

14 August 2012 at 12.00

**SOLIDIUM OY'S JANUARY-JUNE 2012 HALF YEAR REPORT**

- Solidium's investment yield was 0.4% for the six-month review period and -14.6% for the last 12 months
- Solidium participated in Outokumpu Oyj's share issue with 314 million euros
- Solidium acquired shares in Talvivaara Mining Company Plc and Outotec Oyj for a total of 142 million euros
- Solidium received a total of 392 million euros in profit distribution from of its portfolio companies during the review period
- Solidium sold TeliaSonera shares for a total of 451 million euros and placed 600 million euros of bonds exchangeable into shares of TeliaSonera

Solidium's Managing Director Kari Järvinen's comments on the review period:

"The global economy is experiencing a period of slowing growth, which together with the eurozone's debt crisis and the downgraded growth outlooks of emerging markets is maintaining a challenging sentiment on the equity markets. Developed economies have to decrease their debt burdens, which will hamper their growth for several years. In emerging markets, consumer demand will act as the driver for economic growth.

Several of Solidium's portfolio companies operate in heavy industry sectors, and their demand is dependent on investment growth in Europe in particular. The value of several base metals companies' shares dropped significantly during the review period, and the best performing companies were the ones that enjoyed fairly stable demand in Finland or nearby markets."

**SOLIDIUM'S INVESTMENTS****Share acquisitions**

During the review period, Solidium acquired shares for approximately EUR 456 million.

Solidium increased its holding in Talvivaara Mining Company Plc from 7.1 per cent to 8.9 per cent by purchasing 4,874,579 shares from the markets for approximately EUR 16 million, in addition to subscribing for 2,000,000 new shares in Talvivaara's share issue in March 2012 for approximately EUR 7 million.

A new company was added to the investment portfolio when Solidium acquired 3,101,373 Outotec Oyj shares from the markets for approximately EUR 120 million. Solidium has a 6.8 per cent holding in Outotec.

Solidium participated in Outokumpu Oyj's rights issue by subscribing for 397,361,640 new shares for EUR 314 million. After the rights issue, Solidium's holding in Outokumpu remains at 31.1 per cent. The rights issue was related to Outokumpu's proposed combination with

the German Inoxum, announced by Outokumpu on 1 February 2012. Solidium had committed to participate in the rights issue, through which Outokumpu raised slightly over one billion euros in new share capital. The completion of the combination is subject to approvals by the competition authorities, which is expected by the end of 2012.

### **Sale of shares and offering of bonds exchangeable into shares**

In March 2012, Solidium sold 89 million shares of TeliaSonera AB, which account for about 2.1 per cent of all TeliaSonera shares outstanding. The shares were sold at SEK 45.20 (corresponding to EUR 5.07) per share and gross sales proceeds from the offering amounted to approximately EUR 451 million, representing a pre-tax gain for Solidium of approximately EUR 136 million relative to the book value. As a result of the equity offering, Solidium's holding in TeliaSonera decreased from 13.7 per cent to 11.7 per cent of the outstanding shares.

Concurrent with the equity offering, Solidium placed EUR 600 million of senior unsecured bonds maturing in September 2015, which are exchangeable into ordinary registered shares of TeliaSonera. The exchangeable bonds have a maturity of 3.5 years and pay a coupon of 0.50 per cent per annum. The bonds' exchange price is SEK 57.63 (corresponding to EUR 6.46). Underlying the exchangeable bonds are around 93 million shares of TeliaSonera, or approximately 2.1 per cent of the company's currently outstanding shares. If all bonds placed in the exchangeable bond offering are exchanged, Solidium's holding in TeliaSonera will decrease from 11.7 per cent to 9.5 per cent of the outstanding shares.

### **Profit distribution to Solidium**

During the review period, Solidium received profit distribution amounting to EUR 392 million (EUR 414 million in 1 January – 30 June 2011). Profit distribution received during the financial year 1 July 2011 – 30 June 2012 totalled EUR 399 million (EUR 422 million in 1 July 2010 – 30 June 2011).

