





Profitable solutions for all wood species

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 have been quoted on the NASDAQ OMX Helsinki Ltd.

Contents

- 4 Review by the President and CEO
- 6 Raute in brief
- 8 Value chain
- 10 Raute's full-service concept
- 12 Strategy
- 14 Market
- 18 Technology and product development
- 20 Personnel
- 23 Environment
- 24 Business review
- 26 Financial review
- 30 Board of Directors
- 32 Executive Board
- 34 Information for shareholders
- 37 Contacts

A portrait of a man with short brown hair and glasses, wearing a dark suit, white shirt, and a patterned purple tie. He is looking slightly to the right of the camera. The background is dark and out of focus.

REVIEW BY THE PRESIDENT AND CEO

We have high growth expectations for 2014

The uncertainty related to the global economy and financial markets continued and 2013 began in an unstable market situation for Raute. Construction activity in the main markets of our customers remained at a low level. My expectations for positive development in the emerging markets in Russia and Asia failed to materialize.

No decisions were made yet 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.

The low order intake level in project deliveries was a disappointment to us. No major projects were started up. Particularly the first and third quarters remained low in terms of the order intake level and the initially strong order book declined towards the end of the year. The order intake for technology services increased by a third and net sales grew by more than 13 percent.



Raute's year 2013

- The uncertainty related to the global economy and financial markets continued.
- No decisions were made concerning significant capacity-increasing investments.
- The capacity utilization rates of our customer industries remained high throughout the year, which was apparent in the growing demand for our technology services.
- The low order intake level in project deliveries was a disappointment to us. However, we estimate that there is potential for growth especially in Europe, Russia and Asia.
- We believe that technology services will continue to grow strongly in 2014.
- We are seeking a clear increase in both net sales and profitability in 2014.

The good development of technology services was not sufficient to compensate for the low number of project deliveries, and net sales for the whole of 2013 decreased 18 percent on the previous year.

The decline in net sales further weakened our profitability from the previous year and we were unable to achieve the previous year's level that we had estimated for our 2013 operating profit. This serves as a challenge 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. However, we estimate that based on our current order book and ongoing negotiations there is potential for growth in project deliveries especially in Europe, Russia and Asia. We 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 begin to pay themselves back.

Raute's competitiveness and market position are strong. 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 increase 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.

Tapani Kiiski

Info

Net sales, MEUR

83.3

Operating profit, MEUR

1.8

Equity ratio, %

56.6

Raute in brief



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 and equipment. 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 more than 500 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.

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

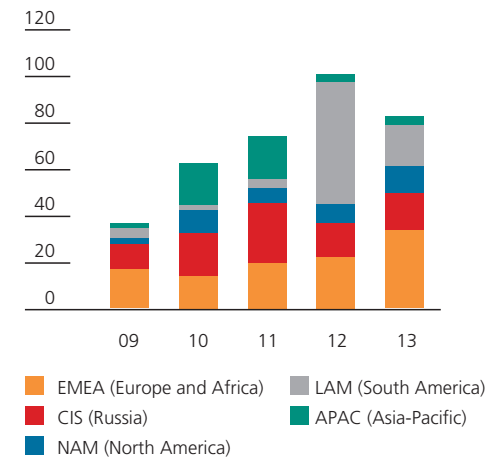
The increasing use of wood as a raw material boosts demand for Raute's products and services. The use of wood, a renewable raw material, increasing environmental awareness, efforts to improve energy efficiency and the growing role of emerging markets boost the attractiveness and competitiveness of Raute's solutions.

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

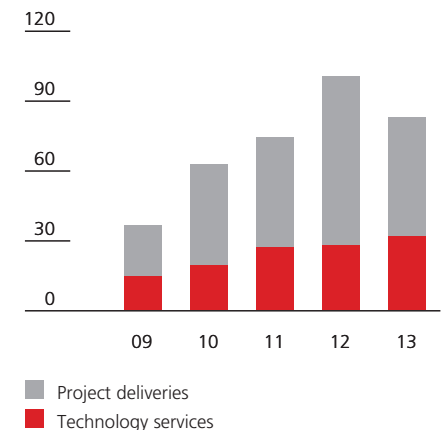
| KEY FIGURES | 2013 | 2012 |
|--|-------|-------|
| Net sales, MEUR | 83.3 | 101.3 |
| Change, % | -17.8 | 36.3 |
| Earnings per share, EUR | 0.30 | 0.75 |
| Balance sheet total, MEUR | 48.8 | 63.1 |
| Equity ratio, % | 56.6 | 48.0 |
| Interest-bearing net liabilities, MEUR | -6.7 | -8.1 |
| Personnel, average | 522 | 488 |



NET SALES BY MARKET AREA
EUR million



NET SALES BY PRODUCT AREA
EUR million



Raute as part of the wood-processing value chain

1
Sustainable and environmentally friendly, wood is a significant renewable raw material which is constantly gaining popularity in construction, for example.



2
The value of the global wood products industry market is approximately EUR 150 billion. Demand and profitability are influenced by the general increase in the standard of living,

construction regulations, availability and price of wood and economic cycles. The industry is experiencing growth particularly in the emerging markets.

3
 The wood products industry is investing in production technology in order to boost production efficiency and improve end-product quality. Investment activity is at its highest level at the end of a business cycle. New production capacity is being constructed especially in the emerging markets and for LVL.



Raute's solutions cover the entire production process

LOG HANDLING → **PEELING** → **DRYING**

→ **VENEER HANDLING** → **LAY-UP** → **PRESSING**

→ **PANEL/BILLET HANDLING** → **PLYWOOD/LVL**



4
 Customers use Raute's solutions to produce veneer, plywood and LVL (Laminated Veneer Lumber), which are used mainly in construction and furniture and in the transport vehicle and packaging industries. Demand for veneer-based products is on the increase worldwide.

Raute's full-service concept

Raute's full-service concept consists of project deliveries and technology services. 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.

Time — — —

Life-cycle cooperation

Raute also supports customers throughout the life-cycle of their investment through a wide range of technology and services. Raute sees growth potential particularly in technology services.

