

29 Jan 2015 at 1 p.m.

SOLIDIUM OY'S HALF-YEAR REPORT FOR JULY-DECEMBER 2014

- Solidium's investment yield was -4.8% for the six-month review period and 6.2% for the calendar year 2014
- Solidium's profit for the review period before impairments amounted to EUR 151 million
- Solidium paid EUR 1,087 million in profit distribution to the State of Finland
- Solidium's net asset value decreased by EUR 1,452 million during the review period due to the profit distribution and decrease in equity portfolio value, and was EUR 6,642 million at the end of the period
- The combination of Rautaruukki and SSAB was completed on 29 July 2014
- Talvivaara Sotkamo Ltd, the operating subsidiary of Talvivaara Mining Company Plc, applied for bankruptcy on 6 November 2014
- Solidium decreased its shareholding in TeliaSonera by selling shares for EUR 547 million
- Solidium increased its shareholding in Outotec by acquiring shares for EUR 6 million

Kari Järvinen, Managing Director of Solidium Oy, comments the review period:

“The stock market volatility increased clearly during the second half of 2014. The expectations for the growth of the global economy and especially for the European economies weakened and the risk appetite of investors decreased. These developments were reflected especially in the equity valuation levels of the companies in cyclical basic industries. Furthermore, many of Solidium's portfolio companies are sensitive to the uncertainties relating to the price levels of oil and other commodities as well as to the development of industrial investments.

During the review period, Solidium paid EUR 1,087 million in profit distribution to the State. This brings the total profit distribution by Solidium to EUR 3.7 billion during the last five years. Profit distribution to the owner in excess of the incoming dividend stream makes disposals of the holdings necessary, which among other things results to constant decline of the dividend income.

Our owner, the Finnish State, has defined strengthening and stabilising Finnish ownership in nationally important companies and increasing the value of our holdings in the long run as the core mission of Solidium. In addition, and especially in the current financial situation of the State, Solidium has an important role through its dividend distribution in complementing the revenues of the State. However, it is crucial to balance the role as a source of dividends with the defined core mission. Last years have made it evident that it is not irrelevant whether significant Finnish listed companies have owners that are committed in their long-term development.”

SOLIDIUM'S INVESTMENTS

Development of investments and key indicators

The total value of Solidium's investments (equity investments and money market investments) was EUR 8,099 million on 31 December 2014 (EUR 9,723 million on 30 June 2014). The yield on Solidium's investments was -4.8% for the review period and 6.2% for the last twelve months. In addition to the decline of the value of equity investments, the total investments decreased due to the profit distribution. Detailed information on the key investment indicators is attached to this report.

Equity investments

The value of Solidium's equity investments on 31 December 2014 was EUR 7,616 million (EUR 8,607 million on 30 June 2014). The total yield on the equity investments was -5.2% for the review period and 7.1% for the last twelve months. The OMX Helsinki Cap Total Return Index increased by 2.0% during the review period and by 10.6% in the last twelve months.

Money market investments

On 31 December 2014, Solidium's money market investments totalled EUR 483 million (EUR 1,116 million on 30 June 2014). The return on money market investments was 0.1% for the review period and 0.3% for the last twelve months.

Participation in nomination boards

A key process of Solidium's corporate governance model is actively influencing the composition of the Board of Directors of the portfolio companies. Solidium's representatives participated actively in the work of nomination boards responsible for preparing Board elections during the review period. The objective is to establish Boards of Directors which function optimally in terms of shareholder value creation and meet the companies' needs.

Managing Director Kari Järvinen has been serving as Chairman of the shareholders' nomination boards of Outokumpu, Outotec and Talvivaara Mining Company. In addition, he has been serving as a member of the shareholders' nomination boards of Kemira, Metso, SSAB, TeliaSonera, Tieto and Valmet. Pekka Ala-Pietilä, Chairman of Solidium's Board of Directors, has been serving as Chairman of the shareholders' nomination board of Stora Enso, and Eija Ailasmaa, Vice Chairman of Solidium's Board of Directors, has been serving as Chairman of the Shareholders' Nomination Board of Elisa. These nomination boards prepare proposals for the 2015 Annual General Meetings on the election of board members and their remuneration.

The combination of Rautaruukki and SSAB was completed

On 22 January 2014, Rautaruukki Corporation and SSAB AB announced a transaction, whereby the companies intend to combine into a significant Nordic carbon steel company with production also in North America and a strong foothold in special steels globally. The combination will expedite the execution of the special steels focused strategies of Rautaruukki and SSAB and enable the achievement of significant synergies, expected to amount to up to EUR 150 million annually. The combination was implemented on 29 July

2014 through a share exchange after the approval of competition authorities. On that date Solidium became the largest owner of the combined company in terms of the number of shares and the second largest in terms of the votes (holding 17.1% of total shares and 10.1% of total votes).