### **Development of the investments and key indicators**

The total value of Solidium's investments (equity investments and money market investments) was EUR 7,673 million on 30 June 2012 (EUR 7,075 million on 31 December 2011). The yield of Solidium's investments was 0.4 per cent in the review period and -14.6 per cent over the last 12 months. Detailed information on the key investment indicators is annexed to this report.

#### *Equity investments*

The value of Solidium's equity investments on 30 June 2012 was EUR 6,642 million (EUR 7,027 million on 31 December 2011). In the review period, the total yield of the equity investments amounted to -0.5 per cent, while the yield for the last 12 months was -16.9 per cent. The weight-restricted OMX Helsinki Cap general index rose by 0.2 per cent in the review period, but decreased by 19.9 per cent over the last twelve months.

*Money market investments*

On 30 June 2012, Solidium's money market investments stood at a total of EUR 1,031 million (EUR 47 million on 31 December 2011). The amount of money market investments increased during the review period due to cash dividends received, the sale of shares and the financing arrangement. The return on money market investments was 0.3 per cent in the review period and 0.8 per cent over the last 12 months.

**Participation in the activities of Nomination Boards**

Managing Director Kari Järvinen served as Chairman of the Shareholders' Nomination Boards of Metso Corporation, Outokumpu Oyj, Rautaruukki Oyj and Sponda Plc, and as a member of the Shareholders' Nomination Boards of Kemira Oyj, TeliaSonera AB and Tieto Corporation. Pekka Ala-Pietilä, Chairman of the Board of Directors of Solidium, served as Chairman of the Shareholders' Nomination Board of Stora Enso Oyj. The Nomination Boards were charged with preparing the motions to the 2012 Annual General Meetings concerning the election of Board members and their remuneration.

**SOLIDIUM OY IN THE REVIEW PERIOD****Financing arrangements**

Solidium placed EUR 600 million of senior unsecured bonds maturing in September 2015, which are exchangeable into ordinary registered shares of TeliaSonera. The exchangeable bonds have a maturity of 3.5 years and pay a coupon of 0.50 per cent per annum. The bonds are discussed in more detail above in the section "Sale of shares and offering of bonds exchangeable into shares".

This half year report is available on the company's website, [www.solidium.fi](http://www.solidium.fi), in the Publications and Media section. This half year report has not been audited.

Solidium will publish its Annual Report for the 1 July 2011 – 30 June 2012 financial year in September 2012.

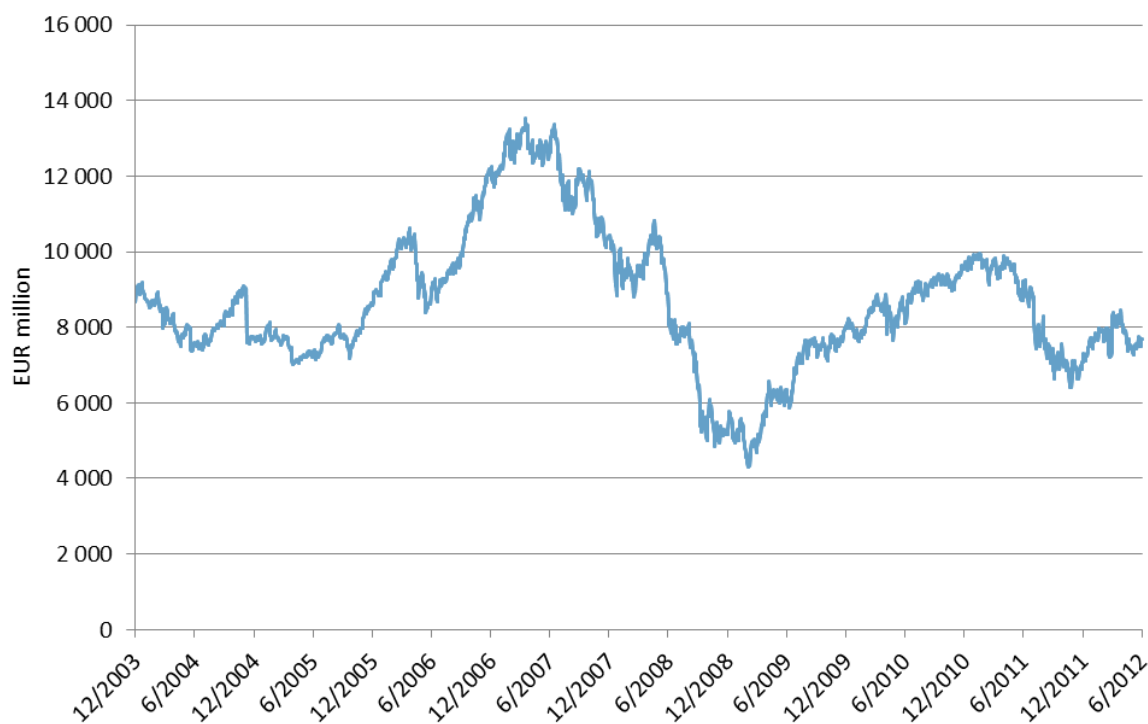
**Attachment:** Solidium's investments as at 30 June 2012