Project deliveries



Technology services



Maintenance services

Spare parts

Modernizations

Competitors' machines

New service concepts

Increasing local service

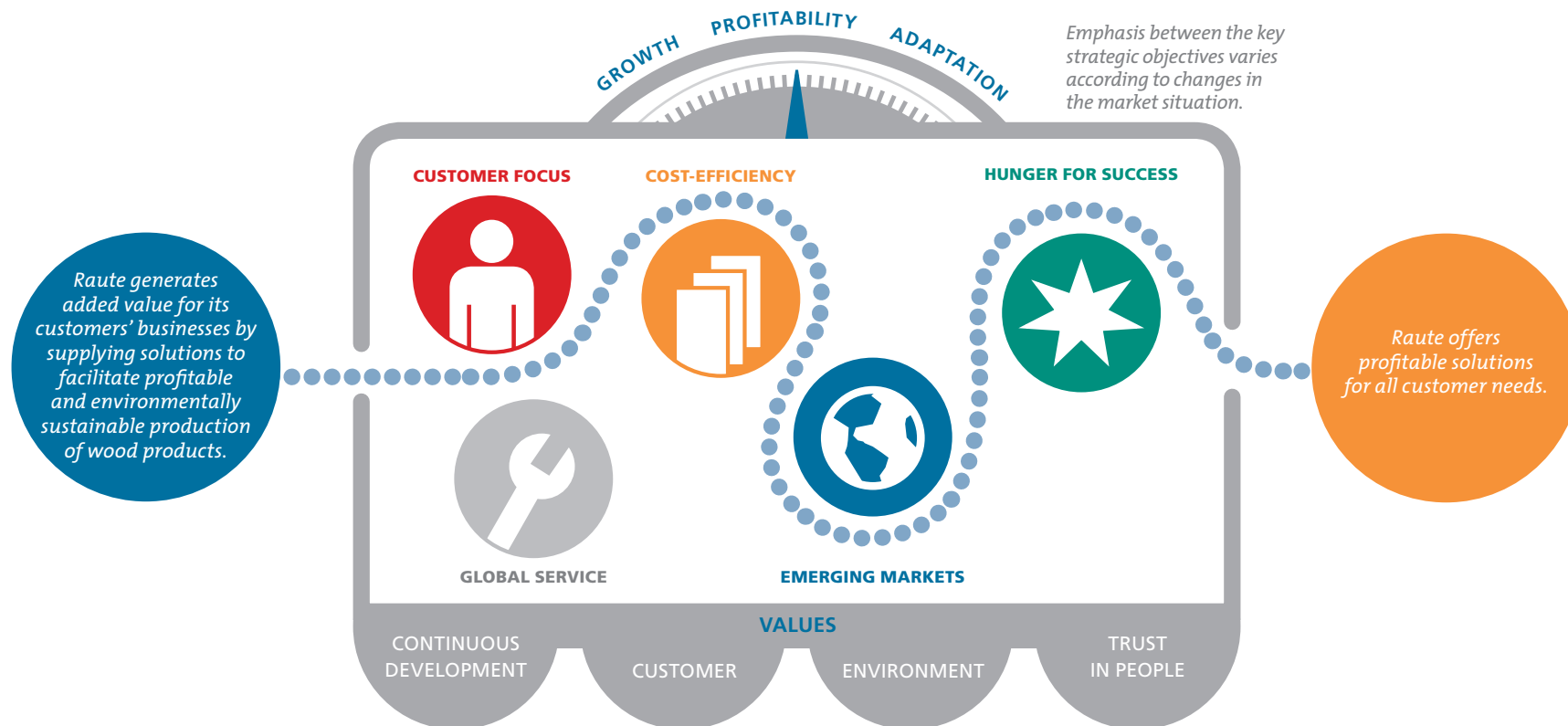
Growing demand for services

Linking of services to deliveries

Outsourcing of maintenance

Potential for growth

Profitable solutions for all customer needs



The strategy boils down to the company's 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, equipment and 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 goal is 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 the entire 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 near to that of developed markets. Of the key plywood production areas, 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. Operating according to local practices and cost structure is important in the emerging markets, especially in China. 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 traditional western markets, with their high cost and price levels, will increasingly focus on projects to raise the efficiency of existing production capacity and improve competitiveness. Little new capacity is being constructed.

Strategy implemented through action

Customers and their needs are the most important driver of Raute's operations. A better understanding of the individual needs of customers and production bottlenecks must be gained. 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 genuinely 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 modernizations. 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 technology.

The emphasis placed on environmental considerations is increasing within all of our areas of operation. The use of renewable resources is favored in construction, for example, and, where applicable, also in transport vehicles.

Overall operations must be cost-efficient and price-competitive. Raute focuses on its core competence and improves its service capability by building an efficient and flexible partner network.

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.

Info

Implementing the strategy in 2013

Customer needs

- Product development focused on RautePro and RauteSelect product families and on products aimed at the Chinese markets
- Development of operating model for product development and customer work

Technology services

- Service business organization strengthened
- Renewal of operating model in North America successfully completed
- Sharpening service for lathe blades launched
- Development of St. Petersburg maintenance center continued

Emerging markets

- Further investments made in developing products aimed at emerging markets
- Production investments in China's new facilities completed

Cost-efficiency and quality

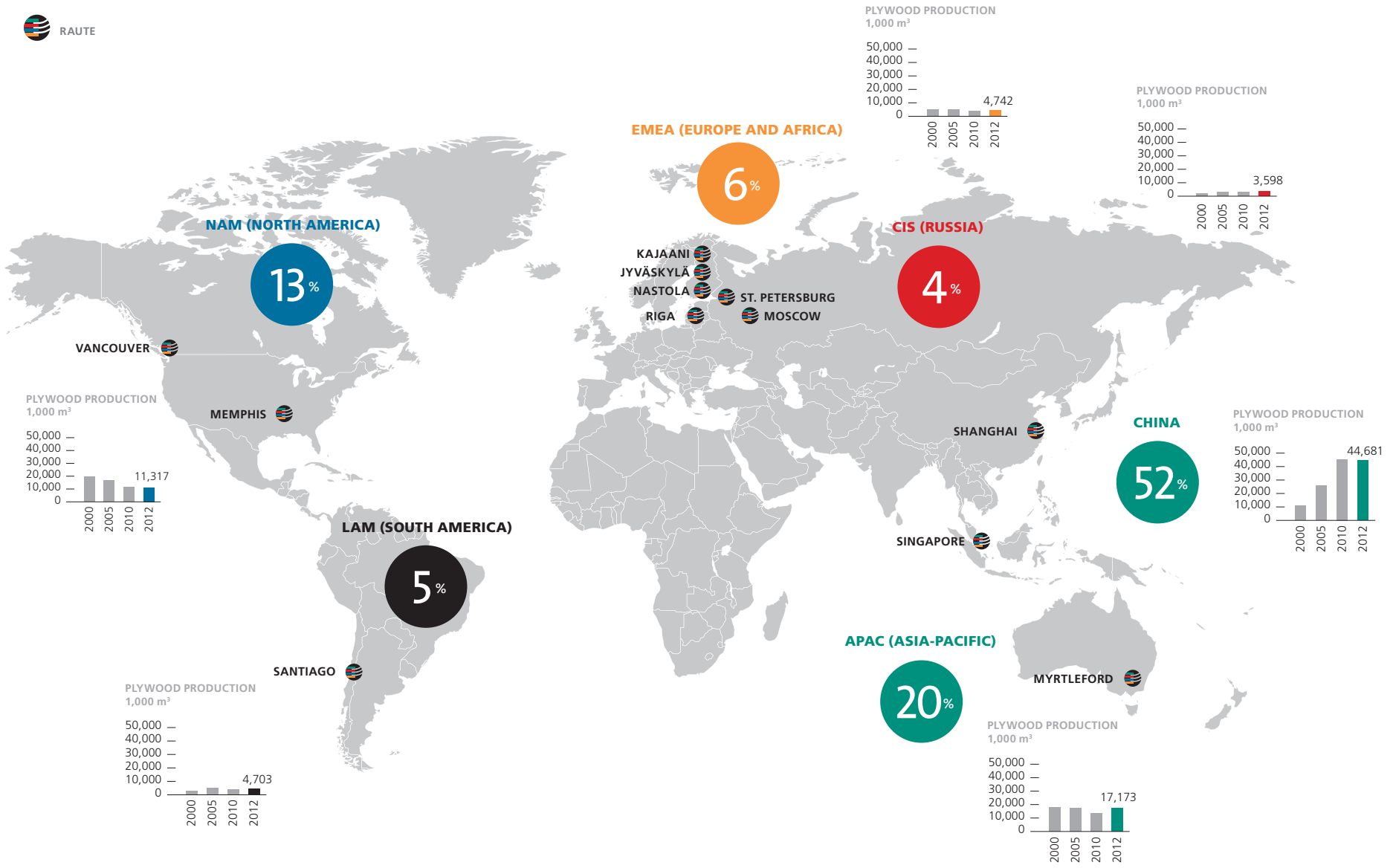
- "Särmä" (edge) quality development project advanced by the entire organization
- New product feedback system implemented
- Project management model developed and resources strengthened

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 and open communication enhanced throughout the organization.

