

28 August 2019 at 9:30

Solidium Oy's half-year report 1 January –30 June 2019 and financial statements:

Solidium continued its active ownership strategy for the financial year ended June 30, 2019. The company's tenth financial year was characterized by major fluctuations between the first and second half. The global stock market plummeted in the autumn 2018. During the second half of the financial year, the stock market showed strong performance, which was reflected in the excellent return during that period.

The biggest change in Solidium's portfolio was the investment in Nokian Tyres. There were also significant transactions in the portfolio companies as Tieto and the Norwegian EVRY as well as Metso and Outotec announced their mergers.

Six-month period 1 January–30 June 2019

- The return of Solidium's equity holdings in the review period was 16.7 per cent
- Solidium acquired 5.1 per cent of Nokian Tyres for EUR 205 million
- Portfolio companies involved in significant transactions as Tieto and the Norwegian EVRY as well as Metso and Outotec announced their mergers

Financial year 1 July 2018–30 June 2019

- The return on equity holdings was -3.0 per cent in the financial year
- Solidium's result for the financial year was EUR 298 million
- Solidium transferred shares worth of EUR 155 million in total to the State owner as capital repayment
- Solidium's Board of Directors proposes that a dividend of EUR 338 million be paid to the owner

Solidium's CEO Antti Mäkinen comments:

"During the past financial year, the number of transactions we carried out was lower than in the previous financial year. A new investment was the acquisition of shares in Nokian Tyres, a company that we have been observing for a while. The company meets all Solidium's investment criteria. Nokian Tyres is experiencing a stage of strong growth. It is in the process of making considerable investments in the USA and in a testing centre in Spain and expanding the production capacity of heavy tyres in Nokia.

The financial year was two-fold: the total return on Solidium's equity holdings was -16.9 per cent during the first half of the financial year and 16.7 per cent during the second half. The best return was generated by Valmet (with a total shareholder return of 36%), with orders received growing throughout the year and a record high order backlog.

In accordance with its mandate, Solidium pays to the State in full all dividends it receives from the portfolio companies. During the financial year, we paid EUR 351 million to the State as dividends. In addition to the dividend distribution, we transferred shares worth of EUR 155 million to the State as capital repayment. Further, Solidium paid EUR 36.5 million in taxes."

SOLIDIUM'S HOLDINGS

Development of holdings and key indicators

The value of Solidium's all holdings (equity holdings and money market investments) was EUR 8,193 million on 30 June 2019 (EUR 6,995 million on 31 December 2018 and EUR 9,093 million on 30 June 2018). The return on all holdings was 16.4 per cent over the review period of six months, and -2.9 per cent for the past financial year. More detailed information on the investment key indicators are attached.

Equity holdings

The value of Solidium's equity holdings was EUR 7,742 million on 30 June 2019 (EUR 6,842 million on 31 December 2018 and EUR 8,108 million on 30 June 2018). The total return of Solidium's equity holdings was 16.7 per cent during the review period and -3.0 per cent for the past financial year. During the financial year the best returns were generated by Valmet (36%), Metso (23%) ja Kemira (19%).

Money market investments

Solidium's money market investments amounted to EUR 452 million on 30 June 2019 (EUR 152 million on 31 December 2018 and EUR 985 million on 30 June 2018). The return of money market investments was 0.3 per cent during the review period and 0.5 per cent for the past financial year.

Distribution of profit to Solidium

During the financial year, Solidium received a total of EUR 337 million before taxes as dividends distributed by its portfolio companies (1 July 2017–30 June 2018: EUR 362 million) and after taxes EUR 300 million (EUR 351 million). The dividend income received by Solidium was approximately 4.4 per cent proportioned to the value of equity holdings on 30 June 2019. In addition, Nokia and Metso distribute dividends in several instalments for the past financial year, majority of which Solidium will receive only during the current financial year.