Solidium Oy

**Further information:** Managing Director Kari Järvinen, tel. +358 (0)10 830 8905

*Solidium is a limited 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. Investment activities are based on financial analysis. The basis and core objective of Solidium's investment strategy is proper, value-enhancing asset management of the current holdings. Through its stakes, Solidium is a minority owner in twelve listed companies: Elisa, Kemira, Metso, Outokumpu, Outotec, Rautaruukki, Sampo, Sponda, Stora Enso, Talvivaara Mining Company, TeliaSonera and Tieto. The market value of Solidium's equity investments is approximately 7.3 billion euros at the date of this press release. Further information: [www.solidium.fi](http://www.solidium.fi).*

**ATTACHMENT: SOLIDIUM'S INVESTMENTS AS AT 30 JUNE 2012**
**VALUE OF TOTAL INVESTMENTS**


*Includes equity investments and money market investments. The equity investments in the portfolio were transferred to Solidium on 11 December 2008, having been previously held directly by the State of Finland.*

**INDICATORS**

	1 month	6 months	YTD	12 months	2 years
Yield, %	2.9	0.4	0.4	-14.6	-0.8
Yield of benchmark index, % *)	1.8	0.2	0.2	-19.9	-3.6
Volatility, %	-	21.3	-	28.4	23.3
Sharpe	-	0.0	-	-0.6	-0.1
Beta	-	-	-	0.8	0.9
Alfa, %	-	-	-	1.9	2.1
Tracking Error, %	-	-	-	8.4	7.2
Information ratio	-	-	-	0.6	0.4

(Annual figures given for key ratios of over 12 months)