Focus on emerging markets

MARKET AREA'S SHARE OF GLOBAL PLYWOOD PRODUCTION IN 2012.



Raute serves the plywood, veneer and LVL industries with a global technology and service offering. We estimate the total value of investments in these industries to equal an annual EUR 500–550 million in a normal economic situation. According to our estimations, Raute's market share is at around 15 to 20 percent of all of the machine investments in the industry.

Wood products industry production is experiencing the strongest growth in Russia, Asia and South America – all areas with abundant under-utilized wood resources. The increase in production capacity in the traditional markets of North America and Europe is low and focused on special products.

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 market, 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.

In future, the recovery of construction in Europe may also continue to create the need for new production capacity. The requirement of ecological soundness opens up opportunities to increase the share of wood 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 and raw materials 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 the plywood industry there 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 will open up new opportunities for Raute, together with the aging rubber tree forests.



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 of recent years has also put the brakes on the plywood industry's growth.

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. Plywood exports and domestic demand for plywood are expected to increase during the next few years. Growth is driven by the advances in wood construction and increasing construction activity in the Moscow

PLYWOOD PRODUCTION IN EUROPE (1,000 m³)

| | 2012 | 2010 | 2005 |
|-------------------------------------|--------------|--------------|--------------|
| Finland | 1,024 | 980 | 1,308 |
| Baltic (Estonia, Latvia, Lithuania) | 317 | 266 | 298 |
| Spain | 295 | 248 | 360 |
| Italy | 245 | 310 | 390 |
| France | 210 | 222 | 389 |
| Poland | 198 | 145 | 144 |
| Sweden | 83 | 84 | 92 |
| Romania | 65 | 64 | 98 |
| Bulgaria | 40 | 31 | 36 |
| Portugal | 20 | 20 | 40 |
| Czech Republic | 20 | 19 | 38 |
| Others | 45 | 108 | 138 |
| Total | 2,562 | 2,496 | 3,331 |

and St. Petersburg areas as well as a few larger growth centers, in particular.

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. Thanks to a large installed base, Raute's technology services also have growth potential in Russia.



Asia-Pacific area

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 mainly relies on tropical tree species, 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 domestic plantation forests will play a more significant role in the future.

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 for success.

The Japanese market is characterized by expensive raw materials, a high level of production technology and strongly positioned local machinery suppliers. Despite the 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 increased raw material needs. 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.



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 industry.

In Chile, the good profitability of plywood production builds confidence in 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 wood. Although plywood consumption is also on the increase in Chile, most of the plywood is still exported to North America and Europe. Raute's customer base includes the country's largest plywood manufacturers – such as Arauco and CMPC.

Brazil is the biggest plywood manufacturer in South America, but has been less successful than Chile. The technology in use is outdated,

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

| | 2012 | 2010 | 2005 |
|-------------------|---------------|---------------|---------------|
| China | 44,681 | 45,327 | 25,965 |
| Indonesia | 5,268 | 2,996 | 4,534 |
| Malaysia | 4,450 | 3,901 | 5,006 |
| Japan | 2,583 | 2,287 | 3,212 |
| India | 2,521 | 2,154 | 2,130 |
| New Zealand | 550 | 366 | 405 |
| Republic of Korea | 455 | 494 | 680 |
| Philippines | 300 | 253 | 314 |
| Others | 1,046 | 981 | 810 |
| Total | 61,854 | 58,759 | 43,056 |

as import obstacles and the financial aids granted to local machinery manufacturers have eroded the competitiveness of the plywood industry and reduced investments in technology upgrades. In addition, 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 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, the top five companies producing 65 percent of the plywood and 85 percent of the LVL. 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.

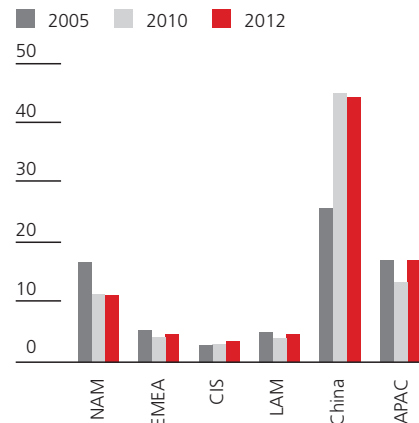
Investments in plywood production have been minimal in recent years, and mainly targeted at modernization projects. The consumption and production of plywood and LVL are not expected to grow until economic growth restarts and housing construction revives.

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

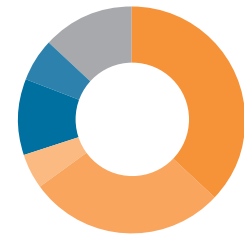
Raute's growth opportunities lie in the modernization of the existing machine base and in its automation expertise.

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

PLYWOOD PRODUCTION TREND BY MARKET AREA (million m³)



PLYWOOD CONSUMPTION BY END-USE CATEGORY 2012
Total 83.6 million m³



| | |
|-----------------------------------|------------|
| Construction, furniture, flooring | 37% |
| Packaging, transport | 11% |
| Others | 6% |
| Total | 70% |
| Total | 17% |
| Total | 13% |

PLYWOOD PRODUCTION BY MARKET AREA 2012
Total 86.2 million m³



| | |
|-------|-----|
| China | 52% |
| APAC | 20% |
| NAM | 13% |
| EMEA | 5% |
| LAM | 5% |
| CIS | 4% |

Market review tables, source: Indufor

Technology for a variety of customer needs



In recent years, Raute's particular emphasis has been on development projects with a short payback time enabling the customers to improve the efficiency of their production processes without carrying out extensive investments. The productization of technology and automation solutions is implemented in a way that enables them to be widely utilized in the modernization of the current installed base.

Raute develops and offers products and services to meet a variety of customer needs.

Customers using RautePro technology are often small or evolving production facilities for which fully automatic and high-capacity production lines are too large in comparison with their other production equipment or investment ability.

Typical customers using RauteSelect technology are medium-sized in terms of their production volumes and often manufacture wood-based panels in a variety of sizes and qualities. Products in the Select series are known for their adaptability to the customer's process needs.

Customers using the RauteSmart technology are usually large production units that wish to maximize their production efficiency and quality by making use of the most up to date automation technology available.

Product development supports customer processes

The goal of Raute's product development is to help customers improve their profitability and competitiveness. Raute's annual R&D investments amount to around 3–4 percent of net sales annually. R&D activities involve upgrading existing machinery and services as well as the creation of entirely new products and concepts.

New products and services are being created to meet the customers' needs in terms of maximizing the use of wood, reducing the consumption of glue and additives and cutting energy and labor costs as well as improving the quality of the end products. New technologies are tested in cooperation with customers in production conditions. New solutions are also being developed for the needs of the emerging markets.

Competitiveness through Raute's machine vision solutions

The continuous goal of veneer and wood-based panel production is to increase the efficiency of end-product quality optimization. The natural characteristics of wood as a material make it challenging to affect quality. Using Raute's newest technology and expertise in the raw material it is possible to impact quality at several stages of the manufacturing process. Machine vision is used for three purposes: sorting, optimization and quality improvement.