Participation in nomination boards and board elections

A central aspect of Solidium's corporate governance model is to actively influence the board composition of the portfolio companies. Therefore, Solidium participated actively in the work of nomination boards preparing board elections during the financial year. Solidium's aim is to form a board composition which best serves the goal of shareholder value creation and needs of the company. A total of 15 new members, 40 per cent of whom were women, were elected to the boards of directors of Solidium's portfolio companies.

Representatives of Solidium have served as the chairman of the shareholders' nomination boards of Elisa, Metso, Outokumpu, Outotec and Valmet, and as a member of the shareholders' nomination boards of Kemira, SSAB, Stora Enso and Tieto. The nomination boards prepared proposals for the election and remuneration of board members to the Annual General Meetings in 2019.

In accordance with Solidium's strategy, the long-term objective is to have a seat in the board of each portfolio company. In the AGMs in spring 2019, Solidium's CEO Antti Mäkinen was re-elected to the boards of Metso, Sampo and Stora Enso. In addition, among Solidium's

board members, Aaro Cantell is a member of the board of Valmet and Timo Ahopelto in the board of Tieto. Eija Ailasmaa resigned from the board of Outotec.

Share transactions

Solidium acquired 5.1 per cent of the shares in Nokian Tyres between December and February for approximately EUR 205 million, with price per share of EUR 29.30. Nokian Tyres has successfully executed its niche strategy in the global tyre market for a long time. The company has promising growth opportunities in the 2020s, owing to the third production factory being built in Dayton, in the USA, and to the investment to increase production capacity in its factory in Nokia. Nokian Tyres has an excellent foundation to create value for its shareholders, and Solidium's investment in Nokian Tyres strengthens and stabilizes Finnish ownership in the company.

In autumn 2018, Solidium acquired shares in Konecranes for EUR 29 million and in Nokia for EUR 95 million. Following the arrangements, Solidium's holding in Konecranes increased from 6.2 per cent to 7.4 per cent and in Nokia from 3.3 per cent to 3.7 per cent.

After the capital repayment transferred to the State of Finland in spring 2019, Solidium acquired Nokia's shares from the market for EUR 30 million. Following the transaction, Solidium's holding in Nokia returned to 3.7 per cent.

Transactions

In June 2019 Tieto Oyj and EVRY ASA announced their cross-border merger arrangement in which the combined company will be called TietoEVRY. Solidium has conditionally agreed to purchase approximately 4.4 million Tieto shares from EVRY's largest shareholder Funds advised by Apax Partners LLP. The sale and purchase contemplated is conditional, among other, upon the completion of the merger of Tieto and EVRY and includes customary conditions precedent. Solidium's shareholding in Tieto is currently 10.0%. After completion of the cross-border merger of Tieto and EVRY, Solidium's shareholding would be diluted to 6.3% since EVRY's shareholders will hold 37.5% of TietoEVRY. If the share sale and purchase between Solidium and Apax is completed, Solidium's holding would remain at 10.0%.

In July 2019 Metso Corporation and Outotec Oyj announced the intention to combine Metso Minerals and Outotec into a new company named Metso Outotec Corporation. As a result of the combination of Metso Minerals with Outotec, Metso will continue under the name Neles Corporation. There is a clear industrial logic to combining Metso Minerals and Outotec, and the value of synergies is significant. In our view, the merger will create shareholder value for the owners of both companies. Furthermore, Neles is well positioned for profitable growth as an independent company.

Solidium has undertaken to vote in favour of the transactions in the respective EGMs.

SOLIDIUM OY'S EVENTS

Extraordinary General Meetings

The Extraordinary General Meeting of Solidium Oy was held in Helsinki on 31 January 2019. The Extraordinary General Meeting resolved that Solidium will transfer shares in Kemira Oyj worth EUR 15 million as capital repayment to the State of Finland. Consequently, Solidium's holding in Kemira decreased from 16.7 per cent to 15.8 per cent.

