Särmä change project, which was started in 2012, was completed in 2014, and the identified practices were integrated into Raute's working culture. Raute's entire personnel were involved in the project.

The aim of the project was to support Raute's strategy and to ensure that the work carried out to fulfill promises made to customers is of high quality. The Särmä project was used to create an operating model for occupational well-being and to ensure uniform ways of operating and high-quality supervisory work throughout the organization. Another objective of the project was to get Raute's entire personnel to commit even more strongly to Raute's customer promise and to the better quality of products, services and operations.

Operations were developed by means of five priority areas, and development was monitored through personnel surveys.

Customer work

Creation of customer satisfaction surveys for all market areas and valuable feedback from customers, customer work principles and training personnel in those principles.

Supervisory work

Supervisor coaching to strengthen supervisory practices, 360-degree assessments to promote supervisors' development and the launch of a supervisor's guidebook to support supervisory work in the future.

Project work

Strengthening of project managers' role and successful deliveries of challenging projects.

Work community skill

Ergonomics surveys at the mill, employee pulse surveys, increasing the sense of community, improvement of meeting practices and promoting the development discussion practice.

Communications

Being aware of the importance of one's own work as part of the whole, improving the bidirectionality of communications –> a more open atmosphere, impact on the feedback culture (e.g. product feedback system), use of new communication channels and more efficient use of existing channels (info screens and intranet).

For Raute employees Särmä will continue to mean smooth team work, keeping our promises, taking quality seriously, and respecting one another and our customers and partners. Customers satisfaction will also be a priority in everything we do.

RESPONSIBLE WOOD PRODUCTS TECHNOLOGY

Raute's goal is to create a continually improving and productive work environment. We operate globally in accordance with the principle of good corporate citizenship, taking into consideration the demands that the local culture and society place on our operations in all the countries where we have a presence. We develop the environmental sustainability of our products and services based on our customers' viewpoints.

Raute focuses on the key environmental impacts of the wood products industry and helps its customers to operate in a more environmentally sustainable manner by improving the efficiency of raw material use, reducing energy consumption and minimizing the consumption of chemicals, especially glue. Raute actively develops solutions that can help enhance the energy efficiency of customers' production processes and improve the utilization of by-products. Automation also improves occupational safety and ergonomics.

The environmental impact of Raute's operations mainly involves waste management for industrial sites, energy use, chemical management and safety. Raute's goal is to decrease the harmful effects resulting from its own operations, to create a continually improving work environment and to find the best and most efficient ways to manufacture products and provide services. The company is committed to the target of a nine percent improvement in energy savings by 2016, as outlined in the energy efficiency agreement of the Federation of Finnish Technology Industries. Raute uses environmental and management systems to handle the environmental risks linked to its operations. The Nastola main production unit has ISO-certified quality and environmental management systems in place. The operations and ethical principles of the comprehensive partner and subcontractor network are evaluated all around the world according to the standardized criteria set down in Raute's Code of Conduct.

Environmental impacts in 2014

Raute has continued to carry out energy saving measures on the basis of the energy audit performed in 2013. The Nastola mill's ventilation was improved through a more energy-efficient solution, and the use of LED lighting was increased in the production halls and office building. Efforts to improve chemicals management were started in late 2014. On the basis of the chemicals review, the volume of chemicals will be reduced and the current chemicals register will be revised.

The emphasis placed on environmental considerations is increasing within all of our areas of operation. In the future, the use of renewable resources will be favored especially in construction, but, where applicable, also in other industrial uses, such as transport vehicles.

Raute's single most important ecological achievement is to make it possible to produce wood products that are environmentally sustainable.

ENVIRONMENTAL IMPACTS IN NASTOLA	2014	2013
VOC emissions	**< 5,000 kg**	< 5,000 kg
Electricity consumption	**3.1 GWh**	3.2 GWh
Thermal energy consumption	**3.00 GWh**	4.00 GWh
Water consumption	**3,100 m³**	3,000 m³
Total waste (incl. recycled metal)	**680 t**	750 t
Recycling rate	**88%**	87%

The environmental impacts reflect the number of tests carried out in production and at the mill.

BUSINESS REVIEW 2014

During 2014, the situation in the global economy and the financial markets did not change considerably with respect to Raute or Raute's customer base. In part due to political crises, economic development to some extent took a turn for the worse during the year, in both Russia and in Europe. In Asia, including China, economic growth also slowed down towards year-end. Construction activity remained at a low level in all market areas, including North America, where the economy in general already took a promising upward trend.

As a result of the uncertainty, however, Raute's customers' order books were often short, which meant the situation did not allow the realization of large investments. This could be seen in the slow progress of significant large projects that are under negotiation.

However, the brisk demand for spare parts, minor improvement projects and services indicates that the production capacity utilization rates of the plywood industry remained mainly at a high level.

Europe remains the biggest market

In 2014, two major capacity-generating projects were started up in Poland: the construction of softwood plywood and LVL mills. With these new orders, Europe's share of Raute's new orders rose to 63 percent (35%) and Europe maintained its position as Raute's largest market area, despite its weak economic development.