The machine vision system used in the drying process, the Visual Defect Analyzer (VDA), analyzes the quality of sheets and grades them into various quality classes. The new model version VDA-F can detect micro cracks, white knots, even early signs of rot and short grain. It also elevates the quality and price of the end product by separating the best and most valuable grades from the other veneer.

In the peeling process, VDA-F steers the selection of where the veneer ribbon is clipped so that, in addition to the removal of all visible bark defects and knotholes, also the internal quality differences in the veneer are taken into account. Thus, the quality and combined value of the clipped veneer sheets are optimized in the total yield.

The patching of veneer has developed thanks to VDA-F technology, which has significantly improved the optimization of veneer quality. 2013 saw the launch of the three first-ever fully automatic new generation P2 veneer patching lines that make use of VDA-F technology.

VDA machine vision technology, known under Raute's Mecano brand, has been voted best in the world by customers, and as proof of this, they have also purchased it for modernizing veneer drying and grading lines manufactured by competitors.



Beneath the surface with Mecano machine vision

The camera technology in the VDA products under Raute's Mecano brand images wide-range-size veneer sheets as they pass below the camera at a speed of more than 3 m/s. The image is composited by taking thousands of color images per second using a high resolution camera. VDA-F takes several images of the same spot. A stroboscope synchronized with the camera flashes in turn above and below the sheet, thus adding a fluoroscopic image to the image file.

The image data is processed using highly advanced algorithms and various characteristics are identified in the image that affect quality, the most familiar of which are sound knots, dead knots, cracked knots and loose knots. In addition to these, blue stain, rot, resin pockets, splits and roughness are identified. Size classes or frequency rates are determined for the characteristics under scrutiny based on the desired wood surface quality classes with regard to the characteristics in question.

An analysis of the image results in either sorting decisions, clipping decisions or patching decisions according to the selected application. The latest multi-core processors help meet the speed requirements set by the production process, according to which the imaging must take place within a few hundred milliseconds. The machine vision system has an easy-to-use user interface application for analyzing and adjusting the decisions created by the algorithms.

Personnel creates prerequisites for success

Raute's employees, hungry for success and committed to the company's goals, create the conditions needed for the company to succeed. The main goal of HR management 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 and the realization of the strategy. Four principles steer the HR management: cooperation and participation, openness and dialogue, a good supervisor-subordinate relationship and continuous development.

The implementation of the personnel strategy is assessed regularly through performance and development discussions and personnel surveys.

At the same time, the personnel's understanding of the connection between their own tasks and Raute's strategy and objectives is ensured.

Challenging work in Finland and abroad

Raute's product and service solutions as well as global project activities offer a variety of tasks for experts in both Finland and abroad. The company's personnel are made up of representatives from a number of different professions. The largest single group are the mechanical and automation engineers who work on deliveries or in R&D as well as 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 needs. Succeeding at work requires employees to have good social and language skills in addition to technical knowledge.

Customer's needs define direction of competence development

Raute's objective is continuous learning and development. Customer needs determine the direction of personnel development, both in customer service and technology and support functions. The focal points of competence development are defined according to the competence needs based on the strategy.

Raute rewards its employees for good performance. In addition to the Group's result, the personal component of the bonus plan for employees also depends on the achievement of the objectives of their own team.

Raute invests in the overall development of the personnel's occupational well-being and in their commitment to the company. The emphasis in occupational health care is on preventive measures that maintain the ability to work.

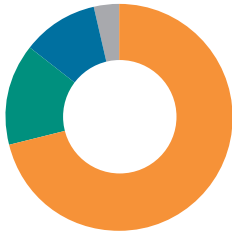
Personnel development

- The focus of personnel development was on developing working culture and supervisor skills.
- Local service resources were strengthened in Finland, Russia and China, among others.
- Training was carried out according to identified needs.
- The Särämä (Edge) change project was continued. The focus was on personnel coaching and training and internal development work.

Personnel in 2013

- The Group employed an average of 505 people.
- The total personnel turnover was 11.9 percent.
- 68 percent of the employees worked in tasks related to project deliveries, 16 percent in technology services, 6 percent in sales and marketing, and 6 percent in management and administration.

PERSONNEL GEOGRAPHICALLY



| | |
|---|-------|
| ■ Finland | 71.3% |
| ■ China | 14.5% |
| ■ North America | 10.7% |
| ■ Others | 3.6% |

AGE OF PERSONNEL

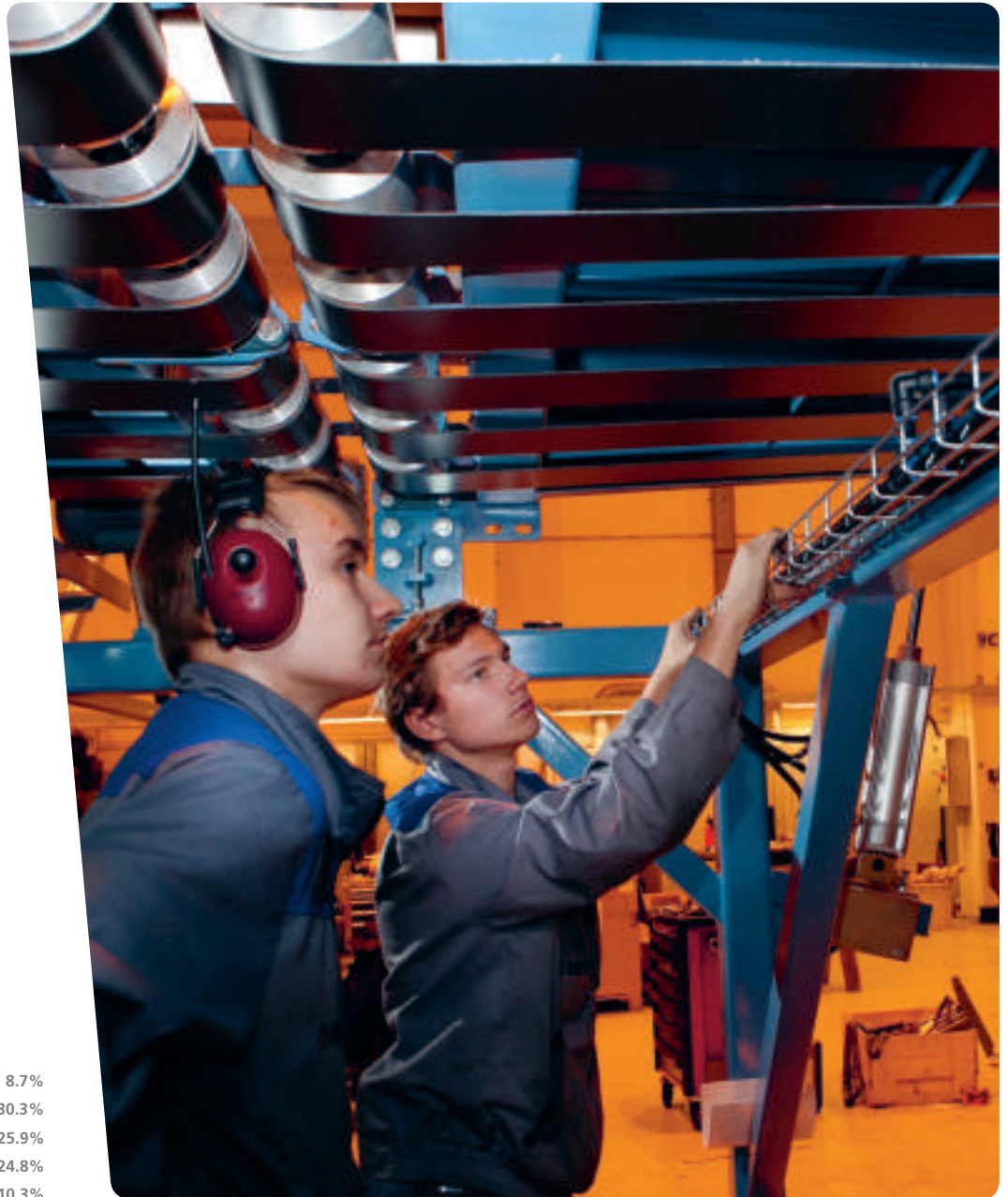


| | |
|--|-------|
| ■ < 30 years | 18.2% |
| ■ 31-40 years | 24.8% |
| ■ 41-50 years | 25.3% |
| ■ 51-60 years | 24.2% |
| ■ > 60 years | 7.5% |