The Extraordinary General Meeting of Solidium Oy was held in Helsinki on 13 March 2019 and elected Director General, Ownership steering department Kimmo Viertola as a new member of the Board. State Secretary Paula Lehtomäki had announced her resignation from Solidium's Board of Directors after being elected Secretary General of the Nordic Council of Ministers.

The Extraordinary General Meeting of Solidium Oy was held in Helsinki on 21 March 2019. The Extraordinary General Meeting resolved that Solidium will transfer shares in Kemira, Outokumpu and SSAB (B-shares) worth EUR 60 million in total as capital repayment to the State of Finland. Consequently, Solidium's holding in Kemira decreased from 15.8 per cent to 14.9 per cent, in Outokumpu from 22.8 per cent to 21.7 per cent and in SSAB from 13.5 per cent to 12.6 per cent (from 10.0 per cent to 9.8 per cent of votes).

The Extraordinary General Meeting of Solidium Oy was held in Helsinki on 2 April 2019. The Extraordinary General Meeting resolved that Solidium will transfer shares in Kemira, Nokia and Sampo (A-shares) worth EUR 80 million in total as capital repayment to the State of Finland. Consequently, Solidium's holding in Kemira decreased from 14.9 per cent to 14.0 per cent, in Nokia from 3.7 per cent to 3.5 per cent and in Sampo from 10.1 per cent of shares to 10.0 per cent.

Financial key indicators

Solidium's net profit for the financial period was EUR 298 million. Solidium's operating expenses were EUR 3.9 million, resulting in a management cost ratio of operations of 0.05 per cent. Solidium's net asset value decreased as a result of the value changes of equity investments and profit distribution by EUR 0.67 billion and was EUR 7.3 billion at the end of the review period.

	1 July 2018- 30 June 2019	1 July 2017- 30 June 2018
Operating profit, EUR million	-3.9	-4.6
Profit for the period, EUR million	297.2	349.6
Return on investment at fair value, %	-2.9	8.3
Management cost ratio of operations, %	0.05	0.06
Net asset value, EUR million	7,340.8	8,009.9
Interest-bearing liabilities, EUR million	205.0	350.0
Equity ratio, %	90	88
Distribution of profit, EUR million	338.0*	506.0
Average number of employees	12	11

* The Board of Directors' proposal

Solidium's Annual Report in English is available on Solidium's website at <http://www.solidium.fi/en/publications-and-media/annual-report/>.

This report is unaudited.