The uncertainty resulting from the crisis in Ukraine obviously caused investment decisions to be postponed in the Russian markets, although preparations for many investments were actively continued. In spite of several projects – some of them quite large – being under negotiation, new orders from Russia remained on a par with the previous year's, and Russia's share fell to 15 percent (23%). It is difficult to estimate when the situation in Russia will normalize, but it is not expected to happen in the near future.

Even though the North American economy experienced strong growth compared to the rest of the world, construction activity failed to embark on a similar growth trajectory. Among Raute's customers, this was reflected in demand focusing on smaller modernization projects and other technology services. New orders for technology services grew 12 percent, but their share of Raute's total order intake dropped to 35 percent (55%).

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

Asia's significance as a market area for Raute, 5 percent (4%) of the order intake, is relatively minor considering its proportion of the world's plywood production capacity. The first Dragon peeling line was launched in the spring, and this product targeted at emerging markets has also gained a foothold in China, although it accounted for only a minor portion of the total order intake.

Net sales increased and profit improved

Net sales for 2014 increased 13 percent from the previous year. The increase resulted from the high order intake and from the scheduling of the order book. Project deliveries grew 12 percent and technology services 14 percent. Operating profit increased 43 percent from the previous year.

What is exceptional about 2014 is that net sales and operating profit were strongly focused on the fourth quarter. Large variations in the workload during the year substantially impeded the efficient use of resources and cost control. Furthermore, unforeseen additional costs of EUR 1.7 million incurred in two projects posed an added challenge for profitability. In one of these projects, the behavior of a new wood species in industrially tried and tested processes made it necessary to carry out modifications to the equipment, thus delaying the acceptance of the delivery. The other project is a pilot delivery involving the development of new technology and generating significant new business in future.

Three large projects completed, two in progress

Altogether three major capacity-generating projects were at the installation and commissioning phase during the year, and they have proceeded according to the timetable set by the customer. The expansion of a South American plywood mill, initiated in 2011, and the rebuilding of a mill destroyed in a fire in early 2012 were completed. The order received in July 2012 for the delivery of LVL mill machinery to Germany is lagging behind its initial schedule due to the need for modifications on account of the properties of the previously little-used material. The acceptance test for the last production line was carried out in January 2015. The two new major orders received from Poland in 2014 progressed from the planning phase to the machine delivery phase.

State-of-the-art technology and new operating methods

In 2014, new technologies were developed for China's developing plywood manufacturing markets, research was carried out on new wood processing methods, and the extensive program aimed at developing automation, measurement systems and machine vision to produce new, more advanced applications for process optimization in the plywood and LVL industries was continued. Investments mainly consisted of smaller replacement investments at the Nastola unit.

The Särmä change project, which was started in 2012, was completed in 2014, and the identified practices were integrated into Raute's working culture. Raute's entire personnel were involved in the project.

FINANCIAL REVIEW 2014

Business environment and demand

- Uncertainty in the global economy and political instability continued, and construction remained at a low level.
  - Economic development took a turn for the worse in Russia and in Europe.
  - In Asia, including China, economic growth also slowed down towards year-end.
  - In North America, the economy took a promising upward trend, but even there construction remained at a low level.
  - In South America, the focus was, as expected, on the ramp-up of the previous large investments.
- There were large projects under preparation, but they progressed slowly.
- Demand for maintenance and spare parts services continued at a good level.
  - Production volumes and capacity utilization rates in customer industries mainly remained at a good level.

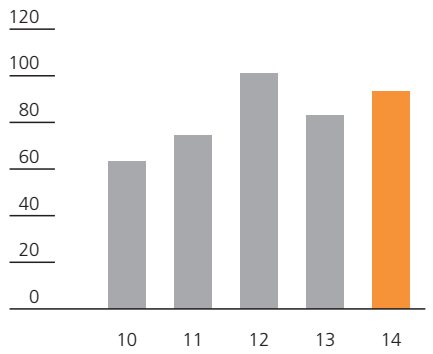
Raute

- Order intake increased by 77%.
  - More than two thirds of new orders came from Europe, two capacity-generating projects in Poland.
  - The order intake for project deliveries during the whole year increased by +154%.
  - The 12% increase in technology services stemmed primarily from modernizations and spare parts.
- Net sales increased by 13%.
  - Order intake and the scheduling of the order book.
  - Project deliveries +12%.
  - Technology services +14%.
- Operating profit improved 43%.
  - Large variations in the workload impeded the efficient use of resources and cost control.
  - Unforeseen additional costs of EUR 1.7 million in two projects.