Decreasing the holding in TeliaSonera

Solidium sold 100 million shares in TeliaSonera AB in an accelerated bookbuilt offering on 6 November 2014. As a result, Solidium's holding in TeliaSonera decreased from 10.1% to 7.8%. The sales proceeds were approximately EUR 547 million, and the capital gain before tax was approximately EUR 193 million.

Increasing the holding in Outotec

Solidium increased its holding in Outotec from 10.4% to 11.0% during the review period by acquiring shares worth some EUR 6 million from the market.

Talvivaara Sotkamo Ltd applied for bankruptcy

On 6 November 2014, Talvivaara Mining Company Plc announced that the negotiations regarding the company's financing, which had been ongoing for several months, had failed to produce the desired outcome. Therefore the company's operating subsidiary, Talvivaara Sotkamo Ltd, has decided to apply for bankruptcy.

After the bankruptcy, the parent company, Talvivaara Mining Company Plc, has provided administrative and technical services and the lease of critical machinery and equipment to the bankruptcy estate of Talvivaara Sotkamo. The parent company has also studied the possibilities for financing its participation in a consortium, which would aim to acquire the mining operations from the bankruptcy estate of Talvivaara Sotkamo.

The corporate reorganization proceeding concerning Talvivaara Mining Company Plc continues and the deadline for the submission of a final restructuring programme proposal is 30 January 2015. The stock exchange trading in the shares of Talvivaara Mining Company Plc has been suspended from 6 November 2014 onwards.

SOLIDIUM OY DURING THE REVIEW PERIOD
General Meetings of Shareholders

The Annual General Meeting of Solidium Oy was held in Helsinki on 26 August 2014. The Annual General Meeting adopted the company's financial statements for the financial period of 1 July 2013 to 30 June 2014 and discharged the members of the Board of Directors and the Managing Director from liability. The Annual General Meeting resolved, in accordance with the proposal of the Board that a profit distribution of EUR 900 million be paid for the financial period. The following persons were elected to the Board of Directors until the end of the next Annual General Meeting: Chairman Pekka Ala-Pietilä, Vice Chairman Eija Ailasmaa and members Heikki Bergholm, Eero Heliövaara, Markku Hyvärinen, Marketta Kokkonen and Anni Vepsäläinen. The Annual General Meeting kept the remuneration of the Board unchanged and confirmed that the Chairman of the Board of Directors shall receive a fee of EUR 5,500 per month, the Vice Chairman EUR 3,000 per month and the members EUR 2,500 per month. In addition, a meeting fee of EUR 600 was confirmed for each meeting. The firm of authorised public accountants KPMG Oy Ab, with APA Sixten Nyman as the principal auditor, was appointed as Solidium's auditor to serve for a term expiring at the end of the next Annual General Meeting.

The Extraordinary General Meeting of Solidium Oy was held in Helsinki on 16 December 2014. The General Meeting resolved, in accordance with the proposal of the Board that a profit distribution of EUR 187 million be paid for the financial period.

Key figures

The capital gain of EUR 193 million from the sale of TeliaSonera shares is included in the operating profit of Solidium. Solidium's operating expenses totalled EUR 3 million during the review period, resulting in a management cost ratio of operations of 0.08%. Financial expenses includes a total amount of EUR 500 million relating to value impairments in accordance with the accounting principles, of which EUR 320 million is related to shares in Outokumpu, EUR 157 million is related to shares in SSAB AB and EUR 22 million is related to shares in Talvivaara Mining Company.

	1/7/2014– 31/12/2014 (6 months)	1/7/2013– 31/12/2013 (6 months)	1/7/2013– 30/6/2014 (12 months)
Operating profit, EUR million	190.5	123.9	400.3
Profit for the period, EUR million	-348.5	164.5	1,449.9
Return on investment at fair values, %	-4.8	17.6	31.3
Management cost ratio of operations, %	0.08	0.05	0.07
Net asset value, EUR million	6,642.3	7,228.5	8,094.4
Shareholders' equity, EUR million	3,965.2	4,115.3	5,400.7
Financial debt, EUR million	950.0	600.0	950.0
Equity ratio, %	80.0	86.8	83.9
Average number of employees	12	11	11