Attachment Solidium's holdings on 30 June 2019

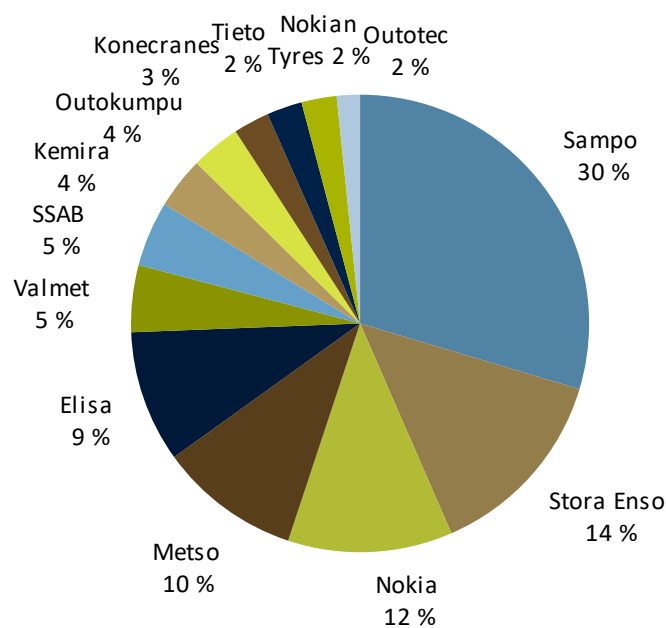
Solidium Oy

Further information: CEO Antti Mäkinen, tel. +358 10 830 8905

Solidium is a limited liability company wholly owned by the State of Finland. Its mission is to strengthen and stabilise Finnish ownership in nationally important companies and increase the value of its holdings in the long term. Through its stakes, Solidium is a minority owner in thirteen listed companies: Elisa, Kemira, Konecranes, Metso, Nokia, Nokian Tyres, Outokumpu, Outotec, Sampo, SSAB, Stora Enso, Tieto and Valmet. The market value of Solidium's total investments is approximately 7.6 billion euros. Further information: www.solidium.fi.

ATTACHMENT: SOLIDIUM'S HOLDINGS AS OF 30 JUNE 2019
BREAKDOWN OF HOLDINGS

	EUR million
All equity holdings	7 741,6
Elisa	721,0
Kemira	281,9
Konecranes	195,8
Metso	773,1
Nokia	899,4
Nokian Tyres	192,2
Outokumpu	271,0
Outotec	126,6
Sampo	2 294,1
SSAB	356,3
SSAB AB A	80,6
SSAB AB B	275,7
Stora Enso	1 071,1
Stora Enso Oyj A	845,8
Stora Enso Oyj R	225,2
Tieto	193,2
Valmet	366,0
Money mkt.inv.	451,7



RETURNS OF SOLIDIUM'S HOLDINGS

	6 months	12 months	5 years	From the establishment of Solidium
Return of total investments, %	16,4 %	-2,9 %	6,1 %	11,1 %
Return of equity holdings, %	16,7 %	-3,0 %	6,4 %	11,4 %

(Over-12-month returns are annualized)

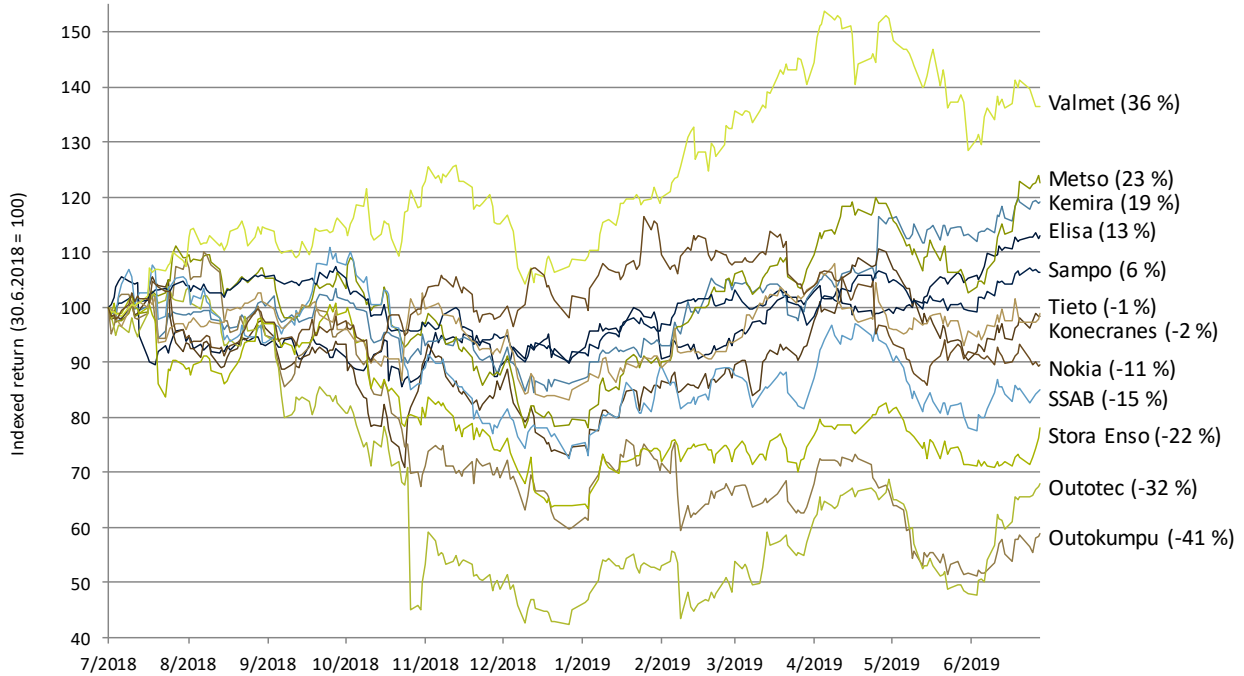
Includes equity holdings and money market investments. Solidium was established 11.12.2008