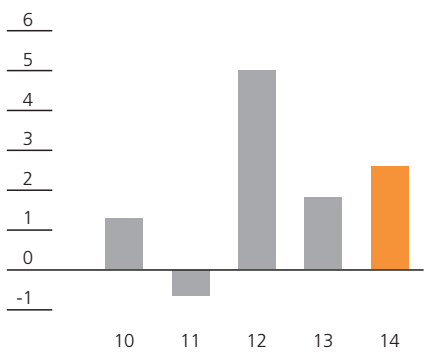
KEY FIGURES	2014	2013
Net sales, MEUR	**94.0**	83.3
Change, %	**12.9**	-17.8
Exported portion of net sales, MEUR	**88.7**	78.4
Operating profit, MEUR	**2.6**	1.8
Profit (loss) before tax, MEUR	**2.8**	1.6
Return on investment (ROI), %	**10.9**	7.3
Return on equity (ROE), %	**9.8**	5.0
Equity ratio, %	**55.8**	56.6
Order book, MEUR	**44**	28
Order intake, MEUR	**112**	63
Earnings per share, EUR	**0.59**	0.30
Equity to share, EUR	**6.06**	5.90
Dividend per share, EUR	**0.40 ***	0.20
Dividend per profit, %	**68.0 ***	66.7
Repayment of equity per share, EUR	**0.20 ***	0.30
Personnel at Dec. 31	**587**	534
Personnel, average	**545**	522

**Board of Directors' proposal to the AGM*

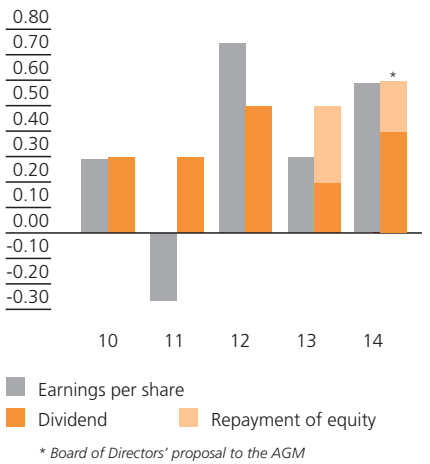
NET SALES
EUR million



OPERATING PROFIT
EUR million



EARNINGS/SHARE AND DIVIDEND
EUR

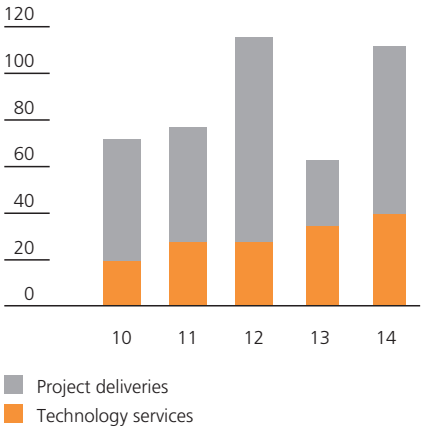


** Board of Directors' proposal to the AGM*

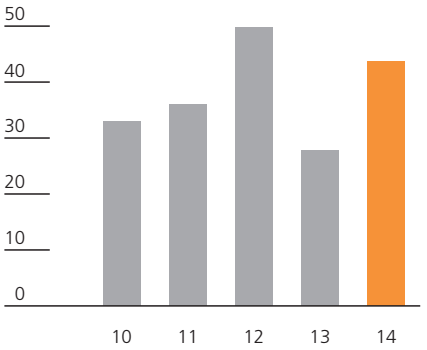
SUMMARY OF **FINANCIAL STATEMENTS**

EUR 1,000	GROUP (IFRS)		PARENT COMPANY (FAS)	
INCOME STATEMENT	1.1.–31.12.2014	1.1.–31.12.2013	1.1.–31.12.2014	1.1.–31.12.2013
Net sales	**94,021**	**83,274**	**80,936**	**73,004**
Change in inventories of finished goods and work in progress	1,672	-954	1,014	-79
Other operating income	72	295	408	378
Total operating expenses	-93,160	-80,787	-81,370	-71,338
Operating profit (loss)	**2,605**	**1,828**	**988**	**1,964**
Financial income and expenses	205	-239	459	-282
Profit (loss) before tax	**2,810**	**1,589**	**1,447**	**1,683**
Appropriations	**–**	**–**	**-36**	**–**
Income taxes	-449	-394	-504	-371
Profit (loss) for the financial year	**2,361**	**1,196**	**908**	**1,312**
BALANCE SHEET	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Assets				
Non-current assets	12,107	12,565	9,420	9,948
Current assets	40,539	36,218	35,743	32,998
Total assets	**52,646**	**48,783**	**45,163**	**42,946**
Shareholders' equity and liabilities				
Total shareholders' equity	24,334	23,613	20,782	21,813
Total liabilities	28,312	25,170	24,381	21,133
Total shareholders' equity and liabilities	**52,646**	**48,783**	**45,163**	**42,946**
CASH FLOW STATEMENT	1.1.–31.12.2014	1.1.–31.12.2013	1.1.–31.12.2014	1.1.–31.12.2013
Operating activities	-1,858	3,704	-3,499	3,876
Investing activities	-1,101	-3,176	717	-3,211
Financing activities	-5,189	-7,352	-5,189	-7,352
Net change in cash and cash equivalents	**-8,148**	**-6,825**	**-7,971**	**-6,687**

ORDER INTAKE
EUR million



ORDER BOOK AT DEC. 31
EUR million



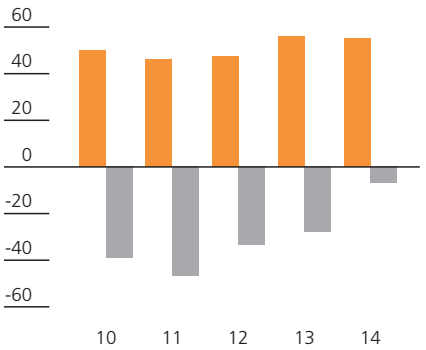
The complete consolidated statement of comprehensive income and balance sheet are presented in the financial statements which have been published as a separate electronic publication on the company's website at www.raute.com.