EDUCATION OF PERSONNEL



| | |
|---|-------|
| ■ Basic education | 8.7% |
| ■ Vocational school | 30.3% |
| ■ College | 25.9% |
| ■ University of Applied Science | 24.8% |
| ■ University | 10.3% |



Särmä gives working culture an edge



Raute wishes to support continuous learning and development. A comprehensive change project – Särmä (Edge) – was launched in 2012 and continued throughout 2013.

The objective of the project is 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.

Särmä activities are developed based on five priorities. Projects concerning personnel management include the development of supervisory work and work community skills. Other areas include customer work, project work and communications.

Raute's entire personnel are involved in the Särmä project, which will continue in 2014.

The objectives are

- to support Raute's strategy and to ensure that Raute remains a coveted workplace also in the future
- to create an operating model for occupational well-being for Raute
- to ensure uniform ways of operating and high-quality supervisory work.

Environmentally sustainable production

Raute's single most important ecological achievement is to make it possible to produce wood products that are more environmentally friendly. Raute focuses on the key environmental effects of the wood products industry and helps its customers to operate in a more environmentally sustainable way 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 to 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 and Jyväskylä units have ISO-certified quality and environmental management systems. The operations and ethical principles of Raute's comprehensive partner and



subcontractor network are evaluated according to standardized criteria all around the world.

Environmental impacts in 2013

During 2013, a new energy analysis was carried out at the Nastola plant. The aim of the analysis was to discover new targets for energy efficiency measures. In 2013, energy efficiency investments that were suggested by the energy analysis were carried out at the main plant in Nastola. One of the plant's ventilation machines was replaced and one industrial hall had LED lighting installed on a trial basis. These measures continued into 2014 when an additional ventilation machine will be installed at the plant and two halls will be

lit using LED lighting. Office premises will also switch to more energy efficient LED lighting in connection with the renovation of the premises, which began in 2013 and is set to continue in 2014.

| ENVIRONMENTAL IMPACTS IN NASTOLA | 2013 | 2012 |
|------------------------------------|----------------------------|----------------------|
| VOC emissions | < 5,000 kg | < 5,000 kg |
| Electricity consumption | 3.2 GWh | 3.4 GWh |
| Thermal energy consumption | 4.00 GWh | 4.12 GWh |
| Water consumption | 3,000 m³ | 2,950 m ³ |
| Total waste (incl. recycled metal) | 750 t | 645 t |
| Recycling rate | 87% | 88% |

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

Business review 2013



On December 16, 2013, Mill Manager José Rojas (pictured) and Project Manager Saúl Espinoza signed the first pressed panel produced by the new Arauco's Nueva Aldea plywood mill supplied by Raute.

The uncertainty related to the global economy and financial markets continued in 2013. Construction activity in the wood panel industry's main market area remained at a low level. For Raute's customer industries, the uncertain market situation persisted in several market areas.

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. The market situation experienced by the plywood and LVL mills and, above all, the financing-related problems of customers prevented the implementation of projects.

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. The first signs of positive development could already be seen in North America, which has suffered from a difficult market situation during the last few years.

Order intake reflects market situation

Raute's order intake in 2013 totaled EUR 63 million, down 45 percent from the previous year due to the market situation. No new orders related to building new production capacity were received. The order intake for project deliveries stood at EUR 29 million and decreased from the previous year by 68 percent. The order intake for technology services stood at EUR 34 million, which is an increase of 29 percent on the previous year.

The order intake for individual machines and equipment in project deliveries increased by approximately a quarter. A significant proportion of new orders were focused on drying technology and the further processing of dry veneer.

The growth in technology services mainly resulted from modernization orders originating in Europe and North America. Spare parts and maintenance services remained at the previous year's good level.

The order intake grew or remained on a par with the previous year's level in all market areas when 2013 is compared with the previous year minus any new capacity-generating orders. North America achieved the largest relative growth. Europe became our largest market area.

Scheduling of the order book and order intake set the pace

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. The profitability of operations declined from the previous year due to a weakening in net sales. Due to the scheduling of the order book, net sales and operating profit focused on the first and final quarters of the year.

Headway made in four large projects

Altogether four major new capacity-generating projects were at the installation and commissioning phase during the year, which 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.

Investments in enabling growth

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 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.

The majority of investments were related to productional investments at the mills in Nastola, Finland, and in China.

Financial review 2013

Business environment and demand

- Uncertainty in the global economy and the financial markets continued.
- For Raute's customer industries, the uncertain market situation persisted in several market areas.
 - No capacity-generating projects were started up.
 - Investments were focused on relatively small machine and equipment investments and modernizations.
- The capacity utilization rates of the wood products industry remained essentially at a good level.
 - Demand for maintenance and spare parts services continued at a good level.

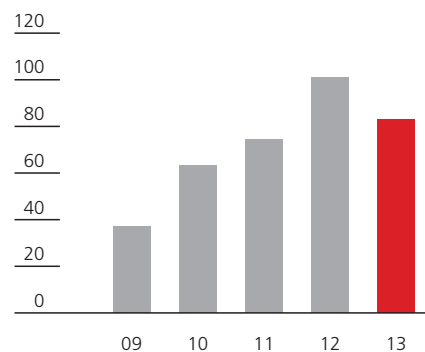
Raute

- Low order intake level.
 - Excluding new capacity projects, the order intake grew or remained on a par with the previous year's level in all market areas.
 - North America achieved the largest relative growth.
- The order intake for technology services increased by 29%.
 - Modernizations generated growth in Europe and North America.
 - Spare parts and maintenance services at the previous year's good level.
- Net sales decreased by 18%.
 - Low order intake and the scheduling of our order book.
 - Four mill-scale projects in the order book.
- Operating profit fell.
 - Profitability corresponded with net sales.