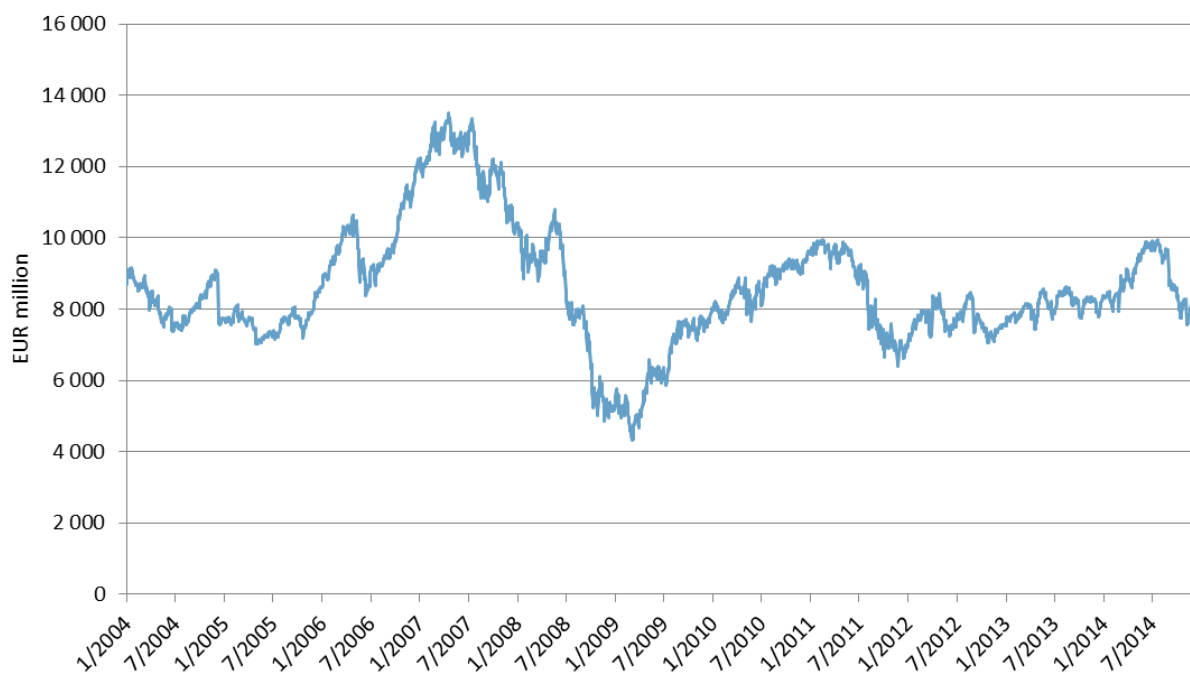
This half-year report is available at <http://www.solidium.fi/en/publications-and-media/half-year-report/>. This report is unaudited.

Attachment: Solidium's investments as of 31 December 2014

Solidium Oy

Further information: Kari Järvinen, Managing Director, 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. Its investment activities are based on financial analysis. The basis and core objective of Solidium's investment strategy is proper, value-enhancing asset management of its current holdings. Through its stakes, Solidium is a minority owner in twelve listed companies: Elisa, Kemira, Metso, Outokumpu, Outotec, Sampo, SSAB, Stora Enso, Talvivaara Mining Company, TeliaSonera, Tieto and Valmet. The market value of Solidium's investments is approximately EUR 8.2 billion as of the date of this press release. More information: www.solidium.fi.

ATTACHMENT: SOLIDIUM'S INVESTMENTS AS OF 31 DECEMBER 2014
VALUE OF TOTAL INVESTMENTS


Includes equity investments and money market investments. The equity investments in the portfolio were held directly by the State of Finland until their transfer to Solidium on 11 December 2008.

INDICATORS

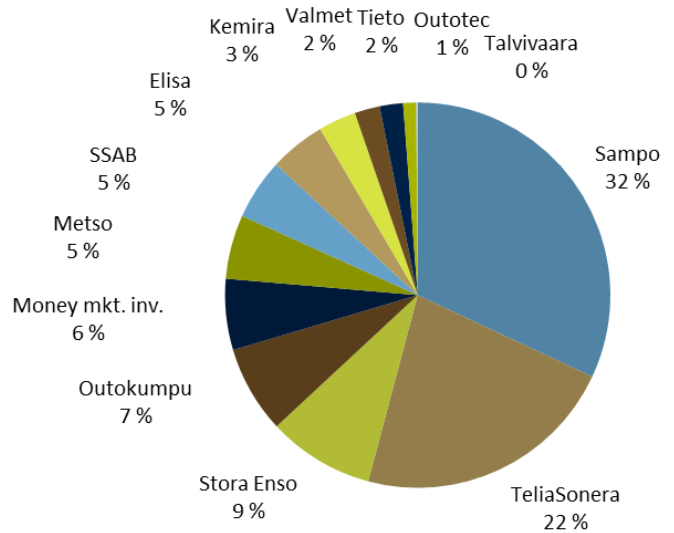
	3 months	6 months	12 months	2 years
Yield, %	-2.4	-4.8	6.2	14.4
OMX Helsinki Cap GI, %	1.8	2.0	10.6	20.6
Volatility, %	-	14.9	13.9	13.8
Sharpe	-	-0.6	0.4	1.0
Beta	-	-	1.0	0.9
Alfa, %	-	-	-4.0	-3.4
Tracking Error, %	-	-	5.4	7.0
Information ratio	-	-	-0.8	-0.9