FINANCIAL DEVELOPMENT

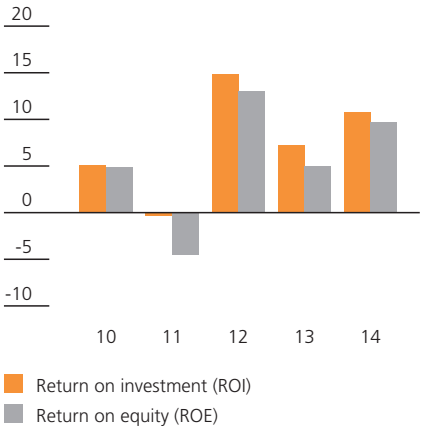
EUR 1,000	2014	2013	2012	2011	2010
Net sales	**94,021**	83,274	101,273	74,323	62,867
Change in net sales, %	**12.9**	-17.8	36.3	18.2	71.6
Exported portion of net sales	**88,696**	78,436	95,099	65,432	57,773
% of net sales	**94.3**	94.2	93.9	88.0	91.9
Operating profit (loss)	**2,605**	1,828	5,022	-738	1,311
% of net sales	**2.8**	2.2	5.0	-1.0	2.1
Profit (loss) before tax	**2,810**	1,589	4,766	-1,126	1,122
% of net sales	**3.0**	1.9	4.7	-1.5	1.8
Profit (loss) for the financial year	**2,361**	1,196	2,985	-1,095	1,158
% of net sales	**2.5**	1.4	3.0	-1.5	1.8
Return on investment (ROI), %	**10.9**	7.3	15.0	-0.1	5.1
Return on equity (ROE), %	**9.8**	5.0	13.1	-4.7	4.9
Balance sheet total	**52,646**	48,783	63,076	52,666	53,034
Non-interest-bearing liabilities	**22,795**	18,302	27,235	15,320	14,368
Interest-bearing net liabilities	**-1,669**	-6,677	-8,087	-10,397	-9,651
% of net sales	**-1.8**	-8.0	-8.0	-14.0	-15.4
Equity ratio, %	**55.8**	56.6	48.0	46.9	50.7
Gearing, %	**-6.9**	-28.3	-33.5	-47.1	-39.8
Gross capital expenditure	**1,675**	3,189	3,529	1,885	2,224
% of net sales	**1.8**	3.8	3.5	2.5	3.5
Research and development costs	**1,767**	2,523	2,516	2,020	1,849
% of net sales	**1.9**	3.0	2.5	2.7	2.9
Order book, EUR million	**44**	28	50	36	33
Order intake, EUR million	**112**	63	116	77	72
Personnel, at Dec. 31	**587**	534	503	464	495
Personnel, effective, on average	**530**	515	480	457	438
Personnel, average	**545**	522	488	475	512
Dividends	**1,606 ***	801	2,002	1,201	1,201
Repayment of equity	**803 ***	1,201	–	–	–

** Board of Directors' proposal to the AGM.*

EQUITY RATIO AND GEARING
%



RETURN ON INVESTMENT (ROI) AND RETURN ON EQUITY (ROE)
%



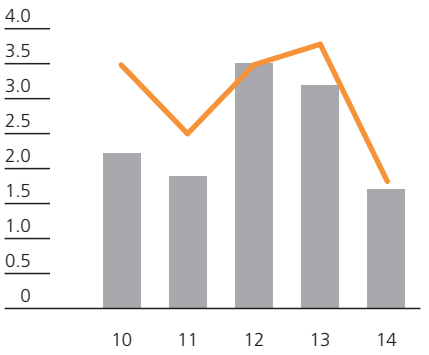
SHARE-RELATED DATA

	2014	2013	2012	2011	2010
Earnings per share, EUR	**0.59**	0.30	0.75	-0.27	0.29
Equity to share, EUR	**6.06**	5.90	6.03	5.51	6.05
Dividend per series A share, EUR	**0.40 ***	0.20	0.50	0.30	0.30
Dividend per series K share, EUR	**0.40 ***	0.20	0.50	0.30	0.30
Dividend per profit, %	**68.0 ***	66.7	66.4	-109.7	103.8
Effective dividend yield, %	**5.5 ***	2.9	5.6	4.8	3.1
Price/earnings ratio (P/E ratio)	**12.42 ***	23.28	11.95	-22.67	33.55
Repayment of equity from invested non-restricted equity reserve, EUR	**0.20 ***	0.30	–	–	–
Development in share price (series A shares)					
Lowest share price for the financial year, EUR	**6.90**	6.88	6.18	6.05	7.24
Highest share price for the financial year, EUR	**8.60**	9.33	9.24	11.55	10.10
Average share price for the financial year, EUR	**7.69**	8.49	8.22	8.57	8.21
Share price at Dec. 31, EUR	**7.30**	6.95	9.00	6.20	9.70
Market value of capital stock at Dec. 31, EUR 1,000**	**29,311**	27,833	36,043	24,829	38,846
Trading in the company's shares (series A shares)					
Shares traded during the financial year, 1,000 shares	**594**	514	302	522	646
% of the number of series A shares	**20.0**	17.0	10.0	17.3	21.4
Total number of shares					
Issue-adjusted weighted average number of shares	**4,009,777**	4,004,758	4,004,758	4,004,758	4,004,758
Issue-adjusted number of shares at the end of the financial year	**4,015,228**	4,004,758	4,004,758	4,004,758	4,004,758