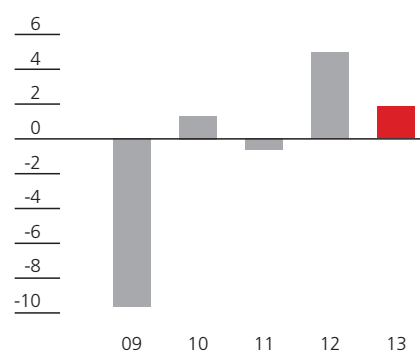
| KEY FIGURES | 2013 | 2012 |
|-------------------------------------|-------|-------|
| Net sales, MEUR | 83.3 | 101.3 |
| Change, % | -17.8 | 36.3 |
| Exported portion of net sales, MEUR | 78.4 | 95.1 |
| Operating profit, MEUR | 1.8 | 5.0 |
| Profit (loss) before tax, MEUR | 1.6 | 4.8 |
| Return on investment (ROI), % | 7.3 | 15.0 |
| Return on equity (ROE), % | 5.0 | 13.1 |
| Equity ratio, % | 56.6 | 48.0 |
| Order book, MEUR | 28 | 50 |
| Order intake, MEUR | 63 | 116 |
| Earnings per share, EUR | 0.30 | 0.75 |
| Equity to share, EUR | 5.90 | 6.03 |
| Dividend per share, EUR | 0.20* | 0.50 |
| Dividend per profit, % | 66.7* | 66.4 |
| Repayment of equity per share, EUR | 0,30* | - |
| Personnel at Dec. 31 | 534 | 503 |
| Personnel, average | 522 | 488 |

*Board of Directors' proposal to the AGM

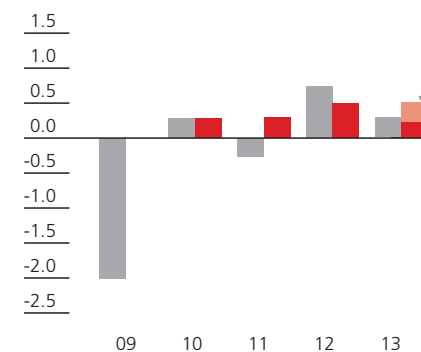
NET SALES
EUR million



OPERATING PROFIT
EUR million



EARNINGS/SHARE AND DIVIDEND
EUR



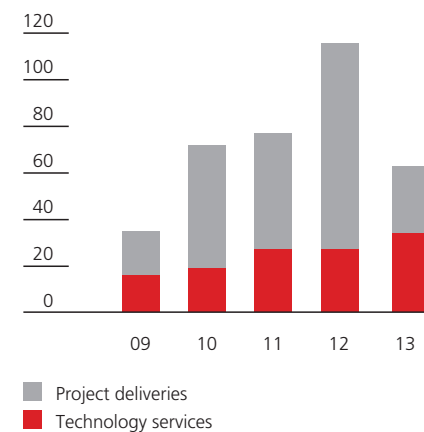
■ Earnings per share
■ Dividend ■ Repayment of equity

* Board of Directors' proposal to the AGM

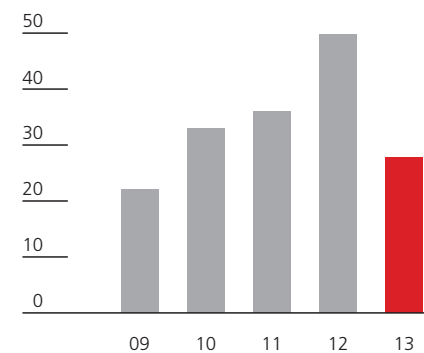
Summary of financial statements

| EUR 1,000 | GROUP (IFRS) | | PARENT COMPANY (FAS) | |
|--|-----------------|-----------------|----------------------|-----------------|
| INCOME STATEMENT | | | | |
| | 1.1.–31.12.2013 | 1.1.–31.12.2012 | 1.1.–31.12.2013 | 1.1.–31.12.2012 |
| Net sales | 83,274 | 101,273 | 73,004 | 92,933 |
| Change in inventories of finished goods and work in progress | -954 | 500 | -79 | -570 |
| Other operating income | 295 | 1,423 | -378 | 1,553 |
| Total operating expenses | -80,787 | -98,174 | -71,338 | -87,955 |
| Operating profit (loss) | 1,828 | 5,022 | 1,964 | 5,960 |
| Financial income and expenses | -239 | -256 | -282 | -1,520 |
| Profit (loss) before tax | 1,589 | 4,766 | 1,683 | 4,440 |
| Income taxes | -394 | -1,781 | -371 | -1,621 |
| Profit (loss) for the financial year | 1,196 | 2,985 | 1,312 | 2,818 |
| BALANCE SHEET | | | | |
| | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 |
| Assets | | | | |
| Non-current assets | 12,565 | 11,922 | 9,948 | 9,342 |
| Current assets | 36,218 | 51,154 | 32,998 | 49,548 |
| Total assets | 48,783 | 63,076 | 42,946 | 58,890 |
| Shareholders' equity and liabilities | | | | |
| Total shareholders' equity | 23,613 | 24,220 | 21,813 | 22,504 |
| Total liabilities | 25,170 | 38,856 | 21,133 | 36,386 |
| Total shareholders' equity and liabilities | 48,783 | 63,076 | 42,946 | 58,890 |
| CASH FLOW STATEMENT | | | | |
| | 1.1.–31.12.2013 | 1.1.–31.12.2012 | 1.1.–31.12.2013 | 1.1.–31.12.2012 |
| Operating activities | 3,704 | 1,938 | 3,876 | 461 |
| Investing activities | -3,176 | -2,895 | -3,211 | -1,820 |
| Financing activities | -7,352 | -5,201 | -7,352 | -5,121 |
| Net change in cash and cash equivalents | -6,825 | -6,159 | -6,687 | -6,481 |

ORDER INTAKE
EUR million



ORDER BOOK AT DEC. 31
EUR million

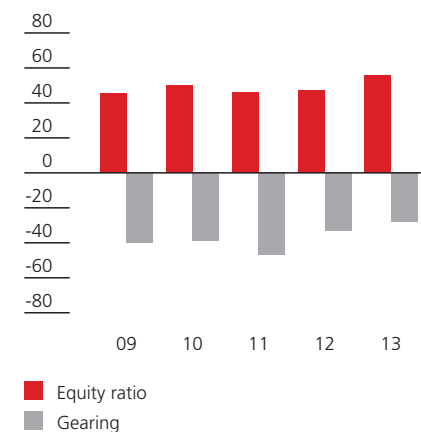


The complete consolidated statement of comprehensive income and balance sheet are presented in the financial statements which have been published as a separate electronic publication on the company's website at www.raute.com.