DEVELOPMENT OF THE RETURN OF THE HOLDINGS

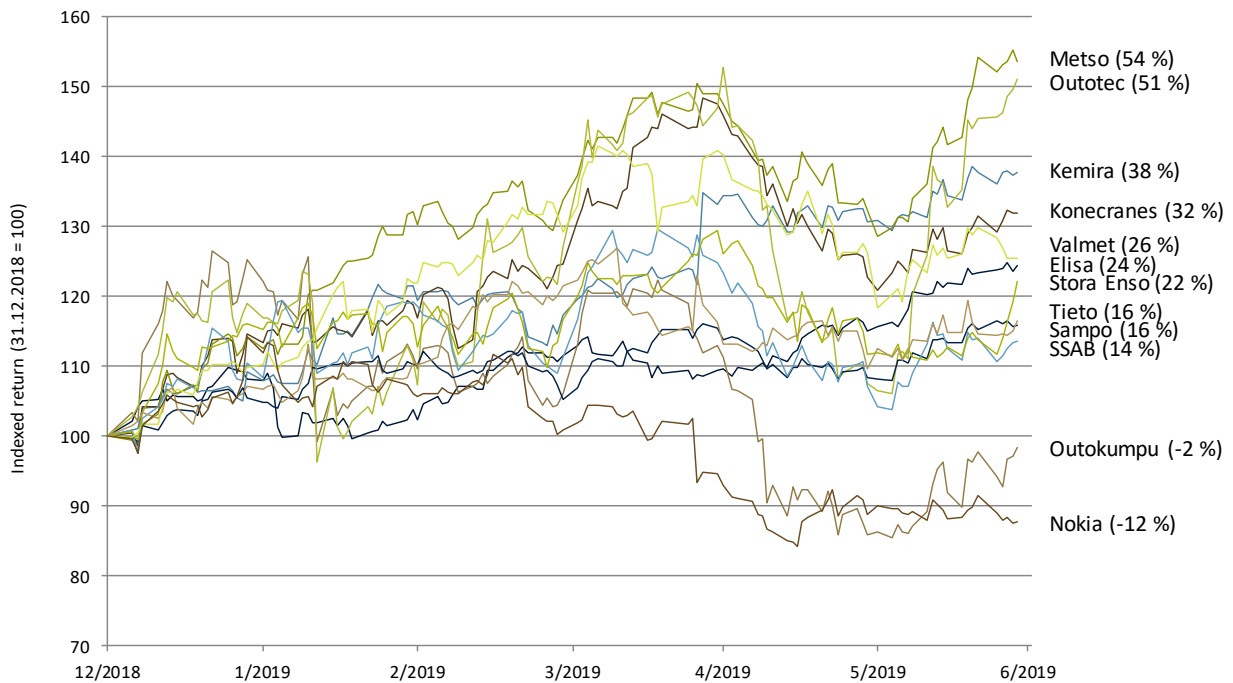


Includes equity holdings and money market investments. Solidium was established 11.12.2008