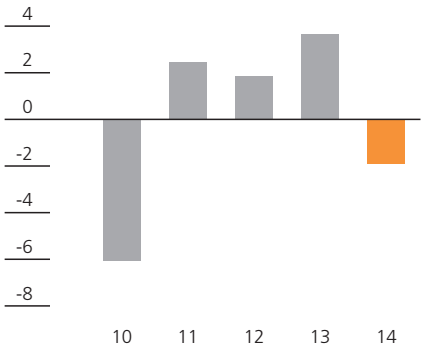
The deferred tax liabilities have been included in the calculation of the key ratios.

**Board of Directors' proposal to the Annual General Meeting.*
***Series K shares valued at the value of series A shares.*

CAPITAL EXPENDITURE



OPERATING CASH FLOW
EUR million



BOARD OF **DIRECTORS**


ERKKI PEHU-LEHTONEN


MIKA MUSTAKALLIO


PÄIVI LEIWO


PEKKA SUOMINEN


JONI BASK


RISTO HAUTAMÄKI

ERKKI PEHU-LEHTONEN
b. 1950, M.Sc. (Eng.)
Chairman of the Board 2009–
Member of the Board 2009–
Chairman of the Board's Working Committee and Appointments Committee
Independent of the company and of major shareholders

■ Erkki Pehu-Lehtonen was Senior Adviser to the Board of Pöyry Plc in 2008–2010 and Pöyry Plc's President and CEO in 1999–2008. He was President of Jaakko Pöyry Oy, a subsidiary of Pöyry Plc, in 1996–1999 and Executive Vice President of the company in 1994–1996. Before joining the Pöyry Group, Erkki Pehu-Lehtonen held top management positions at, among others, Neles-Jamesbury, Inc. and Valmet Paper Machinery Inc.

Simultaneous positions of trust:
Member of the Board:
Valmet Corporation 2014–

Raute shares:
1,000 pcs series A shares

MIKA MUSTAKALLIO
b. 1964, M.Sc. (Econ.), CEFA
Member of the Board 2004–
Vice Chairman of the Board 2012–
Member of the Board's Working Committee and Appointments Committee
Independent of the company, dependent on major shareholders

■ Mika Mustakallio has been President of MORS Software Oy since 2006 and a bank risk management specialist since 2001. Prior to this, in 1995–2000, he worked at Svenska Handelsbanken as the Head of Risk Control and in 1991–1995 at Price Waterhouse as a consultant.

Simultaneous positions of trust:
None

Raute shares:
57,580 pcs series K shares
29,270 pcs series A shares

RISTO HAUTAMÄKI
b. 1945, M.Sc. (Eng.)
Member of the Board 2009–
Member of the Board's Working Committee
Independent of the company and of major shareholders

■ Risto Hautamäki was President of Metso Paper in 2005–2007, President and CEO of Tamfelt Corporation in 1995–2005 and President and CEO of Valmet Paper Machinery Inc. in 1990–1994.

Simultaneous positions of trust:
None

Raute shares:
3,000 pcs series A shares

PEKKA SUOMINEN
b. 1976, M.Sc. (Econ.)
Member of the Board 2010–
Independent of the company, dependent on major shareholders

■ Pekka Suominen was Business Manager of Talentum Events Oy in 2007–2012.

Simultaneous positions of trust:
Member of the Board:
Hakaniemen Metalli Oy 2014–
FBN Perheyrityspalvelut Oy 2014–

Raute shares:
48,000 pcs series K shares
62,429 pcs series A shares

JONI BASK
b. 1975, M.Sc. (Eng.)
Member of the Board 2012–
Independent of the company, dependent on major shareholders

■ Joni Bask works for Varian Medical Systems Oy as of 2003 and as a team leader of the Product Development Team since 2011.

Simultaneous positions of trust:
None

Raute shares:
17,250 pcs series K shares
4,450 pcs series A shares

PÄIVI LEIWO
b. 1964, Master of Law, MBA
Member of the Board 2014–
Independent of the company and of major shareholders

■ Päivi Leiwo is full-time Chair of the Board of her family-owned company Oilon Oy since 2009. She has previously worked as a lawyer for Oilon Oy in 1989–2009.

Simultaneous positions of trust:
Member of the Board:
The Federation of Finnish Technology Industries 2012–
Finpro ry 2014–, Chair 2015–

Raute shares:
No holding of shares

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

Holdings of Raute shares on December 31, 2014. The figures include holdings of their own, minor children and control entities.

Board of Directors

No fewer than five and no more than seven members.

The term of office begins at the Annual General Meeting and ends at the following Annual General Meeting.

Majority of Board members independent of the company, of which members at least two must be independent of the company's major shareholders.