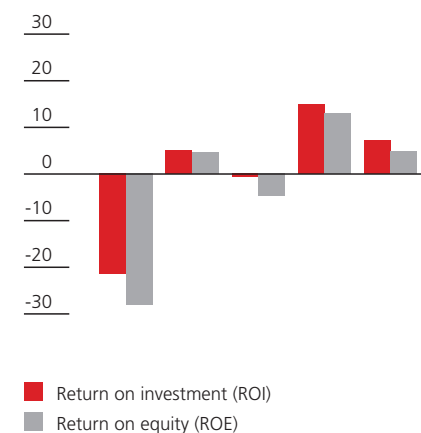
Financial development

| EUR 1,000 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--------------------------------------|---------------|---------|---------|--------|--------|
| Net sales | 83,274 | 101,273 | 74,323 | 62,867 | 36,638 |
| Change in net sales, % | -17.8 | 36.3 | 18.2 | 71.6 | -62.8 |
| Exported portion of net sales | 78,436 | 95,099 | 65,432 | 57,773 | 30,466 |
| % of net sales | 94.2 | 93.9 | 88.0 | 91.9 | 83.2 |
| Operating profit (loss) | 1,828 | 5,022 | -738 | 1,311 | -9,695 |
| % of net sales | 2.2 | 5.0 | -1.0 | 2.1 | -26.5 |
| Profit (loss) before tax | 1,589 | 4,766 | -1,126 | 1,122 | -9,890 |
| % of net sales | 1.9 | 4.7 | -1.5 | 1.8 | -27.0 |
| Profit (loss) for the financial year | 1,196 | 2,985 | -1,095 | 1,158 | -8,141 |
| % of net sales | 1.4 | 3.0 | -1.5 | 1.8 | -22.2 |
| Return on investment (ROI), % | 7.3 | 15.0 | -0.1 | 5.1 | -21.6 |
| Return on equity (ROE), % | 5.0 | 13.1 | -4.7 | 4.9 | -28.4 |
| Balance sheet total | 48,783 | 63,076 | 52,666 | 53,034 | 57,387 |
| Non-interest-bearing liabilities | 18,302 | 27,235 | 15,320 | 14,368 | 15,801 |
| Interest-bearing net liabilities | -6,677 | -8,087 | -10,397 | -9,651 | -9,366 |
| % of net sales | -8.0 | -8.0 | -14.0 | -15.4 | -25.6 |
| Equity ratio, % | 56.6 | 48.0 | 46.9 | 50.7 | 46.0 |
| Gearing, % | -28.3 | -33.5 | -47.1 | -39.8 | -40.6 |
| Gross capital expenditure | 3,189 | 3,529 | 1,885 | 2,224 | 1,095 |
| % of net sales | 3.8 | 3.5 | 2.5 | 3.5 | 3.0 |
| Research and development costs | 2,523 | 2,516 | 2,020 | 1,849 | 2,470 |
| % of net sales | 3.0 | 2.5 | 2.7 | 2.9 | 6.7 |
| Order book, EUR million | 28 | 50 | 36 | 33 | 22 |
| Order intake, EUR million | 63 | 116 | 77 | 72 | 35 |
| Personnel, at Dec. 31 | 534 | 503 | 464 | 495 | 524 |
| Personnel, effective, on average | 515 | 480 | 457 | 438 | 419 |
| Personnel, average | 522 | 488 | 475 | 512 | 542 |

EQUITY RATIO AND GEARING
%



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



Share-related data

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------------|--------------|-------|--------|-------|-------|
| Earnings per share, EUR | 0.30 | 0.75 | -0.27 | 0.29 | -2.03 |
| Equity to share, EUR | 5.90 | 6.03 | 5.51 | 6.05 | 5.76 |
| Dividend per share, EUR | 0.20* | 0.50 | 0.30 | 0.30 | 0.00 |
| Dividend per profit, % | 66.7* | 66.4 | -109.7 | 103.8 | 0.0 |
| Effective dividend yield, % | 2.9* | 5.6 | 4.8 | 3.1 | 0.0 |
| Price/earnings ratio (P/E ratio) | 23.3 | 11.95 | -22.67 | 33.55 | -3.67 |
| Repayment of equity per share, EUR | 0.30* | - | - | - | - |

Development in share price (series A shares)

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---------------|--------|--------|--------|--------|
| Lowest share price for the financial year, EUR | 6.88 | 6.18 | 6.05 | 7.24 | 6.50 |
| Highest share price for the financial year, EUR | 9.33 | 9.24 | 11.55 | 10.10 | 8.90 |
| Average share price for the financial year, EUR | 8.49 | 8.22 | 8.57 | 8.21 | 7.29 |
| Share price at Dec. 31, EUR | 6.95 | 9.00 | 6.20 | 9.70 | 7.47 |
| Market value of capital stock at Dec. 31, EUR 1,000** | 27,833 | 36,043 | 24,829 | 38,846 | 29,916 |

Trading in the company's shares (series A shares)

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|-------------|------|------|------|------|
| Shares traded during the financial year, 1,000 shares | 514 | 302 | 522 | 646 | 455 |
| % of the number of series A shares | 17.0 | 10.0 | 17.3 | 21.4 | 15.1 |

Total number of shares

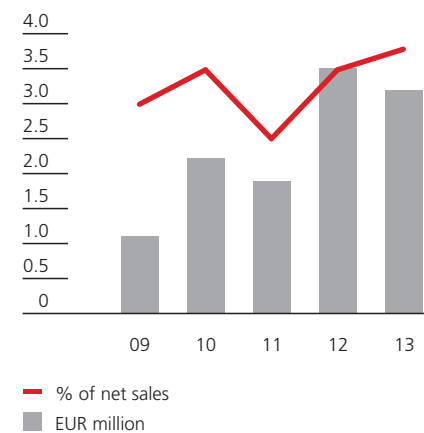
| | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|------------------|-----------|-----------|-----------|-----------|
| Issue-adjusted weighted average number of shares | 4,004,758 | 4,004,758 | 4,004,758 | 4,004,758 | 4,003,183 |
| Issue-adjusted number of shares at the end of the financial year | 4,004,758 | 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.

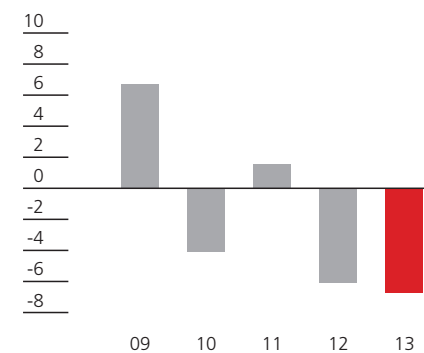
**Series K shares valued at the value of series A shares.

CAPITAL EXPENDITURE



CONSOLIDATED CASH FLOW

EUR million



Board of Directors



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:
Metso Corporation 2010–2013
Valmet Corporation 2014–

Raute shares:

1,000 pcs series A shares



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:

57,630 pcs series K shares
29,270 pcs series A shares



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

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, 2013. The figures include holdings of their own, minor children and control entities.



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:
2,000 pcs series A shares



ILPO HELANDER

b. 1942, M.Sc. (Eng.)
Member of the Board 2008–
Independent of the company and
of major shareholders

Ilpo Helander was President and Chairman of
the Board of Oy Electrolux Ab and Senior Vice
President of Electrolux Europe. His areas of
responsibility were Finland, Russia, Belarus,
the Baltic countries, Ukraine and Kazakhstan.

Simultaneous positions of trust
Member of the Board:
Reka Kumi Oy 2007–
Teknos Oy 2007–
CT-Logistics Oy 2008–

Raute shares:
1,000 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:
None

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

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.

Executive Board



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:

3,930 pcs series A shares
25,500 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

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:

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

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, such as 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.

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



MARKO HJELT

PETRI LAKKA

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 machines 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–

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

PETRI STRENGELL

b. 1962, M.Sc. (Eng.)

Group Vice President, Operations, 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



PETRI STRENGELL

MIKA HYYSTI

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 | The members are in charge of the day-to-day management of the company in their respective areas of responsibility.

Holdings of Raute shares and stock options on December 31, 2013.

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

Information for shareholders

Raute is a financially sound Small Cap company with a family background. Raute operates globally and is the leader 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 address: 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 2014 Raute Corporation will publish three interim reports as follows:

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

Raute shares

Raute Corporation has two series of shares. Series A shares have been quoted on the 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, 2013: 3,013,597 pcs
- Votes/share: 1 vote

Series K share

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

Annual General Meeting

Raute Corporation's Annual General Meeting will be held on Monday, March 31, 2014 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 2014, 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.