(Over-12-month indicators are annual)

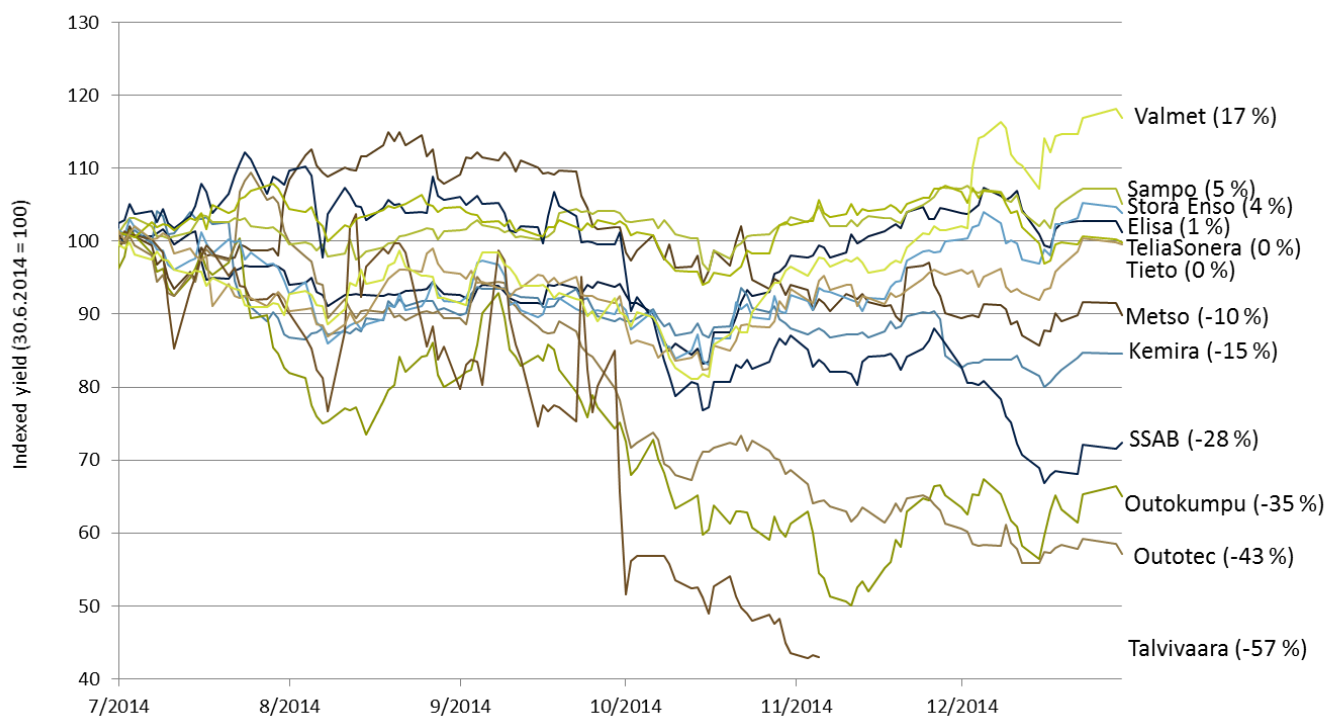
Includes equity investments and money market investments.

PORTFOLIO WEIGHTS

	EUR
Total	8 098 818 175
Elisa	379 870 610
Kemira	255 982 820
Metso	435 579 195
Outokumpu	593 012 928
Outotec	88 334 040
Sampo	2 587 638 715
SSAB	414 226 359
SSAB A	126 738 888
SSAB B	287 487 471
Stora Enso	724 287 439
Stora Enso A	415 857 609
Stora Enso R	308 429 830
Talvivaara	9 645 369
TeliaSonera	1 796 869 012
Tieto	159 505 641
Valmet	170 625 833
Money mkt. inv.	483 240 215



COMPANY-SPECIFIC YIELDS DURING THE FINANCIAL PERIOD, 1/7/2014 - 31/12/2014



COMPANY-SPECIFIC YIELDS, 1/1/2014 - 31/12/2014