Convenes, on average, ten times during the term of office.

In addition to statutory tasks and those defined in the Articles of Association, the Board approves the company strategy and budget annually, and, based on management reports, regularly monitors the Group's financial status and draws up interim reports.

Carries out an annual self-evaluation.

A Working Committee and an Appointments Committee support the Board's work. The Board has no Audit Committee.

The charter and tasks of the Board of Directors are described in the Administrative Instructions and Corporate Governance Statement on the company's website.

EXECUTIVE BOARD


TAPANI KIISKI


ARJA HAKALA


PETRI LAKKA


PETRI STRENGELL


MIKA HYYSTI


TIMO KANGAS


MARKO HJELT

TAPANI KIISKI

b. 1962, Licentiate in Technology, M.Sc. (Eng.)
President and CEO, March 16, 2004–
With the company since: 2002–
Member of the Executive Board since:
March 16, 2004

Employment history:
Raute Corporation 2002–2004: various positions such as Technology Director, Sales Director; KCI Konecranes International Plc 1994–2002: various positions, such as CIO; KONE Corporation, Kone Cranes 1985–1994: various positions, such as R&D Manager, R&D Director.

Raute shares and stock options:
5,500 pcs series A shares
23,430 pcs stock options 2010 A
10,000 pcs stock options 2010 B
10,000 pcs stock options 2010 C

ARJA HAKALA

b. 1957, M.Sc. (Econ.), MBA
Group Vice President, Finance,
Chief Financial Officer, October 8, 2003–
Deputy to President and CEO,
October 16, 2004–
With the company since: 1990–
Member of the Executive Board since:
January 1, 2001

Employment history:
Raute Corporation 1990–2003: Administrative Director; Luhta Oy 1985–1990: Controller.

Raute shares and stock options:
1,750 pcs series A shares
9,500 pcs stock options 2010 A
5,000 pcs stock options 2010 B
5,000 pcs stock options 2010 C

PETRI STRENGELL

b. 1962, M.Sc. (Eng.)
Group Vice President, Supply Chain,
October 1, 2013–
With the company since: 1987–
Member of the Executive Board since:
June 1, 2004

Employment history:
Raute Corporation 1987–2013: various positions, such as Group Vice President, Technology and Operations; Engineering Manager, Production Director.

Raute shares and stock options:
2,750 pcs series A shares
9,500 pcs stock options 2010 A
5,000 pcs stock options 2010 B
5,000 pcs stock options 2010 C

TIMO KANGAS

b. 1965, Engineer
Group Vice President, Customer Care, market area EMEA, October 1, 2013–
With the company since: 2004–
Member of the Executive Board since:
October 1, 2004

Employment history:
Raute Corporation 2004–2013: various positions, including Group Vice President, EMEA; Group Vice President, Technology Services; Maintenance Service Manager; YIT Corporation 1999–2004: various positions in maintenance and equipment sales in forest, paper and food industry projects.

Raute shares and stock options:
9,500 pcs stock options 2010 A
5,000 pcs stock options 2010 B
5,000 pcs stock options 2010 C

PETRI LAKKA

b. 1965, Licentiate in Technology, M.Sc. (Eng.)
Group Vice President, Technology Services,
January 1, 2012–
With the company since: 2011–
Member of the Executive Board since:
September 26, 2011

Employment history:
Raute Corporation 2011: Group Vice President, Business Development; Ramboll Finland Oy 2008–2011: Director, Industry and Energy Division; Metso Paper Oy 1996–2008: various positions, including Metso Paper Service Vice President, R&D; Senior Vice President, Maintenance Services and Area Vice President, Board Machine Services North America; Jaakko Pöyry Oy 1994–1996, process engineer, paper making.

Raute shares and stock options:
1,000 pcs stock options 2010 A
5,000 pcs stock options 2010 B
5,000 pcs stock options 2010 C

MIKA HYYSTI

b. 1965, B.Sc. (Eng.)
Group Vice President, Technology,
October 1, 2013–
With the company since: 1990–
Member of the Executive Board since:
October 1, 2013.

Employment history:
Raute Corporation 1990–2013: various positions, such as Automation Engineering Manager, R&D Manager and Technology Manager.

Raute shares and stock options:
1,700 pcs series A shares
1,000 pcs stock options 2010 A
4,500 pcs stock options 2010 B
4,000 pcs stock options 2010 C

MARKO HJELT

b. 1969, M.Ed.
Group Vice President, Human Resources,
October 1, 2013–
With the company since: 2013–
Member of the Executive Board since:
October 1, 2013.

Employment history:
Raute Corporation 2013: Group HR Manager; Go On Yhtiöt 2010–2012: Head of unit in Lahti and Hämeenlinna, Finland; Mercuri Urval 1999–2009: Senior Consultant.

Raute shares and stock options:
4,200 pcs stock options 2010 A
2,500 pcs stock options 2010 B
5,000 pcs stock options 2010 C

Holdings of Raute shares and stock options on December 31, 2014. The figures include holdings of their own, minor children and control entities.

President and CEO

Is responsible for the management of Raute's business according to the Finnish Companies Act and the decisions and instructions of the Board of Directors.