RETURNS OF HOLDINGS TO SOLIDIUM DURING THE FINANCIAL YEAR 1 JUL 2018 – 30 JUN 2019



RETURNS OF HOLDINGS TO SOLIDIUM DURING THE REVIEW PERIOD 1 JAN 2019 – 30 JUN 2019



RETURNS OF THE COMPANIES OWNED BY SOLIDIUM, PEER COMPANIES AND THEIR BENCHMARK INDICES

	6 months	12 months	5 years	10 years
Elisa	24 %	13 %	19 %	22 %
<i>Peer companies</i>	10 %	16 %	6 %	9 %
<i>DJ STOXX 600 Telecom. Index</i>	1 %	1 %	0 %	7 %
Kemira	38 %	19 %	7 %	18 %
<i>Peer companies</i>	14 %	-5 %	8 %	16 %
<i>FTSE EUROFIRST 300 Chemicals Index</i>	19 %	3 %	6 %	13 %
Konecranes	32 %	-1 %	11 %	11 %
<i>Peer companies</i>	24 %	-15 %	6 %	11 %
Vinx	24 %	8 %	9 %	14 %
Metso	54 %	23 %	9 %	18 %
<i>Peer companies</i>	21 %	-1 %	2 %	11 %
<i>Bloomberg Europe Mach.-Div. Index</i>	17 %	-5 %	2 %	10 %
Nokia	-12 %	-10 %	-2 %	-5 %
<i>Peer companies</i>	24 %	31 %	13 %	7 %
<i>Stxe 600 Tech Eur Nrt</i>	26 %	5 %	13 %	13 %
Nokian Tyres	8 %	-15 %	4 %	12 %
<i>Peer companies</i>	-1 %	-20 %	-3 %	14 %
<i>STOXX Europe 600 Autos & Parts</i>	17 %	-6 %	2 %	12 %
Outokumpu	-2 %	-41 %	-15 %	-19 %
<i>Peer companies</i>	12 %	-22 %	-7 %	-2 %
<i>Bloomberg Europe Steel Index</i>	-8 %	-35 %	-7 %	-5 %
Outotec	51 %	-32 %	-9 %	2 %
<i>Peer companies</i>	17 %	4 %	9 %	15 %
<i>Bloomberg Europe Mach.-Div. Index</i>	17 %	-5 %	2 %	10 %
Sampo	16 %	6 %	8 %	18 %
<i>Peer companies</i>	7 %	2 %	9 %	15 %
<i>OMX Nordic Financials Index</i>	8 %	4 %	6 %	13 %
SSAB	11 %	-20 %	-6 %	-6 %
<i>Peer companies</i>	2 %	-30 %	-2 %	-1 %
<i>Bloomberg Europe Steel Index</i>	-8 %	-35 %	-7 %	-5 %
Stora Enso	7 %	-36 %	12 %	16 %
<i>Peer companies</i>	11 %	-17 %	9 %	21 %
<i>Bloomberg W. For. Prod. & Paper Index</i>	5 %	-24 %	4 %	9 %
Tieto	16 %	-1 %	10 %	16 %
<i>Peer companies</i>	23 %	-3 %	18 %	18 %
<i>BE500 Computer Service Index</i>	27 %	-2 %	12 %	15 %
Valmet	26 %	36 %	24 %	n/a
<i>Peer companies</i>	13 %	-5 %	19 %	n/a
<i>Bloomberg Europe Mach.-Div. Index</i>	17 %	-5 %	2 %	n/a

From the beginning of its listing on 2 January 2014, Valmet's return has been 28%, median return of the peer companies has been 17% and the return of the benchmark index has been 3%. Over-12-month returns are annualised. The returns are calculated in local currency for the company's most liquid share class and benchmark index, and the gross dividends are reinvested in the company's shares (if available). The total return to Solidium may differ from the company's share return due to transactions, taxes, and because Solidium has not reinvested the dividends received, but has paid them to its owner, the Finnish State. Peer companies' return is the median of the peer companies. Data source: Bloomberg and Nasdaq