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

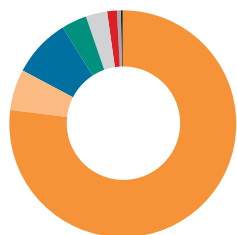
LARGEST SHAREHOLDERS AT DEC. 31, 2013

| 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 | - | 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 | - | 115,349 | 115,349 | 2.9 | 115,349 | 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 | 2.8 | 1,022,316 | 4.5 |
| Siivonen Osku Pekka | 50,640 | 53,539 | 104,179 | 2.6 | 1,066,339 | 4.7 |
| Kirmo Kaisa Marketta | 50,280 | 41,826 | 92,106 | 2.3 | 1,047,426 | 4.6 |
| Mustakallio Kari Pauli | 60,480 | 31,458 | 91,938 | 2.3 | 1,241,058 | 5.4 |
| Mustakallio Mika Tapani | 57,580 | 29,270 | 86,850 | 2.2 | 1,180,870 | 5.2 |
| Keskiaho Kaija Leena | 33,600 | 51,116 | 84,716 | 2.1 | 723,116 | 3.2 |
| Särkijärvi Anna Riitta | 60,480 | 22,009 | 82,489 | 2.1 | 1,231,609 | 5.4 |
| Relander Harald | - | 75,000 | 75,000 | 1.9 | 75,000 | 0.3 |
| Sijoitusrahasto Alfred Berg Small Cap Finland | - | 75,000 | 75,000 | 1.9 | 75,000 | 0.3 |
| Mustakallio Marja Helena | 43,240 | 16,047 | 59,287 | 1.5 | 880,847 | 3.9 |
| Mustakallio Ulla Sinikka | 53,240 | 2,300 | 55,540 | 1.4 | 1,067,100 | 4.7 |
| 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 |
| Suominen Jukka Matias | 24,960 | 27,964 | 52,924 | 1.3 | 527,164 | 2.3 |
| Mustakallio Kai Henrik | 47,420 | 4,594 | 52,014 | 1.3 | 952,994 | 4.2 |
| Varma Mutual Pension Insurance Company | - | 51,950 | 51,950 | 1.3 | 51,950 | 0.2 |
| Total | 601,920 | 1,614,977 | 2,216,897 | 55.4 | 13,653,377 | 59.8 |



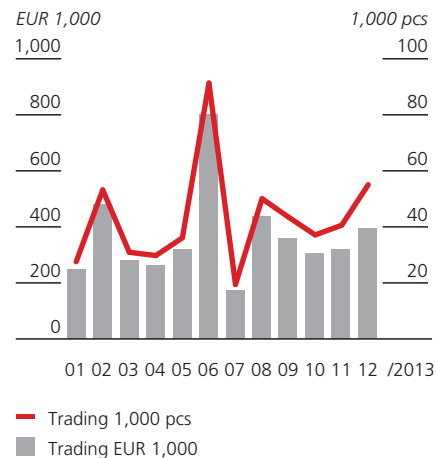
The printed Annual Report will be mailed to the 200 largest shareholders and to others by request. Financial publications can also be ordered in print or as printouts by phone from +358 3 829 11 or by email from ir@raute.com.

SHARE OWNERSHIP BY SHAREHOLDER CATEGORY AT DEC. 31, 2013

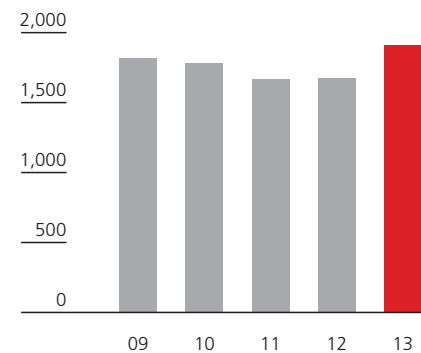


| | |
|--------------------------------------|-------|
| Households | 77.1% |
| Management | 5.8% |
| Financial and insurance institutions | 8.3% |
| Companies | 3.5% |
| Nominee-registered | 3.1% |
| Public institutions | 1.5% |
| Non-profit shareholders | 0.6% |
| Foreign shareholders | 0.1% |

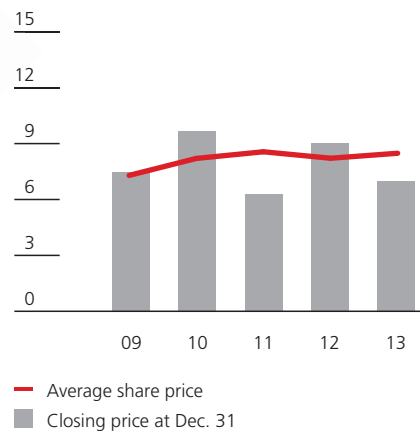
TRADING IN SERIES A SHARES 2013



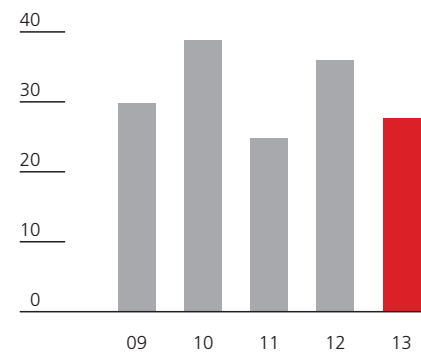
DEVELOPMENT OF THE NUMBER OF SHAREHOLDERS



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

Rautetie 2
P.O. Box 69
FI-15551 Nastola
Finland
Tel. +358 3 829 11
Fax +358 3 829 3200
www.raute.com

Raute Corporation Jyväskylä unit

Laukaantie 4
FI-40320 Jyväskylä
Finland
Tel. +358 3 829 11
Fax +358 14 4499 575

Raute Corporation Mecano Business

Syväojankatu 8
FI-87700 Kajaani
Finland
Tel. +358 3 829 11
Fax +358 8 612 1982

Raute Canada Ltd.

1633 Cliveden Avenue
Delta, B.C.
Canada V3M 6V5
Tel. +1 604 524 6611
Fax +1 604 521 4035

Raute US, Inc.

c/o Barrett Distribution
4836 Hickory Hill Road
Suite # 128
Memphis, TN
USA 38141
Tel. +1 800 448 8592
Fax +1 866 615 1379

Raute Chile Ltda.

Hernando de Aguirre 162 Of. 1003
Providencia
7510026 Santiago
Chile
Tel. +56 2 2233 4812
Fax +56 2 2233 4748

Raute Group Asia Pte Ltd.

35 Jalan Pemimpin # 06-02
Wedge Mount Industrial Building
Singapore 577 176
Tel. +65 625 043 22
Fax +65 625 053 22

Raute (Shanghai) Machinery Co., Ltd Raute (Shanghai) Trading Co., Ltd

14 Building, No. 588,
Yuanzhong Road,
Nan Hui Industry Zone,
Pudong District,
Shanghai City, China
P.C. 201300
Tel. +86 21 5818 6330
Fax +86 21 5818 6322

Raute Service LLC

Moskovsky prospekt, 212 A,
Office 4011
196066 St. Petersburg
Russia
Tel. +7 812 363 20 33
Fax +7 812 363 20 59

Raute Service LLC Moscow Office

Khoroskevskoe Shosse, 35, b. 1,
Office 208
123007 Moscow
Russia
Tel. +7 499 195 83 90

Raute Service Baltic

Gaigalas street 41
Riga LV-1016
Latvia
Tel. +371 278 442 20
Fax +371 674 346 80



Annual Report 2013
Graphic design: Pohjoisranta Burson-Marsteller Oy
Content: Raute and Pohjoisranta Burson-Marsteller Oy
Translation: Traduct Oy, Raute
Photos: Raute, Shutterstock
Printing house: Lönnberg Print & Promo
Paper: Scandia White