Reports to the Board of Directors on the business environment, for example, on customers, the competitive and market situation as well as Raute's financial standing and other important issues.

Functions as the Chairman of the Group's Executive Board and represents the Group at the shareholders' meetings of subsidiaries and associates, and acts as Chairman of the subsidiaries' Boards of Directors, unless the Board decides otherwise in individual cases. The Board evaluates the President and CEO's work annually.

Group's executive board

Consists of the President and CEO, who acts as the Chairman, and of a variable number of members appointed by Raute Corporation's Board of Directors.

Prepares the Group's business strategy and is in charge of its implementation.

Deals with all major operational issues, and its decisions are confirmed by the President and CEO.

INFORMATION FOR SHAREHOLDERS

Raute is a financially sound Small Cap company with a family background. Raute operates globally and has a leading position in its field.

Corporate governance

The Parent Company, Raute Corporation, is a Finnish public limited liability company which abides by the Finnish Companies Act, the Securities Markets Act, NASDAQ OMX Helsinki Ltd's rules, other regulations concerning publicly listed companies and Raute Corporation's Articles of Association in its decision-making and corporate governance. The company's Board of Directors has also issued Administrative Instructions for the company.

Raute Corporation's Articles of Association, Administrative Instructions, Corporate Governance Statement and other information related to the company's governance and investor relations are available on Raute's website, www.raute.com. Information concerning the Group's administration and risk management is also included in the Report of the Board of Directors and Financial Statements.

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.

Publishing of financial information

In all of its communications, Raute abides by the requirements of the Finnish Securities Markets Act and NASDAQ OMX Helsinki Ltd's rules for listed companies concerning accurate and simultaneous disclosure of information.

Raute publishes financial information (Annual Report, Financial Statements and Interim Reports) and stock exchange releases and notifications in both Finnish and English. Read more about Raute's investor communications policy on the company's website at www.raute.com.

Persons responsible for investor relations

Tapani Kiiski, President and CEO
Arja Hakala, CFO
tel. +358 3 829 11
email: ir@raute.com

Analyst monitoring Raute

Inderes Oy
In addition, other analysis companies occasionally draw up reports on the company.
Raute is not liable for the estimates presented in the analysis.

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.

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.

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.

In 2015 Raute Corporation will publish three interim reports as follows:

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

Raute shares

Raute Corporation has two series of shares. Series A shares have been quoted on NASDAQ OMX Helsinki Ltd since 1994. Share quotations can be followed online at www.raute.com.

Series A share

- Trading code: RUTAV
- Number of shares at Dec. 31, 2014: 3,024,067 pcs
- Votes/share: 1 vote

Series K share

- Number of shares: 991,161 pcs
- Votes/share: 20 votes

LARGEST SHAREHOLDERS AT DEC. 31, 2014

BY NUMBER OF SHARES	NUMBER OF SERIES K SHARES	NUMBER OF SERIES A SHARES	TOTAL NUMBER OF SHARES	% OF TOTAL SHARES	TOTAL NUMBER OF VOTES	% OF VOTING RIGHTS
Sundholm Göran Wilhelm	–	624,398	624,398	15.6	624,398	2.7
Mandatum Life Unit-Linked	–	181,900	181,900	4.5	181,900	0.8
Laakkonen Mikko	–	119,919	119,919	3.0	119,919	0.5
Suominen Pekka	48,000	62,429	110,429	2.8	1,022,429	4.5
Suominen Tiina Sini-Maria	48,000	62,316	110,316	2.7	1,022,316	4.5
Siivonen Osku Pekka	50,640	53,539	104,179	2.6	1,066,339	4.7
Kirmo Kaisa Marketta	55,680	48,341	104,021	2.6	1,161,941	5.1
Mustakallio Mika Tapani	57,580	29,270	86,850	2.2	1,180,870	5.2
Relander Harald	–	85,000	85,000	2.1	85,000	0.4
Keskiaho Kaija Leena	33,600	51,116	84,716	2.1	723,116	3.2
Särkijärvi Riitta	60,480	22,009	82,489	2.1	1,231,609	5.4
Mustakallio Kari Pauli	60,480	500	60,980	1.5	1,210,100	5.3
Mustakallio Marja Helena	43,240	16,047	59,287	1.5	880,847	3.9
Särkijärvi Timo	12,000	43,256	55,256	1.4	283,256	1.2
Särkijärvi-Martinez Anu Riitta	12,000	43,256	55,256	1.4	283,256	1.2
Mustakallio Ulla Sinikka	53,240	–	53,240	1.3	1,064,800	4.7
Suominen Jukka Matias	24,960	27,964	52,924	1.3	527,164	2.3
Keskinäinen työeläkevakuutusyhtiö Varma	–	51,950	51,950	1.3	51,950	0.2
Suominen Jussi	48,000	–	48,000	1.2	960,000	4.2
Keskiaho Marjaana	24,780	21,500	46,280	1.2	517,100	2.3
Total	**632,680**	**1,544,710**	**2,177,390**	**54.2**	**14,198,310**	**62.1**

Annual General Meeting

Raute Corporation's Annual General Meeting will be held on Tuesday, March 24, 2015 at 6 p.m. at Sibelius Hall, Ankkurikatu 7, Lahti, Finland.