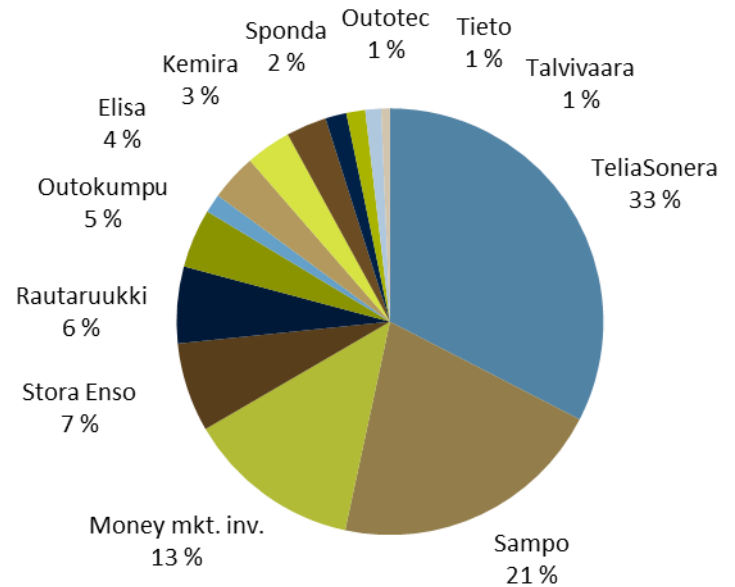
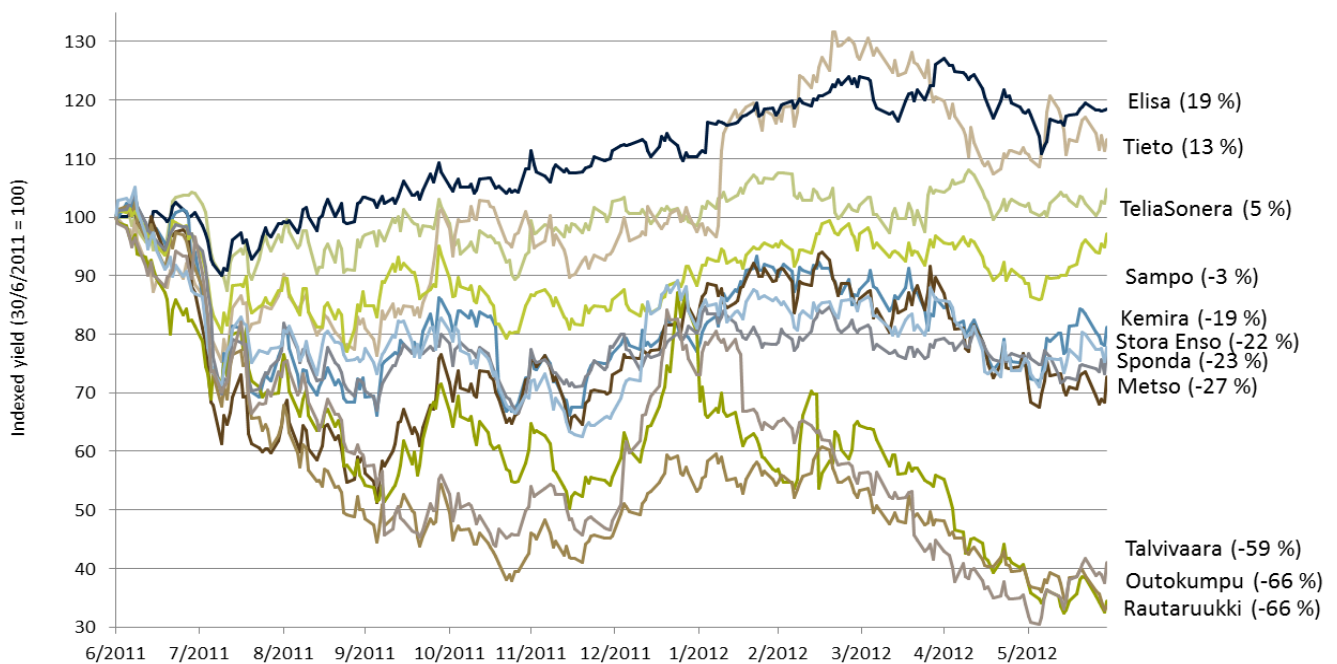
\*) OMX Helsinki Cap GI

*YTD = year-to-date.*

*Includes equity investments and money market investments.*

**PORTFOLIO WEIGHTS**

	EUR
<b>Total</b>	<b>7 673 248 184</b>
Elisa	266 799 880
Kemira	238 632 442
Metso	452 609 231
Outokumpu	347 612 514
Outotec	111 370 304
Rautaruukki	276 056 731
Sampo	1 618 899 234
Sponda	124 383 048
Stora Enso	525 738 397
Stora Enso A	324 958 252
Stora Enso R	200 780 145
Talvivaara	51 325 312
TeliaSonera	2 535 720 683
Tieto	93 285 958
Money mkt. inv.	1 030 814 452


**SHARE YIELDS, 1 JULY 2011 – 30 JUNE 2012**


Note: Outotec was not in the portfolio at the beginning of the fiscal year