The Board of Directors' proposal for profit distribution

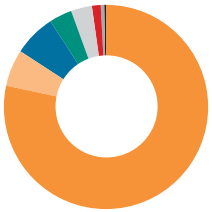
The Board of Directors will propose to Raute Corporation's Annual General Meeting, to be held on March 24, 2015, that a dividend of EUR 0.40 per share be paid for the financial year 2014, and that the remainder of distributable funds be transferred to equity.

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

The printed Annual Report will be mailed to the 200 largest shareholders and to others by request. Financial publications can also be ordered in print or as printouts by phone from +358 3 829 11 or by email from ir@raute.com.

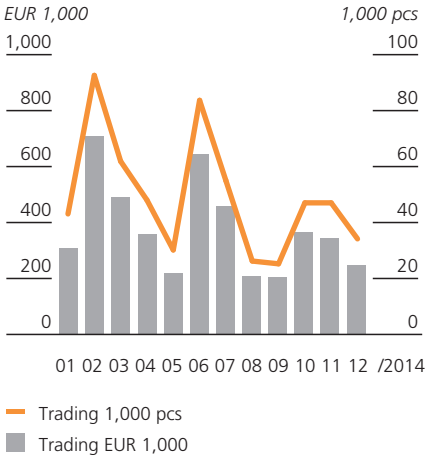
Read more about Raute as an investment:

Share ownership by shareholder category at Dec. 31.2014

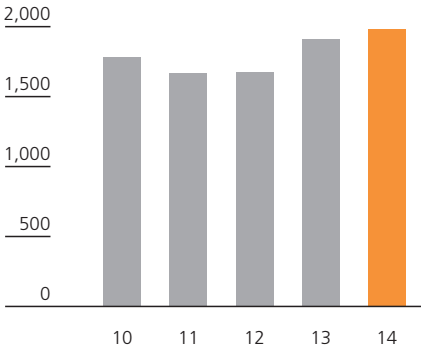


Households	78.5%
Management	5.8%
Financial and insurance institutions	6.6%
Companies	3.7%
Nominee-registered	3.1%
Public institutions	1.5%
Non-profit shareholders	0.6%
Foreign shareholders	0.1%

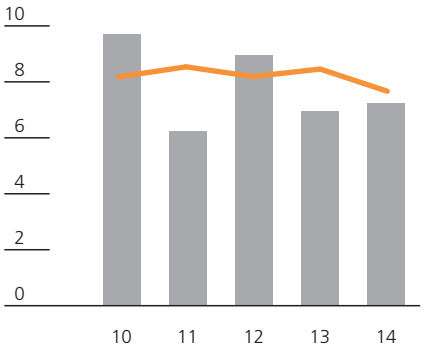
TRADING IN SERIES A SHARES 2014



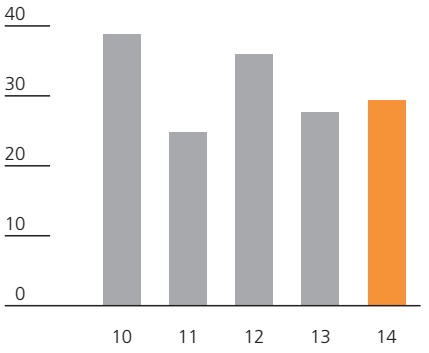
DEVELOPMENT OF THE NUMBER OF SHAREHOLDERS



DEVELOPMENT OF SHARE PRICE
EUR



MARKET VALUE OF CAPITAL STOCK AT DEC. 31
EUR million



Series K shares appreciated to the value of series A shares.

CONTACTS

Raute Corporation Head Office and main production plant

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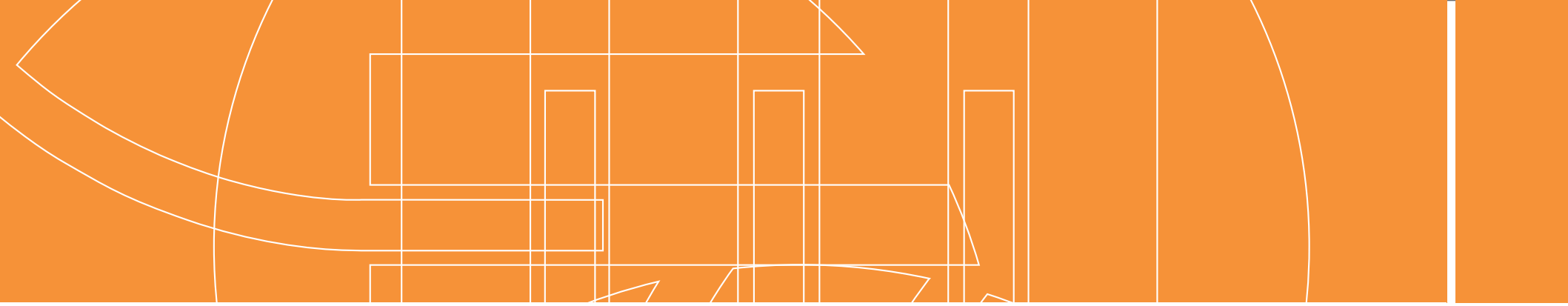

RAUTE